

Changing pattern of consumer behaviour



Today organizations need a deep insight into consumer behaviour and its changing patterns in order to survive in the market place. Large organizations have highly trained individuals recruited to collect information about the consumer's constantly changing needs and trends so that they can get focused on what is required by consumer; so that they can cater those needs as accurately and efficiently as possible .

Harrods is one of the world's most well-known department stores situated on Brompton Road in Knightsbridge, in the Royal Borough of Kensington and Chelsea, London, England; It was established in 1849 as a small grocery store with only two helpers. Today, it offers its customers with everything from food to fashion, furniture to sportswear plus 20 in-store restaurants serving every kind of cuisine imaginable from pizza to sushi. Services range from piano tuning to fitting saddles. Must-see sights include the Food Halls, the Egyptian Hall and the Pet Department. (Visit London)

Harrods after tenure of great success has lately seen a falling trend in its sales. Harrods, therefore, has further studied the behaviour of its consumers more closely in order to know the reasons of this unfortunate decline in sales. This report contains an analysis of this study, external influences and how they can be used positively to augment the sales; It mentions the strategies Harrods can use in order to get the same honourable and prestigious position back in the marketplace.

Task 1: Impact of External Influences

An insight into the behaviour of consumers at Harrods

Harrods is a high end departmental store which offers a great range of products and services. Once opened as a small grocery shop has now

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matured to become a good example for posh and glamorous shopping, complementing itself on its motto “ Omnia Omnibus Ubique which means that ‘ All things, for all people, everywhere’. It is famous about Harrods that you can buy anything you can name at Harrods, from a hair pin to furniture. (go there guide)

Consumer behaviour is a study of when, how and where people buy or do not buy certain products or services. When buying a product, consumers usually go through several stages which can be named as need recognition, information search, evaluation of different purchase options, purchase decision and post purchase behaviour e. g. a need arise when you see your current television set is out dated and pretty old fashion or may be its broken. You decide that you want a new television and then start looking for different options transferring yourself to the next stage and you start looking for which television to buy and from which place; this is the stage when Harrods should come in the mind of a consumer. Then a consumer evaluates between different available options which Harrods has advantage of providing consumer all under one roof and then finally he buys a product. (East, 2008)

Harrods is considered a glamorous shopping place. Though nearly everything is available at Harrods but the target market segment that Harrods focuses on is the upper class. This is the market segment the management at Harrods keeps in mind while carrying out its marketing activities. People visiting Harrods may belong to any age group but majority of them belong to the social class A and expect a service that is up to the mark. They expect

that the product available at Harrods would belong to the highest of the qualities available.

Marketers define four types of buying behaviours and it is based on the type of products that the consumer intends to buy. All four types of buying behaviors can be witnessed in the consumers at Harrods as a vast range of products are available at Harrods.

Complex buying behaviour

This where the person purchases a high value brand and inquires about a lot of information before the purchase is made. This may be when a consumer is buying a very expensive outfit of Paul Smith Black at Harrods

Habitual buying behaviour

This is when somebody purchases a product out of routine e. g. a daily newspaper, sugar or salt. This is applicable for a consumer buying grocery from the grocery section

Variety seeking buying behaviour

It is when the person likes to shop around and try out with different products. Some consumers at Harrods do not have the particular brand in mind beforehand when they shop for any product so they experiment different brands.

Dissonance reducing buying behaviour

This is the type of behaviour when buyer is extremely concerned with the purchase of the product, because the purchase is expensive or occasional. An example could be buying expensive furniture at Harrods. (Micheal. R. Solomon, 2005)

The management at Harrods needs to keep all these consumer behaviour theories like what makes consumer buy a product, what kind of behaviours can they adopt while shopping at Harrods in mind and factors can cause a change in consumer buying patterns in mind while they take their management decisions. They specially need to be aware of the expectations of their consumers and what exactly they want from Harrods in order to improve and find the loop holes which might be leading to a fall in sales.

External Factors may influence Buying Behaviour

Consumer behaviour can be affected by various factors that may be highly uncontrollable by marketers. These external factors may include the opinion of your friends, the values and the way you are brought up, the media, the culture, certain groups you interact with etc. All of these external factors are mentioned in details with respect to the consumers of Harrods as follows:

Culture

Culture does influence consumer behaviour; culture is defined as our attitudes and beliefs. The point that we need to know here is the way these attitudes and beliefs are developed. As a person matures, a child is influenced by his parents, siblings and other family members who may educate them about rights and wrongs. They learn about their religion and culture, which helps them develop these opinions, attitudes and beliefs..

(Micheal. R. Solomon, 2005)

Geographical Culture

Harrods needs to understand the culture of people living in London. The way they are brought up and what their values are. Do people living in London like to go to glamorous shopping places like Harrods? Are they comfortable

shopping at such high end places? What are their buying trends and do they prefer large shopping places over small ones? Can people living there afford to buy expensive or do they usually spend this much on average? All these questions need to be answered in order to understand the psyche of consumers living in London and cater to them according to their needs.

If we go back into history, UK is a class based society and some remains of such behaviour are still existent. People who belong to a high class do like to show off and go to high end places but as time is passing this frame of mind is changing. This change of mind may be one of the factors leading to fall in demand for Harrods.

Subculture

Subcultures can be defined as members that possess beliefs, values and customs that set them apart from other members of the same society. There can be nationality, ethnic, racial, geographical or religious sub cultures.

People belonging to various parts of the world and belonging to various sets of beliefs and norms live in London, which leads to a complex set of people who may have different beliefs and norms mixed up. Understanding and catering to all of them is not very realistic but Harrods needs to have knowledge regarding major subcultures so that its products are designed according to them and they do not hurt anyone's beliefs and norms. (Leon G Schiffman, 1997)

Global Culture

In order to make sure that the products it is offering are in line with the global culture, Harrods needs to study the global trends of buying behaviour as well. Generally people around the globe have started preferring large

shopping malls over small specific buying areas. This facilitates a consumer in a way that all the products are available under one roof. As people are getting more and busier with their work lives, this saves time.

Moreover the world is also moving towards better quality products and services. Designer clothes and fashion apparel are getting popular. Brands are getting global. This trend of customers goes in favour of Harrods.

Multinationals have brought the consumer base to one platform which in a way has helped marketers to understand complex behaviours. (my library)

Reference Groups

Reference group is an actual or imaginary individual or group concealed of having significant relevance upon an individual's evaluations, aspirations and behaviour.

Marketers have seen that reference groups can strongly influence buying behaviours. Reference groups are particular set of people some people may look up towards to that have an impact on consumer behaviour. So they can be only a band like the Savage Garden or your direct family members.

Marketers have grouped reference groups into classes to comprehend the way the influence more clearly. (Micheal. R. Solomon, 2005)

Types of Reference Groups

Normative:

Some group and individuals are more powerful than others and affect a broader range of consumption decisions. A very good example would be family. Your upbringing really has a strong influence on your likes and dislikes, definitions of right and wrong. Family values and practices usually

do not change and develop basic standards of behavior. If a family is used shop from department stores rather than individuals outlets or it may be particularly Harrods then this practice may be passed on to further generations as well and this how the cycle goes on. (M. Khan, 2007)

Comparative:

These are the people you compare yourself to and can relate to e. g. friends, neighbors or a club you are a member of. Some of these may be ones you aspire and want to imitate. A person may start shopping from Harrods because a friend of his shops from Harrods and he likes it very much and recommended him as well. (M. Khan, 2007)

Reference groups can further be divided into direct and indirect reference groups: direct are the ones you have contact in person with and indirect may be the ones you may not have direct contact with such as celebrities. (Balythe, 2008)

Marketers cannot directly manipulate your direct reference groups or use them for their benefits but indirect reference groups can easily be used by marketers. Harrods needs to study about its consumers' reference groups and use them in its favour. If Harrods serves its existing consumers really well they will automatically prove to be a resourceful reference group for some potential consumers. They can also use celebrity endorsements referent powers. (Wagner, 2003)

Opinion leader

Opinion leaders are the people who have greater knowledge about a certain thing than a lay man so you respect their views and that may influence

consumer behaviour. Most of the times it would really affect the behaviour if the thing to buy is a highly technological product, may be a hi-tech computer and the opinion leader in that case may be a computer expert. (CL Tyagi, 2004)

Economic Environment

Economic environment has a great influence on buying behaviour. People usually spend more during good economic times and during an economic boom and likewise less during recessions.

Lately aggregate demand around the globe felt due to global recession. People were out of jobs and businesses were heading towards a downfall which left people with less disposable incomes on hand to spend. This may also be one of the factors leading to Harrods' reduced sales. (Angus Deaton, 1980)

Competition

Competition is another factor which influences the consumer behavior. This provides consumers with more options available so they start comparing between the available options and selects the one which benefits them the most. Harrods has a few potential competitors mentioned below:

Selfridges

There is store called Selfridges & Co. It is also one of the largest areas in the world with 540, 000 sq. ft of selling area. It is located on the Oxford Street which is a prime posh location. Like Harrods, it is also famous among consumers for providing a large range of products and services. The difference between Harrods and Selfridges could be that Selfridges is more

focused towards entertainment as it has 15 bars, cafes and restaurants inside the area. It has two more smaller department stores, one in Manchester and the other in (business week)

Marks and Spencer

Another strong competition would be Marks and Spencer (M&S). It is a British retail chain and it has 330 department stores and over 340 food location all over UK. It does not operate in UK only but has over 300 locations in countries including Indonesia, South Korea, India and China. The factor that differentiates M & S from Harrods is that its core range consists of mid-priced household items, fashion apparel and other products whereas Harrods is designed for the best or may be for everything rather a narrowed specific price range.

M & S has been in this market for more than 100 years and has been ranked as the no. 1 supplier of women wear. Moreover, the company makes 90% of its sales in its home country which certainly is UK. It can give Harrods a tough competition if Harrods get even a little bit lenient in its services (business week)

Fortnum & Mason

This is 300 year old department store. It is very famous for its food which includes jams, teas, and sauces. It also supplies Queen with annual Christmas puddings. It has five restaurants and though it generates most of its sales from food but it also sells gifts, luggage, household products, cosmetics etc.

Though its product range and the area of focus are not exactly same as Harrods but it can be counted as a competition and was mentioned by a number of consumers at Harrods. (business week)

Task 2: Recommended Positioning Strategy

Perception

A study of human perception can also help marketers to understand the consumer behaviour. Perception is the process by which people select, organize and interpret their sensations; where sensation is how are sensory receptors (eyes, ears, nose, mouth, fingers) to basic stimuli such as light, colour, sound, odor and texture. Like a computer system human mind also processes the information in order to perceive things. (Martin E Evans, 2009)

This is the age of sensory marketing. Marketers make use of impact of sensations on consumer's product experiences. They use vision, hearing, touch and taste in order to create an image of the brand in the minds of the consumer to create a competitive advantage. Marketers try and create brand's unique association with the sensation. (Hawyer, 2008)

Harrods may use a certain trade dress which is colour combination an organization uses so frequently that consumers start associating that brand with that colour combination. Whenever they see that colour combination around their mind recalls the brand in sub-consciousness. This is how marketers create an image that can last very long in the minds of the consumers through our sensations; as consumers start associating those brands to different things.

Consumer's perception about the brand consists of both its functional attributes as well as the symbolic attitudes. Functional attitudes may include its price; its features etc. and symbolic may include its image. Marketers have discovered that consumer's evaluation of a certain product is more dependent on what it means rather than what it does. This meaning has more to do with product's market position and it may be more to do with our expectations of the product as communicated by its colour, packaging and styling rather than the product itself. (Kathy Niel, 2007)

Therefore, Harrods should use these tools of sensation in order to create an image of Harrods that consumers cannot forget; an image that stays in the minds. It should create a certain sensation so that consumers can associate the brand with that sensation. This automatically attracts a consumer towards a brand as it creates a certain impact in the minds of the consumers that lasts for very longer periods of time.

Attitude

Attitude is actually a learned behaviour. They may be favourable and unfavourable attitude for a product or a service. Marketers say that attitudes have the quality of motivation, they can lead consumer towards certain behaviour or can even stop him from doing so. Harrods should try and develop a positive attitude about itself in the minds of the consumers. (Micheal. R. Solomon, 2005)

Harrods have had certain issues which may lead to a negative attitude. Harrods in order to maintain its glamorous image threw a lady out from the store. Eilene Kadden, from California, was ejected from the store because

she did not have the right image; she was too fat. Such kinds of incidents adversely affect the image of the brand and such incidents can lead to negative attitudes for the brand in the minds of the consumers. Harrods should respect its customers irrespective of race, colour, ethnicity and physical attributes of a person.

Tri-Component Attitude Model

According to this model attitude consists of three components which are cognitive, affective and conative components. (Micheal. R. Solomon, 2005)

The cognitive component consists of person's cognitions i. e. his knowledge and perception about the brand. This may be formed by a combination direct exposure and from other sources. Harrods should create a positive impression in the minds of the consumers through its image, service and behaviour.

The affective component is more about the feeling of the consumer. How related and emotionally attached he is to the brand. A family might be shopping from Harrods from last three generations and may develop an emotional attachment to the store. These emotions can further affect the actions of the consumers. They can be negative as well.

The Conative component deals with the actual behaviour of the consumer, it is also called the consumer's intention to buy.

This model can help Harrods to develop a positive attitude among its current and targeted consumers. Harrods should try to factually as well emotionally create a positive feeling about the brand.

Self

Self-concept is the beliefs that customer holds about himself. It can be positive as well as negative. At times you feel that a part of you is more positive. People buy products which they can relate to themselves. What is the reason that social class A is the major consumer at Harrods? It is that all the products are designed keeping the social class as a target market segment and so they can relate to it.

Positioning Strategy

This is the way a brand portrays itself and places itself in the minds of the consumers. Positioning a brand is a very crucial task. This is what can either make a brand or break a brand. When a marketer targets a certain market segments, it intends to differentiate itself from the other brands through its competitive advantage.

How to Position

When a brand is to position itself, the very first step when a business decides to enter the market is to describe the market in which the brand is to enter and to struggle. The market where Harrods is to compete is London. It is a posh area where people spend money to avail highest quality products and services. The next step would be to collect information from the relevant consumers about what perception they have regarding the competing brands in the market. Harrods needs to understand what attributes regarding the shopping stores are most favourable in the minds of the consumers. It needs a complete knowledge about the likes, dislikes, preferences and frame of mind of the relevant consumers it intends to target. It needs to determine the share of mind of all the competing brands

which are mentioned above including Selfridges, Marks and Spencer, Fortnum and Masom. It needs to rank the competitors and the attributes which would be hard to compete. At the end it needs to position itself using the combination of the preferable attributes and attributes of the brand itself to capture a territory in the minds of the consumer.

Era of Marketing

This is the age of Marketing. Marketing a brand is becoming more important than the product itself. The Marketers study the market in detail, segment the market into different segments based on demographics and psychographics and then select the most profitable segment as the targeted segment. All the products and services are then designed keeping that particular segment in mind. All the decisions are also taken in accordance to that particular targeted segment. (Gerit Antonides, 1998)

Harrods instead of taking decisions keeping the products and services in mind, needs to take decisions keeping the preferences of targeted consumers in mind. If a certain brand is preferred and renowned in US but people in UK prefer other brands over it which may even be of slightly lower quality, opting for that brand of better quality would not be a sensible decision. Harrods has taken some bad decisions in the past to save its glamorous image; it has kept a range of brands which are not even liked by most of the people in London which is a failure for Harrods to understand the psyche of its consumers.

Suitable Positioning Strategy for Harrods

The three major positioning concepts known among the marketers and they are functional, symbolic and experiential position. Functional position is

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when the firm shows itself as the solution to problems. It promotes the benefits that can provide and gain a favourable position.

Symbolic positioning is when a organization uses its image, belongingness and egoistic image which provides the consumers with social meaningfulness. This is the kind of positioning suitable for an organization like Harrods and this is what it has been doing in the past as well but a certain change is needed to make this symbolic position better. These changings would be mentioned further in the report.

Experiential position is when an oraganization makes use of the consumers sensory and cognitive stimulation and the concepts of perception to create an image in the minds of the consumers that consumers can relate to.

Harrods Current Positioning

Harrods has positioned itself as a high-end, glamorous, luxurious and high end department store. It has not positioned itself as a department store but as an unforgettable experience. Harrods has a reputation for excellence and a motto “ Everything for Everybody Everywhere”. Consumers know it as a place where you can buy everything. From sugar and potatoes to luxurious cars, everything is available at the Harrods. The major component or competitive advantage that Harrods has used is its grand image and variety.

Repositioning Harrods

Some of the Harrods policies to maintain its high end image has in turn adversely affecting its reputation. The incidents of forcing people out due to their physical appearance and strict dress code rules make customers inconvenient and lead to a negative impression. Harrods need to add a

component of humbleness in its positioning statement. The feeling that one gets when he hears about Harrods is of arrogance and attitude. A tinge of humbleness needs to be added to the image in order to create a positive impression.

Harrods should try and create an image of an environment friendly organization. People once protested against Harrods' selling animal fur. Such kind of incidents would not happen if you have you have a complete knowledge about you're the culture and values of targeted consumers and people around.

Harrods should encourage the brands operating inside the store to promote green environment and produce as many environment friendly products as they can and take steps for protecting the environment from every kind of pollution. This will lead to a responsible image about in Harrods in the minds of the consumers which will definitely in turn improve the sales.

Online and Offline Positioning Messages

As mentioned under the heading of repositioning Harrods, Harrods needs to promote a tinge of humbleness with its glamorous image. The current motto used by Harrods is “ Everything for Everybody Everywhere” and “ All things, for all people, everywhere” which portrays that literally everything is available at Harrods.

Messages like “ Everything that you need because we care!” would promote an image of care and responsibility on part of the organization. This would portray that the organization is not selfish about its own benefits only. The

attitude of the employees in the store will automatically depict the position and set a mark in the minds of the consumers.

Moreover for offline positioning, Harrods can launch campaigns for environment protection. It can sponsor such activities in order to create an impact and show that it actually cares and contributing towards the society.

Conclusion

Harrods is a very famous and well known brand. It has successfully achieved its targets and continuously improved and expanded over the years. Its management worked efficiently to satisfy the needs of its consumers. It was clear and focused on the segment it was targeting and therefore tailored its products accordingly.

Due to some external factors and some of the bad decisions that Harrods took declined its sales. The image that Harrods was enjoying is slightly damaged but its not late to make for the mistakes in the past.

Moreover, every firm needs to innovate and re-position itself according to changing environment. Harrods in order to earn its position back needs to make slight changes in its positioning. It should get more humble towards its customers and promote environmentally friendly products.

Task 3: Individual Critical Reflection on Learning Outcomes

Critical Reflection on Learning Outcomes

Before the start of the module, I was not sure of whether it will further enhance my learning or not. The theories I was to expected to apply in the

module were the ones I had already studied several times so I was not looking forward to any further new learning and experience.

As I started working on the module and started gathering information about Harrods, I realized that my perception about the module was entirely wrong. Though I didn't learn anything new in the module but it gave me an opportunity to apply what I have learned in a real life situation. All the concepts and course material that I studied in the course was practically applied to solve the given problem of reduced sales.

Moreover, while I was studying for the course I had an impression that most of the concepts mentioned in the course books are only for theoretical purposes and are not used or helpful to the firms in real life situations. My opinion was proven wrong while I working on the module as I saw that firms do use these concepts and they do help them in understanding the behaviour of consumers which is critical for their success.

This module was a great experience. Though collecting information and analysis was a little tough and tiresome but it was worth it. The data collection on the external factors influencing the consumer behavior was really difficult; classifying it and coming up with useful results and conclusions was even more troublesome. This module specifically enhanced my analytical skills and improved my confidence of practically applying theoretical knowledge.

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