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2017 ACR Fellow Address

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INTRODUCTION
I am both honored and grateful to be inducted as ACR Fellow. Exactly five decades ago (1967) I published my first paper titled “A Review of Buyer Behavior” in Management Science. It was a philosophy of science perspective of the extant knowledge of buyer behavior. The paper concluded that buyer behavior as a discipline resembled more like the proverbial five blind men and the elephant. What it needed was a theory that unified the diverse perspectives and provided explanation of why we buy what we buy.

My doctorate is from the University of Pittsburgh. My major was: Individual and Group Behavior. My minor was: Psychology and I chose marketing as my applied field. This led to a life transforming and life-long relationship with John A. Howard, who became my advisor and my mentor. He invited me to co-author the book The Theory of Buyer Behavior, which was published in 1969. The main focus of the theory was to explain why consumers become loyal to a brand and end up buying by habit. The theory was anchored to learning, perception, and information search constructs from psychology. It came to be known as the Howard-Sheth Theory of Buyer Behavior. John Howard and I left University of Pittsburgh in 1963 and came to Columbia University, where I started my academic career in Consumer Behavior. The Howard-Sheth Theory became the foundation for a large-scale longitudinal research called the Columbia Buyer Behavior Project. It attracted great doctoral students including George Day, and eminent faculty including John Farley from Carnegie Mellon University, and Don Lehman from Purdue University.

I extended the Howard-Sheth theory to industrial buying behavior and also to family buying behavior with a focus on joint decision making and inherent conflict among the family members due to their divergent goals and perceptions.

My next book in consumer behavior was Consumption Values and Market Choices (with Bruce Newman and Barbara Gross,) published in 1991. It articulated that all consumer choices can be attributed to functional, social, emotional, epistemic and situational values provided by the product and brand choices at all three levels of consumption: 1. To consumer or not to consume; 2. If yes, what type to consume; 3. Which brand to consume within a type or category. Based on more than 150 studies of students and homemakers, ranging from playing on pinball machines to marijuana smoking to pizza consumption to choosing brands of shampoo and toothpaste, it provided a structured survey instrument with which to predict future behavior. The accuracy of the future choice behavior was in the nineties across different studies and the determinants of choice varied from functional to social to situational values. This theory was extended to voting for political candidates at the local, state, and national elections with excellent prediction of election outcomes.

My research in consumer behavior shifted to relationship marketing and organizational buying behavior. With the establishment of the Center for Relationship Marketing at Emory University, we began research on why customers engage in a relational exchange and develop a strong vendor loyalty. This led to several articles written with my colleague Atul Paravatyar including a Handbook of Relationship Marketing published by Sage in 2000.

In the eighties and the nineties, I wrote two papers on consumer research both published in the Journal of the Academy of Marketing Science (JAMS). The first one reviewed the spectacular growth of consumer research anchored to multi attribute attitude models and information processing. The paper, titled “Surpluses and Shortages in Consumer Behavior Theory and Research” strongly suggested that the discipline needs to broaden out and focus on “irrational” choices as well as on excessive and deviant consumption.

The second paper titled “Acrimony in the Ivory Tower” was a painful plea to be more inclusive and tolerant of alternative perspectives and methods. It suggested that ideological acrimony and personal attacks were not healthy for the progress of the discipline.

I became the President of ACR in 1984. In that year, I also initiated the first international conference. It was held in Singapore in 1985 and hosted by Professor Tan Chin Tong at the National University of Singapore (NUS). We invited Jim Engel, the Founder of ACR, to be the keynote speaker. The conference was a great success. I am glad that the tradition of hosting an international conference continues even today.

More recently, I have been doing research on cross-cultural consumption. It is based on gene migration theory and provides an explanation for the cultural differences between Northern and Southern Europeans with respect to basic necessities such as food, clothing, and shelter. However, it also provides an explanation for why cultures vary with respect to individualism, punctuality, territorialism, friendship, social status, and material possessions. While we know the dimensions of cultural differences, we don’t have an explanation as to why cultures vary on those dimensions. My most recent book on this topic, Genes, Climate, and Consumption Culture: Connecting the Dots (2017), is published by Emerald Publishing.

I have provided a brief history of my personal journey in consumer research. Now, I would like to provide a brief history of consumption and consumer research. Finally, I will suggest seven new areas of research opportunities.

BRIEF HISTORY OF CONSUMPTION, MARKET RESEARCH, AND CONSUMER RESEARCH

Consumption
Consumption is as old as mankind. In the hunters and gatherers stage of human evolution, consumption was highly individualistic and primarily for day to day survival.

At the farming stage of human evolution, consumption expanded beyond food to shelter and clothing. Also, collective living with others in a community developed social norms on consumptions of basic needs. In other words, consumption became partly driven by personal belief systems and partly by social norms of others.

Consumption also expanded from basic necessities such as food, shelter, and clothing to what we refer to as wants and desires. Consumption went beyond day to day survival and into socially desirable and aspirational possessions of products and artifacts.

As the Industrial Revolution shifted the farm based economies into manufacturing based economies, consumption added many new products and services such as electricity, running water, television,
appliances, and automobiles. Today, with the digital revolution and the cellphone economy, consumption has gone beyond anyone’s imagination. Today, cellphones and the Internet are as much a necessity as food, shelter and clothing. Also, consumption has gone global after the liberalization of trade in the nineties. Today, I can buy products and even services from anywhere in the world and I can have choices of products and brands in my supermarket and superstores from all over the world. With the advent of eCommerce and online retailers such as Amazon, Alibaba, and Flipkart, the whole world today can buy products and services virtually from any country.

Finally, with the explosive growth of social media such as Facebook, What’s App, WeChat, Instagram and whatnot, consumers today communicate and interact in real time and inform and influence each other about products and services. This peer to peer network of information and influence amounts to word of mouth (WOM) gone wild. WOM has transformed from the local neighborhood to global community and it reaches not just neighbors but also total strangers.

**Market Research**

While consumption is as old as mankind, market research is less than 150 years old. It became a standard function in companies as a way to gather consumer demographics, activities, interests, opinions, and values.

The origins of market research dates back to sampling and tasting of foods and beverages either as pre-product feedback or as post-product experience. Market research, over time, has evolved into a standalone industry consisting of experts and methods. It has also evolved from understanding the consumer to measuring the impact of advertising and communication as well as calculating Return on Marketing Investments (ROMI) and Customer Lifetime Value (CLV). It has also evolved from qualitative research such as focus groups to highly sophisticated analytical techniques such as stochastic models, multivariate statistics, and predictive analytics. It has become a marketing science. Marketing research is mostly empirical and prides in gaining consumer insights from the feedback and behaviors of consumers. It is devoid of theory and therefore, resembles a discovery science.

**Consumer Research**

Consumer Research is a very young discipline. It is less than fifty years old. It began with explanatory science by focusing not as much on what consumers do or believe but why they buy what they buy and why they become loyal to brands and products as well as why they transcend market transactions as expected by theories of self-interest and maximization of utility.

In the fifties, consumer research also began to distance from economic theories of rational choices and instead focused on psychological theories of emotional choices. The basic proposition was that consumers do not behave logically, but they behave psychologically.

Most scholars and practitioners in consumer behavior belonged to Division 23 (Consumer Psychology) of the American Psychological Association (APA). I was inducted as the APA Fellow in 1975 and became the President of Division 23 in 1979.

The members of the Consumer Psychology Division were mostly psychologists and did consumer research on advertising and communication. It was eventually divested by the APA which led to the formation of the Society for Consumer Psychology (SCP) as a standalone membership organization.

Consumer behavior became a standalone discipline with publication of seminal theories such as the Howard-Sheth Theory of Buyer Behavior and Jim Bettman’s Theory of Information Processing. It divorced itself from market research by establishing its own membership organization called the Association for Consumer Research (ACR). Its founder, James Engel, organized the first workshop in 1970 at Ohio State University and co-opted a few of us to become co-founders of ACR. This separate identity was further cemented by having a separate journal called the Journal of Consumer Research (JCR) dedicated to consumer behavior.

In the early days, consumer behavior was driven by what is referred to as motivation research including subconscious and unconscious motivations. The pioneers such as Ernst Dichter and Sidney Levy developed techniques and tools to understand the psychology of choices of brands and products, and what motivates consumers. These qualitative techniques (in-depth interviews and focus groups) were augmented by physiological (or biological) measures such as pupil dilation, galvanic skin pressure, heart rate, and more recently, brain imaging. Finally, consumer research today focuses on laboratory experiments with the protocol of three research studies similar to what psychologists do in experimental and social psychology.

**Five Phases of Consumer Research**

Over the years, consumer research has evolved into at least five research traditions. The first is referred to as the multi-attribute attitude models. These models provide explanations of how consumer attitudes are developed and whether prior consumer attitudes and intentions predict future behaviors. Most of the research was based on survey research methods with the use of well-defined survey questions. This was followed by research on information processing led by Jacob Jacoby at Purdue University and Jim Bettman at Duke University. Information processing, as the name implies, focused on how consumers engage in selective exposure, selective attention, and selective retention of information and how consumers engage in active search for information.

Information processing research shifted from survey research to experimental research in behavioral labs located in psychology departments and in business schools. The subjects were students and sample sizes were small compared to household research on multi-attribute attitude models.

Both of these research traditions were challenged because they reflected only partial reality. Also, they focused on the buyers as opposed to the users. It led to the third and the fourth traditions. They are referred to as Odyssey Research and Transformative Consumer Research. Odyssey Research, led by Russel Belk, resembled the anthropological tradition of immersing into and experiencing the cultures of consumption. It believed in theory in use which was anchored to grounded reality; and it resembled more like group safaris. The fourth tradition called Transformative Research began to focus on the world of music and movies and emotive aspects of consumer behavior. This tradition was led by Morris Holbrook and eventually it led to focusing on several other neglected areas in consumer research such as cross-cultural consumer research and consumer policy research.

**Behavioral Economics**

The fifth and current tradition is what is referred to as behavioral economics. It is mostly experimental research focused on exposure and manipulation of stimuli to evoke hypothesized consumer responses with respect to brand or product choices. It is following the typical protocol of three studies (Study 1, Study 2, Study 3) with scientific rigor to establish a causal relationship between the experimental treatment and the predicted outcome while controlling for moderator variables.
Behavioral economics is also transforming the discipline of economics. Indeed, several non-economists such as Herbert Simon and Daniel Kahneman have been awarded the Nobel Prize in economics for bringing the psychological or behavioral perspectives in the economic behavior of markets, consumers, and organizations. The most recent 2017 award was given to Richard Thaler “for his contributions to behavioral economics.”

Over time, the field of consumer research has become narrow both in its perspective and in its methodology. I refer to this as the discipline myopia. In my view, consumer research needs to become more eclectic both with respect to perspective and with respect to methodology. I think the discipline needs to promote the big tent mentality and encourage diverse perspectives and methods.

THE FUTURE OF CONSUMER RESEARCH

There are seven great opportunities to broaden the scope and nature of consumer research. They are depicted in the pie chart below:

![Figure 1. Seven Great Opportunities](image)

User Experiences

First, we need to redefine who is the consumer. The consumer is not just a buyer; he or she is also a user and a payer. Most of consumer research in all five traditions I have described above is focused on the consumer as a buyer. This is due to our roots in marketing that have been primarily interested in the buying behavior. Most consumer research scholars are faculty in the marketing departments.

Consumer as user, however, is a more critical and relevant area to study. It shifts the focus from buying and choice making to usage and post-purchase experience. It is interesting to note that most R&D departments in companies focus on the user and not the buyer whether it is automobiles, appliances, cellphones, or prescription medicine. The customer as user is obvious in service industries where consumer experience matters. This is becoming even more relevant now that users report their experiences on social media.

Similarly, consumer as payer is not studied well. This includes family budgets, credit history, debt obligations and monthly cash flow management. It was the corner stone of thinking by John Maynard Keynes in what he articulated as propensity to save vs propensity to consume; and how discretionary income, interest rates, and tax rate mattered in propensity to consume. In other words, it is not just the willingness to pay but the ability to pay. Following the micro economics tradition, the discipline of home economics focused on family issues of budgets, savings, and cash flow. It needs to be included and encouraged in consumer research.

Social Media Engagement

The largest nation in the world is not China or India. It is the Facebook nation with a population of more than two billion. In the monarchy era, it would be declared as the largest global empire probably as big, if not bigger than the Roman and the British Empire. This social media nation has global reach with very rich content revolving around consumption, if you define social activities as acts of consumption. The impact of social media and peer to peer information sharing and influencing is key for future research in consumer behavior. It is WOM gone wild and can champion or destroy a world class brand including personality brands. Fortunately, social media data are publicly available for research. It will, however, require learning new methods of analysis and the language of text messages. The evolution of natural language processing (NLP) as a tool is based on cognitive psychology and seems very suitable for research in consumer behavior.

Of course, social media engagement by consumers is not limited to Facebook. You have WeChat, What’s App, Snapchat, Instagram, etc. The masses love social media and social media need the masses to scale up. This symbiotic relationship is likely to last for a long time barring regulation, policy intervention, or anti-globalization sentiments. It will definitely transform consumer behavior in the way we gather information, share our experiences, and transact our buying behavior. It will rekindle consumerism as a movement not led by one person such as Ralph Nader but by the grass root movements. Crowdsourcing of consumerism is an interesting area of new research opportunity.

Mindful Consumption

Mindful Consumption is a growing area of research interest for policy makers as well as marketers. Consumers in advanced countries are beginning to appreciate that carbon footprint is global and borderless. Also, it is simply not possible for mother nature to regenerate itself quickly enough to provide resources for more than three billion people from the emerging markets of China, India, and Africa who all want to buy branded products rather than make them at home.

Mindful Consumption means consciousness about how consumption impacts the environment from the time consumers procure the product, store it for future consumption, and dispose of as waste. It is estimated that more than seventy percent of the carbon footprint happens at home and not in the factory. It is the home, the refrigerator, the freezer, and the automobile which are responsible for increased carbon in the atmosphere. As consumers become more aware of the unintended consequences of their consumption, they are searching for ways they can minimize the side effects of consumption. This is particularly key with respect to the storage of foods, presence of large homes, and inefficient waste collection and disposal.

More companies are realizing that consumers today are looking for meaning in consumption and that they are serving the society through their consumption. It is “doing well by doing good.” Today, therefore, marketers are all trying to associate some social cause with their brands.
Crowd Consumption

The Internet’s increased reach is unprecedented. There are no more six degrees of separation. Today, there is no degree or only one degree of separation. Therefore, it is possible to galvanize a crowd on any issue or problem. This has been very evident in crowd sourcing and crowd funding. For example, it was social media and viral marketing that led to the unprecedented success of the Ice Bucket Challenge for increasing awareness and raising funds for ALS.

I believe crowd consumption is a potentially very important area of research. Crowd Consumption is similar to the band wagon effect of the ice cream man who attracts children from the neighborhood. It is more than viral events or unplanned gathering of friends; and its scope is simply massive.

What motivates people to join the crowd? How does crowd consumption get organized? What is the life cycle of crowd consumption? Is it similar to trends in fashion?

Crowd Consumption, like Woodstock in the Seventies and New Year’s Eve at Times Square, requires managing supply chain and dynamic pricing.

Multi-Cultural Consumption

As ethnic diversity is rising all over the world, it is becoming increasingly important to study consumption differences between subcultures of a nation. For example, California is already a multicultural state with a non-white majority. So will be Texas and Florida, which are the next two largest states in terms of population size. Therefore, taking the WASP (White Anglo-Saxon Protestant) perspective is becoming increasingly myopic and may lead to missed opportunities. In my own research, I find that, today, minorities are the opinion makers and influence the consumption by the white majority. For example, African Americans lead in music and fashion. In the United Kingdom, fish and chips is replaced with chicken tandoori with increased immigration from South Asia. In the United States, potato chips are replaced by tortilla chips, and ketchup by salsa. Indeed, it seems that minorities gain acceptance in the U.S. by the majority consuming minority culture’s products and services and thereby becoming good followers. In other words, opinion leadership theory is turned upside down. Minorities are the new opinion leaders. They now also include Asians such as Korean, Indian, and Chinese consumers.

Low Income Consumption

Low Income Consumers are growing faster than the average as the middle class is shrinking and extreme income groups are rising. The Base of the Pyramid (BOP) market defined as those who earn less than two dollars a day income totally represents a $5 trillion economy. Low Income Consumers consume products and services just as all consumers do. However, we have not studied their decision-making process. Since their needs and wants are the same, what matters most is, therefore, to study their resource constraints including income, time, and expertise.

What matters most to low income consumers is affordability, accessibility, and awareness to such critical issues as health and economic well-being. As of today, we do not have a well-accepted theory or a paradigm for low income consumers. Scientific research on their brand choices and use of products and services may be very valuable for public policy, economic development, and corporate social responsibility (CSR).

Consumption of Public Goods

Public goods are shared goods. Generally, they are free or heavily subsidized. It is estimated that more than fifty percent of consumption is directly related to public goods. These include highways, airports, schools, education, parks and recreation, arts and cultural festivals, and public health.

Since the market mechanism with price as the mediator between the supply and the demand (at a point in time or at the equilibrium) often fails in public goods, it is important to discover or develop concepts and theories of public goods consumption. For example, how does shared consumption impact consumer attitudes and behaviors? Why do consumers engage in road rage? Is road rage also relevant in air travel or at the grocery store? Is collective consumption culture bound? Why does it do well in Scandinavia and not so well in other cultures? These are just a few areas of research. This research does not have to be just experimental (three studies in a laboratory), it can also be qualitative or empirical in nature.

To conclude, I believe consumer research needs to consciously broaden out from the current narrow focus on three experimental laboratory studies on a microscopic aspect of consumption. Instead, it can dwell on issues that are vastly more impactful and that will benefit society at large from scientific (versus anecdotal) findings.