

Consumer behaviour report for: vertu life

Psychology, Behaviorism



Virtue is aging a unique approach to that of the technology-obsessed mobile-telephone industry. Its concept is based on craftsmanship (I. E. Uniquely customized handsets), style and service- in the same vein as luxury watch and Jewelry manufacturers. Virtue Signature mobile phone is encased in metals from stainless steel to platinum and decorated with sapphires (virtue.Com). The design reflects poise and stature. Hence, Virtue performs highly on the symbolic (I. E. Expressive) level and giving the perception of being more a piece of art, rather than just a high technological (I. E. Instrumental) mobile phone (Sanderson, 2002).

Added values such as 24 hrs concierge service which can organize restaurant, travel and hotel bookings are included in the purchase. Its flagship store opened in Paris 2002, and now exists in Consumer Behavior Report for: Virtue " Life. Beautifully Arranged" By Semiannually over 70 countries worldwide. It also has a well-developed online boutique (virtue.Com). Prices range from 5, 555 to 270, 000, hence the most expensive mobile phone brand in the market (Sanderson, 2006). This paper highlights Virtue's target profile by explore some situational influences, their decision making process, and sales.

In addition, external influencing factors such as social class and lifestyle are investigated. A study was also conducted, where subjects were asked to answer a questionnaire about their opinions and values. The result revealed that most subjects emphasized quality, design, and technological features when considering purchasing a mobile phone, but also a value of being unique. Based on the theory in this paper and the study done, recommendations will be highlighted in the last section. A Survey (see

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Appendix A) was conducted in order to explore and identify the profile of Virtue's target.

The questions focused on their perceptions and values of Virtue and from what references and sources they seek information. Participants Fourteen (N= 14) business professionals in the finance, IT, marketing and law sector were randomly selected from my network of friends and assigned to answer 15 questions in a survey. Pre-requirements of the selection process were that participants had to be in age of 30 and above, be working professionals with an average income of 9000 SAG and above. Eight (n= 8) out of the 14 participants were Swedish, three (n= 3) British, one (n= 1) Singapore, and two (n= 2) Americans.

Thirteen of the participants were males, whereas one female. The median age of the participants where 34 (SD= 2. 2). Five of the participants were singles, four were married, and four lived in cohabitation with a partner. All of the participants (except the two Singapore) where expatriates currently working in Singapore. Procedure The survey questions were distributed during different occasions. Some participants got their questions at different bars around in Singapore, others at lunch places during working hours in the CB area, and some answered the questionnaires via e- mail. Results

After the data was collected, a brief (analogue) analysis was done to find out the overall perceptions of subjects on quality, design, price, uniqueness and status, rah service, technical features- and how much interest the participants had in Virtue. See the distribution in Table 1 below. Table 1. As Table 1 demonstrates, subjects did most likely prefer quality, design and

technical features over, for example, rah concierge service. In addition, based on the survey, price seems not to be a determinant factor when considering purchasing a mobile phone, but still perceived relevant.

Uniqueness and price attained equal portions of references among subjects, and interest in Virtue was overall quite low (e. G. When asked if they were likely to consider Virtue as an alternative when aiming to purchase a mobile phone). Discussion & Limitations The procedure and selection process has its limitations thus weakening the validity of the survey. First, the participants were not fully randomly selected since all were from the researchers (my) network of contacts and friends, hence, risk for biases (e. G. Response bias). In addition, those who received the questions in bars may have been inebriated while answering the questions.

Thus parts of the process were not adequately and seriously done. On the other hand, despite risk for some unethical issues, the questions were distributed in a 'real world' setting- in the midst of the targets lifestyles- which at least might be more relaxed for the participants, and may giving us a closer insight to targets values- than if the participant would do the survey on the street in a hurry, or in a artificial laboratory setting. Based on the result from the questionnaire, in advantage of Virtue, subjects preferred quality, design, technical features and in some sense the value of purchase unique things.

However, to the disadvantage of Virtue the subjects were slightly price conscious and did not consider the added value of rah concierge service that much. In addition, since some of the questions were based on a liker-scale

(1-5) and some on a forced distribution, it is difficult to understand the underlying factors of why certain aspects were more preferred than others. Open ended questions and interviews may therefore be more advantageous if seeking underlying factors. Assuming, in terms of the concierge service, many of the subjects may already have access to similar service.

For example, American Express Platinum card provide its customers with the same type of service, hence, the subjects may not put value on another product with similar service- because they do not need it. Other cultural factors may also play a part in the perception of Virtue. 3. Target Decision Making Process 3. 1 Situation & Influences A situation is a set of factors, external from the individual consumer or the stimulus object (e. G. Product or advertisements) to which the consumer is reacting (Sequester et al, 2010).

Although various psychological and sociological factors contribute to explaining different patterns of consumer behavior, it is the context that mediates the different behaviors (Sequester et al, 2010). Hence, consumers behave differently in different situations. There are four main types of situations, such as: communication, purchase, usage, and disposal situation. Based on these, five dimension schemes have been developed which classifies and objectively measures situations such as: physical and social surroundings, temporal perspective, task definition and antecedent states.

For instance, communication situation refers to the context in which consumers receive information about certain products and services. This specific situation affects the degree of how receptive consumers are for

marketing communications (e. G, advertisements or TV commercials). For example, research has shown a positive relationship between mood and receptiveness of communication (Sequester, et. Al, 2010). That is, people in a better mood tend to be more receptive for information Hence, the antecedent state (I. E. Momentary mood) is one variable that interact and influences the situation which lead to a certain behavior.

Other situations such as; if we are in a hurry or not (I. E. Temporal perspective); alone or in a group (I. E. Social rounding's) also affecting our receptiveness for information and intentions to purchase (Sequester et al, 2010). Hence, it is imperative that Virtue understands the different contexts where its high- interest potential buyers are most likely to be receptive for information and what methods most suitable in order to get the targets attention. In addition, most people 'create' many of the situations they face.

For example, a person may deliberately choose to engage in physically challenging sports and therefore indirectly expose themselves to situations of 'being thirsty or 'being tired' (Sequester, et al. 2010). Thus, peoples (or specific targets) lifestyles are highly important for marketers to study, in order to develop advertising and segmentation strategies based on the situations that individuals are likely to encounter. 'The situation of Virtue' Research shows that a buyer often purchases products that reflect and enhance the self-concept (Seafarer, 1998; Pride et. L, 2007). A first-time buyer of Virtue's signature mobile may be due to that person's social situation. For example, the person is a member of the high-society and has a desire to express or reinforce his or her tanning in the society or group of

people, and perhaps aiming to impress his or her social surrounding (see section 5). 3. 2 Information search High purchase involvement leads one to search for more information and spend more time in order to make the right selection (Sequester 2011). Hence, making it to an extended decision making process.

This process involves both internal and external search. Internal search refers to a person's cognitive ability to identify alternatives from memory. For example, a person may remember that a colleague was a satisfied owner of a Virtue phone. Hence, the person may place Virtue directly into his or her evoked set (I. E. Set of interesting brands to choose from). Research has shown that people with higher SEES (I. E. Socio-economic status) are more critical in their external search and going through many sources before decision takes place (Sequester, et. Al, 2010).

Examples of external search may be to ask other friends or colleagues that have opinions about Virtue (I. E. Informational influence), or seek sales staff to ask about the products features and benefits etc. This was also in line with the survey conducted in Singapore, where most subjects selected trends/colleagues and sales response as most frequently sources but also online sources and own earlier experiences was used when considering purchasing a mobile phone. In terms of evaluative criteria, the potential buyer of Virtue consider high quality of performance and design, and the uniqueness of the product as top criterion.

If the product do not meet the expected outcome (see section 4. 3), there is a high risk for the customer to experience cognitive dissonance. That is, the

customer will start having doubts about the purchase which can result in disastrous consequences' for Virtue's reputation. For example, as mentioned in the process of decision making, Versus potential customers often go through friends and colleagues when searching for info about the product. Hence, dissatisfied customers will not recommend Virtue to others, instead may spread negative words about Virtue. 4.

Factors influencing consumer behavior 4. 1 Store Image & Serviceable Store image refers to all attributes that can be associated with the retail outlet (Sequester, et. Al, 2010). For example, merchandise, service, clientele, physical facilities, atmosphere, promotion and post-transaction. Virtue stores are strategically placed in exclusive shopping districts, close to other exclusive brands, thus, benefiting from a all effect. That is, if a new shop is placed in a cluster of luxury shops, people tend to also perceive the image of that shop as luxurious.

This phenomenon can also be explained by the Gestalt theory whit the emphasis on ; the sum is greater than its parts"- which means that the holistic view has a greater impact on a person than isolated details (e. G. Heterosexual, 2004). Therefore it is also imperative that the alt the small different attributes of a store gives a nice holistic view and reflects what the store 'stands for'. For example, Virtue has put large amount of effort on its service- cape to create an exclusive atmosphere, and thereby differentiate itself from common mobile phone outlets.

The emphasis is put on consumers buying experience to creating a " gallery-like" feel to its retail environments. For example, original artworks

commissioned and exhibited throughout the stores. In addition, each display case is made from architectural glass, limestone textures and floors combined with warm lighting, ultimately enhancing the ambiance of the store. Further, the offering of a first class personal service combined with extensive product knowledge gives the image of being reliable.

These service escape create the Whole' of Virtue's store image and are considered highly suitable for Virtue's positioning of its brand and a good strategy to meet the sought targets expectations of a high-end store. Values are conceptions of desirable ways of behaving or desirable end states- for example, friendship, respectfor tradition, living healthily, equality, ambition, or preserving the naturalenvironment(Feather, 1996). Most values are culturally shared, but individuals differ in how they rank the importance of specific values.

Values tort important ingredients tot a person's self-concept an thus contribute too person's sense of identity (Feather, 1996). For example, a person might consider him- or herself as being honest and might thus mention this value when asked to describe him- or herself. Values are sometimes shared with others and might constitute the basis of group, professional, political, or cultural identities (see section 4. 4). With regards to the expectancy theory developed by Broom (1964), people will decide to act in certain way (e. G. Purchase a product) because they are motivated to attain a desired and expected outcome of that specific behavior.

In addition, Fishbone & Zen (1975), emphasized that antecedents of behavior are modeled in terms of one's expected utilities of outcomes. A

choice alternative in a decision problem is thus characterized by the perceived likelihood of an outcome, which has a certain degree of attractiveness. That is, values may influence a choice by determining the attractiveness of outcomes that are relevant to those values (Everyplace ; Seven's, 1997). In other words, a value might be perceived as important not only because it is part of a person's self-concept (I. E. How the person perceive self) but also because of social norms (I. Common behaviors in society) or self-presentation (I. E. What image one wants to present to others; Feather, 1996). However, values need to be ; activated" to affect information processing and motivate certain behavior (Higgins, & Ukrainians, 1996). That means, although, a value can be important to a person, the activation determines whether the value will lead to a certain action. Activation occurs automatically when values are the primary focus of attention, and once this motivation is activated, goal-directed cognitive and behavioral processes may follow spontaneously (Barge, 1990).

Simply, values are motivational constructs: living up to a value fulfils a particular, highly abstract goal. Therefore, it is crucial for Virtue to raise the question of ; what can be done in order to be valued among the target group, and achieve their attention? '. An example can be to put effort on the product itself (e. G. High quality material, functions and design), and through a well done service-escape, store image and promoting its brand in an appropriate manner. But most important overall, may be to put effort on adequate research on target consumer and their values.

This because, values are not recitalists, instead ever changing in pace of political, economical, legal and all other changing factors of the global environment (e. G. The impact of a economic crisis, or natural disasters on consumers behavior). Marketers must therefore be aware of the macro environmental changes that occur, in order to forecast consumer behavior on a micro level. That is, we must follow the values and needs of the targets in the specific context and be quick to respond to these. Research (to be up-to-date of current situation), and based on that create innovative solutions to meet these needs.

Levy (1976) explicitly described social class variations as 'Variations in lifestyle', with differences in the consumption behavior of classes being attributable to lifestyle differences. Virtue's target market group consists of the social elite which can be related to the category of upper social class. With regards to the single-item index, the detrimental dimensions of a person being upper class refers to; higher education, perceived prestigious occupation and a higher income than other social classes. This view creates and defines distinctive social groups of different classes (e. G. Lower, working, middle, and upper class).

However, many people argue that it is more appropriate referring to 'socioeconomic status' (SEES) instead of social class because it is more equivalent occupational based classifications. The distinctions between classes have therefore been blurred, and many people seeking to avoid using the term class. This may especially be emphasized in countries such as Australia, New Zealand, and Scandinavia and parts of Europe, where notions

of class hierarchies with associated privileges are very much against the egalitarian ideals expressed in other aspects of these countries culture (Weber, 1978).

Nevertheless, social class (or SEES) is one of the external influences on consumer behavior (Sequester, et. Al, 2010) and is therefore an important factor to explore. According to Coleman & Rainwater's reputation approach, social class structure refers to the reputation, and relying heavily on 'person-in-the-street' imagery (Sequester, et. Al, 2010). The approach is based on the US population where the social-standing class hierarchy of the upper class is divided into 3 categories; the upper-upper class (0.3%), lower-upper class (1.%) and the upper-middle class (12.5%). The upper-upper class consists of the royalty and people with aristocratic names who often have an inherited wealth. The lower-upper are the newer social elite, with prestigious occupational roles or corporate leadership. Upper-middle class refers to university graduate managers and professionals. Although, all people in the same social class do not have exactly the same lifestyles, some similar patterns of consumption behaviors, activities and shared values can be identified.

For example, the upper-upper class elite do not buy to impress, they tend to be conservative consumers and often have the same old suits or cars in many years and not keen to change until it is necessary. That because many of their things and belongings are to be kept within the family and passed on through generations (Seafarer, 1998). However, according to Morton (2004), the lower upper classes buy to impress. They purchase items such as

expensive cars, large estates and expensive Jewelry to demonstrate their wealth.

They buy furnishing, artwork, and collectibles for their homes. They also purchase personal clothing (I. E. Mostly tailored clothes such as suits). They expect quality, one of a kind items and excellent service. Hence, they want to have unique products that make them feel unique (Morton, 2004).

Therefore, Virtue's strategy of making uniquely customized handsets (SUCH) can be considered as highly appealing to this market. Moreover, lower-upper class people spend on services that often save them time such as cleaning and cooking. They hire maids, chauffeurs, nannies and nurses.

They tend to live in large cities known as money and power centers and likely to own their own properties. Examples of occupations within this group are often top managers, doctors and lawyers, or extremely well paid sportsmen and entertainment celebrities. Generally, those in the lower-upper group have a lifestyle that blends the upper-classes pursuit of gracious living and the upper-middles success drive (Morton, 2004). Examples of similar lifestyle patterns between upper-class members may be attending or performing prestigious sports such as FI, tennis, skiing, sailing, and horse-polo.

Many playing golf (although nowadays the sport is no longer that prestigious as it once was) or sail. They like taking vacations and are traveling frequently. They dine out, but also put much energy on "home cooked" meals using finest cuts of meat, fine wines and high quality products. They value self-expression in their occupations and lives. In addition, they value

competence and belong to more organizations and read more professional Journals than the general population (Wong, ; Aviva, 1998).

Hence, it is important for Virtue to understand what medium the targets use and train its sales staff to learn extraordinary customer service with an in-depth knowledge about the products. According to a U. S study where upper class people were asked to describe themselves from a list of 25 adjectives, very few respondents said they consider themselves as impulsive (17%), risk takers (18%) or entrepreneurial (24%). Instead, the greatest share of affluent Americans perceived themselves as; independent (65%), well organized (55%), goal-oriented (54%), and confident (51 %). Hess self-descriptions may not be the same if the upper elite in China or other countries were asked. Different cultures have different values, perspectives and behaviors, thus, the U. S study cannot be generalized to other cultures. Accordingly, the American study reflects much of Americans perspectives on 'right' behavior. For example, being ; independent" put emphasis on the cultural dimension of individualism (I. E. Elf before others), ; structured" with emphasis on planning refers to Americans perception on time, which can be explained as sequential and well planned.

In addition, goal oriented behaviors highlight the achievement-oriented approach that many westerners have, and last, ; confidence", which can be associated with Americans bold approach towards the nature (I. E. The perception of having an internal locus of control and imposing their will on others). Interestingly would be to explore the self-perceptions of the social elite in Asian countries since the personal characteristics may differ from the

Americans, assuming, with more emphasis on collectivism, ascription and external locus of control.

Perhaps, due to the larger power distance and ascribed status in China (and many other Asian cultures), social classes may also be more traditional (I. E. Distinct) than in other more egalitarian countries where power is not accepted and expected to be unequally distributed. Although, lifestyles of upper-class people may be quite similar across the world, culture differs and also determines certain patterns of behaviors', or at least gives explanations of different values and why people behave in certain ways (Wong, & Aviva, 1998).

Hence, it is highly important for marketers to understand cultural differences in order to rely on peoples self-perceptions and from that knowledge reach targets by advertisements that 'connects' with that self-image. This to minimize the risk for international marketing mistakes. Moreover, one cross-sectional study was done in US, Jordan and India on the cultural dimension of uncertainty avoidance (I. E. Anxiety for the 'unknown' hence avoid uncomfortable situations, read Hefted, 1993), and the perceived risk on internet buying. The data was collected and analyses from USA, Jordan, and India.

The results revealed that, in cultures where uncertainty avoidance is high (e. G. Asian countries and some European such as Germany) the perceived risk with internet buying was also high. Similar results in cultures where perceived risk is high, it impacts internet buying negatively. Hence, cross-cultural differences should also be taken into account when marketing online

in different cultures (Englewood & Malaria, 1986). In addition, more cross-cultural research on cultural dimensions would be necessary in today's global market in order to implement an appropriate marketing mix.

Based on the survey done, and the theories explored, we may summarize Virtue's target profile as living a 'high-life' where quality, design and uniqueness are valued. Virtue's store image and service escape can therefore be concluded to reflect the target appropriately. The result from the survey revealed that most of the subjects were not very interested in the Virtue brand, neither in the concierge service that is one of the added-values that the company emphasizes. This may be because similar service is provided from certain credit cards, which many of 'high-society already people have.

In addition, the subjects low interest of Virtue is hard to explain, but may lie in the low awareness of the brand, and that the subjects (although having the spending power) were slightly price conscious and therefore not interested after have done a cost versus benefit calculation. Moreover, it should also be taken into account that the largest portion of subjects were Swedish, which may explain lack of knowledge and awareness about Virtue (since there is no filial in Sweden).

In addition, due to the general Swedes egalitarian approach and the mindset of 'everything in iteration' (except from alcohol consumption which is remarkably high) luxurious high status brands may not appeal that much to Swedes. In fact, among the Swedish 'elite', it has been quite 'UN-trendy to wear clothing and apparels from the most famous luxury brands. However,

the generation X & Y of Swede's 'high- SEES' people, do value quality, design and unique (e. G. One of a kind) things so Virtue might be somewhat attractive and appealing.

However, the sample size was too small thus cannot make a wider generalization. * Promotion/ Advertising Strategy Vaughn (1986) researched how advertising works, and how best to establish ammunitions objectives. He introduced the Foote, Cone, Belling (FCC) strategy matrix, suggesting that advertising works differently depending on the product involved. Vaughn work allows advertisers to select the communication method based on the type of product they are advertising, and the attitudes that consumers are likely to have towards the product.

The BBC matrix divides advertising strategy into two dimensions based on thinking versus feeling, and low involvement versus high involvement. Since Virtue is more of a high-involvement product only these will be explored below. High-involvement -Detective (telling) This product decision has high involvement but requires less specific information, therefore and attitude or feeling towards the product is more important. It is a psychological model, because the importance of the product is connected to the consumers' self esteem (Vaughn, 1986).

The advertising strategy requires emotional involvement on the part of the consumers so that they become connected with the product being advertised and subsequently become " feelers". Therefore, the proposed model is Feel - Learn - Do. The suggested tactics include using large dramatic print exposure for media considerations and use a high-profile

person to rate attention and a 'personality related to the product. However, Ogling (1985) warned against the use of celebrity endorsers and believed they are below average in their ability to change brand preferences since viewers remember the celebrity but forget the product.

Accordingly, since Virtue in fact is targeting celebrities itself, it may not be the most effective way to use a celebrity endorser in the advertisements (with the assumption that targets desire to be unique and not aspire to look like another). This approach may be more suitable to the (mass) middle market (who may aspire to upward mobility). On the other hand, it might be effective for Virtue if the advertisements create a feeling of uniqueness and reflects the lifestyle of the targets in order to 'connect'.

Many social psychologists argue for that similar attract similar (Heterosexual, 2004). Therefore, creating advertisements that mirrors the similar lifestyle or self-image of target would be recommended. This can be done in selected business magazines, on fashion related events or in some 'luxury lifestyle magazines. High involvement- Thinking (informative) Many major purchases such as cars, homes, electronic equipment are likely to convey message of what it is, its function, price and availability.

A large amount of information is necessary because of the importance of the product and the basic strategy model is to adopt the Learn - Feel - Do (instead of Feel-Learn-Do) sequence where information is designed to build attitudinal acceptance and subsequent purchase. With regards to targets relatively extended decision making, an informative advertisement may be appropriate to influence the potential consumer. In addition, men tend put

more emphasis on technical features than females (who more likely will be affective and fall in love' with the product; Nudism, 2006; Sequester, t al, 2010).

Therefore, when Virtue is promoting its more 'masculine' models, it may consider the informational advertisement appeal, whereas the affective appeal could be more suitable on its feminine' phones. * Positioning Strategy Virtue is positioning itself away from other mobile phones and instead placed in the category of high-end fashion, Jewelry and watches (virtue. Com). Therefore it might be advisable if the advertisements are placed in the same type of mediums in orders to 'connect' Virtue with haute-couture, or as a piece of art. This creates awareness of