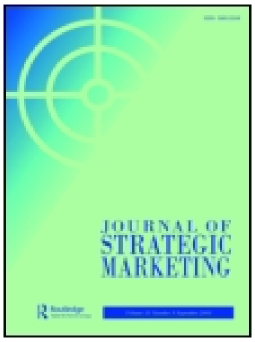

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Product, person, and purpose: putting the consumer back into theories of dynamic market behaviour

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We propose here a conceptual framework that incorporates a model of individual consumer behaviour into a theory of dynamic market behaviour. We first formalize a set of propositions about consumer behaviour wherein the key concept of an affordance is introduced and conceptual links between product, person and purpose are explicated. These behavioural foundations are then employed in a conceptual framework in which we examine dynamic market behaviour from the point of view of strategic marketing decisions. The framework stresses that exchange relationships between consumers and producers are built out of actions that are adaptive and purposive and that reciprocal influences are created when both buyers and suppliers are guided by their respective considerations of feasibility and desirability. We indicate how many current marketing ideas fit into our framework and we discuss key managerial implications.

KEYWORDS: Dynamic market behaviour; marketing strategy; consumer behaviour; consumer goals; affordances

INTRODUCTION

Theories of how markets work and change over time rarely incorporate specific models of consumer behaviour. However, classic works such as Alderson (1965) as well as more recent publications in marketing (e.g. Day *et al.*, 1979; Srivastava *et al.*, 1984; Dwyer *et al.*, 1987; Dickson, 1992; Webster, 1992; Tax *et al.*, 1998) have emphasized that concepts and theories

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regarding consumer behaviour are critical in understanding dynamic market behaviour. Dynamic market behaviour refers to the continually evolving nature of the market and how the products and services available to customers, as well as customers' needs and wants, change over time. For example, Day *et al*. (1979) pointed out that consumers' perceptions of substitutability of different products play a large role in determining the structure of changing product markets. Dwyer *et al*. (1987) proposed that relationship marketers could profit from a conceptual understanding of how customer–firm relationships form, evolve and dissolve. Dickson (1992) postulated that dynamic market behaviour is the outcome of several factors, one of the key ones being the ability and motivation of sellers to experiment with new ways of serving the ever-changing preferences and wants of buyers.

Notwithstanding, there is an important gap in current theories of dynamic market behaviour in that none of them formally articulates a consumer behaviour model as a foundation for the theory. This is an obvious anomaly in that virtually all marketing strategies, at least from a normative standpoint, should start with a mental model of the customer and customer analysis (Hunt and Morgan, 1995; Alba *et al*., 1997; Dickson, 1997; Aaker, 1998; Kim and Mauborgne, 1999). For example, Hunt and Morgan (1995, pp. 12–13) pointed out that, since shifts in customer preferences can significantly alter firms' competitive advantages, firms should continually strive to monitor and understand their customers. Therefore, the goal of this article is to first provide a behavioural model of the individual consumer and then to tie such a model to an overall framework of dynamic market behaviour. Our objective here is mainly to provide a rich, consumer-side perspective and analysis that complements the detailed supply-side analysis that is to be found in the work of writers such as Dickson (1992).

Our consumer behaviour model stresses adaptive, purposive behaviour on the part of consumers and, hence, is well-suited for understanding the nature of evolving markets. Specifically, we discuss how product, person and purpose interact to shape the consumer behaviour of individuals and, consequently, how significant changes in any of these three variables will impact on consumer behaviour (see also Huffman *et al*., 1999). A novel aspect of our approach is that we introduce and use the concept of an *affordance* from ecological psychology (Gibson, 1979; Shaw *et al*., 1982; Greeno, 1994) for theorizing about product–person interactions in adaptive consumer behaviour. We also highlight the role of consumer goals and purpose in an individual's response to products in the market-place (cf. Bettman *et al*., 1998).

We build our framework for dynamic market behaviour on the foundations of our aforementioned model of goal-directed, purposeful consumer behaviour. Specifically, we examine mutual dependencies and reciprocal influences between consumers and suppliers. We discuss how the actions of both consumers and producers balance in a dynamic manner the desirable with the feasible and how each takes its cues from the environment created by the other's perceptions, judgements and decisions. In the final section of the paper, we discuss in detail the implications of the current framework for several substantive domains of marketing research and managerial practice.

CONSUMER BEHAVIOUR AS ADAPTIVE AND PURPOSIVE

Revisiting a fundamental marketing axiom

The essence of the notion that consumer behaviour is purposive is contained in what is perhaps the most fundamental of marketing axioms: people buy things not for what they are, but for what they can do (Levitt, 1960; Young and Feigin, 1975; Zeithaml, 1988). The significance of this axiom obviously rests on a differentiation between aspects that are intrinsic to a product or service (e.g. the temperature or ingredients of a beverage) and aspects that refer to the product's instrumental consequences (e.g. the extent to which the beverage is refreshing or relaxing). The former are commonly termed features, characteristics or attributes and the latter benefits or 'decision criteria' (see e.g. Haley, 1968; Young and Feigin, 1975; Huffman and Houston, 1993). Although the distinction between the two seems obvious, the conceptual implications are worth examining. Any theory of market behaviour requires an explanation of the relationship between products created by producers as bundles of features and consumers' perceptions of products as combinations of benefits and costs (Myers and Shocker, 1981; Hauser and Clausing, 1988).

Several researchers have suggested that 'features' are generally more concrete while 'benefits' are more abstract (e.g. Howard, 1977; Gutman, 1982; Holbrook and Hirschman, 1982; Olson and Reynolds, 1983; Johnson and Fornell, 1987; Zeithaml, 1988). Further, prior research has established that consumers typically map numerous and discrete features (e.g. a car's size, body construction, seat belts, anti-locking brakes and air bags) on to many fewer, more holistic benefits (e.g., safety) through a process of cognitive abstraction (Johnson and Fornell, 1987; Reynolds and Gutman, 1988).

These insights about the feature–benefit distinction regarding the conceptual dimension of abstractness are important. Still, to the best of our knowledge, no-one has offered a formal specification of how and why consumers perceive features and translate them into benefits. We believe this translation process depends on interactions between the *product*, the *person* and the *purpose*. Previous research has not made clear the type and nature of the interactions that are involved in the translation of features into benefits.

Consider the features of a product, for example a hat, such as its material and its physical dimensions. The effects of these features on the fit and comfort offered by the product depend upon the person, for example upon the match of the hat with his/her head dimensions and hair characteristics. Further, the extent to which various features of the hat (e.g. felt versus straw as a material) are perceived as benefits is also likely to depend upon the consumer's purpose. For example, a hat worn for a business occasion in winter might require warmth and fashion while one worn for gardening in summer might emphasize coolness and functionality. Similarly, a hat could also fulfil a symbolic purpose, for example a hat adorned with an 'X' worn as a symbol of defiance (Solomon, 1983; Fournier, 1998). In fact, these interactions of product, person and purpose are at the root of market segmentation, for it is the type and nature of the interaction that often defines membership in a particular segment.

Features, affordances and benefits

We propose that the crucial distinction between features and benefits can be formally specified via a set of conceptual relationships involving variables related to three factors: products, persons and purposes. We consider 'features' to be characteristics of products that can be specified in physical, chemical or financial terms (see Johnson and Fornell, 1987). Thus, 'features' might refer to the number of grams of dietary fibre in one ounce of cereal, the kilobytes of RAM in a personal computer, the ingredients in a shampoo or the interest rate offered by a bank on a CD. Formally,

P_1: Features are objective characteristics of a product that can be specified in physical, chemical or financial terms.

A key aspect of our framework is that we posit an intervening construct between features and benefits termed affordances (after Gibson, 1979). An affordance in a marketing context is a potential benefit for the consumer. Why make a distinction between a benefit and an affordance? Because benefits presuppose consumer purpose while affordances do not. An affordance, as defined by the psychologist Gibson (1979), is a meaningful combination of the features of an object in the environment relative to a person. To use Gibson's (1979) own example, if an object's surface is horizontal (instead of slanted), flat (instead of convex or concave), sufficiently extended (relative to the size of the person) and if its substance is rigid (relative to the weight of the person), then the surface affords support. If, in addition, the object is about knee high above the ground relative to the person's height, it affords seating.

Affordances originate from features that are designed into products and producers make product design decisions presumably on the basis of their understanding of consumers and consumer needs. However, affordances become benefits only when they are actually perceived by buyers as functional for their purpose(s). But an affordance need not always be designed deliberately – it may be present, for example, as a by-product of the technology employed in the creation of other affordances. Thus, affordances can be positive or negative in valence and a given set of features can yield both. To use another of Gibson's (1979) examples, the characteristics of a knife – depending on how the knife is manipulated – afford both cutting and being cut.

Importantly, affordances are not just 'abstract' features; they are *relational* properties of products in reference to specific characteristics of the person. Thus, a specific chair might afford seating, but only for a segment of humans (i.e. those within a certain range of sizes). A pair of eye glasses affords better vision, but only to an individual with particular vision deficiencies. A newspaper might afford information, but only to a person equipped with sufficient language skills to read and understand it. A Rolex watch may afford status to its wearer, but only if that person lives in a society where that brand name has acquired a particular cultural meaning. The affordance concept also easily extends to the case of complementary products. For example, a combination of appropriate computer hardware and software components might afford many functional possibilities to an individual who has the requisite knowledge. Formally,

P_2: Affordances are the potential benefits and disadvantages of a product (or a set of complementary products) in relation to a particular person. Thus, affordances represent meaningful interactions between product features and the characteristics of a person.

The notion of an affordance is central to Gibson's (1979) theory in which he proposed an ecological approach to perception. Within this theory, perception primarily serves an adaptive function, supplying vital environmental information that guides human behaviour (see also Shaw *et al*., 1982; Gibson, 1988). A crucial aspect for Gibson (1979) was that 'The affordance of something does not change as the need of the observer changes' (p. 138). Whether or not the person perceives the affordance and attaches value to it may change with the person's needs or purpose, but the affordance itself is always 'there' to be perceived. As Gibson (1979) put it, 'The object offers what it does because it is what it is' (p. 139). Accordingly, an important concept in our framework is that consumers perceive benefits only in relation to specific purpose(s), while affordances do not vary based on purpose. Formally,

P_3: The perceived benefits of a product are a function of its affordances to an individual consumer in relation to that person's purpose. Thus, perceived benefits represent interactions between a product's affordances and a consumer's purpose.

A closer look at consumer purpose

We view the consumer as a person engaged in an ongoing process of adaptation to an environment or habitat which offers several affordances via available products (Gibson, 1979; Ratneshwar and Shocker, 1991). Our framework implies that consumers respond to these affordances on the basis of their ongoing purposes. Therefore, a principal task for any market-driven producer is to discern the purposes that drive virtually all consumer behaviour. We believe that consumer purposes are best assessed in terms of intended consumption actions and the spatial, temporal and social contexts of these consumption actions (e.g. a woman buying a birthday gift for her husband, a consumer wishing to travel across the Atlantic on a business trip, a man wishing to buy a suit to wear to work or someone who wants an after-dinner snack while watching television). Indeed, considerable prior research has demonstrated the feasibility of such assessment (see e.g. Belk, 1975; Miller and Ginter, 1979; Dickson, 1982; Srivastava *et al*., 1984; Ratneshwar and Shocker, 1991).

Note that, until now, we have referred to consumer purpose in terms of the singular. More generally, purpose may include multiple consumption actions. For example, consumers often purchase assortments of consumables or semi-durables (e.g. spices, liqueurs or clothing) to keep in inventory for use in multiple, intermittent and only partly predictable usage situations. In addition, decisions on durables (e.g. cars or computers) may often be made on the basis of perceived versatility of a single product for a variety of applications (see Ratneshwar and Shocker, 1991). Hence, although we often refer to consumer 'purpose' in the singular as a matter of convenience, our conceptualization includes the more general case where 'purpose' refers to multiple (intended) consumption actions for which the consumer is seeking either a collection of products or a single versatile product.

Purpose can be construed as a consumer goal. It denotes what the consumer wants to do with the product, (i.e. the intended consumption action) and the situational context in which he or she wants to do it (Huffman *et al*., 1999). Goals have cognitive as well as motivational facets (Austin and Vancouver, 1996). Accordingly, the intended purpose 'sets the stage' for the consumer problem solving involved in making a purchase decision. Specifically, past research has demonstrated that consumer purpose facilitates the following problem-solving activities: (1) categorization of products known to the decision maker, (2) retrieval of potential 'solutions' from memory in terms of product alternatives appropriate for a particular purpose, (3) construction of lower-order goals or decision criteria, e.g. the specific benefits to be sought from the chosen product, (4) selective perceptual attention to relevant product benefits and (5) perceptual discrimination among available alternatives (see Haley, 1968; Gibson, 1988; Park and Smith, 1989; Barsalou, 1991; Ratneshwar and Shocker, 1991; Holden and Lutz, 1992; Huffman and Houston, 1993; Ratneshwar *et al*., 1997).

Presumably, consumers can and do activate a variety of goals in their decision making. These goals may be as specific as the particular benefits sought from a product (e.g. liquidity and low risk in a mutual fund) or as general and abstract as an individual's terminal values (e.g. security and materialism; see Rokeach, 1973; Gutman, 1982; Reynolds and Gutman, 1988; Pieters *et al*., 1995; Walker and Olson, 1997; Huffman *et al*., 1999). In our view, consumer purpose represents a middle level of goal abstractness. Its scope typically extends beyond narrow product category boundaries (e.g. both traveller's cheques and credit cards serve the purpose of cash when paying for expenses while travelling). However, in comparison, terminal values are much more abstract, fewer in number and may apply across much wider consumption domains. If we regard the overall environment in which a person lives as the individual's ecological habitat, his/her choice of purposes or consumption actions and the affordances used in the service of these actions constitute the individual's ecological niche or life style (see Gibson, 1979). Values, in their role as higher-order goal structures, may be seen as furnishing a master plan for building this life style.

THE DYNAMICS OF MARKET BEHAVIOUR: A CONCEPTUAL FRAMEWORK

We build on the conceptual underpinnings of the previous sections by examining the dynamics of market behaviour in the aggregate. An overview of our framework is presented in Fig. 1. This framework retains many of the important assumptions that have been traditionally associated with theorizing about the nature of marketing: (1) marketing is necessitated by a separation in society of consumers and producers, (2) marketing acts are the exchanges that take place between these two groups, (3) the actions of individual consumers and producers, when aggregated, generate the forces of demand and supply and (4) the dynamic interplay between the forces of demand and supply is a primary characteristic of the

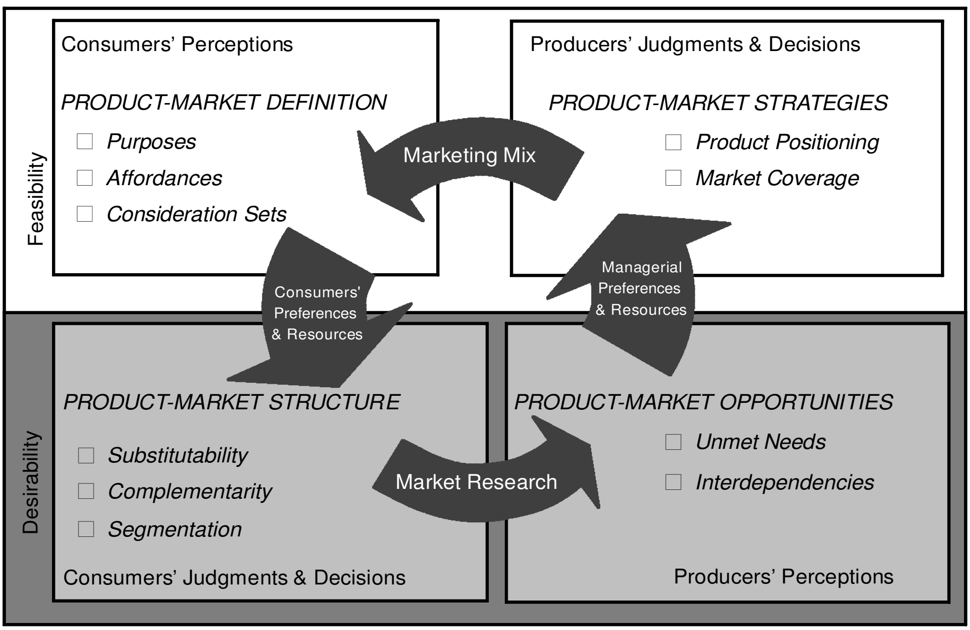

FIGURE 1. The dynamics of market behaviour: a conceptual framework

market-place as a whole (Alderson, 1965; Bartels, 1968; Kotler, 1972; Hunt, 1976; Bagozzi, 1979; Dickson, 1992).

We depart from tradition (e.g. Sissors, 1966), however, by viewing the organizing theme for a market not in terms of products or people *per se*, but in terms of the purposes which serve to create demand and determine both consumer and producer behaviours. As previously noted, consumers have purposes (i.e. intended consumption actions) and they seek appropriate means for accomplishing their purposes. Thus, purposive consumer behaviour ensues when consumers face and recognize situations such as a special guest for dinner, an imminent car emissions check or the need for investment of windfall income.

Our framework assumes that consumers' purposes are relatively stable – even though their preferences for specific product features are often malleable – and it is such stability that makes consumer purpose worthy of study as a background context for purchase and consumption decisions. Even when innovations enable consumers to do things they could never do before (e.g. word processing, taking pictures underwater or preventing the flu), consumers are likely to assimilate these affordances as superior solutions for purposes already known to them (see also Sujan and Bettman, 1989; Barsalou, 1991).

Firms design, produce and place in the market products (and services) that can be instrumental in serving these purposes. These products become an integral part of what the environment affords the consumer. Consumers eventually learn about these products and perceive some of them (or combinations thereof) as relevant to purposes known to them. Consequently, one can define a product market as consisting of potential consumers who have a shared purpose and those products or services that those consumers would possibly consider as satisfying that purpose (see also Day *et al.*, 1979).

The actions of suppliers make a set of products feasible for purchase and consumption. However, the desirability of these feasible alternatives and the resulting purchase decisions will depend mainly upon the individual consumer's preferences and resources. Consumer's judgements of product desirability and their purchase decisions, in the aggregate, determine the degree of competition among specific alternatives in the market-place and, therefore, product-market structure (Wind, 1977; Urban *et al.*, 1984; Grover and Srinivasan, 1987).

Product-market structure represents the competitive environment in which the producer must function. When a producing firm is said to be 'market driven', it is adapting to the competitive environment such that the firm can survive and grow (Day, 1990). Rivalry among suppliers creates incentives for discovering and attending to information in the environment (Dickson, 1992). And, akin to the case on the consumer side, the market provides 'affordances' which are there to be perceived by producers: these affordances take the form of product-market opportunities. Market research enables producers to perceive and monitor these 'affordances'; research may reveal the kinds or types of products that might be desirable for the film to produce or supply and their potential target markets.

Therefore, the market environment constrains the firm's choices in terms of what consumers will support, but an understanding of these constraints also provides important insights into desirable product-market opportunities (Day and Wensley, 1988; Dickson, 1992; Urban and Hauser, 1993). Such opportunities typically involve the unmet needs of consumers. Further, by assessing the degree to which existing products and services aid consumers in accomplishing their purposes, new opportunities may emerge that take account of interdependencies with the firm's other products. Importantly, such a concentration on consumers and the purposes they are seeking to satisfy may cause firms to understand better the desirability of multiple products or product-service combinations or of interactions between elements of the marketing mix in creating customer value and satisfaction. In addition, even where new product ideas (e.g. those resulting from radical technological breakthroughs) originate largely within a firm, a firm would rarely proceed to market something new and different without some kind of 'reality check' from the market-place.

Granted, the market is the ultimate arbiter of what marketing strategies are desirable. But even to the extent that managers perceive their market environments accurately, they still must make critical choices from among the many afforded product-market opportunities. And, much like in the consumer environment, the firm's own preferences or norms (e.g. first- or later-to-market and high growth versus low risk) and resources (e.g. reputation, marketing skills, technological capability and financial limits) determine what is feasible for the producer to implement (Barney, 1991). Managers often consider several alternative strategies they find intrinsically desirable and feasible and, within the bounds of the firm's internal constraints as well as their own political goals, choose the more attractive to implement.

Since adaptive processes require judicious combining of the desirable with the feasible, the firm must have adequate decision-making capabilities. Dickson's (1992) discussion of competitive rationality in the firm's decisions envisioned an adaptive demand–supply relationship somewhat similar to ours. He suggested that producers compete via their alertness in perceiving changes in the market as well as by their ability to implement actions and initiatives rapidly. Some producers learn faster, have more resources and are prepared to take greater risks than others. Dickson (1992) further pointed out that an important problem for many firms is one of overcoming inertia. When things are going reasonably well, managers may simply not look for or perceive better ways of serving their markets. However, imitation by competitors usually puts pressure on producers to improve their market offerings and/or to find more profitable market segments.

The outcome of such feasibility-constrained managerial decision making is the product portfolio. The product portfolio represents the basis of a firm's market exchanges with customers and its successful management affects the very existence of the firm (Day, 1977). The implementation of this portfolio in the market-place is usually in the form of a marketing offering or mix (Borden, 1964). Thus, a marketing mix is a set of actions designed to achieve objectives judged both desirable and feasible by a supplier.

The marketing mixes implemented by various suppliers determine what the market environment affords to consumers. Supplier's decisions in areas such as product design, pricing and distribution and their implementation in the market-place create sets of affordances with associated costs. Consumer awareness and knowledge of these affordances are obviously affected by the marketing efforts of producers (Alba and Hutchinson, 1987). Firms also have the ability, particularly through their communications, to affect the perceptions that consumers form of particular products, including how the said products are to be used and what they can be used with (Hoch and Deighton, 1989; Wansink, 1994). These producer influences act in conjunction with the knowledge consumers acquire on their own – from past product trials and experiences, vicarious observations and word of mouth from other users (Hoch and Deighton, 1989). Together, these factors determine the set of products that consumers may consider feasible for a given purpose and, hence, product-market definition.

Acquiring market-place information is an imperfect process. Consumers may not perceive the affordances in their environment accurately and/or they may have to make decisions on the basis of incomplete information (e.g. when cost–benefit considerations rule out further information search). Similarly, producers may fail to recognize the product-market opportunities afforded to them or they may inaccurately assess their abilities to capitalize upon such opportunities (e.g. they may misjudge resource requirements or fail to provide adequate resources in a timely fashion). Notwithstanding such caveats, our framework captures much of the essential dynamics of the relationship between consumers and producers from the perspective of strategic marketing decisions.

Note that in the interests of parsimony, our framework describes mainly a goal-directed 'rational' consumer. Although we noted earlier that consumer purpose can be of a symbolic nature, our framework cannot account for purely hedonic consumption (see Holbrook and Hirschman, 1982). In addition, we do not address the role that affect may play in consumer decisions (e.g. Edell and Burke, 1987; Fournier, 1998). Similarly, in the interests of simplicity and, more importantly, in order to keep our focus on the relationship between consumers and producers, we did not expand the discussion to cover other vital aspects of firms' environments – a more exhaustive discussion might include externalities such as distribution channel structure, the state of the economy, geopolitical considerations and governmental regulation (see e.g. Aaker, 1998).

IMPLICATIONS OF THE FRAMEWORK

The dynamics of market behaviour (and perhaps the reason why, in a societal sense, marketing 'works') are to be found in the actions undertaken by consumers and producers attempting to ensure mutual feasibility and desirability for their respective decisions. Supply shapes demand in the sense that producers' actions impact ceaselessly upon buyers' perceptions and evaluations of consumption possibilities. However, demand too shapes supply: suppliers' perceptions of competition and new product possibilities are determined fundamentally by consumers' judgements and decisions regarding different products that might accomplish the same purpose. Market evolution therefore is the outcome of processes wherein consumers respond to the alternatives that are available (in either a positive or negative way) and, in doing so, generate signals that producers use in changing the nature of the alternatives they offer (see also Day and Wensley, 1988; Dickson, 1992). We can improve our understanding of these evolutionary processes by examining the actions of both buyers and suppliers in the context of a reciprocal relationship wherein each constituency continually adapts to the purposive behaviours of the other. Given these premises, the present framework suggests a number of useful insights with regard to prevailing marketing concepts. It also provides valuable conceptual integration by explicitly tying dynamic market behaviour to a specific model of individual consumer behaviour. We now proceed to discuss some of these implications. Further investigation of these implications should provide support for and/or challenges to the framework and it should help identify those areas in need of refinement.

The marketing concept and market orientation

Our framework suggests a somewhat different way of looking at the marketing concept and provides additional insight into the meaning of 'market orientation' (Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993). Traditional descriptions of the marketing concept imply that firms interested in profitable exchanges must always adapt to meet consumer requirements (i.e. demand pull). In contrast, our framework recognizes that customer preferences do not occur in a vacuum – they typically adapt to environmental (market-place) reality. Thus, our framework explicitly recognizes that customers do not always know what they want, particularly when product concepts represent discontinuous innovations or affordances that are 'new-to-the-world'. For such products, buyers may take their cues in part from the context of available offerings, from the behaviours observed among fellow consumers and from the marketing communications directed at them by different sellers. Thus, the first entrant or pioneering product may sometimes define the standard by which later entrants are judged (Carpenter and Nakomoto, 1989) and technology push may even be necessary to help create the product market. However, once a new product becomes available and its affordances are eventually discovered and learned, consumers are often able to recognize improvements that they would find beneficial. Later generations of computer software, for example often arise out of the improvements customers want as a consequence of the problems they encounter in product usage.

Such realities of consumer behaviour also point to why consumer sovereignty may be less than absolute and more adaptable than traditionally assumed in discussions of the marketing concept. Buyers often have a great deal of difficulty in translating abstract, higher-order goals (e.g. enhancing productivity in the office workplace) into specific, lower-order decision criteria such as the particular features to be sought from desirable alternatives (e.g. the specific hardware/software configurations of computers in a LAN (local area network) for improving office productivity). This may be particularly true when the affordances in the environment are negatively correlated and require the consumer to resolve conflict by making trade-offs (e.g. with regard to ease-of-use versus versatility in network software). As Hogarth (1980) pointed out, conflict resolution requires both decision-making competence and cognitive effort; given adequate competence, the benefits versus costs of defining and resolving conflict determine whether the required mental effort will be forthcoming in a given situation (see also Bettman *et al*., 1998). Lack of expertise and/or lack of effortful thinking often lead consumers into making choices with only vague preferences and it is only subsequent, experience-based learning that can clarify and illuminate their true preferences.

Such issues must clearly be heeded when market research is used for active implementation of the marketing concept. For example, in order to forecast the success of new products, Urban *et al*. (1996) proposed an 'information acceleration' research method which simulates future competitive products, advertising and word of mouth. From our perspective, this is potentially a very useful way of proceeding, since it provides ample acknowledgement of adaptive learning on the part of consumers. Only when the rate of change in the environment is sufficiently slow will it make sense to rely on traditional market research methods that implicitly assume pre-existing and static preference structures among consumers.

Product-market definition

By the means of product-market definition, a producer can 'chalk out' the boundaries of the firm's (or strategic business unit's) business. The firm can thus better articulate its mission or purpose – its self-concept of what it is about and what it can or should be in the future (Ansoff, 1965; Drucker, 1974). With regard to the firm's scanning of its environment, product-market definition provides managers an answer to the question: On what should we focus our attention? In our framework, consideration sets of products, when aggregated across relatively homogeneous consumer purposes, and the consumers for whom these purposes are relevant, define the product market.

Insofar as product-market definition circumscribes the arena for managerial attention and future managerial efforts, it is important that the firm take a very broad view of competition. The reason for this is that technological innovations and changes in relative price relationships, over time, inevitably restructure consumers' consideration sets (Day *et al*., 1979). Accordingly, Levitt's (1960) classic article suggested that firms avoid 'marketing myopia' by defining their businesses on the basis of generic consumer needs (e.g. 'transportation'). However, as subsequent writers (e.g. Aaker, 1998) have pointed out, the concept of generic need by itself is unlikely to provide sufficient guidance to operating level managers as to the specific market arenas in which the producer should compete. Nor does the notion of generic needs consider the fact that the producer needs to build and use core competencies in resources such as technology and distribution (Prahalad and Hamel, 1990; Barney, 1991).

Abell (1980) dealt with the foregoing concerns by proposing a framework for business definition that included three basic components: (1) customer groups or who is to be served, (2) customer purposes to be served and (3) technologies or how customer purposes are to be served. Consistent with Abell's (1980) framework, our view of product-market definition takes into account both person and purpose and it thus provides relevant demand-side inputs for business definition. Nevertheless, we argue that a focus on the composition of consumer's consideration sets is also equally important: it provides competitor information relevant to a comparative assessment of the firm's resources and competencies, particularly in areas where the producer may be risking technological obsolescence on account of emerging innovations in the market-place.

Product-market structure

Product-market structure refers to the nature and strength of competitive relationships among product alternatives when examined in the light of consumer preferences, judgements and purchase decisions (Srivastava *et al*., 1984; Urban *et al*., 1984; Carpenter and Lehmann, 1985; Grover and Srinivasan, 1987; Elrod, 1988). Several writers have suggested that the key to understanding competitive relationships and, hence, product-market structure is usually substitutability (Day *et al*., 1979; Porter, 1985). In our framework, the substitutability criterion is that products are competitive to the extent that buyers find products or services in the same consideration set to be equally desirable for a particular purpose.

However, in order to understand the competitive environment, it is also important to consider the role of complementarity. Consumers may often achieve their purposes by grouping complementary products into 'product systems' that provide the necessary affordances. Importantly, when viewed from the perspective of solutions to consumers' problems, manufacturer-defined 'products' may not be identical with consumer-defined 'products'; buyers may judge some product systems simply more desirable than others (see Kim and Mauborgne, 1999). For example, 3M was the first to develop an optical disk for data storage, but the product failed. Sony, in contrast, introduced both the optical disk and its drive and succeeded.

In addition, as we pointed out in our customer behaviour framework, consumers often purchase an assortment of products that collectively represent a 'solution kit' for more than one consumer purpose. Interestingly, products in this assortment can be simultaneously substitutable and complementary. For example, newspapers, radio news, CNN and news on the major television networks may be competitors when the consumer simply wishes to be informed of headline events, but serve as complements when the consumer's purpose is to stay in close touch with fast-breaking news stories. Indeed, the fact that each product alternative can be somewhat differentiated from the others may enable suppliers to create (and some consumers to construct) a portfolio of complementary products, while these same alternatives may simultaneously serve as mere substitutes for other consumers or for the same consumers on different occasions. Careful scrutiny of consumer purpose is necessary for disentangling such cases and, without such scrutiny, one's inferences about competition may be invalidated (cf. Lattin and McAlister, 1985).

In sum, managers who wish to comprehend their competitive environments need to (1) study how consumers judge the relative desirability of products in the same consideration set and (2) analyse how complementary relationships are involved in the synthesis and delivery of affordances at a product-system level. Managers can adapt their strategies by studying the what is of this competitive reality and by asking suitable what if questions regarding the future. Granted, in so doing, the manager might seek only minor adjustments in the marketing programmes of existing products (e.g. in pricing or promotion). More importantly, however, the firm should also hope to identify new (and desirable) product-market opportunities through this analysis – a vital objective for the long-term growth and ultimate survival of the firm.

Market segmentation

Our framework suggests that consumers can vary in terms of (1) their respective product environments, (2) the purposes or problems for which they seek solutions and (3) the benefits that different individuals seek in the context of the same product environment and purpose. Hence, our framework accommodates market heterogeneity by suggesting three different bases for segmentation. Our emphasis on purpose is consistent with Haley's (1968) classic article in which he irrevocably linked market segmentation to consumer motives. The framework highlights that segments can be defined in terms of people alone only to the extent that the other two factors remain constant. The framework hence allows for the fact that descriptive characteristics of consumers (e.g. demographics) by themselves are often poor predictors of segment membership (see Frank *et al*., 1972). Indeed, it may sometimes prove possible for the same individuals to be members of different market segments. In gift giving, for example, entirely different emphases may be given to consumer decision criteria. Well-known brands may be preferred over private labels, high-priced options may be sought because they communicate the magnitude of caring and retailers with liberal return policies may be favoured. Some brands and products (e.g. Waterford Crystal) may enter a consideration set only for certain buying purposes (e.g. as gifts). Therefore, our conceptualization of a 'product-market' emphasizes that there is insight to be gained from considering products, purposes and persons jointly in regard to segmentation.

In a related vein, Farley *et al*. (1987) questioned whether segmentation resides in the person (once in, does a person remain in a segment?) or the purpose (can one move into and out of segments over time?). Our framework suggests the answer depends upon which factors predominate as the drivers of consumer behaviour. People can be viewed broadly as 'bundles of purposes' that change over the life cycle of the individuals. However, individuals may also reassess the desirability of different alternatives as their life situations change. For example, college sophomores who consider beer as a primary party beverage on account of cultural and/or budgetary circumstances may primarily become wine drinkers in later years as these externalities change. Further, as consumers learn via their discovery of affordances in their environments, they may discriminate better between potential substitute products and consequently adapt their preferences. While longitudinal research has not been very popular in marketing, questions regarding the dynamic aspects of segmentation can be addressed with the conceptual basis provided by our framework.

Product evolution over the life cycle

Recognition of consumer learning and adaptation also improves our understanding of the dynamics of product evolution over the life cycle. For example, IBM was important to the initial market acceptance of the personal computer; the brand name lent credibility to the category and communicated perceptions of quality, permanence and reliability (Keller, 1993). Thus, the IBM name substituted for lengthy experience with the actual product and facilitated consumer acceptance of an expensive innovation. However, ironically, the company's support of open architecture to encourage application-software development also encouraged a proliferation of competitive products in the form of personal computer (PC) clones (cf. Conner, 1995). As consumers learned through experience and word of mouth that these alternatives were also fairly reliable, they became willing to consider the clones as substitutes for the IBM PC.

Further, consumer learning and adaptation also provide part of the rationale for why producers often need to develop long product lines. As customers master one level of difficulty or complexity in a product (e.g. in a computer, camera or hi-fi component system), they ready themselves for substitutes that move them 'up the line'. Similarities in design facilitate consumer upgrading to more sophisticated products in the line by offering the reassurance and comfort of a familiar layout or mode of use.

Customer-defined quality

Concepts such as 'voice of the customer' and 'quality function deployment' (QFD) have become staples of the quality movement because they aid translation of consumer requirements into concrete engineering, manufacturing and marketing actions (Hauser and Clausing, 1988; Griffin and Hauser, 1993). Such concepts are quite consistent with our perspective, since our framework implies that customer-defined quality criteria will usually take the form of affordances for the consumer rather than concrete product features. We suggest that QFD fundamentally requires that the producer find a way to translate affordances desired by the consumer into features that are actionable in engineering or production terms. For this to be possible, the producer needs to analyse the systematic relationships between product and person variables that constitute the structure of affordances.

Some examples in automobile design from Hauser and Clausing (1988) are helpful in the present context. The manufacturer of an American sports car located the emergency brake lever on the left between the seat and the door to solve an engineering problem, but discovered that this design did not afford easy entry/exit from the car to women in skirts. Similarly, while use of a bigger electric motor affords more rapid closing of the power windows in a car, it also affords heavier and harder to close doors. These examples are congruent with our framework which is premised on the tenet that consumers are likely to perceive and evaluate physical product features in terms of affordances. Thus, future research might fruitfully examine how QFD methods can incorporate affordances as a conceptual basis for customer-defined quality criteria.

Our framework's emphasis on customer adaptation to the market environment also implies that the criteria for customer-defined quality may often take the form of standards or norms derived from products already known to the customers. We term this phenomenon as transferability of criteria and our framework suggests that such criteria may change as new offerings enter a market and affect the referents to which decision makers are adapted (cf. Boulding *et al.*, 1993). Criteria may also be affected by an even broader set of past product experiences; for example, judgements of the picture quality in a television set may be affected by consumers' experiences with, say, photographic images such as motion pictures or colour prints. Interesting research questions surround such issues and presently we know little about how referents are chosen and modified and under what circumstances such transfer of quality criteria occur. Still, understanding the adaptive nature of consumer decision making may be a key first step to uncovering the quality criteria used by consumers.

Brand equity

Managerial interests in the area of brand equity have rested on the premise that brands are valuable assets that can speed market acceptance of brand and line extensions as well as other new products (Aaker and Keller, 1990; Aaker, 1991; Keller, 1993). Our person–product–purpose framework suggests that brand equity inherently has its roots in individual consumer learning (cf. Park and Srinivasan, 1994; Fournier, 1998). The framework also suggests that brand equity can vary by purpose (e.g. Tide detergent may have more equity for washing clothes than for washing cars, whereas Levi's may be leveraged more easily for clothes worn for informal rather than formal occasions). Consequently, our framework provides a conceptual rationale for variations in brand equity across consumers as well as across consumer purpose.

Perhaps more importantly, our conceptualization suggests that brands are necessary in the market-place because they enable consumers to adapt to a complex environment that provides an abundance of affordances. Consistent with a signalling interpretation of brand equity (e.g. Swait *et al.*, 1993; Erdem, 1998), we propose that brands have heuristic value for consumers because they provide a short-hand way to communicate information that has been realized through advertising, product experience and social exchange processes. Further, brands acquire special significance when they communicate information about affordances that are not easily perceived prior to purchase and consumption (e.g. with regard to product durability, the quality of after-sales service or the social status of the user). Thus, brands and brand equity are important market-place phenomena mainly because consumers require simplifications such as the denotative meanings afforded by brands in order to adapt effectively to their market environments.

CONCLUSION

We have sought to provide here a conceptual framework that ties a specific behavioural model of the consumer to a dynamic theory of market behaviour. Our framework focuses on the dynamics of the relationships between consumers and producers. It stresses that the behaviours of members of either group represent purposive efforts at adapting to an environment that is partially created and substantially impacted on by the perceptions and decisions of members in the other group. We believe that traditional ways of dealing with important marketing concerns, such as implementation of the marketing concept and assessing customer-defined quality criteria, often imply that the consumer is just a puzzle waiting to be discovered and solved. This customary, static view is not wrong *per se*: it is merely an approximation of the richer perspective obtained when consumers are seen as actively coping with an environment full of affordances in an adaptive fashion. Certainly, one or two of our three factors of person, product and purpose may well dominate consumer decision making in some marketing contexts and, thus, simplify matters. The challenge for the manager or the researcher is to start with the big picture, where considerations of feasibility and desirability connect consumers and producers in a reality possessing both time and spatial dimensions and consciously simplify that depiction as and when evidence indicates it to be defensible.

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