

Chapter 1

Consumer Behavior and Consumer Research

CHAPTER OUTLINE

Opening Vignette
What Is Consumer Behavior?
Why Study Consumer Behavior?
Evolution of Consumer Behavior
How Do You Study Consumers?
The Underlying Principles of Consumer Behavior
Challenges for the Future
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LECTURE NOTES

Chapter Introduction: Part 1 includes 2 chapters and is an Introduction to Consumer Behavior. Chapter 1 lays the foundation for studying consumer decisions by identifying the activities which make up consumer behavior. Methods used by analysts to study consumers, record, and analyze their reactions, behaviors, and trends are explained.

Opening Vignette: The Opening Vignette provides a brief illustration of a day in the life of a university student (consumer) indicating his activities at home, in class, after class job, evening actions (phone purchasing, cell phone usage, food purchase, TiVo recording, etc.).

Teaching Tip: Using this vignette provides the instructor an opportunity to ask students whether they have similar days and how many of these activities are consumer related. For example the ads on the radio as Carlo wakes are just a few of the many ads he will hear in various places all day. Where do students remember hearing/seeing ads? We are bombarded by thousands of ads per day. How many do the students remember? Why do they think they remember particular ads instead of other ads?

What Is Consumer Behavior? In this section of the chapter the definition of Consumer Behavior as “activities people undertake when obtaining, consuming, and disposing of products and services” is provided and detailed.

- **Obtaining** “activities leading up to and including the purchase or receipt of a product”
- **Consuming** “how, where, when, and under what circumstances consumers use products”
- **Disposing** “how consumers get rid of products and packaging”

The text also indicates that consumer behavior may be defined as “a field of study that focuses on consumer activities.” Consumption analysis is discussed as “why and how people use products in addition to why and how they buy.”

Figure 1.1 - Consumer Behavior This figure amplifies consumer influences, organizational influences and the obtaining, consuming and disposing questions that may be easily augmented when discussing the chapter.

Why Study Consumer Behavior? This section begins with a list of questions that may be answered when studying consumer behavior.

Teaching Tip: This list is just 10 of the many questions that may be answered through studying consumer behavior. Ask students if they can come up with other questions. Be sure that you develop at least three additional questions that are appropriate to the students in your class in case they don't immediately suggest questions. For example, "Where are you touched by ads most during a typical day—the Internet, the radio, television, magazines, newspapers?"

Consumer Behavior Determines The Economic Health of a Nation emphasizes that consumers affect their country through their "vote" in the marketplace. Such things as jobs, products, and prosperity are discussed.

Consumer Behavior Determines the Success of Marketing Programs basically indicates that individuals who study consumer behavior wish to influence or change the behavior of consumers in a particular way. *The Consumer Is King* is discussed in detail as a concept that shows that studying of consumer behavior causes change in society (the definition of **marketing** provided is "the process of transforming or changing an organization to have what people will buy"). *Only the Customer Can Fire Us All* starts with a discussion of Sam Walton visiting each store to talk with all the stakeholders to do research for Wal-Mart. This example is used to show that consumers basically decide whether a business will become a success. Therefore, the consumer is all powerful.

Teaching Tip: This section provides an opportunity to ask students about relationship marketing (first introduced in this section). Ask students to provide examples of how local companies promote consumer relationships. An example could be providing a coupon to customers who reach a particular level of spending with the company.

Consumer Behavior Determines the Economic Health of Everyone provides information about how public policy leaders and social commentators try to alleviate problems by studying consumer behavior. The example provided deals with obesity—facts such as 31% of U.S. adults are obese, up from 13% in 1962 are provided.

Figure 1.2 – Government and Non-Profit Groups Use Consumer Behavior to Spread Their Messages

Figure 1.3a – Burger King Partners with the Public Sector to Promote Health and Fitness

Figure 1.3b – Burger King Associates Healthier Food Choices with High Fashion

Figure 1.3c – Leading Fast Food Chains Raise Awareness of Healthy Food Choices

Figure 1.3d – McDonald’s Encourages Adults and Children to Be Physically Active

These figures provide visual examples of business approaches to affect consumer behavior. Each figure is discussed in the text.

Consumer Behavior Helps Formulate Public Policy indicates that consumers influence such areas of our lives as social welfare, family planning and others as policies are formulated for each society.

Consumer Behavior Affects Personal Policy suggests to readers that consumer behavior has an effect on their own lives - “what you have in life is determined more by how much you save (and how little you spend) than how much you earn.”

Buyer Beware 1.1: Will You Be Upside Down? – This Buyer Beware refers back to the opening vignette for this chapter, showing how the life of the University student changes once he graduates. Deciding whether to lease or purchase a car is examined from the viewpoint of Carlos, who decides to purchase, and his friend Richard, who decides to lease. In addition, investing is examined at both the time of purchase and after six years.

Teaching Tip: Have students answer the question: Should Carlos lease an apartment or house once he graduates from the University? What kinds of questions should he ask himself to decide which to do? How much money should Carlos have in savings before making this type of decision?

Evolution of Consumer Behavior Making decisions based on the infinite choices available to each individual is discussed in this section of the chapter. Examples such as “red blouses or blue shirts” are provided.

Who Determines What Consumers Can Buy? The supply chain (“all the organizations involved in taking a product from inception to final consumption”) is the beginning point of this discussion. An historical perspective is also provided by looking at the changes in types of wholesalers throughout the years from our early colonies to the present day (discussion includes early colonies through the Civil War, following World War II, the twenty-first century).

Figure 1.4 – Who Decides What Products Will Be Available for Choice by Consumers?

This figure provides a visual example of the influence of consumers in the U.S. and Europe over the years.

Consumer Behavior and Marketing 1.1: Apple Takes a Byte Out of the Market

– Discusses the change in approach by Apple Computer from the original positioning strategy using one of the world’s most famous ads to the rejuvenation of the sales and brand with the iPod.

Teaching Tip: Obtain a copy of the 1984 Apple Super Bowl ad as well as one of the recent iPod ads. Show students both ads. Does the definition of innovation change as technology changes our environment? Have students look at the Apple web site at www.apple.com to see the most recent iPod ads. Do the iPod Nano and Shuffle show that Apple is listening to the consumer or creating products that consumers will want (future needs)?

Shifting from Supply to Demand This shows the change in focus from the producer such as Henry Ford who set the parameters of his product to the present type of producer who must determine what the consumer will purchase before making changes and/or adding a product.

From Manufacturing to Selling The paragraph indicates that “how to manufacture goods” changed to “how to sell” goods when production increased more quickly than products were purchased. A discussion is included of learning theorist John B. Watson, who applied a psychological approach to advertising, building brand awareness and preference and influenced the Ted Bates advertising agency.

Figure 1.5 – McDonald’s Provides the Same Unique Selling Proposition Worldwide

This figure shows three items used by McDonald’s to reinforce their marketing strategy.

From Selling to Marketing discusses the change from a position of scarcity following World War II to a change by the 1950s causing the **marketing era** when selling to consumers became vital to the company selling products. The point is made that Wal-Mart is in the business of “buying what people need to consume”, not in selling things.

Figure 1.6 – Evolution of Business Orientation and Consumer Behavior Studies

This figure provides a visual example of the evolution in the study of consumer behavior from the manufacturing orientation through selling orientation, marketing orientation to the consumer orientation of the present day.

Moving from the sales orientation to a marketing orientation caused the behavioral sciences to become important. Theories and methodologies used include:

- Motivation research with a goal to “uncover hidden or unrecognized motivations through guided interviewing”

- Positivism which is “the process of using rigorous empirical techniques to discover generalizable explanations and laws”
- Postmodernism “uses qualitative and other research methods to understand consumer behavior”

Figure 1.7 – “Nuthin’ Says Lovin’ Like Somethin’ from the Oven”

This figure shows the Pilsbury Doughboy™, which was created in the 1960s and is still used for branding today.

Customer-Centric Organizations in Demand Chains The customer-centric notion moves the focus from the marketing orientation focus to “how all organizations in a demand chain adapt to changing consumer lifestyles and behaviors” The entire organization focuses on the consumer.

Teaching Tip: It is possible to expand this notion by bringing in the Total Quality approach that even other departments within an organization are customers, thereby expanding the idea from external customers to internal customers as well?

How Do You Study Consumers? This section emphasizes the need for valid, accessible, and practical information about consumers and how to obtain that information through application of theories, problem-solving methods, and techniques.

A Foundation in the Sciences reinforces that studying consumer behavior is an applied science that utilizes other disciplines such as economics, psychology, sociology, anthropology, and statistics to aid in studying consumers.

Methods of Studying Consumer Behavior Three major methodological approaches are discussed:

- **Observation**, “observing consumer behaviors in different situations,” includes a discussion of in-home observation, shadowing, and physiological observational methods.
- **Interviews and Surveys** includes a discussion of interviewer bias, mall intercepts, telephone surveys, mail questionnaires, focus groups, and longitudinal studies.

Market Facts 1.1: Strengths and Weaknesses of Traditional and Psychophysiological Research Methods – This provides lists under the headings of “Traditional Methods” and “Psychophysiological Methods.”

NOTE: This is the first of these Market Facts boxes. These boxes generally report data from market studies, although this box focuses on methods of conducting market studies.

Teaching Tips: Have students examine the Traditional Methods and the Psychophysiological Methods provided and suggest when psychophysiological methods might be best used with the traditional methods. For example, eye tracking might be used when getting feedback from a consumer about packaging.

- **Experimentation** “attempts to understand cause-and-effect relationships by carefully manipulating independent variables to determine how these changes affect dependent variables.” Both laboratory experiments and field experiments are included.

Teaching Tip: Ask students to watch a Columbo or Nero Wolfe program to see how these detectives use their observation powers to uncover the clues and find the murderer. What skills to consumer behavior observers use that are similar?

- **Consumption Research** focuses on the use of the products rather than purchase of products and may use any of the three major methodological approaches.

Figure 1.8 – Understanding How Consumers Use Products is Key to Innovation

This figure uses the example of soup that can be carried with you as a change in presentation of a product to meet the needs of the consumer.

The Underlying Principles of Consumer Behavior The rest of the chapter is devoted to explaining the foundation upon which the rest of the text is based.

The Consumer is Sovereign suggests that consumer behavior is purposeful and goal oriented and that the individual consumer may completely ignore the marketer unless that marketer is aware of the importance of the consumer.

The Consumer is Global deals with the global nature of the marketplace where consumers may purchase from any location throughout the world. Therefore consumer behavior must be studied to determine the differences as well as the similarities of consumers.

Consumers Are Different, Consumers Are Alike suggests market segments must be carefully determined across demographic characteristics and geographical boundaries to “focus on similarities within groups of consumers, while recognizing the differences between groups.”

Figure 1.9 – What Similar Behaviors Would You Expect to Find Among These Consumers? Shows three pictures of different products with different people.

Teaching Tip: These pictures appear to show differences. Ask students to discuss the pictures from that viewpoint. If they read the chapter, they will know that they may have more similarities than differences.

The Consumer Has Rights The fact that rights are absolute, inviolable, and nonnegotiable is presented. Moral and ethical demands, standards with regard to deception, fraud, or lack of consumer information are all discussed.

Table 1.1 - Consumer Bill of Rights – This 6 point bill of rights was written in response to such things as fraud and manipulation.

Buyer Beware 1.2: Do You Know Your Rights? This Buyer Beware relates to the steps that may need to be taken to protect consumer rights.

Teaching Tip: Ethics and morals within the business community can be discussed by using the Enron and Arthur Anderson companies. However, some students may not remember these companies, as they were young when the companies were in trouble. You may want to relate the students to something more personal in their own lives. For example, how about asking the students what would happen if they told the person sitting next to them something personal and asked that person not to tell anyone, then the student who had been told not to share that personal information announced that personal information to a third person? Is that ethical or moral? How would the student feel if he/she was the person whose personal information was told to a third party?

Challenges for the Future New challenges discussed include:

1. Gathering and interpreting correctly the information that organizations need to meet the sophisticated needs of organizations in the twenty-first century
2. Developing effective consumer research methods to keep abreast of the rapid changes in consumer trends and lifestyles
3. Understanding consumer behavior from a broader perspective as an important part of life in its own right

Summary

Answers to the Review and Discussion Questions

1. Discuss Sam's Walton's statement that "only the customer can fire us all." Do you agree with this statement, and how do you relate consumer behavior to this statement?

Walton's statement delivers an important message for any organization in a competitive marketplace: only the customer eventually determines its success or failure. It is often argued that marketing, which is sometimes defined as the process of acquiring and pleasing customers, is the only business function that generates revenues. If that is true, then a company cannot survive in the long run without winning the approval of consumers

who “vote” with their dollars which firms will be profitable and successful. This applies to every component of the supply chain (or consumer-driven demand chain).

Many marketers fail to realize that the reason organizations exist is to satisfy customers. They may regard consumers as a passive target of marketing activities, perhaps to sell products that have been manufactured. For example, an automobile manufacturer may use a price or financing promotion to move a growing inventory of cars, but that same marketer may fail to address the processes that consumers follow in buying the product or the importance to consumers of quality service before, during, and after the sale.

Even if the price promotion increases short-term sales of cars, thus solving the excess inventory problem, the manufacturer may fail to maintain its loyal customers in the long-run if customers are unsatisfied with the service or product quality. The price promotion may even draw new customers only to be dissatisfied with their purchases, tell their friends, and never buy from the manufacturer again—regardless of the “bargain” they received. The manufacturer may eventually struggle as it has planned its operations around moving inventory of manufactured products rather than responding to the ways that consumers buy and use its products.

A successful marketer must look at everything in the organization—including price and promotion, product design and quality, and service before, during and after the sale—from the perspective of consumers. Then, all activities should be planned with the intention of delivering what is important to consumers. As the source of revenue for companies, consumers will determine the success or failure of companies over time by taking their business to the companies that provide the greatest satisfaction.

- 2. Which of the following decisions should be considered legitimate topics of concern in the study of consumer behavior: (a) selecting a college, (b) purchasing a life insurance policy, (c) smoking a cigarette, (d) selecting a church to join, (e) selecting a dentist, (f) visiting an auto showroom to see new models, or (g) purchasing a college textbook. Explain the importance or potential application of each.**

Each of these decisions is a legitimate topic of concern in studying consumer behavior. The scope of studying consumer behavior is not limited to a decision to purchase products or services in a retail setting. Rather, the study of consumer behavior can be extended to any decisions that are public or private, commercial or non-commercial, secular or religious, and important or unimportant.

Any marketer concerned with pleasing people—whether those people are consumers, investors, members, donors, patients, voters, or taxpayers—must understand the processes, motivations, needs and lifestyles that drive people to act.

It should be noted that individuals behave in different ways due to variables unique to individuals (and groups of individuals) including personal values, culture, life stage and income. The same consumers may also act differently in different situations. For example, a student who considers the quality of a college education to be a determinant of

future opportunities may select a college based on its academic reputation as well as study opportunities. In contrast, a student who has family obligations may consider the same college because of its proximity to his or her home. Some students may focus on social and athletic opportunities while others focus on the availability of scholarships and loans. Some students may even choose a college based on seemingly trivial factors, such as the influence of a boyfriend or girlfriend or perceptions created by brochures and catalogs.

Regardless of the behavior, it is critical for consumer analysts to identify and understand when and why various decision processes occurs, as well as the internal and external factors that determine their outcome.

3. Think of a product you recently bought and used. Using a consumption analysis approach, describe what product or packaging features could be improved based on an examination of how it is consumed.

The study of consumer behavior includes a series of obtaining, consuming, and disposing activities. Unlike traditional approaches focusing on why and how consumers purchase products, contemporary consumption analysis takes a broader approach that considers the ways people consume or use the products they buy. Consumption analysis helps marketers develop products and packaging that not only meets consumers' initial purchase criteria, but also that continues to satisfy consumers long past the initial purchase decision.

Suppose a college student living alone buys a plastic half-gallon container of milk. Because a store brand is on sale every Saturday, she purchases one such container each week. Even though she drinks only two-thirds of the milk and disposes of the remainder, she continues to buy milk in the half-gallon plastic container because she believes plastic packaging keeps the milk fresher than a paper carton. Because the store does not sell milk in a plastic container smaller than the half-gallon size, she continues to purchase this size despite the wasted milk.

According to the traditional buyer behavior approach, the student can be considered a loyal consumer of the store brand because she buys it every week. However, consumption analysts might observe that she's not necessarily loyal to the store brand because if the competing national brands offered a smaller size of plastic packaging, at a reasonable price, she would likely change her purchasing behavior. Therefore, if there were a sufficient number of consumers exhibiting similar consumption behavior, a national brand manager may want to introduce a new product that aligns product size, price, and packaging with how the milk is consumed.

In this example, the student's purchase decisions are influenced by her consumption preferences, not vice versa. Students may choose any product and relate their consumption experiences in a similar way.

4. Examine current advertisements for consumer products and select one for a new product. Will this product succeed in the long run in the consumer marketplace? What factors determine success?

The key determinant of new product success is whether the new product can create value and acceptance in the long run by fitting consumer usage patterns better than existing products, but also at prices consumers are willing to pay.

In recent years, there has been a push by electronics manufacturers to converge voice, email, Internet, and various peripherals including digital music players, video recorders, and cameras on to wireless phones. Electronics manufacturers have launched new formats including phones that include larger and higher resolution screens, greater memory, and built-in keyboards. Likewise, wireless providers now offer rate plans that differentiate voice, data, and other value-added services.

The success of these “all-in-one” units will result from understanding consumer problems in carrying multiple devices including a cell phone, PDA, MP3 player and camera, usage patterns of these devices, and the monthly cost of voice and data services compared to existing practices. If consumers rarely take pictures, the combined device has a lower photographic resolution than a digital camera, or it is difficult to transfer images from the phone to a PC for editing and printing, consumers may not be willing to pay extra for this functionality. Likewise, if consumers listen to music while engaged in athletic activities and a fragile or bulky device is not conducive to sports; consumers may prefer a separate, miniature MP3 player. Last, if data services are prohibitively expensive or the miniature keyboards are difficult to use, consumers may choose to answer their email using their home or office computers.

It is also likely that different user segments value different capabilities differently. Business users may require email and Internet access while teenagers place greater value on music and pictures. The best solution may be multiple product lines with capabilities appealing to the usage behavior and price points of different segments.

If these “all-in-one” devices do not keep up with the changing needs and lifestyles of consumers, they may be remembered as only a fad.

5. A family has just come into the local office of a lending agency, asking for a bill consolidation loan. Payments for a new car, television, stereo, bedroom set, and central air conditioning have become excessive. The head of the family does not have a steady source of income, and real help is now needed. Is this an example of purposeful consumer behavior, or has this family been manipulated into making unwise purchases?

It is not easy to identify whether the family made a purposeful purchase decision or has been manipulated to buy the various products by marketers. This is because consumer analysts can only observe the outcome of consumers’ final purchase decision without

knowing why and how consumers have reached it. Nevertheless, some may argue that marketing managers act in ways that lead consumers to buy an excessive amount of unnecessary items.

For example, some marketers make the initial purchase decision very easy for consumers by offering financing that requires no money down or no interest or payments for a set period of time. The availability of this financing may make it easy for consumers to purchase items immediately that they may otherwise have to save for, only to struggle later on when the payments are due. Economic theorists have long proposed that demand for consumer goods necessarily exceeds consumers' available funds, so when funds are made available through marketing promotions, consumers will naturally buy all that they can.

This argument, however, ignores that consumption decisions also reflect consumers' personal social goals and values. While high bankruptcy rates may be a reflection of the many consumers who lack financial discipline, many more consumers chose to save and invest a portion of their paychecks, use credit sparingly, and purchase items only when absolutely needed.

Consider the popularity of warehouse clubs that sell goods in larger quantities than traditional grocery stores. Many consumers may not hesitate to buy a large, 48-roll package of toilet tissue even though such a large quantity would likely last several months. Although the total price paid is more than for a smaller package, these consumers realize the unit cost of consumption is lower. Clearly the decision to purchase so much at one time must be a part of consumers' values, such as the frugality of "stocking up" when items are on sale, the comfort of not suddenly running out, or the convenience of not having to frequently return to a store.

Because this question includes "discretionary" purchases like a television set, stereo, and bedroom set, students may be quick to blame the consumers dilemma on either marketing manipulation or the consumer's lack of discretion. However, it is critical to understand that the decision made by the family in this question is ultimately a reflection of its values.

6. If it is true that motivations and behavior can be understood through research, is it also true that the marketer now has greater ability to influence the consumer than would have been the case in an earlier era?

As the study of consumer motivations and behavior advances, not only does the quantity and depth of available information about consumers increase, but so also does the sophistication of models used analyze such information. Thus, it is logical to expect that over time, the ability of marketers to influence consumers will also increase. Consumer behavior, however, is about helping marketers adapt to the realities of the marketplace, not necessarily influencing consumers.

Consumers are influenced by many factors beyond marketers' control, including changing attitudes, family structures, social values, and economic forces. Successful marketers must continually respond to each of these factors that influence behavior, not just motivation.

Even when marketers have a clear understanding of how consumer motivations are related to consumer behavior, there is no guarantee that marketers will always be successful in motivating consumers. Consumers selectively perceive and interpret marketing messages and may not pay attention to marketers' persuasive messages unless they are first motivated and able to process them.

For example, many studies report that items displayed at the end of a supermarket aisle are more likely to be selected by consumers than items located elsewhere in the store because of their higher visibility. However, consumers who are familiar with the store layout or perhaps even purchase on factors other than price (such as brand loyalty) may ignore the end aisle items and choose items displayed in other spaces.

7. What contribution does the analysis of consumer behavior make to the fields of finance, production, insurance, and top management administration?

The key here is to describe the type of marketing problems faced in each of these fields. The major contribution of consumer behavior analysis to each functional area is the realization that in consumer-centric organizations, individuals in every business function are focused on understanding and satisfying customers. This means that products, pricing, promotions, and operations must be planned with customers in mind. Even though the definition of "customers" may be different for each functional area, with "customers" being either internal or external to an organization, the spirit of customer satisfaction is equally applicable.

For example, the key task of financial managers is to provide sufficient working capital for production managers to keep the business running while maximizing shareholder wealth in the long run. Production managers are charged with developing and executing processes that provide consumers the products and services they are willing and able to buy, at the right place, right time, and for the right price. Insurance managers are tasked with reducing the risk that an adverse event may prevent a company from continuing its operations in the future. Even top managers must know how to satisfy different constituent groups including consumers, employees, suppliers, government regulators, the press, the board of directors, and so forth.

The study of consumer behavior helps marketers adapt to changes in consumer expectations, needs, and desires. The ability to respond to a changing marketplace is critical across business functions, regardless of the target consumer.

8. Would it be equally necessary to understand consumer behavior if the economic system were not one of free enterprise? In other words, is the subject matter of this book only of interest to those in capitalistic systems, or does it also have relevance for socialist and communist societies?

Understanding consumer behavior is essential where the economic system allows for free competition. However, even when a market is driven solely by communist or socialist systems, there is still a need to understand and meet people's needs in order to maintain political power.

Although communism has largely failed as a market philosophy due to its inherent inefficiency in creating market resources, remaining totalitarian regimes struggle with how to maintain political power in the light of free market influences. If limited capitalism provides jobs, products, and wealth for a nation's citizens, they will be less likely to challenge oppressive political leaders. However, once citizens realize they are being deprived of critical needs or desires, they will also be more motivated to bring about a revolution.

The structure of a country's economic system influences consumer behavior, which in turn determines that nation's wealth and global influence. For example, if a socialist nation imposes personal taxes consuming 80 to 90 percent of individual wages, the citizens of that nation may be less motivated to study and work hard, create large families, or conserve national resources. Such a nation will probably lag other nations in economic growth and productivity, perhaps leading its most talented citizens to emigrate elsewhere or making it difficult for its companies to raise capital in the global financial markets. A country with a weak economy and low productivity is more susceptible to political instability.

The study of consumer behavior is applicable whenever there is a group of people whose needs and desires must be satisfied, regardless whether the people are consumers or citizens, taxpayers, politicians or military leaders.

9. Health care costs are soaring in the United States, higher than any other nation in the world. What could an understanding of consumer behavior and marketing do to solve this problem?

There is nothing more personal to (and within the control of) individuals than their health. Traditionally in the United States, health care has been provided as an employee benefit, or for the elderly and poor, by government entitlement. Because users of the health care system have not been the payers, consumers have relied upon the health care system to deliver the best treatment possible for any ailment, regardless of the price. This behavior leads to rising costs because there is no incentive for consumers to limit their consumption of health care services.

When health care costs rise, employers must decide whether to employ automation, which incurs no employee benefits costs, outsource jobs overseas, reduce salaries, or share the costs of health care with employees. Political leaders must likewise decide whether to raise taxes or divert funds from other vital projects. When consumers are forced to pay an increasing amount of their own health care costs through higher taxes, higher payroll deductions for health insurance, lower wages, or higher co-pays and deductibles, the incentive is for consumers to help control costs. The primary way that health care costs are controlled is by reducing the incidence of disease and injury—factors that are largely controlled by consumers.

Health care costs can be reduced by focusing on prevention rather than treatment of disease, promotion of healthy lifestyles, the application of information technology and medical innovation, more efficient treatment options, and greater productivity of health care institutions. In order to change the way that consumers use the health care system and encourage greater responsibility for their own health care costs, an understanding of current behavior, lifestyles, and attitudes is required. Marketing is the catalyst of change as employers, health care providers and government must effectively communicate what occurs when health care costs rise, how personal responsibility and healthy lifestyles reduce utilization of the health care system, as well as which treatment options are the most effective and efficient for a variety of needs.

As consumers become responsible for their own health care costs, a consumer market for health care will develop, attracting the attention of marketers who provide new payment mechanisms, treatment methods, delivery channels, funding sources, and prevention programs based on consumer needs, resources, and lifestyles.