Consumer Perception

Academic Script

Objectives:

1) To study the meaning of consumer perception.
2) To study the elements of perception.
3) To understand the concept of consumer imagery.

Introduction:

Consumer Perception refers to the process by which a customer selects, organizes and interprets information/stimuli inputs to create a meaningful picture of the brand or the product.

Individuals act on the basis of their perceptions, not on the basis of objective reality. In reality it is a totally personal phenomenon, based on that persons need, wants, values and personal experiences.

Elements of Perception:

1) Sensation

Sensation is the immediate and direct response of the sensory organs to stimuli. A stimulus may be any unit of input to any of these senses. Ex. Include products, packages, brand names, advertisements and commercials. Sensory receptors are human organs that receive sensory inputs. Their sensory functions are to see, hear, smell, taste and feel. All these functions are taken into action either singly, or in combinations in the evaluation and use of most consumer products.

2) The Absolute Threshold

The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect a difference between "something" and "nothing" is that person's absolute threshold for that stimulus.

3) The differential Threshold

The minimal difference that can be detected between two similar stimuli is called the differential threshold.

4) Subliminal Perception

People are motivated below their level of conscious awareness. People are also stimulated below their level of conscious awareness. Stimuli that are too weak or too brief to be consciously seen or heard may nevertheless be strong to be perceived by one or more receptor cells. This process is called subliminal perception because the stimulus is beneath the threshold, though obviously not below the absolute threshold of the receptors involved.

5) Perceptional Selection

Consumers subconsciously exercise a great deal of selectivity as to which aspects of the environment they perceive. An individual may look at some things, ignore others and turn away from still others. In reality people perceive only a small fraction of the stimuli to which they were exposed. The stimuli getting selected depends on two major factors:

a) Consumers previous experience as it affects their expectations and
b) Their motives at the time.

6) Perceptual Organization

People do not experience a numerous stimuli they select from the environment as separate and discrete sensations rather they tend to organize them into groups and perceive them as unified wholes.

7) Perceptual Interpretation

Stimuli are often highly ambiguous. Some stimuli are weak because of such factors as poor visibility, brief exposure, high noise level, etc. Even the stimuli that are strong tend to fluctuate dramatically because of such factors as different angles of viewing, varying distances and changing levels of illumination.

Consumer Imagery:

Consumers have a number of enduring perceptions, or images, that are particularly relevant to the study of consumer behavior. Products and brands have symbolic value for individuals who evaluate them on the basis of their consistency with their personal pictures of themselves.

Consumers formulate images of the marketing stimuli that they are faced with; this is referred to as imagery. The perceived images that get formed may relate to the product/service offerings and the marketing mix.

1) **Product and Service Offering and Imagery:** The product and its image has an important bearing in today's era, when the market is competitive and not much differences exist within brands. While making purchase decisions, consumers are faced with numerous alternatives and purchase decision is often made on the basis of the image that the product/service offering or the brand holds. Through positioning, the marketer creates an image of the product/service offering and /or the brand in the mind of the consumer. This positioning may be on points of parity, stressing how he is better than the competitor or it may be on points of difference, stressing upon the unique selling position. The product/service offering may require a repositioning with change in the market like entry of competitor brands, changing customer preferences, etc which is an expensive exercise both in terms of time and money. The marketer also creates an image and personality of the product in congruence with the self image and the personality of the target segment. The consumer tries and relates the product to himself, his need and motivation, his self-concept and personality. He assesses the offering on the basis of the image and desires, for or against the purchase of such an offering. Those product offerings that match the personality are selected and bought and the rest are ignored. The purchase of such offerings help them preserve or enhance their self images.

2) Perceived Price and Imagery : The manner in which the marketer prices a product and creates an image also has an impact on consumer decision making. The manner in which a consumer perceives a product to be

- Fair/unfair, or

- High priced, medium priced or low priced has an influence on his purchase intention, action as well as satisfaction/dissatisfaction. Price and the related issues are discussed as-

a) Fairness of Price : Consumers consciously or sub-consciously, give a lot of importance to fairness of price. A consumer always compares the price that he pays for an offering to that which is paid by other. Differential pricing strategies used by marketers are looked upon other customers as unfair practices. Perceived fairness of price leads to customer contentment and subsequent satisfaction. Any kind of unfairness leads to discontinuation of the brand usage and a switch over to other brands.

b) Reference Price- Perception of price as high, medium or low : The reference price is defined as a base price that a consumer uses to compare against another price. These may be internal or external. Internal reference prices are prices that are internal to the consumer, stored in his memory and retrieved from the memory bank when required. For ex. A lady bought rice in July at the rate of Rs. 45/kg. When she goes to buy it again after few days, the shopkeeper asks her for Rs. 52/kg. Her immediate reaction would be to comment that rice has become expensive and this comment would be from her memory bank and would be referred to as the internal reference price. External reference prices are used by the adviser who communicates with the customer by mentioning that the product is sold elsewhere at a much higher price, than what it is being by this product brand. This communication is persuasive in nature to influence the consumer that the offer is a good buy that the deal is a good one. Prices are also perceived as high, medium and low. When we see in the terms of internal and external as well as high, medium or low, price is defined as plausible high, plausible low and implausible high. When prices fall well within the range of market prices, they are referred to as plausibly low; when prices are such that are near the outer limits of the range, but within reasonable limits, within believability, they are referred to as plausibly high and when prices are such that they lie much above the realm of reasonableness, and the consumer's perceived range of acceptability, they are referred to as implausibly high. As long as the marketer's advertised price falls within a consumer's acceptable range, i.e.

It is plausibly low or plausibly high, it would be assimilated; else, it would be contrasted and negated and would not qualify as a reference point.

c) Various kinds of slogans in various formats can be used by a marketer to his/her advantage,

- ✓ 20% off at store ABC. Sold elsewhere at Rs.500. Such slogans tend to communicate "value" to the customer, through perceptions of increased savings and low price. The consumer then decides to patronize store ABC.
- ✓ The wording and the semantics used to denote price or any information related to prices can also affect a consumer's perception about price. Objective price claims are indicative of a single discount generally for a specific product or service offering. Tensile price claims are spread over across a range. Such claims are generally spread over a wide assortment or even across a store. They have a greater impact on the consumer mind than objective price claims, and help build store traffic, and subsequently larger sales and revenue.

d) Discount levels : Advertisements indicating discount levels can be framed variously and their effectiveness varies across formats; where advertisements are framed as stating the minimum discount level, consumer's shopping intentions are less favorable than advertisements that state the maximum discount level. The effectiveness of advertisements that specify the maximum discount level, either equals or exceeds the effectiveness of ads stating a tensile discount range.

d) Bundle pricing: When a marketer sells together two or more product and or service offerings as a single pack at a special discounted price, it is known as bundle pricing. It has a positive effect on the consumers' perception. The consumer feels happy with regard to the increased savings that he will be able to get out of buying the products together, rather than buying them individually at a higher price. Bundle pricing enhances the value of the offerings through decreased prices and increased savings.

3) Perceived Quality and Imagery : Consumers judge the quality of the product offering on the basis of internal and external cues;

Internal cues refer to the physical characteristics internal to the product or service like size, color, etc while

External cues refer to cues that are external to the product or service like price of the product, brand image and so on. Such cues provide us with information about the product or service quality. For some product offerings, the quality can be assessed using intrinsic cues or physical characteristics. For other product offerings, the quality cannot be wholly and accurately assessed using such intrinsic cues or by experience alone, the consumer depends on extrinsic cues to assess quality:-price: the higher the price, the better the quality. It is difficult to judge quality in the case of services, due to the characteristics that differentiate services from products, i.e., intangibility, heterogeneity, perishability, inseparability of production and consumption, irreversible or irrevocable action, etc. Comparisons are made between expectations and perception, so as to determine the gaps and assess quality. However with respect to consumer perception of quality of services and imagery, consumers rely on extrinsic cues like surrogate cues to evaluate quality.

Unlike products, the quality of services may be inconsistent and vary across days. For eg. During peak hours or during certain months of the year quality may be affected, due to excess demand. Thus they provide off season discounts and rebates and also run promotion schemes in non-peak demand periods so as to streamline and distribute consumer traffic.

4) **Price/ Quality Relationship and Imagery:** Consumers relate price with quality and price is seen as an indicator of quality. The higher the price, the better is the quality, as has been perceived by researchers, academicians and the general public. Marketers often try and justify the increased price by stating how this is related to better quality of the product and service offering. They also relate the increased price to the product/service attributes, features and the overall benefits that the offering provides. Over and above this they try and link price and quality with the reputed brand name and image, and very often, even the store image. It is not worthy that when a consumer has prior experience with the brand or is familiar with the brand name and the brand image, price would become a less important factor in the assessment of quality.

Also while price of the product/service offering has a positive effect on perceived quality, price has a negative effect on perceived value and respondents' willingness to buy. This perception of an increased price and quality relationship may counteract for a marketer who sells higher end as well as lower end products. In such a case, while the high price would imply a superior quality, the lower price may imply a inferior quality and may harm the sales of the lower end products. That is why it is advisable to brand the product individually rather than as a family. For eg. Uniliver has practiced this successfully while Lakme is a high end range, Elle is an economy range. They are meant for two different segments, positioned and priced accordingly.

5) Retail Store and Image: Just as product and service offerings are positioned and clearly indicate the segment(s) for which they are aimed, similarly retail stores are also positioned. Not only are they indicative of the product/service offerings that they sell, but the layout, design, ambience and the price of the offerings clearly demonstrate the segment(s), for whom they exist. In fact the mannequins that they keep reflect the store's image. As mentioned above, consumers tend to shop in stores that have images consistent with their own self-images. Thus retail stores create images for their self, which illustrate the kind of and the quality of products they stock and carry. They also position themselves in a manner that is indicative to the consumers if they should shop there or elsewhere.

A) Layout and ambiance: They layout, design and ambiance of the retail store reflects the kind of product lines it carries. The store could be a specialty store catering to clothing and apparel or a departmental store catering to edibles, clothing and even durables. The design and ambiance would vary considerably across the two kinds of stores. Compared to layout, ambiance has a greater impact on consumer perception.

B) Labelling: Retail stores undergo this exercise to create an identity for themselves. The effect of the store image translate to the products as well and vice-versa. Consumers relate the well-known retail name with the assortment that it carries. They perceive high quality and value in goods that bears a well known retail name. Retail stores go in for putting their own labels on creations of others.

C) Pricing : The retail store and its image is greatly impacted by the price of the offerings and the discounts that it offers. Specialty and super-specialty stores price their offerings high and offer hardly any discounts, except during festive seasons or sales. On the other hand, department stores and general stores offer discounts, such stores could offer a small discount on a large number of items or larger discounts on a smaller number of products. While the former provides frequency of price advantage, the latter provides magnitude of price advantage; stores that offer a small discount on a large number of items are perceived to be having lower prices overall than stores that offer large discounts on a smaller number of products.

6) Manufacturer name and Image : Consumers are more receptive to product and service offerings that emanate from a respectable, credible and reputed manufacturer, rather than one who is less favorable, or neutral or totally unknown. Not only do they prefer buying from such sources, but they also patronize offerings from respectable manufacturing houses. Consumers prefer old traditional business houses; they also prefer pioneer brands.

Brand Image: Consumers tend to form images of a brand; brand image is defined as the manner in which the consumer forms perception about a brand. It denotes the set of associations related to the brand, that the consumer retains in his memory. Marketers aim at creating and maintaining a positive image about their brands. Such an image gets created by product features, attributes, quality as well as the satisfaction. The marketer also goes in for advertising and other promotional activities for creation of a brand image. The cumulative effect of a positive image results in a broad recall and brand loyalty. However if dissatisfied with the offering, the marketer could face a negative brand image. While marketers often go in for price promotions like discounts, rebates, etc they should be careful. Frequent adoption of such schemes could harm the "premium" or "value" image" created by the brand and develop a "discount" image instead. It is noteworthy that with time as they receive more information, consumers could modify or completely change their perceptions about a brand.

Summary:

So, friends in today's session we have learnt about

- **Consumer Perception**, which refers to the process by which a customer selects, organizes and interprets information/stimuli inputs to create a meaningful picture of the brand or the product.
- **Sensation,** which is the immediate and direct response of the sensory organs to stimuli.
- **The Absolute Threshold** which is the lowest level at which an individual can experience a sensation is called the absolute threshold.
- **The differential Threshold, which is the minimal difference that can be detected between two similar stimuli,** is called the differential threshold.
- **Consumer Imagery** in which Consumers have a number of enduring perceptions, or images, that is particularly relevant to the study of consumer behavior. Products and brands have symbolic value for individuals who evaluate them on the basis of their consistency with their personal pictures of themselves.