

Brand analysis – consumer behavior essay sample

[Business](#), [Branding](#)



The advancement of technology has changed mobile phones to become more interactive and convenient. A new term – “ Smart Phone” is used to label the mobile phones of today. A typical smart phone allows the user to customize the functions of the phone to their preferences. Nokia, one of the largest mobile phone companies is now struggling to keep up in this emerging smartphone market. The cause of their struggle was that they did not foresee the emerging threat of smartphones as a revolution and only seek to improve the specifications of their own product (McCray, Gonzalez & Darling 2011). Bloomberg (Diana, 2009) has stated that Nokia’s market share is declining ever since. By the end of Nokia’s Financial Year 2011, they reported a loss of \$1. 5 billion USD (Jamie, 2012) This report will analyze the brand elements of Nokia as well as to explore on 3 consumer behavior concepts that influence the choices of purchasing mobile phones. The concepts that will be discussed are the Decision making process, the Self-concept and the Attitude-towards-object model History of Nokia

Nokia started out as a pulp mill in 1865, processing wood and paper on the banks of Tammerkoski rapids in the town of Tampere, located at southwestern Finland. In 1871, Fredrik Idestam alongside with his good friend, Leo Mechelin, transformed the company into a share company and named the company as Nokia based on the Nokianvirta river. Thereafter, Nokia has expanded their business to electricity, rubber, cableworks . In 1967, Nokia established a group name Nokia Corporation to pave a new future for Nokia as a global corporation. The new company involved five industries: rubber, cable, forestry, electronics and power generation personal computers, electricity generation machinery, robotics, capacitors, military

products (communications and equipments). Nokia foresees a growing potential in the telecommunication industry and thus, in 1990, they decided to sell off their rubber, cable and consumer electronic business to focus on telecommunication products (Nokia, 2012). Since then, Nokia has established itself as one of the household mobile brands that everyone recognizes.

Nokia's Brand Element

Nokia's Brand Personality

Nokia's brand personality is based on high levels of trustworthiness and reliability. Their mission statement "Connecting People" is an emphasis of their brand personality. Nokia engaged this type of brand personality to strengthen the confidence level of their clients, customers and investors (Nokia 2012).

Nokia's Logo

Nokia has been evolving from a wood and paper processing business to manufacturing and delivering telecommunication products today. Over the years, they have been changing their logo to ensure that it can somehow relate an assuring feeling to people, especially to consumers who are engaging their services or purchasing their product (Nokia, 2012). The current Nokia's logo consists of three features: Using blue as the main font colour, a slogan and the picture of two people almost joining hands with each other. The approach that Nokia used to design the logo was simple, yet it expresses the bold and unique characteristics of the company and its exceptional products. Colour can cause a strong impact on people's emotion.

Nokia chose blue as the default colour to indicate both their brand name and slogan. Several researches has highlighted that blue indicates high quality, trustworthy, sincerity, relaxation, serenity and loyalty, (Paul & John, 2006; Lovelock, Patterson & Wirtz, 2011). These are the type of qualities that they want their consumers to believe when interacting with Nokia (Nokia, 2012).

Nokia's Slogan

Nokia used their mission statement “ Connecting People” as their main slogan and they relate it in their logo which features a perfect portrait of two people almost joining hands with each other. In other words, Nokia is the key to connect people (Nokia, 2012).

Nokia Brand Awareness

Despite the Nokia's major loss report on 2011, they are still able to maintain their brand awareness level globally. Nokia has used print advertising (newspaper and magazines), broadcast advertising (TV and Radio), outdoor advertising (Billboards and Tradeshow) , Covet advertising (Sponsors for Singer's Music Video and Movies) and internet advertising (websites and social media sites) to reach out to a broad span of audience (Nokia, 2012).

Of all advertising methods, Internet advertising is shown to be the most efficient form of advertising. Social media sites were also a popular source of information for consumers because they can see the specification of the product and hear feedbacks from other users and buyers (Hoogland, 2012).

Nokia Brand reputation

In the past, as market leaders in the mobile phone industry, Nokia has always been able to emphasize their mission statement through the use of

advertising, informing people how their technology could bring convenience and solutions to every consumer's daily communication activities.

Regardless of which method of advertising it used, the message that Nokia can “ Connect people” has somehow etched into the consumer's mind and increases their confidence of the product. Their reputation was established as one of the trusted mobile brand in the industry (Syed, 2008) However, the emergence of the new smartphone has caused them to lose the association of “ Connecting People”. Hoogland (2012) research on Nokia's latest Lumia Smartphone has highlighted that majority of consumers are no longer convince of their sales pitch in their advertisement and has lost confidence in Nokia products – not because it fails to deliver but rather it has become an outdated brand. Consumers are gradually turning indifferent to Nokia products.

This is illustrated in Digital Trends' (Geoff, 2011) report in which Nokia has decrease their number of shipments – which results in a drastic falls in Nokia's market share and profit margins (See Appendix). Nevertheless, Nokia believes that the situation can be improved and they go about repositioning their product by focusing on designing the phone that can attract the younger generation. In recent advertising efforts, Nokia runs a campaign called “ Amazing Everyday”. It's an interesting concept where they placed gigantic versions of their smartphones in various bus and taxi stand to allow passerby to take a few minutes to try out the amazing interfaces of the Nokia Lumia. Their new advertising method aims to increase the brand awareness level of Nokia and as well as to deliver the message to the public

that Nokia can still compete with their competitors through innovation (Daniel, R, 2012). Consumer Behavior

Solomon (2004) states that the study of consumer behavior covers a lot of ground because it involves exploring the processes involved when individuals or group select, purchase, use and dispose of products, services, ideas or experience to attain satisfaction of needs and desires. The rapidly changing environment has influence the consumers to change and therefore it is important to identify the processes that can help to analyze the current trend of the consumption patterns in the mobile phone industry. Hoogland (2012) research shows that the decision to purchase a mobile phone is often not an easy decision to be made by consumers. There are 3 relevant theories that can be used to analyze the consumer's behavior towards making a purchasing decision: The Decision making model, the Self-concept and the Attitude-towards-object model The decision making model

Consumers can make different kinds of purchasing decision every day. These types are classified as Extensive Problem Solving, Limited Problem Solving and Routinized Response Behavior. The importance of the decision relies on the level of involvement that consumers have to a product. Extended problem solving occurs when consumers have not established a benchmark for assessing a product category or specific brands in that category or have not narrowed the number of brands that is small enough to be a manageable subset. If consumers are at this level, they will need a lot of relevant information to set criteria to judge specific brands and identify the possible best alternative. The purchasing decision in this level requires high customer

involvement because of the price and the risk that consumer have to bear if the wrong choice is made (Schiffman, O'Cass, Paladino, D'alessandro & Bednall, 2010). Limited problem solving falls between the level of Extended Problem Solving and Routinized Response behavior. Solomon (2004) explained that consumers that are in this level has already have experience and knowledge on the product, thus have established a set of basic criteria that is necessary for evaluating the product category and the different brands in the category.

However, consumers still search for additional information to fine tune their knowledge so that they can discriminate between the various brands. This type of problem occurs when consumers are looking to upgrade a version of something that they have purchased before (Schiffman, O'Cass, Paladino, D'alessandro & Bednall, 2010). Routinized Response Behavior occurs when consumers have well-established set of criteria with which to evaluate the brands in their evoked sets. Searching of information is very minimal and the involvement level from customers is significantly low. This type of response usually happens when consumers are purchasing daily necessities, or products that are not expensive. Hoogland's research shows that Mobile phones fall into the limited problem solving category, as consumers usually have two to three brands to choose from and have some previous experience and knowledge of the product. In addition, there are a reasonable number of attributes that consumers considers when making the purchasing decision, such as screen resolution, design and the operating system (Hoogland, 2012).

However, for consumers who are switching from traditional phones to smart phones, they can be categorized under extensive problem solving because of price and usage factors. Some consumers may not have the knowledge to operate smart phones or will find that the functions of smart phones might not be able to benefit them. Therefore, these consumers felt a need to weigh the pros and cons before committing this upgrade (Solomon, 2004). Decision making as a process shows 5 stages (See Figure 1). When consumers recognized a problem, there is a gap between the actual and desired state. This problem is created by the need recognition or opportunity recognition. Need recognition causes the consumer's actual state to move down while the opportunity recognition moves the consumer's ideal state upwards. Therefore, marketers need to create either a primary or secondary demand to trigger the state of the consumers. Formulating a strategy to get consumers to try a new product creates a primary demand.

Creating a secondary demand can encourage consumers to select a specific brand. The best way to do this is to create a scenario that describes a problem, and then demonstrate a solution to the scenario. Applying this strategy can help to increase Nokia Lumia primary demand by trying to trigger consumers to try out their new smartphone (Schiffman, O'Cass, Paladino, D'alessandro & Bednall, 2010; Solomon 2004). After the problem is being recognized, the consumer will proceed to search information and the intensity of the search depends on the consumer's prior knowledge and the perceived risk. Perceived risk scales with the price of the product; higher price product means a higher perceived risk, vice versa. Deciding whether to buy a Nokia Lumia is perceived as a moderated risk because the price of

Nokia Lumia is about \$600 SGD. However, the perceived risk depends on the person purchasing device; \$600 SGD maybe a small sum to a working adult but a student might see it otherwise. Consumers attempt to reduce the perceived risk by discussing and asking advice from reference group (Schiffman, O'Cass, Paladino, D'alessandro & Bednall, 2010).

Hence, Nokia should work on strengthening their brand image and to ensure that consumers are satisfied with their smartphone. Furthermore, the company should make sure that sufficient information about the smartphones is readily available, especially on the internet as most consumers in this day and age are using internet as a source to search for information (Hoogland, 2012). Evaluation of alternatives is the third stage of the decision making process. Consumers do this by categorization because every product category is represented by numerous brands (Solomon, 2004). In the case of Nokia, they are categorized under mobile phones and brands like Apple, Samsung, HTC, Sony Ericsson, LG, Blackberry etc. are some of the alternatives that consumers can choose from. It is important for Nokia to be aware of how their smartphone are categorized so that they can decide upon a strategy that can appeal consumers – to consider them as a strong alternative (Hoogland, 2012). The fourth stage of the process is known as the outcome.

When consumers make a decision, several evaluative criteria are assessed. Evaluative criteria are features that are used to judge the qualities of competing brands. Consumers distinguish their choices by assessing each brand's determinant attributes. Throughout the decision making process,

criteria concerning the differences between products will carry more weight than similarities (Solomon, 2004). Therefore, Nokia needs to focus on elements that differentiate its smartphone from their competitor. In addition, Nokia should refrain from slashing prices to increase sales as price can also be an indicator of the quality (Lovelock, Patterson & Wirtz, 2011). An inexpensive smartphone may come across as being poor quality.

The last stage of the decision making model is the post-acquisition stage. As consumers use a product, they evaluate its performance to measure their satisfaction level. There are three possible outcomes to their evaluation: Actual performance exceeds expectation, is below expectation or matches expectation. These outcomes also influence the level of post-purchase cognitive dissonance of a consumer. This type of dissonance occurs after making the purchasing decision and consumers will look for ways to reduce this dissonance. Advertisement was one of the channels that consumers used to reduce their dissonance, and that is only if the advertisement is strong enough to convince that they make the right choice. Solomon (2004) explained that advertisement can affect consumer's expectations. In addition, factors such as word of mouth, brand connotations, company regulated information and previous buying experience can affect the consumer's decision either positively and negatively. . Hence, Nokia should create an advertisement that can assure that the consumers' decision to choose Nokia is right. On top of that, Nokia can improve customer satisfaction if they can carry out activities and promises that can greatly surpass their competitors. In doing so, they can potentially convert these consumers to be evangelist (Hoogland, 2012).

The self-concept

Solomon (2004) explained that an individual's self-concept refers to the beliefs that the individual holds about his or her own attributes, and how he or she evaluates these qualities'. Consumers believe that some aspects of themselves will always be better than other aspects. For instance, a sport athletic feels more positive about his sporting capabilities than about his looks. Self-concept is made up of a complex structure; this is because it includes several different attributes. An individual can identify the attributes of him/herself along with dimensions, such as their content. For instance, an individual may look at the attributes of his/her appearance more favorably as compared to the attributes of his/her intellectual capabilities. Therefore, if an individual is positive about his/her self-concept, it implies that this individual has self-esteem.

Consumers will do a comparison on a certain attribute to the ideal against their actual standing; this action influences their self-esteem. Marketing communications have the ability to influence the level of self-esteem that a consumer has, by means of social comparison. Consumers evaluate their standing by comparing themselves to actors or role models shown in the advertisement. Nokia can use this tendency that consumers have as an advantage by showing satisfied and energetic people using their smartphone. Furthermore, self-esteem advertising has the ability to influence consumers' attitudes towards Nokia's smartphones by encouraging positive feelings about oneself (Hoogland, 2012).

In the self-concept framework, there are 2 categories of self-image: actual and ideal. The actual self-image defines how a person actually identifies him or herself. It is a realistic view that points out the qualities that a person does or does not have. The ideal self refers to how a person wants to be like. This ideal self is partly formed by aspects of the consumer's culture, especially people shown in advertisements as these people serve as role models. Based on this Nokia can either promote their smartphone as a product that is in line with consumer's actual self, or by helping the consumer to reach the benchmarks set by the ideal self (Such as Social Status). The self-concept framework can also be extended in a social setting.

The term that is used to describe the actual and ideal state is called social self-image and ideal social self-image respectively. Social self-image describes how consumers think others perceive them while ideal social self-image describes how consumers would like others to perceive them.

Schiffman, O'Cass, Paladino, D'alessandro & Bednall (2010) believe that people show different types of actual and ideal self-image and that the difference is dependent on the social setting that the people are in. Solomon (2004) states that people have different role identities during different situations. For instance, a student can also be a boyfriend, an employee and a musician. The importance of the identity depends on the individual; however, in specific situations another identity might play a crucial role. Hence, Nokia should advertise their smartphone to suit a key identity that is suitable for several roles. Hoogland (2012, p. 9) suggested that Nokia can attain this by placing the advertisement in a place where consumers are

likely to be conscious of the relevant role identity, for example, at their work place or close to the university.

The Attitude-towards-object model

The framework of Multi-Attribute Attitude illustrates consumers' attitudes with regard to an attitude object as a function of consumer's perception and the assessment of the key attributes or beliefs held with regard to the particular attitude object. There are many variations in the framework of Multi-Attribute Attitude, but there is a relevant model in this framework that can be used to analyse consumer's attitude towards Nokia – The Attitude-towards-object-model. The attitude-towards-object model is suitable for measuring attitudes towards a product category or specific brands. This model describes that a consumer's attitude towards a product or a specific brand of a product can be the function of either the presence or absence and the evaluation of certain product-specific beliefs and/or attributes. Generally, consumers have favourable attitudes towards those brand that have an adequate level that they evaluate as positive and have unfavourable attitudes towards brands that does not have an adequate level of desired attributes. If a product has too many negative or undesired attributes, the attitude of the consumer will be unfavourable as well (Schiffman, O'Cass, Paladino, D'alessandro & Bednall, 2010).

In the case of Nokia, their mobile phones have different features that are able to differentiate from other competitors mobile phones. These features are known as Brand attributes and can be categorized by feature types; some of the common once are Design, Accessibility, Screen resolution,

Operating System and Variety of Applications (Solomon, 2004). Hoogland's (2012) recent research on Nokia's consumer behaviour has shown that most consumers have shifted their beliefs and looks unfavourably on Nokia's brand attributes. The primary reason of this shift is that they perceived that Nokia can no longer appeal to them with their latest smartphones. Their competitors are offering far better quality smart phones in terms of functions, applications and accessibility. On top of that, their competitors have app stores to allow full customization of the smartphones (Apple is offering apps through their own app store, while Samsung and HTC are offering apps through the android market). To compete successfully, Nokia's newly set up OVI store needs to provide the basic functionality of a standard application store and to deliver this service in a way that it stands out differently and better than their competitors.

Conclusion

Since the start of the smart phone era, Nokia has been struggling to keep up in the mobile phone industry. Despite possessing a strong brand reputation and image and had been consistent in delivering objectives – to connect people; their failure to see the threat of the smartphone has caused them to struggle so hard today. The problem was that they did not foresee that the smartphone technology is able to capture a great importance in the consumers' daily life nor do they see the possible improvements that it can bring to people. Instead, they only focus on improving their own mobile phone technology, mainly through improving the specifications of the phone. Nokia's brand awareness is still as strong; however, their image has been taken a hit. It is not that consumers were dissatisfied with their product, but

rather, they have lost the confidence in Nokia. Hence, Nokia should work on strengthening their brand image and to ensure that consumers are satisfied with their smartphone. They can start by creating ads that can trigger and convince consumers that Nokia's smartphone is able to either maintain their actual self-image or to reach their ideal self-image.

In addition, the advertisement must also be relevant to the consumers' social self-image as well. Self-esteem advertising can help to achieve these goals since it has the ability to influence consumers' attitude towards Nokia's smartphones by encouraging positive feeling about oneself. According to Hoogland (2012), most consumers used the internet as a main source to search for information. Nokia should make sure that there is sufficient information about the smartphone that is readily available on the internet. Lastly, Nokia should work on the OVI store for their smartphones. Nokia's major competitors such as Apple have gained a significant amount of competitive advantage because of the freedom of customization that their app store can offer to consumers (McCray, Gonzalez, & Darling, 2011). The primary objective for Nokia's OVI store is to deliver the service that is as expected of their competitor's store, then work on differentiating this service from their competitors. If Nokia takes these measures, it is possible that they might be able to capture back parts of their market share.

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