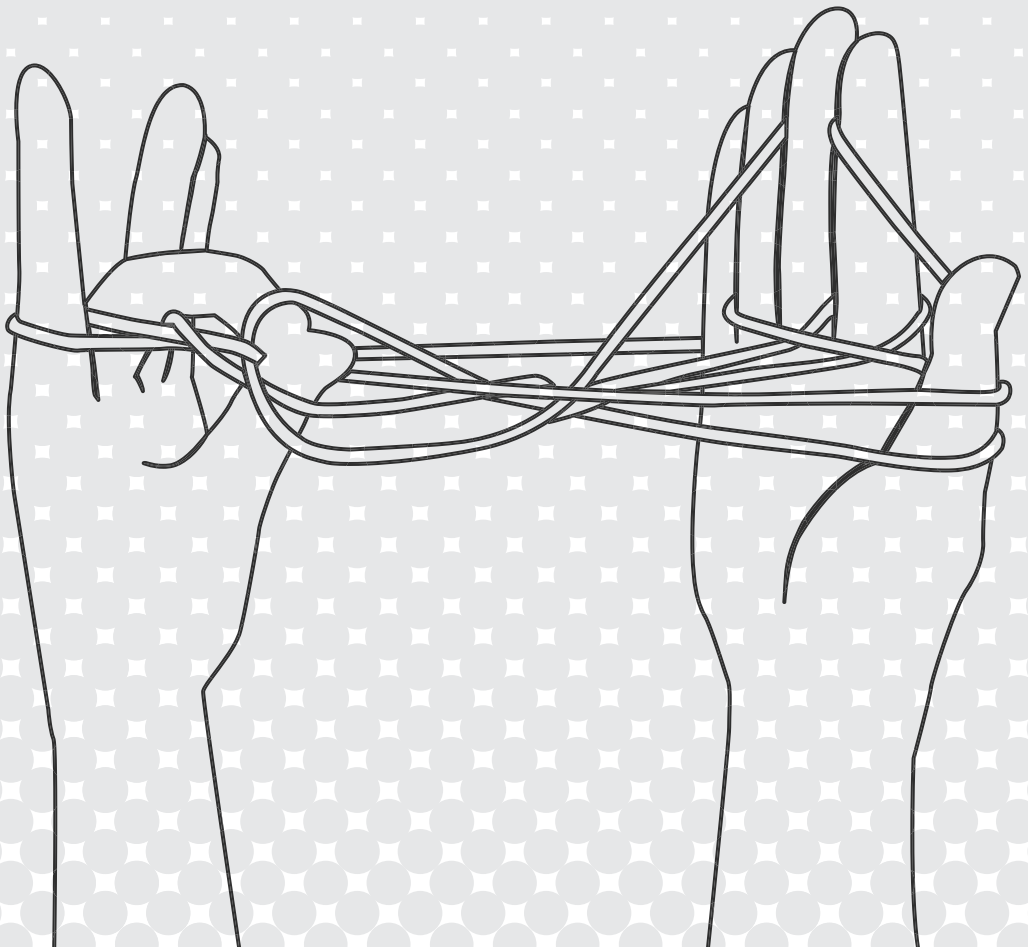


# Consumption and Marketing

# The Asian

## Perspectives and Practices

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C r e d i t

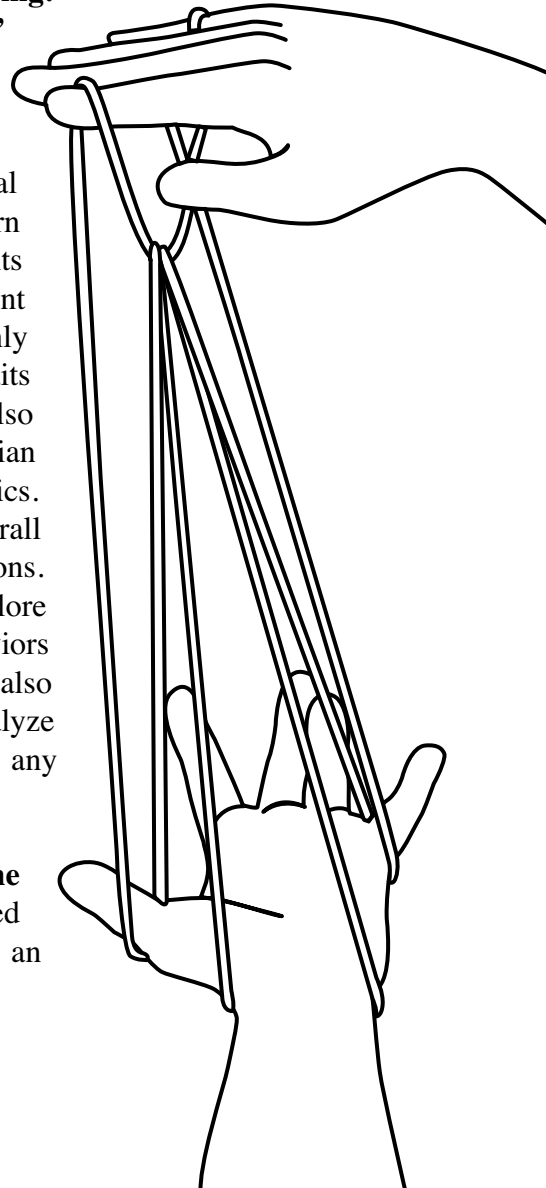
# PREFACE

It is evident that Asia today has become significantly more powerful in various aspects ranging from economic to sociopolitical influences. Through the years, the Asian economy has embraced change from a past that focused on export industry with government-led management to the current vision of a consumer-oriented market. Thus, it is essential to recognize the Asian perspectives and practices particularly in the area of consumption and marketing strategy.

This book, **“Consumption and Marketing: The Asian Perspectives and Practices,”**

aims to enhance an understanding of theories and concepts in the area of consumer behavior with application of contemporary marketing strategies. Based on the universal theories mostly derived from the Western ideology, this book identifies specific viewpoints in the Asian context which could represent either an extension or a rejection of the commonly accepted premises. Despite many common traits among Asian consumers and markets, it is also recognized that consumers in different Asian countries may have distinctive characteristics. Thus, this book will examine both the overall Asian as well as some country-specific situations. The goal is to stimulate readers to further explore and interpret alternative consumer behaviors emerging from real-life cases. The book will also facilitate opportunities for readers to analyze Asian consumer behaviors and identify any marketing opportunities.

**“Consumption and Marketing: The Asian Perspectives and Practices”** is divided into five major parts. **The first part** provides an



overview of the concept, consumption and marketing. **The second part** discusses the sociocultural influences of the Asian context which include consumer culture and cross-culture, subculture, and social class. These can be considered as external factors derived from the setting. However, realizing the possible variations between individuals of the same culture or society, **the third part** discusses the internal, individualistic factors such as psychological influences. These include motivation, perception, learning, attitude, and personality. **The fourth part** brings together both the sociocultural and psychological factors and their influence on consumer decision-making. Finally, **the fifth part** illustrates the formulation of marketing plans with focus on Asian perspectives and practices. This includes situation analysis, segmentation–targeting–positioning (STP), marketing strategies (Product, Price, Place, Promotion), and marketing implementation. Each includes examples of techniques closely connected with the identified consumer behavior concepts and represents some recent developments of the contemporary era.

# Acknowledgments

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# PART I:

## OVERVIEW

# CHAPTER 1:

## INTRODUCTION TO CONSUMPTION AND MARKETING

Consumption and marketing are interrelated concepts. When planning marketing strategies, particularly for the B2C (business-to-consumer) sector, consumption behavior must first be analyzed to devise a plan that can satisfy the needs, wants, demands, or desires of target consumers. Yet most consumer behaviors are to some extent influenced by prior marketing programs.

This first chapter begins with an explanation of consumer research which represents an approach to derive information about consumption practices. Both qualitative and quantitative methods are discussed briefly to signify key techniques and types of information that can be obtained by each method. Next, an overview of consumer behavior theory is explained, followed by the big picture of marketing plan. After depicting the overall concepts, the specific context of Asia is introduced leading to further analyses of consumption and marketing based on the Asian perspectives and practices in the following chapters.

### 1.1 Consumer Research

Consumer research is a systematic approach to obtain information about consumer sociocultural backgrounds, consumer psychology, and consumer decision-making. It could also explain consumer responses toward some marketing strategies, thus providing feedback for further development of marketing plans. In many cases of global brands, consumer research is conducted to test suitability and feasibility of the products in local contexts. Consumer research can be divided into two major tracks, qualitative research and quantitative research, which are complementary (see figure 1.1). Qualitative consumer research focuses on exploring insights or underlying meanings that could help marketers develop new ideas and perspectives. It is different from quantitative consumer research, which is based on statistical reports to describe circumstances or to confirm ideas with numerical significance. These two research methodologies complement each other as quantitative data can be used to further verify or validate qualitative data. At the same

time, qualitative data can be used to further elaborate the set answers derived from quantitative surveys.

Qualitative methodologies include, for example, observation, interviews, focus groups, and projective techniques while quantitative methodologies involve such tools as questionnaire surveys, experiments, and quantitative modeling. Although some marketers may not feel confident in conducting consumer research themselves, they need to be able to at least identify the type of research to be conducted in order to answer their specific research questions. This would assist in providing effective research briefs for a research company and selecting a firm that specializes in particular areas.

**Figure 1.1: Qualitative Research vs. Quantitative Research**

|                                       |   |
|---------------------------------------|---|
| <b>Qualitative Consumer Research</b>  |   |
| • <b>Focuses:</b>                     | Insights, Underlying Meanings                               |
| • <b>Objectives:</b>                  | To gain or develop new ideas, perspectives                  |
| • <b>Methodology:</b>                 | Observation, Interview, Projective Technique<br>Focus Group |
| <b>Quantitative Consumer Research</b> |   |
| • <b>Focuses:</b>                     | Statistical Validity, Reliability                           |
| • <b>Objectives:</b>                  | To describe circumstances, To confirm ideas                 |
| • <b>Methodology:</b>                 | Questionnaire Survey  |

### 1.1.1 Qualitative Consumer Research

Qualitative consumer research helps to obtain deeper insights and underlying meanings of consumer experiences. Such information can greatly support the development of new ideas and different perspectives. The major research methods include observation, interview, projective technique, and focus group.

**“Observation”** is the systematic process of recording the behavioral patterns of people, objects, and occurrences as they are witnessed. This includes verbal and non-verbal behavior as well as the setting in which the

observed phenomenon takes place. There are different categories of observation such as visible versus hidden observations, human observation (e.g., researchers' sensory skills) versus mechanical observation. The mechanical devices include video recording, web traffic, scanners, PeopleMeter used by Nielsen Media Research, and other physiological measures such as eye tracking, pupilometer, psychogalvanometer, and voice pitch. Upon observing the phenomenon, the observer should record it in a field note which incorporates date and time, place and setting, sequence of events, conversations (which could be from memory or from recording if allowed). Observers' opinions or thoughts would benefit the study but these should be included in a separate note.

After collecting field notes from different situations that cover the focused areas of interest, the researcher then analyzes the data by an open coding technique to sum up ideas, topics, or issues and identify a pattern of behavior depicted in the notes. Observed data should be analyzed from both the idiographic perspectives of the observed and conceptual or theoretical stances before concluding major themes of the research information.

The next qualitative technique, **“interview”**, is frequently conducted together with the observation technique. This is to help clarify an observer's viewpoints by verbally verifying their accuracy with the observed. However, as human beings may not be able to verbalize all their thoughts and/or actions objectively, observation data can help uncover the underlying viewpoints and also provide perspectives from a less biased and more natural standpoint.

Interviews can appear in three major formats. *The standardized interview* is the basic one in which the interviewers only need to make sure that they clearly ask and explain the set questions. Hence, they should prepare comprehensive questions arranged in proper order. In contrast, *non-standardized interviews* require more skill, as interviewers need to keep the conversation flowing as naturally as possible, allowing interviewees to express as much as they wish. In this process, there should be no set questions as interviewees may feel constrained. Interviewers must be able to keep their target queries in mind and pose questions in accordance with conversational leads, while at the same time mentally analyzing the data in order to frame further questions to provide additional insights. Lastly, *semi-standardized interviews* are a mix of the two previous techniques. That is, interviewers may ask some brief sets of prepared questions and, at the same time, should take opportunities to ask other questions for further clarification of the answers provided by interviewees.

The overall interview process begins with making initial contact such as self introduction and informing the person of the research objective before making a request to interview the person (e.g., May I interview you please?). It is best to avoid questions like, **“Do you have time for an interview?”** as it is easy for a person to say no. Interviewers should be prepared to handle refusals wisely, such as by asking if a person can assist in the process some other time or asking for recommendations of other people who might be willing to participate. In some countries, a standard ethics protocol must be observed and it is important to get a person to sign a consent form. The form should state the name and background of the research project and a person’s rights of voluntary participation, freedom to refuse to answer any questions or to withdraw from the interview at any time. It must also guarantee the confidentiality of data provided and the anonymity of the person providing it. Interviewees also have the right to ask for a report of the results.

When asking questions using a standardized interview, the researcher should read all questions slowly and exactly as worded and repeat questions if not clearly understood. However, with non-standardized interviews, the researcher could begin with simple or straight forward questions (also known as throw-away questions) that are easy to answer such as frequency of usage or adopted brands. Once interviewees are at ease, interviewers could then ask essential questions such as their points of view toward particular experiences. And if the answers take the conversation away from the targeted areas but the data seems interesting to explore, interviewers can follow with extra questions. Most importantly, all answers should be probed for deeper details. Probing techniques are, for example, using silence and facial expression to trigger interviewees to explain further. Interviewers could also repeat the question or even repeat the answer to highlight and signify what is of interest. As the conversation winds down, interviewers can terminate the interview by asking if the interviewees would like to add any final comments or offering to answer any questions the interviewees may have. Finally, depending on the rapport that has been built, interviewers can ask if it is possible for future contacts (e.g., to gain clarification on some points after analysis) and should always thank interviewees.

Interview sessions may be recorded by taking notes or, if possible, voice/video recordings. It is best to transcribe the interview verbatim to get accurate statements and add some reading between the lines based on observation and other cues (e.g. tone of voice, facial expression). Similar to observation analysis,

ideas, topics, and issues should be identified and the pattern of response will lead to a further interpretation from both ideographic and conceptual understandings.

The next methodology to be explained is the **“projective technique”** which helps to obtain responses from the private worlds (e.g., subconscious feelings, motivations) of consumers by asking the informants to project their feelings via tools such as pictures or music provided by the researcher. Examples of projective technique are *‘word association’*, i.e. asking about the first word that comes to a person’s mind given a particular topic of interest. This is based on the assumption that spontaneous answers represent true feelings. With the same logic, a respondent could be asked to complete a partial sentence with the first word or phrase that comes to mind. *‘Third-person technique’* is asking a respondent about behaviors of a third person (e.g., a colleague) so a person feels free to express opinions with less commitment. *‘Role playing’* is to ask a respondent to act out someone else’s behavior in a particular setting. Next, *‘stimuli’* are frequently used to bring out a respondent’s associative process such as asking to compare a brand with human stereotypes. *‘Thematic Apperception Test (TAT)’* is asking a respondent to talk about a particular picture (e.g., what is happening and what will happen next). The picture must be neutral yet interesting enough to leave room for a respondent to use his or her imagination. Finally, *‘construction technique’* is asking a respondent to draw a picture, construct a collage, or write a short story to express feelings or perceptions. All these projective techniques are basically an attempt to elicit subtler reactions and provide a change of pace and variety in interviews. Hence, the specific answer per se is not as important as the opportunity to let a person elaborate further.

Finally, the fourth qualitative technique is **“focus group interview,”** which differs from individual interview in that it allows interactions among participants. Thus, the researcher can learn how consumers might have discussed the issues among themselves particularly for products that involve group decision or influences of the other consumers. However, it should be noted that the derived meanings and answers are socially constructed rather than individually created. A focus group may comprise six to ten participants with a moderator to facilitate the conversation. These participants are recruited on the basis of consumer profiles and they should be relatively homogeneous in terms of lifestyles and experiences. This is to allow flowing exchanges of ideas. Participants who have much different backgrounds (e.g., the upper class and the working class) should be separated into different groups.



Normally, the focus group session begins with introduction of participants, the subject and research objectives. It is important to first establish a rapport to smooth the flow of conversation. The group may discuss the broad topic before focusing on specific issues. The challenges of a moderator are to encourage participants to interact with each another while driving the direction of group dialogue according to the set goals. The moderator needs to be able to initiate the topics, listen to what participants have to say, make sure that everyone gets a chance to speak, and instantaneously analyze responses.

With the support of modern technology, a focus group interview could be conducted online which provides advantages of speed and economy. Additionally, participants can be recruited from wide-spread geographical areas and the transcript can be automatically recorded. Yet there are also some disadvantages such as the possibility of less group interaction, an absence of tactile stimulation as well as less chance to observe facial expressions and body language.

### **1.1.2 Quantitative Consumer Research**

Quantitative consumer research aims to describe certain circumstances or find ways to confirm some hypotheses with statistical data. The focus is on achieving validity and reliability of the information, mainly through questionnaire surveys. Data collection could be via mail, telephone, personal interviews, or internet survey. Each method has its own benefits and limitations. Mail surveys are suitable for a large sampling because of the relatively low cost but can be slow and less flexible. The response rate is not high since most people tend to ignore requests to complete a questionnaire. Telephone interviews allow opportunities for the researcher to request cooperation and the process can be completed in a timely manner. But there is a chance that the data will be flawed since some respondents may feel uncomfortable or reluctant to provide truthful or accurate replies. Personal interviews such as door-to-door or mall intercept can gain deeper and more insightful data but it is an expensive form of data collection. Finally, internet surveys can provide less expensive platforms and the data can be simultaneously entered and analyzed, but it is difficult to control the quality of respondents.

As for the questionnaire content, it typically includes research background, objectives, and the questions which can be divided into demographic questions to determine profiles of the respondents and target questions based on the specified topics. Questions can be in the form of close-ended with the selection of answers

or open-ended to accommodate additional comments. The scale of alternatives can be by ranking to find order of preference (e.g., from most important to least important), by sorting to classify groups of concepts, by choice to find selection of preferred alternative, or by rating to estimate magnitude of characteristics. An example of the frequently observed scale to measure consumer attitude is the likert scale where respondents are asked to indicate their attitudes by checking how strongly they agree or disagree with the described statements. Another example is a semantic differential scale with series of seven-point bipolar ratings. Here, bipolar adjectives, such as **“good”** and **“bad”**, anchor two ends (or poles) of the scale.

When compiling the questions, they may be sequenced by scope (e.g., from general to specific questions), by time (e.g., from before to after purchase), or by importance (e.g., from questions about direct competitors to questions about indirect competitors). This arrangement will assist respondents in answering the survey. The layout of the questionnaire should be clean, clear, and concise. Psychology-wise, some researchers may prefer to put the demographic questions at the end since they are perceived as easy to answer and should be appropriate for when respondents already want to finish the questionnaire.

When conducting either qualitative or quantitative research with Asian consumers, it should be noted that they may try to answer questions in a way that conforms to the expectations of the interviewers (social acquiescence bias) or practices of role models (social desirability bias). This is largely due to the culture of conformity. Many Asians are concerned about face saving and try to avoid conflict. Thus, the interviewers must find ways to combine different techniques to obtain data. For example, in addition to a regular interview and questionnaire survey, observation data can provide some instinctive insights. A non-standardized approach may encourage consumers to offer more information. As for channels to approach respondents, it varies by different local contexts. In Japan, it may be easier to conduct face-to-face interviews because of the greater emphasis placed on direct, interpersonal relationships, and because phone calls are mostly perceived as being for formal business. In the US, telephone interviews are used in many cases because of the cost management and the cultural acceptability of telephone conversation.<sup>1</sup> However, in Hong Kong people are always in a hurry so it might be difficult to conduct a face-to-face interview. In China, one might expect a high rate of refusal due to typical suspicion of strangers, but on the contrary, it was found that Chinese consumers were

excited to be interviewed and asked for their opinions.<sup>2</sup> This is because many people feel suppressed under the government's control, and so, when given an opportunity to express their ideas, they welcome it.

## 1.2 Consumer Behavior

Generally, theories of consumer behavior can be divided into three major aspects: consumer sociocultural background, consumer psychology, and consumer decision-making. **“Consumer sociocultural backgrounds”** consist of a wide range of factors such as culture, cross-culture, subculture, and social class. These elements are based on grounding environment that may influence the way in which consumers perceive and respond to various marketing strategies. Culture represents the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society. However, globalization drives the impact of cross-culture which describes the similarities and differences between the consumers of different societies or nations. Cross-cultural effects may be based on globalization, localization, or the mix of glocalization. Next, members of the same society may be segmented based on subcultures such as generation, gender, ethnicity, and religion. The consumer society may be categorized according to different social classes which indicate consumers with relatively similar social status and lifestyle.

**“Consumer psychology”** refers to the internal influences (i.e., motivation, perception, learning, attitude, personality) that affect consumers' decision-making processes. Motivation is the driving force within individuals that impels them to consume. For instance, Maslow's hierarchy of needs identifies five different levels of motivation ranging from physiological needs to safety needs, social needs, egoistic needs, and self-actualization. Next, consumers consume based on what they perceive to be reality including information from both sensory input and subconscious perception. During consumption, consumers continually learn or acquire knowledge, experiences that serve as feedback and provide the basis for future, related behavior. Consumers then form an attitude or a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object in a specific situation. The inner psychological characteristics both determine and reflect consumer personality, which explains how a person responds to the external environment such as marketing strategies.

Consumer sociocultural backgrounds and consumer psychology both play important roles in **“consumer decision-making”**. A simple model of consumer decision-making (see figure 1.2) outlines the input consumers use in

decision-making (such as marketing strategies and sociocultural influences). It illustrates consumer psychology and purchase behavior as part of information processing. The model also describes an output of consumer decision-making by focusing on post-purchase behavior. It is noted here that consumers may not make decisions alone but involve other people such as their reference groups (e.g., family and friends, experts).

**Figure 1.2: A Simple Model of Consumer-Decision Making**

Source: Adapted from Schiffman and Kanuk (2007) <sup>3</sup>

