Sony xperia – consumer behaviour

Business, Marketing

Executive Summary

The tenacity of the report is to acknowledge segmentation approaches and profile consumers that would be likely to purchase the Sony Xperia smartphone, as well as look at one segmented group that would suffice as a primary target market to promote the Xperia to. Sony is a large producer and distributer of electronic goods and have large product lines in relation to mobile phones, televisions and computers. Sony released it Xperia smartphone early in 2012 and has continued to excel in sales for the smartphone. The research for this report was conducted using Journal articles, Sony's company website and the textbook Consumer Behaviour. It was found that there were four main segmented consumer groups who would all have a vested interest in the purchase of the Sony Xperia however with the use of segmentation bases it was found that the segmented group, referred to as theCareercrazies were the best primary target audience when segmenting this product and profiling consumers. It was also established that Contactual and Aspirational reference groups played a significant role in the purchase decisions of consumers when buying the Xperia. It was concluded that Sony should target the career crazies as well as use celebrity endorsements to promote the Xperia smartphone.

Introduction

The purpose of this report is to develop a market segmentation for the Sony Xperia and profile four consumer group, who will be targeted when advertising and promoting the Smartphone. The chosen product, the Sony Xperia mobile phone is an android smartphone which includes features such as 23 hours of battery life, 4. 3 scratch-resistant TFT Touchscreen with wet

finger tracking, a 12. 1 Megapixel camera, 1. 5 GHz Dual Core processor and is light weight and available in black, white, yellow and pink (Sony, 2012). Sony is a leading producer of electronic goods and distributes many product types such as televisions, personal computers and even medical equipment. Sony is well known by many consumers as a front-runner in quality, affordability and product longevity and they have positioned the Xperia smartphone as a functional and compact solution that has many features to offer to its users, as well as a product that is likely to last and is in conjunction with the astounding standard that is associated with the Sony brand. Sony has also marketed the Xperia so that it promotes great value formoneyby advertising all the great quality characteristics for a practical price. Using this Xperia smartphone, it will be determined how Sony targets the market in order to achieve maximum sales as well as using the product to segment the market and attract consumers with the specialised features of the smartphone.

Background Information

Current market tends for mobile phones show a dramatic increase in volume growth of 23% of sales, wholeheartedly due to a 91% increase in volume growth for smartphones, with these products reaching a dominant share of 52% in unit volume in 2010 and 84% of value share due to their higher unit price (Euromonitor international, 2011). Current trends predict an expected increase in sales to young consumers under the age of 16 as they are expected to have an increase in interest in owning such a product and also have a growing financial strength. It is also anticipated that young

consumers will play and important role in consumption of smart phones as the price declines in years to come (Euromonitor international, 2011).

This study was formed over a four week time period with extensive research gained from the Sony website, as well as arguments formed inacademicjournals. Business reports will also be exploited to form the bases of current consumer trends regarding sales growth and predicted sales growth in years to come.

The Textbook Consumer Behaviour (Schiffman, O'Cass, Paladino, D'Alessandro, & Bednall, 2010) will also be utilised to form the bases of the segmentation and provide information regarding means-end theory. Given the above material. The following assumptions and limitations were made when writing this report. The scope of this study was limited to one specific product and was confined to a short time frame. Limitations were also placed on consumer opinion. It was assumed that the chosen target market was best profiled to suit the consumers that would be likely to represent the most common user of the Sony Xperia. It was also assumed that the level of influence that a reference group holds over the consumers purchase decision is largely dependent on the nature of the individual and the product itself.

The data used to complete this report included several journal articles, organisation websites and the Consumer Behaviour Textbook (Schiffman et al., 2010). The study was accomplished by accessing the needs of a consumer for a chosen product, then profiling specific categories of consumers who would most likely purchase the chosen product. It was then decided the main target market based on the segmented profiles and shown how that particular group would be best suited to the product at hand. Lastly

it was analyzed the ways in which the purchase decisions of the target group could be influenced by reference groups.

Consumer Analysis

The means-end theory sustains that a hierarchical model of three interconnected levels can represent the way consumers relate to products. (Leao, André Luiz M. de Souza, & Mello, Sergio C. Benício de, 2007). The first, being product attributes, which are best described as the characteristics of a product such as size, durability or quality. Secondly is the benefits sought, which refers to the remunerations requested in a product, such as convenience, professionalismor capability, and lastly is the lifestyle values of the product. This denotes the personal values judged by the consumer that are important to attain from the benefits sought. The following diagram conveys a means-end chain, which is described as a boundary betweencultureand consumer Behaviour. The means are the vehicle for achieving lifestyle values with the consumption ofgoalsas an intermediary between them (Schiffman et al., 2010).

Diagram One:

Market Segmentation

Market segmentation is the " process of dividing a potential market into distinct subsets of consumers and selecting one or more segments as a target market to be reached with a distinct marketing mix" (Schiffman et al., 2010. Pg. 20). The following four profiles were identified as consumer groups who are most likely to take an interest in purchasing the Sony Xperia. The first profile depicts the Social Butterflies, who are young women/ teenagers

that are highly sociable and enjoy communal networking. This group of young women is strongly influenced by their peers and would conform when making highly involved purchase decision such as the Xperia smartphone. The second profile is the Gadget Geeks. This group is identified as being young males who have a love for all thingstechnology.

This group of consumers is up to date with the current technology in today's world and enjoys the specification and functions of the Sony Xperia. The third profiled consumer group is the Golden Oldies. This group of consumers is acknowledged as being at a stage in their life cycle where they need a product that will help them in an emergency situation, as they are more susceptible to illness or injury. They are also recognized as having a need for the Sony Xperia as they need an effective form orcommunicationto stay in touch with their families and grandchildren in particular. It was also documented that this consumer group is highly influenced by their youngerfamilymembers when it comes to product purchases and the Xperia might be recommended by family members, due to its significant level of flexibility. The Last consumer group profiled is the career crazies. This cluster of consumers is observed as being career driven and has a need for high quality products that will assist them in their path to success. This group may be a good candidate for the Sony Xperia as it provides a high level of professionalism and is a leading piece of technology in today's business world (Sony, 2012). This category is also influenced by a need for uniqueness, as they need a competitive advantage over co-workers to excel in their current occupation.

The use of segmentation variables when profiling consumers into segmented groups is high regarded. Segmentation bases such as Benefits sought, Demographics, Purchase Behaviour andpersonality, lifestyle and socio-cultural values help to identify and profile these groups of consumers by assessing the needs and wants of a consumer, their current situation and many other factors. Demographic factors include variables like age, gender, income andeducationlevel and occupation.

These factors can help marketers determine if a certain category of people are best suited to the product, can afford the product and would be interested in purchasing the product (Lawson, R. W., 1988). Benefits sought refers to the remunerations gained from purchasing a product and can help marketers distinguish how best to promote the product based on the product attributes as well as gain an insight into what consumers these days are looking for in a smartphone, as well as giving producers a basis for product construction. Like benefits sought, Purchase behavior can also tell a marketer many things, such as how often a consumer users a product or a function on a specific product. This could be helpful in determining how best to improve a previous product or how best to create the next best smartphone in todays society, for example the previous model of Xperia created by Sony has many of the similar functions to the latest Xperia, this shows that the usage rate of the similar functions could be high as they were seen to be worthy to reusing int he current model.

Purchase behavior can also largely assist product adaptation. Personality, lifestyle and socio-cultural values also play an important role in the understanding of consumers as they give marketers an insight into their

current situation, what they need in a product and what matters most to them. This is a useful segmentation bases as it can also help build a product, as the producers of the Xperia will only include features that are useful to consumers and that are wanted by consumers. For examples the Xperia smartphone has a built in camera which could prove useful to a consumer who enjoys photography in their leisure time, or the built in MP3 player which is an important feature for the social butterflies as they enjoy product entertainment. It is event in the diagrams below that every aspect of the segmentation bases play a significant role in building the segmentation groups, and help form the bases of the best attributes of the target market.

Diagram   Two:

Social Butterflies:

Diagram   three:

Gadget Geeks:

Diagram   Four:

Golden Oldies:

Diagram   Five:

Career Crazies:

Based on the above segmentation variables for each consumer group, it is likely to conclude that the most effective primary target audience would be the Career crazies as their needs best match the benefits and attributes of the Sony Xperia. The career crazies are the most sizable consumer group as they consist of enough consumers to make targeting the Xperia profitable. They are also the most stable consumer group as they have a steady

lifestyle and are likely to grow larger and more viable in the future in relation to consumption patterns. They are also regarded as a good primary target market as they easily identifiable, and accessible, meaning marketers can reach the career crazies in an efficient and economical way. They may reach the career crazies through means of business magazines, or television channels that a targeted at people with a high interest in the business world or throughsocial media. Lastly it is evident that the Career crazies would be the most viable option for a primary target audience as not only do they meet the four preceding criteria when effectively targeting consumers they also value almost every benefit sought offered by the Xperia, such as the advanced Quality, interactive abilities of the Xperia and the capabilities and professionalism that comes with purchasing the Sony Xperia.

Decision making influences

Reference groups are defined as " any person or group that serves as a point of comparison for an individual in forming either general or specific values, attitudes or a specific guide for behavior" (Schiffman et al., 2010. Pg. 265). These reference groups have a significant influence over the purchase decisions of the consumers (Bearden, W. O., & Etzel, M. J., 1982) and in particular the Career crazies. There are four main categories of consumer reference groups, which can be represented by either Contactual, Aspirational, Disclaimant and Avoidance groups. The most relevant reference groups that have the most substantial influence of consumer purchase decision of the Sony Xperia are Contactual and Aspirational reference groups. Contactual reference groups are those that are direct and values have an encouraging influence. This group could include the consumer's

family, close friends or even work colleagues. This reference group could hold a significant influence of the Career crazies as family members can persuade the consumer to buy or not to buy the Xperia. Family members opinions hold a heavyweight to high involvement decisions and generally consumers listen to their family members judgments towards many products before making the decision to purchase them. Friends and co-workers also play an important role in positive product influences as if they own the product themselves it could motivate the Career crazies to want to purchase the product.

The other reference group that may hold a momentous influence over the Career crazies when deciding to purchase Sony Xperia is the Aspirational reference group. This group is indirect and values have a positive influence. This group is very similar to the Contactual reference group however it differs in that it has gradually broadened to include both direct individuals and groups and also indirect groups, such as celebrities or political leaders, people whom the consumer does not come in direct contact with. The Aspirational reference group like the Contactual reference group may also hold a high weight to purchase decisions regarding the Sony Xperia as if the Career crazies have a need for high status products and a need for conformity then they will be likely to purchase the product if they see a favorite celebrity using one or a promotionaladvertisementwith a well know celebrity endorsing the product.

Conclusion

This report focuses on the Sony Xperia smartphone and the importance of market segmentation and consumer profiling. The use of four segmentation

bases, were utilized to distinguish between each profile. Demographics, Purchase behavior, benefits sought and personality, lifestyles and socio-cultural variables were used to conclude the needs, wants and values of specific consumer groups. Four consumer segments were produced using the segmentation bases and were assessed in order to reach the most plausible target audience for the Xperia in order to best market the product. It was found that the consumer group, the Career crazies were the most likely to be the main target market for the Xperia as the main functions and values created by the Xperia were alignment with that of the outlined consumer type in the Career crazies. It was also found in the report that Career crazies are largely influenced by mainly, Contactual and Aspirational reference groups and the opinions of the direct and indirect individuals within the reference groups, are held high by the consumers in the Career crazies. Sony should target the Career crazies as they are identifiable, sizable, accessible and stable compared to the other identified consumer groups, such as the social butterflies or the golden oldies.

Recommendations

It is recommended that Sony should target the Career crazies segmented group as the benefits sought by this consumer group best matches the product attributes.

Sony should also use social media outlets such as Facebook and Twitter to promote the Xperia as it could help widen the accessibility to consumers as most young adults use these social channels. Using social media could also help Sony achieve a larger cliental base as it opens up pathways to faster and cost effective advertising.

It is also recommended that Sony focus on promoting the Xperia using celebrity endorsers as the primary targeted audience; the Career crazies are largely influenced by Aspirational reference groups and are more likely to purchase a product if a celebrity is promoting it.

Sony should also promote the Xperia through the use of business magazines as it has been identified as a way to reach the career crazies and promote the product through effective advertising, or product reviews.