

# Analysing perceptions of premium products



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In the general perceptions of premium products have recently assumed an important market niche. Thus, the consumers are willing to pay a premium product to purchase quality products (Barron's Marketing Dictionary 2000). Besides that, all the premium products are high quality than normal to reflect better product quality, exclusivity or status. In this assignment, as a buyers will be purchase the premium product is ALDO shoes. This is caused by ALDO shoes have uniqueness to the unit product or brand. Mostly, for a lot of ALDO shoes supporter will emphasize the design of the shoes.

Basically, needs is about a thing are states of felt deprivation. Kindly, a product might be tangible or intangible. Generally, needs is included basic physical needs for food, clothing, warmth and safety (Philip Kotler and Gary Armstrong 2006: p. 6). Among of the shoes also is the basic physical need of people no matter the person are children, teenagers or senior citizens also needs a pair of shoes for daily life. This is because a comfortable pair of shoes able to protect our feet from harmful. For ALDO shoes are specializes in fashion footwear. Although, it does not have great comfort but, most of the young ladies or men's are prefer types of ALDO shoes. This is because most ALDO shoes are produce new fashion images. In addition, ALDO shoes usually made of leather it having a thick and good sole and the heel of heavier material this higher quality able to take care a human foot.

The concepts of wants are formed by human needs as shaped by culture and individual personality (Philip Kotler and Gary Armstrong 2006: p. 6). In addition, for want shoes are not just what a people wear for feet protections that are based on a fashion statement (Ann Johnson n. d.). Recently, most of women often choose to wear high-heeled shoes to reflect better a look, this

is called for satisfied a human wants. So, the people will spend more money to buy limited shoes. On the other hand, some customer might not want a pair of shoe; it's just want ALDO shoes. It will be identification ALDO shoes is that strong than others brand. For example, most of ALDO shoes supporter preference the fashion and styles no matter the shoes are comfortable or not.

In this assignment, will be related and describe the concept of consumer behavior and the decision making process before purchase the premium product to satisfy a person want or need. After that, this assignment will touch about the 4ps which are product, price, place and promotion.

## **DECISION MAKING PROCESS**

Decision making is a process of selecting from several choices products or ideas and taking action, which is thought to fulfill the objective of the decision problem more satisfactorily than others (Mbaknol n. d.). When customer trying to make a good decision, it must think about the advantages and disadvantages of each option. Therefore, a person must be able to forecast the outcome of each option is better than with the others.

### **2. 1 BUYER DECISION PROCESS**

Now that looked for this process will influence that buyers to makes buying decisions. The buyer decision process consists of five stages: need recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior (Philip Kotler and Gary Armstrong 2006: p. 147)

Need Recognition

$f^a$ 

Information search

 $f^a$ 

Evaluation of alternatives

 $f^a$ 

Purchase decision

 $f^a$ 

Post purchase behavior

## Figure 2. 1 Buyer decision process

### 2. 1. 1 NEED RECOGNITION

In this section is the first stage of buyer decision process, when the buyer state at problem or need. Basically, need are come from internal stimuli or external stimuli when a person normal needs (Philip Kotler and Gary Armstrong 2006: p. 148). For example, when customer starting to purchase will recognize what types of products are needs. In this called internal stimuli. On the other hand, for the external stimuli is an advertisement, when an advertisement in front of the cover page of a magazine are attractive for the customer the product will become a famous topic with friend to friend and family or etc. Well, mostly a person needs a comfortable pair of shoe with higher quality material. For example, ALDO shoes ability to satisfy a need of customer. This caused by ALDO shoes have higher quality material of sole, heel and mostly make in leather. Besides that, most of the ALDO shoes buyers are through advertising from magazine or etc. Thus, ALDO

shoe often spend more money on advertisement to attractive more customers as well.

## **2. 1. 2 INFORMATION SEARCH**

At the second stage is for the consumer looks for information that also related to the needs. Thus, the consumer can look at the information from any of the following sources: personal sources, commercial sources, public sources and experiential sources (Philip Kotler and Gary Armstrong 2006: p. 148). The most effective sources are personal sources, because it can evaluate products for the buyer. For example, when the customer bought a pair of shoe will gain more information are related the price, quality and anything else. Besides that, as get more information, the consumer's awareness and knowledge of the available brands and features increase. For example, as a buyer of ALDO shoes before starting purchase will compare with other brands such as Vincci, Bonia, Cros and etc. It's compare the price, quality and the types for a customer need. This caused by ALDO shoes are higher quality material compare with Vincci. On the other hand, ALDO shoes are different types compare with Cros. Normally, all types of Bonia suit for ladies are ages 30-45. Mostly, for young ladies are ages 20-35 are prefer ALDO shoes this caused by design and styles of shoes. Before purchase buyer will through internet, friend or family to gain more information such as the product can satisfy a personal need or not.

## **2. 1. 3 EVALUATION OF ALTERNATIVES**

In third stage is seen how the consumer uses information to arrive a set of final brand choices (Philip Kotler and Gary Armstrong 2006: p. 149). For example, consumer will evaluate brand with other brands to compare the

price, quality and anything else. Same, when a consumer bought ALDO shoes will evaluate brands with Vincci, Charles and Keith, Bona and other brands from the information. After get more information buyer will start to evaluate the brand are considered from a consumer. Which brand are considered will be valuable of quality such as Vincci compare with ALDO shoes. Almost ALDO shoes is high quality so, it's more value than Vincci or the other brands.

## **2. 1. 4 PURCHASE DECISION**

This is fourth stage is about which brand to purchase when the buyer make decision. Generally, the consumer will buy the most preferred brand after making decision on which brand criteria are suit of the consumer needs (Philip Kotler and Gary Armstrong 2006: p. 149). For example, when the consumers purchase is to satisfy the need. So, some of the consumer purchases the ALDO shoes not only for quality, price or any else. It's just pay attention on after sales service. Mostly, the company of ALDO shoes have provide a life time repairing service there are included heel, sole or etc. That is characteristic of ALDO shoes. This is because some of the other brand doesn't have this life time repairing service for buyer.

## **2. 1. 5 POSTPURCHASE BEHAVIOR**

In the last stage the consumer will take the further action when bought and used the product, it based on the consumer satisfaction or dissatisfaction (Philip Kotler and Gary Armstrong 2006: p. 149). If the consumer state on satisfaction will continues to use the brands at the same time consumer will recommend the brand to other consumer. An opposite, if the consumer state dissatisfaction then the consumer will look the way to get rid of this feeling

just like try to refund or exchange it. For example, after the consumer purchase ALDO shoes it is make consumer raised up satisfaction level so the consumer will continues purchase and pay attention for these product during the season. This caused by ALDO shoes have uniqueness to the unit product its element to satisfy a consumer prefer to collect the product which are limited edition.

## **2. 2 CONSUMER BEHAVIOR**

The element of consumer behavior is psychology, sociology, social anthropology and economics. Through this element markets can begin to understand why consumer form attitudes and make decisions to purchase (Sara Kirchheimer n. d.). Besides that, have 3 factors that affect the purchase decision of the consumer including social, cultural and personal factors.

Cultural

Social

Personal

### **2. 2. 1 CULTURAL FACTOR**

Basically, culture is a lens, shaping reality, and a blueprint, specifying a plan of action. At the same time, a culture is unique to a specific group of people (David Luna, Susan Forquer Gupta2001). On the other hand, culture can affect a human thinking, values and the way a person dress and the way personal behave (Philip Kotler and Gary Armstrong 2006: p. 129). For example, while the buyer of ALDO shoes starting to purchase the product is

form a personal thinking value. Mostly, the values and perceptions of the buyer of ALDO shoes are influenced from family members.

## **2. 2. 2 SOCIAL FACTOR**

Social factors also impact the buying behavior of consumers (Asifo Shah2010). Besides that, in this factor play an important role in facilitating product involvement among adults. Mostly, consumers are findings suggest a strong relationship between product involvement and the use of friends and family as information sources (Tali Te'eni-Harari and Jacob Hornik 2010: p. 6). For example, the buyer of ALDO shoes also influence by friend to friend, family members and co-workers. Furthermore, the marketer of ALDO shoes conduct research that who is playing the important role to influence the buyer to purchases. Then, the marketer might be moving to that person who is strongly impact a buyer behavior.

## **2. 2. 3 PERSONAL FACTOR**

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept (Asifo Shah 2010). In age and life-cycle stage are depending on the age of that consumer tastes in foods, beverages, clothes and so on (Philip Kotler and Gary Armstrong 2006: p. 136). As well as the occupation of a person impact that person buying behavior. For example, as a branch manager will try to purchase a business suits, whereas a lower level worker will purchase a normal clothes. Moreover, in the economic situation is regarding of whether the consumer income and saving are higher or lower will purchase different price of product. On the other hands, personality is the totality of behavior of



a consumer in different situation. So, it can greatly influence the buying behavior of customers. For example, most of the ALDO shoes buyers are impact by age and life-cycle, occupation, personality and economic situation. Generally, the buyer of ALDO shoes are higher income to purchase the quality shoes, higher consumption of foods, beverages and clothes as well.

## **2. 3 TYPES OF BUYING DECISION BEHAVIOR**

Consumer decision making varies with the type of buying decision. The decisions to buy toothpaste, a tennis racket, a personal computer and a new car are all very different. Complex and expensive purchases are likely to involve more buying deliberation, and more participants (Moses Isaac 2009). The types of buying decision behavior including four types which are:

Complex Buying Behavior

Dissonance – Reducing Buying Behavior

Habitual Buying Behavior

Variety- Seeking Buying Behavior

Dissonance- reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands (Philip Kotler and Gary Armstrong 2006: p. 146). For example, the buyers of ALDO shoes are face on highly involvement decision. This is because mostly the price of ALDO shoes is expensive. So, the buyer will considered the quality, style and valuable among brands but the differences are not large. After purchase ALDO shoes the buyer will survey information from other brands such as Vincci, Charles and keith to

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support that buyer decision. Lastly, the marketer of ALDO shoes must provided after sales communications and evaluations that help the consumer feel good about consumer brand choice (Moses Isaac 2009).

### **3. 0 MARKETING MIX**

The concept of marketing mix is the most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Besides that, marketing mix included the two concepts that are the 4 P's of marketing and 7 P's. Basically, the concepts of 4 P's that are four categories are known as

Product

Price

Place

Promotion

In addition, for 7 P's added three more categories Ps that is people, process and physical evidence.

### **3. 1 PRODUCT**

In general, products are defining anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need (Philip Kotler and Gary Armstrong, 2006: p. 218). Besides, product might be tangible or intangible. Broadly defined, as a customer also attention to service, after starting purchase. Basically, services are makes a product build importance image for the customers view point. Some customer not only lay

emphasis on service that's also attention on branding, packaging, design and quality.

### **3. 1. 1 THE ANATOMY OF A PRODUCT**

A product is a physical good, service, idea, person, or place that is capable of offering tangible and intangible attributes that individuals or organizations regard as so necessary, worthwhile or satisfying that they are prepared to exchange money, patronage or some other unit of value to acquire it (Dr Frances Brassington and Dr Stephen Pettitt, 2007: p. 179). The anatomy of a product has divide into three parts namely core benefit, actual product and augmented product. Figure 3. 1 shows that the three levels of product.

Augmented product

Actual product

Core benefitActual product

#### **Figure 3. 1 Three levels of product**

The most basic level is the core benefit usually the benefit offered by the product. For a shoe provides feet protection. At the actual product is the physical form of the product such as branding, service features, quality level and packaging. And last level is augmented product. In this level is anything accompanies the purchase of product such as warranty, after sale service or etc. For example, first consider for the buyer of ALDO shoes are consist involved in core benefit level. The product planner of ALDO shoes must solve that core problem of consumer. Basically, buyer purchase shoes for feet protection. And the second level is actual product. Most of the ALDO shoes

buyer concentrates on ALDO brand name, the types of shoes design, almost ALDO shoes have certain quality level and also have specific service feature. Finally, product planner must build on augment product as well. In this level just provide consumer a complete solution for repairing service such as sole, zip, heel and so on. That is called after sale service and it will be satisfying customer.

### **3. 1. 2 BRANDING**

The concept of branding is an important element of the tangible product. There are involved in creating a unique name, image and some kind of logo that are easier to connect with the mindset of the people. From this feature is one of the purpose of brand creator to make consumer easier to recognize the specific different from those of competitors are presence in the market to attracts and retains loyal customers. For example, ALDO shoes have particular style such as made from high quality material, leather and so on to make the different way from those of competitors. On the other hand, most of the consumer of ALDO shoes no matter the shoes are comfort or not it just attention on brand name so it can also matched with the consumer's own values and philosophy.

### **3. 2 PRICE**

Basically, price is the amount of money charged for a product or service. Besides, price is the sum of all the values that consumers exchange for the benefits of having or using the product or service (Dr Frances Brassington and Dr Stephen Pettitt, 2007: p. 221). Besides that, price not only plays a very important role in the both of marketer and customer it's also be used as a communicator, bargaining tool and as a competitive weapon. For example,

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the marketer of ALDO shoe is usually responsible for handling of the price. That's mean not set too high or too low a price. Thus, the marketer of ALDO shoe is play important role to understanding how to set a suitable price to satisfy customers, it can make that the customer are willing to purchase.

### **3. 2. 1 PREMIUM PRICING STRATEGIES**

Premium pricing is the practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based on the price (Gitting, Christopher, 2002 and Smith, Gordan, 1997). For example, the price of ALDO shoes are more expensive than the others brands such as Vinnci, Charles and Keith and etc. When compare with the price as shown as ALDO is more premium than Vincci, Charles and Keith and etc. In addition, ALDO Company has provided for buyer a good service after going to purchase such as repairing sole, heel and etc. If one of company give more good service it can attractive more customer to purchase it no matter the price are higher.

### **3. 3 PLACE**

In the marketing mix model the place issue is equal with handling a distribution channel that brings the given product to its potential users, and the main task is to link an existing supply with an existing demand. Besides, place are appears as a phenomenon, created by each company at each place, through its way of combining local and distant resources (Hakan Hakansson and Alexandra Waluszewski, 2005: p. 5). On the other hand, as a marketer oriented to the customer to get the product in the right place and at the right time it can to reduce costs and create benefits for companies. For example, most of the marketer from ALDO shoes investigation of place

as an object of analysis in itself. That's mean ALDO shoes is usually movement of goods and to offer at the right time and place that is convenient and attractive to the customers.

### **3. 3. 1 DISTRIBUTION CHANNEL**

The basic concept are based on value delivery network is refers to the network made up the company, suppliers, distributors and ultimately the customer who ' partner' with each other to improve the performance of the entire system (Philip Kotler and Gary Armstrong, 2006: p. 340). The main function of a distribution channel is to provide a link between production and consumption. For example, generally a manufactured company of ALDO shoes direct link with consumer. For this linked is trying to enhance with each other who are involved into improve the performance of the entire system.

#### **3. 3. 1. 1Distribution Channel Levels**

In this part of channel levels each layer of intermediaries that perform some work in bringing the product and its ownership closer to the final buyer (Philip Kotler and Gary Armstrong, 2006: p. 342). Figure 3. 3 shows that the samples of channel levels.

Consumer

Manufacturer

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Retailer

Manufacturer

Consumer

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Consumer

Retailer

Wholesaler

Manufacturer

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Retailer

Wholesaler

Agent

Consumer

Manufacturer

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### **Figure 3. 3 Sample of distribution channel levels**

In this ALDO shoes product prefer for first Channel is manufacturer sells directly to consumer. An example of a direct marketing channel would be a factory outlet store such as ALDO shoes. Thus, ALDO shoes manufactured its owned branded shoes and sells directly to consumer without go through retailer and wholesaler.

### **3. 4 PROMOTIONAL MIX**

The concept of promotion mix all is about companies communicating with customers. The target of this concept is raising brand awareness, communicating the unique value proposition of your product and gaining acceptance of your products (Kris Bovay, 2008) In promotion mix all the tools that can utilize to communicate with your customers are included

Advertising

Personal selling

Sales promotion

Direct marketing

Public relations

However, for ALDO shoes focus on three types of the promotion mix. There are advertising, personal selling and sales promotion.

#### **3. 4. 1 ADVERTISING**

Any paid form of non-personal presentation and promotion of ideas, goods, or service by an identified sponsor (Philip Kotler and Gary Armstrong, 2006: p. 427) Thus, advertising are included television, newspapers, magazines, billboard posters, radio, cinema etc. For example, the company of ALDO shoes also spent more money for advertising to attractive more customers. An example, ALDO shoes involved in magazines, billboard posters, internet and etc. Mostly, marketer of ALDO shoes will design an attractive poster attach in magazine with the famous model to promote new products.



Another advertising is billboard poster same also using the famous model to enhance sales or introduce the new product for regular buyer and new buyer. Nowadays, almost all of people search information through internet. Thus, ALDO shoes have own website to convenience for customer to purchase. So, company of ALDO shoes always up-to-date the websites such as clearance store, crazy discount and etc.

### **3. 4. 2 PERSONAL SELLING**

The basic concept of personal selling is an interpersonal communication tool which involves face to face activities undertaken by individual, often representing an organization or individual for marketer to achieve goals (Dr Frances Brassington and Dr Stephen Pettitt, 2007: p. 345). Basically, ALDO shoes included this concept as well. Thus, it can build up relationship between seller and buyer. It's caused by communication with directly with buyer easy to get more information or problem from buyer. So that, seller can solves the problem in directly.

### **3. 4. 3 SALES PROMOTION**

Sales promotion consists of short-term incentives to encourage purchase or sales of a product or service (Philip Kotler and Gary Armstrong, 2006: p. 441) Marketer of ALDO shoes also adopt other methods to boost up sales in different ways. Generally, ALDO may not organize these offers to the customers throughout the year. Normally, it is just schemes during festivals, end of the seasons, year ending and so on that can help to increase yearly sales.

## 4.0 CONCLUSION

In the conclusion, ALDO shoes are premium product because it is high quality product as well as it has uniqueness to the unit product or brand. Well, a pair of shoes is important for a human to protect our feet from harmful. But, most of the ALDO shoes buyer are preferred the style no matter the shoes are comfortable or not. Yet, ALDO shoes are able to satisfy a consumer level. However, this premium product doesn't have great comfortable. Generally, before purchase ALDO shoes the buyer will involved in decision making process. In this process, the buyer of ALDO shoes will select which types of shoe are able to fulfill the satisfaction level. Moreover, the buyer of ALDO shoes will go through the buyer decision process to determine the buyer need recognition, gain more information of price, quality and so on to compare with the others brands. Then, will evaluation of alternative brands, the buyer will state on purchase decision to decide which brands are suit of needs. Last stage of this process is post purchase behavior. In this assignment, have three factors affect the purchase decision of the buyer there are cultural, social and personal. Each factor is impact by family members, friends and personality. Besides that, more complex decision will involved more buying participants and more buyers. For ALDO shoes are appropriate for the types of dissonance reducing buying behavior. This is because price of ALDO shoes are expensive and it also high quality. So, it is just a few difference between the others brands. In this assignment involved in marketing mix there are included the concept of 4ps that are product, price, place and promotion. For ALDO shoes have unique name, image and so on. Mostly, the buyer of ALDO shoes just pay attention of service quality and the brands. Next, the price of ALDO shoes usually are

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middle caused of the marketer know how to set a suitable price to reflect the quality of the product. Furthermore, the concepts of place is regarding distribution channel. For ALDO shoes the distribution channel level is sells directly from manufacturer to consumer because ALDO shoes have own factory and branded so that's sells through without retailer and wholesaler. Promotional mix is one of involvement in ALDO shoes for this marketing communication is necessary for all of the companies and important also. For the marketer of ALDO shoes are responsible focus on three types of promotion there are advertising, personal selling and sales promotion.