Services marketing – australian bottled water industry assignment

Art & Culture

Introduction The Australian bottled water industry has been growing rapidly over the past decade. Many Australians drink bottled water on a regular basis, and on average consumed 21. 2 litres per person (Australian Bureau of Statistics) in 2001. The boom in consumption of bottled water has moved the product beyond the niche market and into the mainstream as it has become a staple to many Australians. Many people drink bottled water today simply because they prefer the taste to that of tap water or perceive it to have more purity.

Other reasons behind the explosion in bottled water consumption are: consumers' passion for fitness which guides them to fewer caloric beverages; increased accessibility of bottled water via convenience stores, supermarkets, food service outlets etc; and marketing designed to convince the public of the purity and safety of bottled water. This report will aim to discuss the various consumer behaviour issues facing marketers of bottled water. This report will also discuss the influences that affect the purchase of bottled water as well as the importance of brands and product symbolism.

Meeting Consumer Needs Meeting changing customer needs by providing the right products or services has been an ongoing marketing challenge for retailing in competitive global markets (Kim et al, 2002, pp. 481-502). Consumers may choose particular products or brands not only because these products provide the functional or performance benefits expected, but also because products can be used to express consumer's personality, social status or affiliation (symbolic purposes) or to fulfil their internal psychological needs, such as the need for change or newness (emotional purposes).

The bottled water industry recognises this difference in consumer needs and have a wide variety of products which cater for all consumers. Products like MiZone, Aqua Blue and H2O are aimed at the sporty public, while Evian, Glacier and Perrier cater for the high-end market. There are also flavoured water like Torquay, Arquilla and San Benedetto as well as the cheap and widely available Peats Ridge and Mount Franklin. Buying Behaviour Consumer decision making varies with the type of buying decision. Assael (1987, pp. 57-64) distinguished four types of consumer buying behaviour based on the degree of buyer involvement and the degree of differences among brands. Of these, the following two are used for the purchase of bottled water. 1. Habitual Buying Behaviour: Many consumers purchase water under conditions of low involvement and the absence of significant brand differences. Consumers have little involvement and just go to the store and reach for the brand they know and recognise. If they keep reaching for the same brand, it is out of habit and not strong brand loyalty.

Marketers for new products would find it effective to use price and sales promotions to stimulate product trial in their brand. 2. Variety Seeking Buying Behaviour: For some consumers the purchase of bottled water is characterised by low involvement but significant brand differences. The evaluation of the product happens during consumption and the next time, the consumer may reach for a different brand purely for the sake of variety. The market leader and the minor brands of bottled water have different strategies.

The market leader tries to encourage habitual buying behaviour while the challenger firms will encourage variety seeking behaviour. Influences According to Yau (1994), consumers' product choice and preference for a particular product or brand are generally affected by very complex influences. Thus, consumers' values, which reflect social influences and environment, would affect needs to be fulfilled through purchase and consumption decisions, and therefore consumption behaviour. The main factors affecting the buying behaviour of bottled water are 1.

Cultural Factors: Of the cultural factors, social class would play a major role in the decision making process. Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interest and behaviour (Kotler, 2000, pp. 161). Social classes show distinct product and brand preferences in buying behaviour. All brands of bottled water cater for a different social class. Peats Ridge is a cheap brand readily available at Woolworths or Coles while Perrier is usually found in upmarket restaurants. . Social Factors: A consumer's behaviour is influenced by such social factors as reference groups, family and social roles and statuses. A person's reference group consists of all the groups that have a direct or indirect influence on the person's attitudes or behaviour (Kotler, 2000, pp. 163). Reference Groups create pressures for conformity that affect actual product and brand choices. The MiZone and Aqua Blue range of bottled water is aimed and is consumed by people who do considerable exercise and are concerned about their fitness and well being.

Consumers in this group would notice that their peers consumed MiZone or Aqua Blue and would then purchase it themselves. 3. Personal Factors: Personal values have been assumed to influence behavioural and consumption decisions through attitudes (Carman, 1977, pp. 403-7), thus creating desires, influencing needs to be satisfied, and driving consumers to select products that fulfil specific needs (Gutman, 1982, pp. 60-72). Bottled water satisfies the most basic of human needs, that of thirst.

But it also satisfies a range of specific needs as well, including those of lifestyle and self-concept. These could be initiated by the dissatisfaction with mains/town water for drinking and thus resorting to bottled water. Branding Product symbolism is what the product means to consumers and the broad spectrum of feelings they experience in purchasing and using it, such as arousal, excitement or pleasure (Cass & Frost, 2002, pp. 67-88). It also refers to the image that a particular item evokes in the minds of consumers.

Leiss et al. (1986) describe products as symbols, with connected meanings which define what is valued by the consumer. For certain consumer groups the purchase of bottled water is not just to satisfy thirst but is also a reflection of their social standing and environment. Evian was one of the first companies to recognise this need of consumers and aimed their product at the female market. MiZone commercials show athletic people competing against each other with the victory always going to the consumer of the particular brand.

Brands create value for the consumer through potential benefits of recognition of significant others, create positive feelings, aid self-expression,

coupled with an overall feeling of having personal " good taste" in brand choice (Langer, 1997, pp. 206-19). Status brands in particular have higher perceived quality, luxury or prestige ascribed to them and their consumption. Status enhancing brands may be used as a means to an end, such as making a desired impression on others via their symbolism.

Perrier and Glacier are synonymous with distinctive bottles which coupled with their higher price are used as a status symbol by its consumers. Market Segmentation The purpose of market segmentation is to identify the taxonomy of consumption patterns by dividing a market into several homogeneous sub-markets (Lin, 2002, p. 249). Marketers can then formulate product strategies, or product positions, tailored specifically to the demands of these homogeneous sub-markets. Homogeneous sub-markets are defined by predetermined segmentation variables.

Traditional demographic variables, such as gender, age, income and education, can be used to explain the characteristics of the sub-markets and classify the key factors of a market segment. Traditional demographic variables, however, cannot identify the complete characteristics of the sub-markets because consumers in the demographic group have very different psychographic make-ups (Kotler, 2000, p. 256). One of the most popular classifications based on psychographic measurements in the VALS 2 Framework. VALS 2 classifies all U. S. adults into 8 groups based on psychological attributes.

The segmentation system is based on responses to a questionnaire featuring 5 demographics and 42 attitudinal questions as well as questions about use

of on-line services and Websites (Mitchell, 1996, pp. 25-31). VALS defines eight segments of adult consumers who have different attitudes and exhibit distinctive behaviour and decision making patterns. Figure 1: VALS 2 Framework Different brands of bottled water target consumers from each of the 8 segments. 1. Actualizers: Their purchases often reflect cultivated tastes for relatively upscale, niche-oriented products.

Actualizers would consume brands like Glacier and Perrier, which reflects a higher earning power. 2. Fulfilleds: They favour durability, functionality and value in their products and would purchase products that satisfied their functional needs like MiZone if they were sporty or Torquay if they wanted additional flavour. 3. Achievers: They favour established, prestige products that demonstrate success to their peers like Evian, Glacier or Perrier. 4. Experiencers: They try a variety of products and are usually impulsive and rebellious.

Experiencers prefer to be different from the group and would purchase brands that are either not readily available or not very popular. 5. Believers: Usually favour familiar products and established brands like Mount Franklin or Peats Ridge. 6. Strivers: They purchase stylish products that emulate the purchases of those with greater material wealth and would endeavour to consume brands like Glacier or Perrier. 7. Makers: Only purchase products with a practical or functional purpose. Since their reason to purchase bottled water would be to satisfy thirst, they would usually purchase the cheapest variety available. . Strugglers: They are cautious consumers who are loyal to favourite brands and would stick to the products that they know and trust.

Being of lower income, strugglers would usually buy the local brand in the supermarket or cheaper varieties like Peats Ridge. The relation between consumer brand and product preference and the characteristics of the sub-market is the key for marketers to develop effective sub-marketing strategies. Changes in Consumer Behaviour " In an age when change comes with frightening rapidity, future-blindeness is a deadly flaw" (Osbourne & Gaebler, 1993)

Lifestyle is a person's pattern of living in the world as expressed in activities, interests and opinions. Lifestyle portrays the " whole person" interacting with his or her environment (Kotler, 2000, p. 168) and the increase in the consumption of bottled water can be attributed partly to a change in lifestyle. This change in lifestyle though has been hastened by social and economic changes as well as problems with the countries infrastructure. In July 1998, Sydneysiders were first warned not to drink their tap water without boiling it for at least one minute.

Residents were advised that parasitic contamination was apparent and a health risk existed. These were caused due to the existence of Giardia and Cryptosporidium in the Sydney Water's supply. This sparked an immediate increase in the purchase of bottled water and for the first time suppliers were unable to keep up with the demand. This crisis led to the belief among consumers that tap water was no longer pure and consumable without purification. Demand and purchase of bottled water skyrocketed and has remained high ever since. Over the past couple of years bottled water has been more readily available at retail outlets.

Take away shops, service stations, cafes and restaurant all now store bottled water. This has increased the consumers visibility of the product as well as making it more attainable. With a greater importance being placed on health and a balanced diet, the consumption of carbonated beverages has declined in the past few years. Coca-Cola Enterprises has itself found the volume of sales drop by 2-3 percent every year since 1999 (Atlanta Business Chronicle). Consumers are instead shifting loyalties to bottled water since it is just as refreshing but contains a lot less calories and sugar.

Finally the government and health organizations have been promoting the fact that 8 glasses of water need to be consumed each day to stay healthy. This coupled with the ease of availability of bottled water has increased its desire and consumption. Conclusion This report has sought to demonstrate how consumer needs, are fulfilled through consumption of particular products or brands, however, vary considerably with the socio-economic and cultural differences among consumer markets. Consumers' preferences for certain products also change over time as their consumption situation and environment changes.

This report has also provided an insight into the emphasis being placed on the addition of brand values as the basis for discrimination al all levels of consumer/business interaction. The brand represents for the consumer a specific articulation of product performance attributes and a suggested battery of symbolic values and meanings inherent in the received personality. Bibliography Assael, H. (1987), Consumer Behaviour and Marketing Action, Boston: Kent. Belk, R. W. (1975), " Situational Variables

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