

# Lecture #10

## MKT503 Marketing Management



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*Rajesh Verma*

# Discussion – What went wrong?

Harp Lager, 1974, Nigeria. 2<sup>nd</sup> lager brand to be brewed in Nigeria after Star Lager beer of NB. The brand enjoyed some success initially in 1970s and early 1980s until it ran into hard times due to aggressive marketing and distribution of Star lager and Gulder lager.

Harp lager brand got a massive lift in the year 2005, made it a "bar hold " name, and was neck in neck with the Star lager.

Guinness Nigeria decided to extend the brand Harp, the result was "**HARP LIME**" a brand of lime-flavored lager which came in 33cl bottles and cans, which was priced at par with mainstream 60cl lager brands

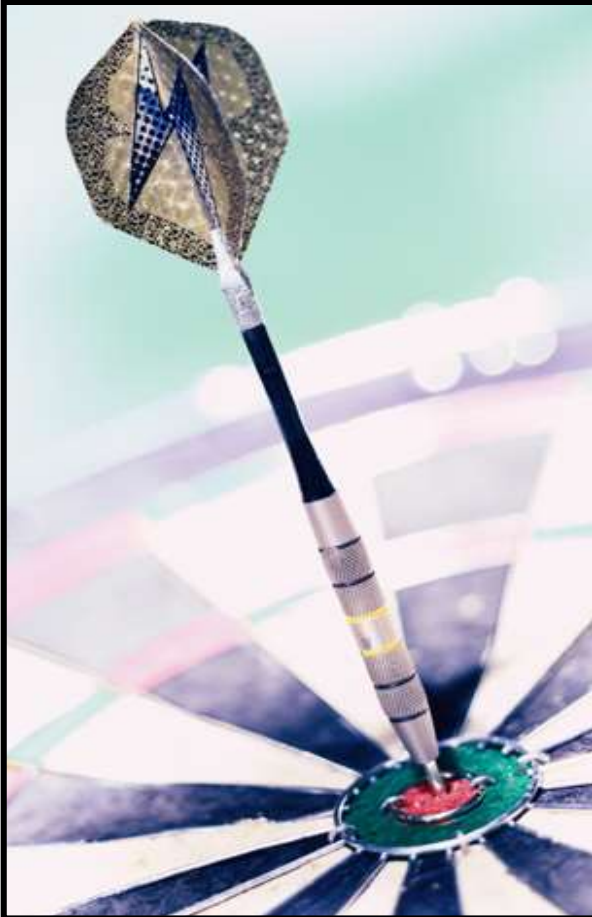
The product failed. Why?



# Discussion – What went wrong?

- Nigerians do not enjoy lime as a fruit, most Nigerians use the fruit for anything other than a refreshment fruit.
- The brand was overpriced, pricing a 33cl lager at par with a 60cl lager did not sit well with consumers. It that was a recipe for failure.
- There was absolutely no need for that variant from the consumer angle.





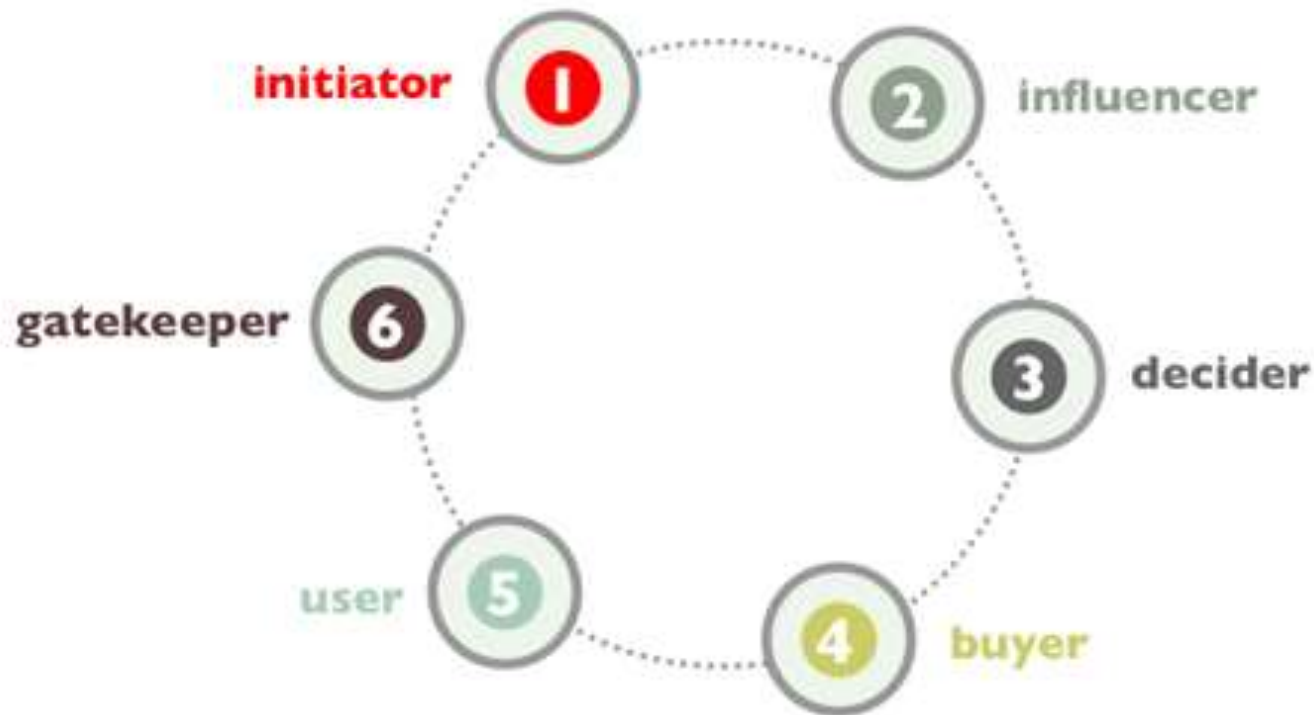
After this session you will be able to:

- Evaluate the **key influences** on consumer purchases.
- Understand the **Consumer decision making process** and its implication for marketers.

**Consumer behavior** is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.



# SIX BUYING ROLES






HOME MARKETS STOCKS INDUSTRY ECONOMY MONEY AUTO INFRA SME BRANDWAGON US STOCKS

**INVEST** square yards

COVID-19: Nestle says consumer behaviour changing, essentials 'taking precedence' over luxury

By: PTI | August 30, 2020 4:54 PM

Stating that the coronavirus crisis has witnessed "re-calibration of the consumer wallets" amid economic disruptions, he said certain terms like quality, safety, nutrition and trust have gathered more prominence as consumers are preferring "tried and tested" brands in these uncertain times.



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## Stimuli

### Marketing and other stimuli

<u>Marketing</u>	<u>Other</u>
Product	Economic
Price	Technological
Place	Political
Promotion	Cultural



## Organism

### Buyer's black box

Buyer characteristics  
 Buyer decision process



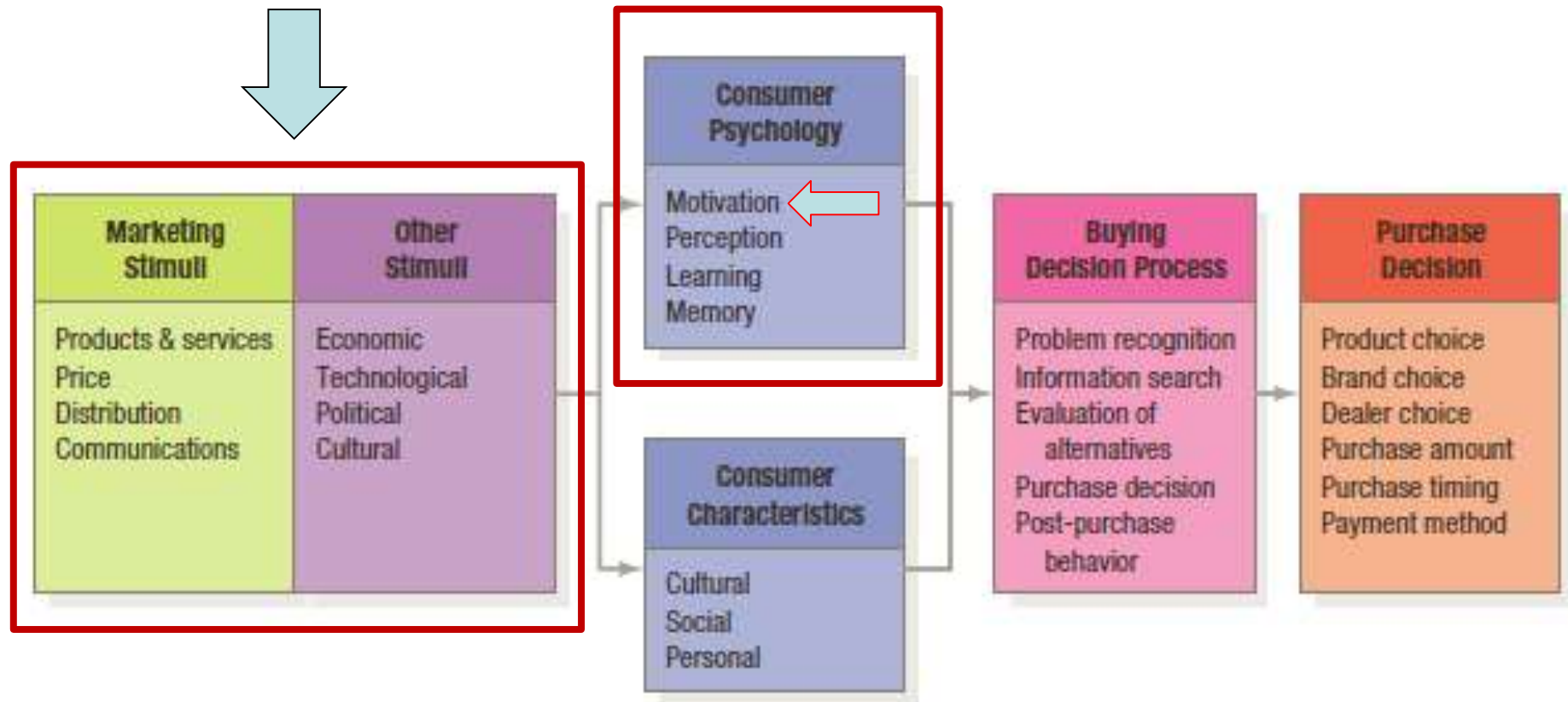
## Response

### Buyer responses

Product choice  
 Brand choice  
 Dealer choice  
 Purchase timing  
 Purchase amount




# Key Psychological Processes




- **Need** (Biogenic & Psychogenic) becomes **motives** when it is aroused to a sufficient level
- **Maslow** – People are driven by different needs at different times.
- **Herzberg** – Developed two-factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) from satisfiers (factors that cause satisfaction).
- **Freud** – Psychological forces that shaped peoples behavior are unconscious.

# To Which of Maslow's Needs Does This Ad Appeal?

- A. Physiological
- B. Safety
- C. Social
- D. Esteem
- E. Self-actualization



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Blue Hill at Stone Barns/  
Blue Hill Restaurant  
Butter  
Champagne Nicolas Feuillatte  
Clement Club & Flatiron Lounge  
Convivio  
Craft & Craftsmen  
Dell'Anima  
District Restaurant  
Dorset  
Eighty One  
Eleteria  
Fidell  
Fragoli  
Hill Country  
Insolite  
at The Michelangelo Hotel  
Le Bernardin  
Le Cirque  
L'Esca, The Restaurant of  
The French Culinary Institute  
Lever House Restaurant  
Molyvos  
Morimoto  
Oceano  
Oust & The West Branch  
Palmer d'Or Champagne  
Park Avenue Autumn  
Patron  
P.D.T.  
Pegu Club  
Per Se  
Porter House New York  
Restaurant Tom Aikens  
Rings  
Table 8 at The Cooper Square Hotel  
Telepan  
The Spotted Pig  
Tolosche

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# Multiple Needs

Both  
Physiological and  
Social Needs



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Convivio  
Craft & Craftsmen  
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District Restaurant  
Dorset  
Eighty One  
Elettaria  
Fishtail  
Fragoli  
Hill Country  
Insolite  
at The Michelangelo Hotel  
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Pegu Club  
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Rings  
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AN ANCIENT PREJUDICE  
HAS BEEN REMOVED

*False modesty is a relic of an ancient prejudice. AMERICAN INTELLIGENCE has cut it away, and, in behalf of better health and pure enjoyment, sponsors the fashion of sensible swimming attire.*

"TOASTING DID IT"—

Gone is that ancient prejudice against cigarettes—Progress has been made. We removed the prejudice against cigarettes when we removed harmful corrosive acids (pungent irritants) from the tobaccos. Thus "TOASTING" has destroyed that ancient prejudice against cigarette smoking by men and by women.

**"It's toasted"**  
No Throat Irritation—No Cough.

© 1935, The American Tobacco Co., Manufacturers

**LADY'S FIRST**

A KARCSÚ FORMA  
ÉS A VÁLOGATOTT  
DOHÁNYFAJTÁK HARMÓNIAJA

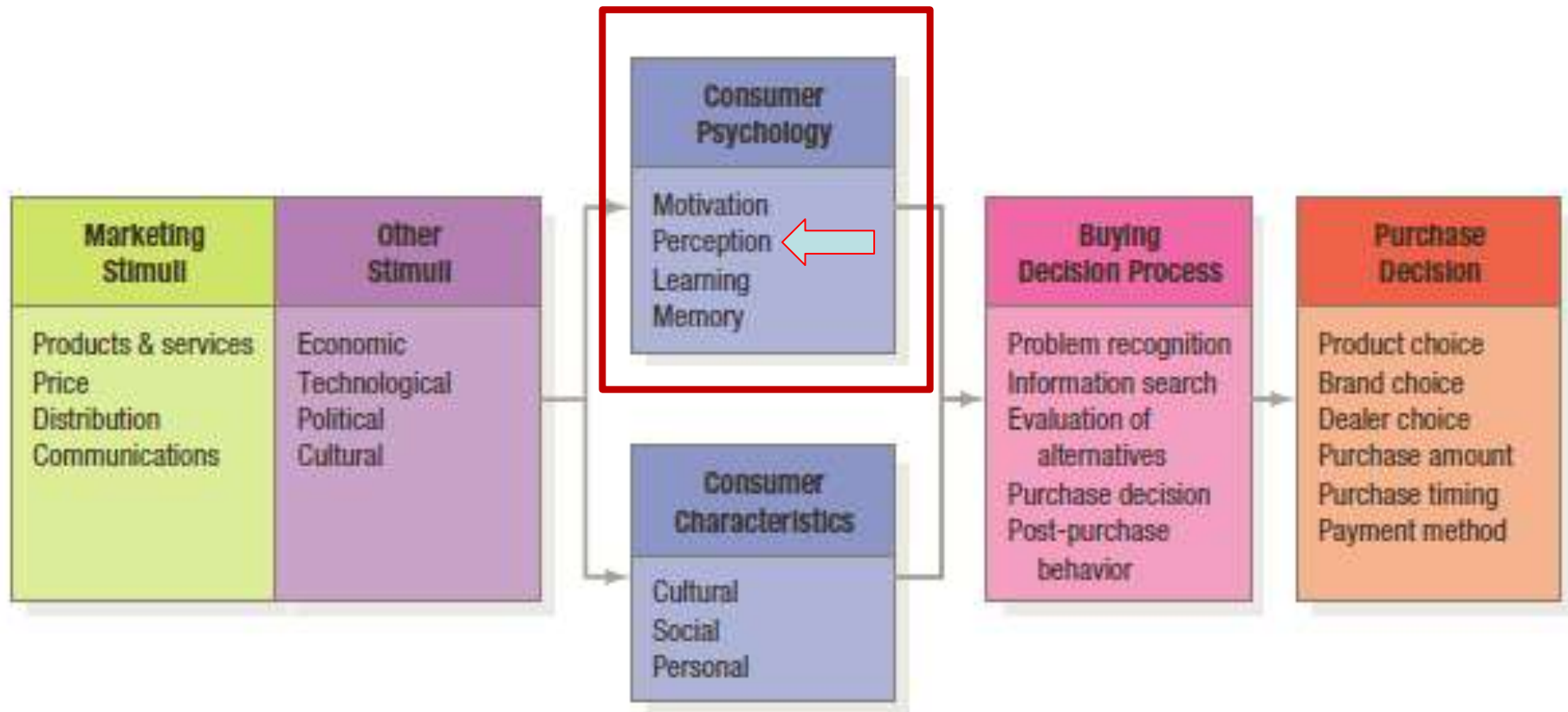
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AMERICAN BLEND  
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**LIGHT AND SLIM**

A DOHÁNYZÁS KÁROS AZ EGÉSZSÉGRE!

# Key Psychological Processes





## 2. Perception

- **Perception** is the process by which we select, organize, and interpret information inputs to create a meaningful picture of the world.



### *Selective Attention*

allocation of  
processing capacity  
to some stimulus



### *Selective Retention*

People tend to remember  
information that supports our  
attitudes and beliefs



### *Subliminal Perception*

are not consciously  
aware of them

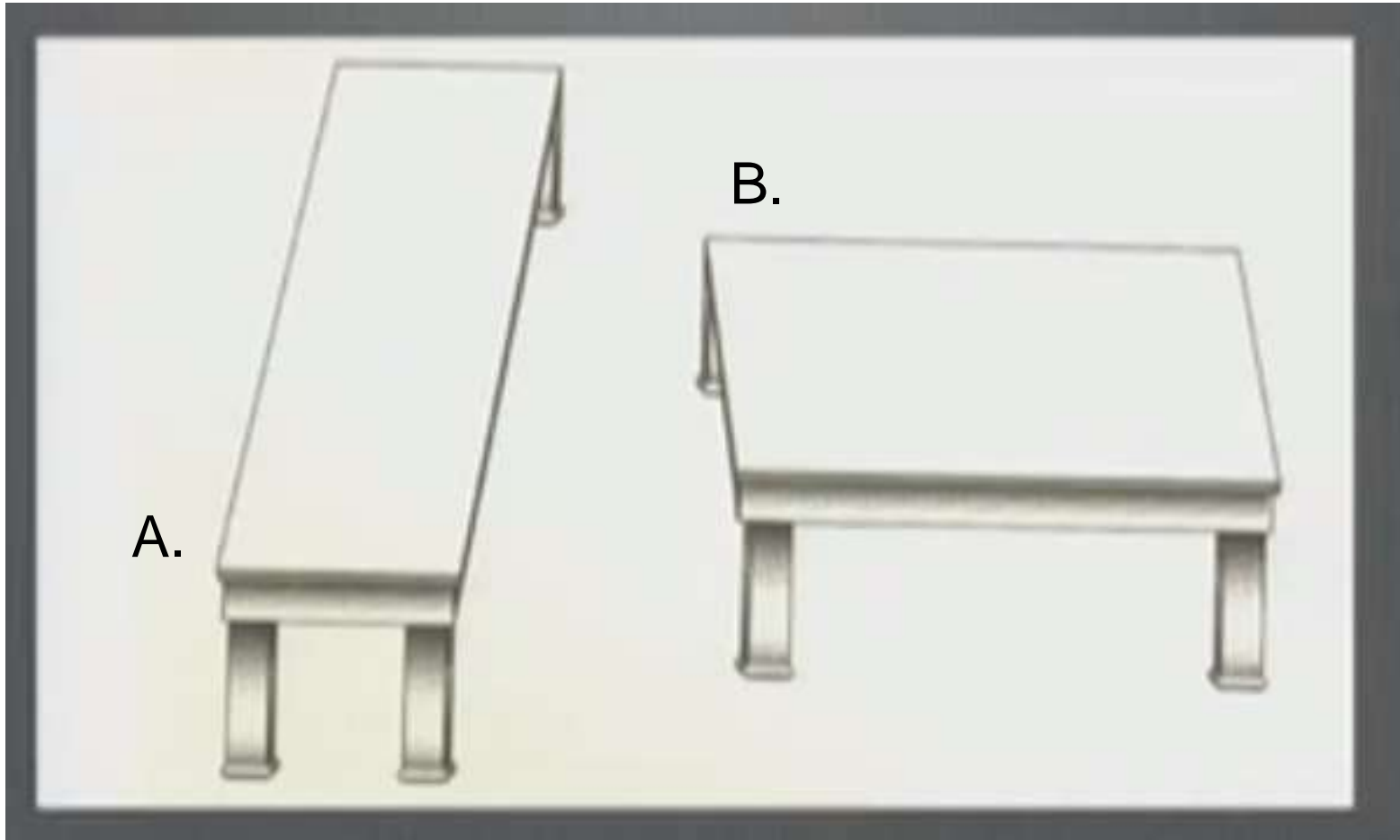
### *Selective Distortion*

tendency to interpret  
information in a way that  
fits our preconceptions



The FedEx logo is displayed in a large, bold, sans-serif font. The word "Fed" is in blue, and "Ex" is in orange. A registered trademark symbol (®) is located to the right of the "x". The logo is centered on a white background.

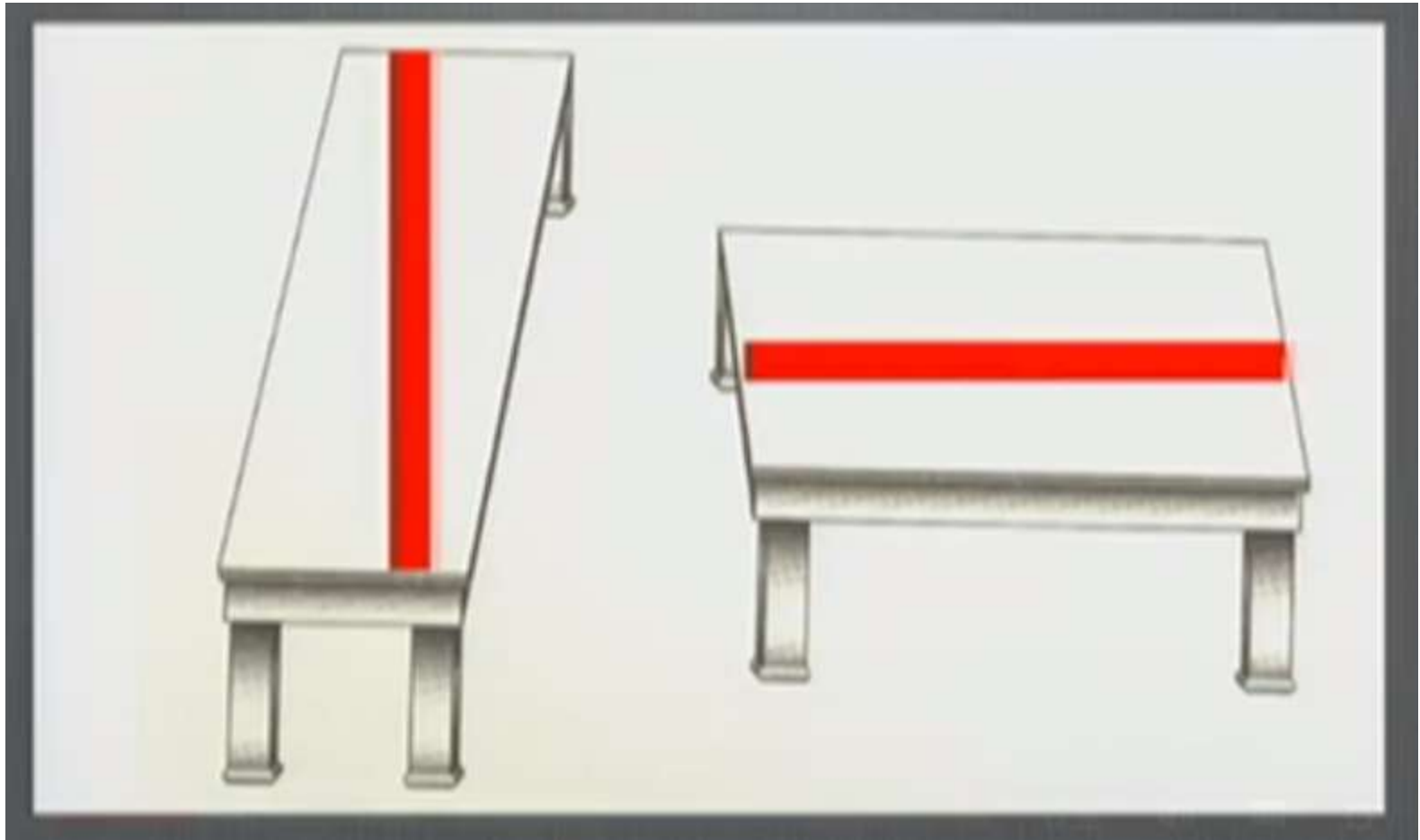


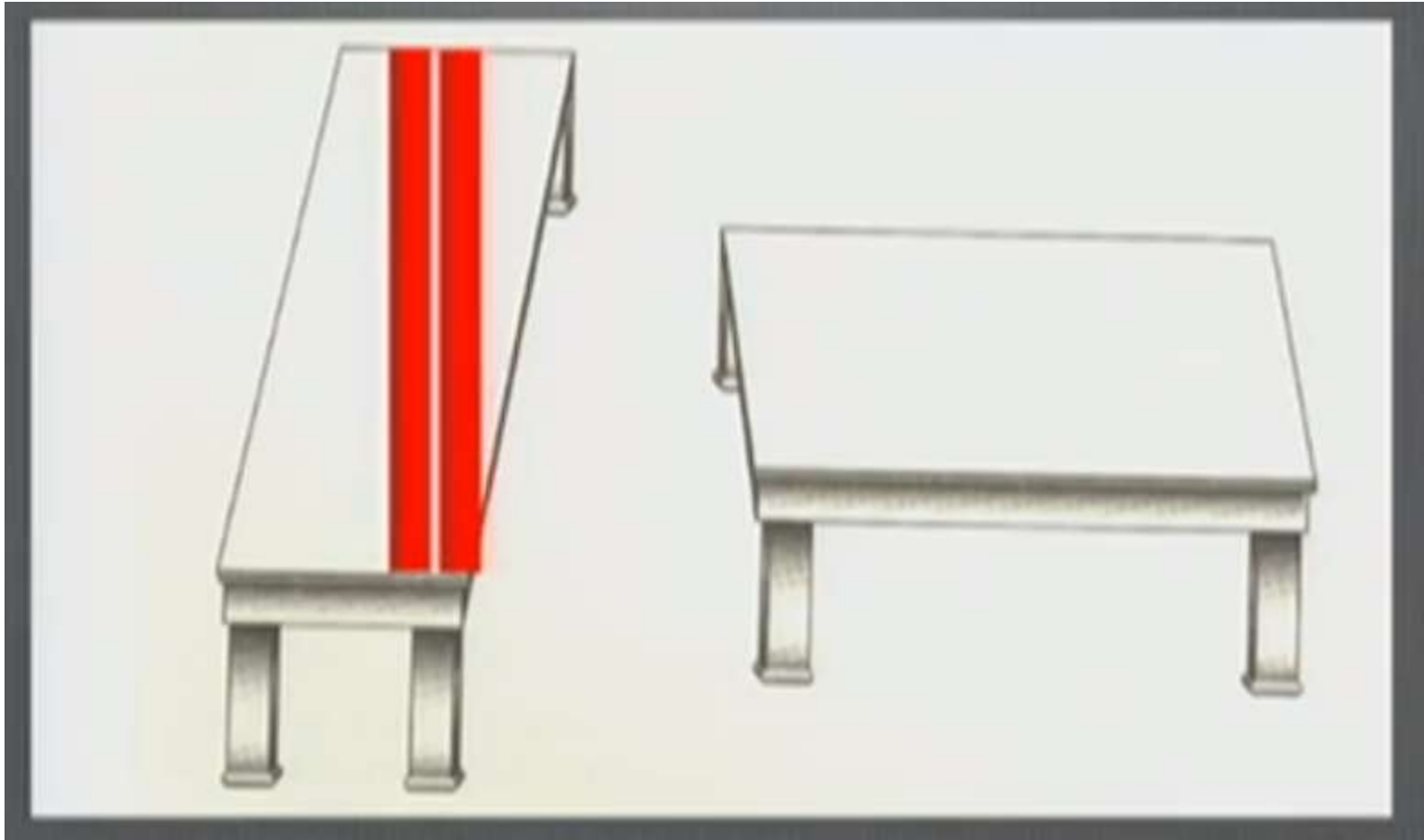




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## Rethinking glow: Consumers expect 'a lot of things', says Oriflame scientist

By Kacey Culliney

20-Sep-2022 - Last updated on 20-Sep-2022 at 20:48 GMT



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In Mexico and China, for example, glow was not just about outer appearance, rather more closely linked to “*vibe and lifestyle*”, he said, with Mexican consumers talking about feeling happy and Chinese consumers about health and being “*clean inside*”. By contrast, UK consumers considered glow very much external and related to having a “*subtle shimmer*”, he said.

The global consensus on glow, however, was that it related to “*healthy skin*”, he said.

<https://www.cosmeticsdesign-europe.com/Article/2022/09/20/Skin-glow-definitions-differ-amongst-consumers-from-radiance-luminosity-happiness-and-health-finds-Oriflame>

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**COVID-19**

## COVID-19 Brief: Survey shows consumer perceptions of insurers improving in Asia during pandemic

August 11, 2020 | COVID-19

The novel coronavirus outbreak has presented the life and health insurance industry with numerous challenges, from transitioning to remote working to adapting established processes to meet demands of the "new normal."

As insurers play a crucial role in the response to and recovery from the crisis, are they facing yet another challenge: a potential reputational risk?



### The Authors

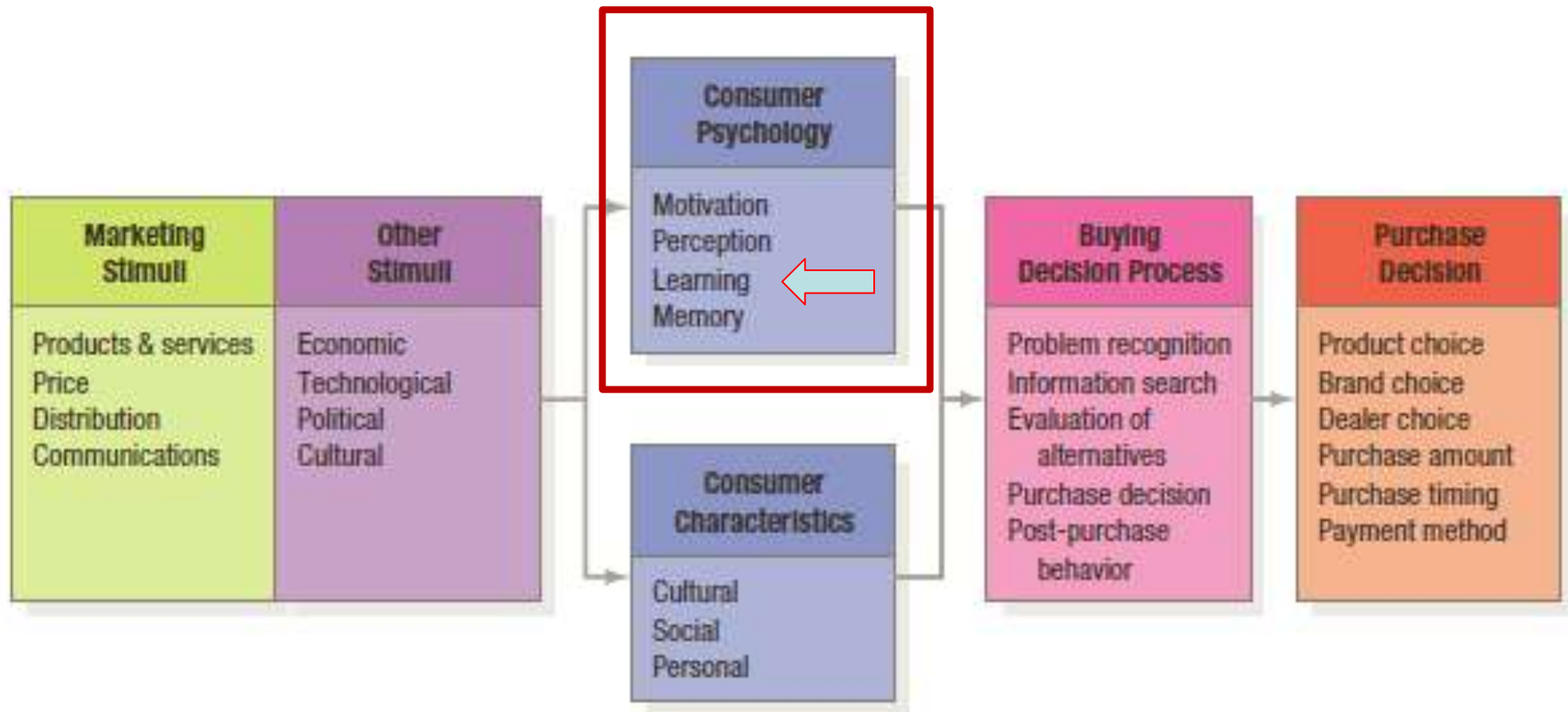


Neill Muller  
Chief Marketing Actuary  
Asian Markets



<https://www.rgare.com/knowledge-center/media/covid-19/covid-19-brief-survey-shows-consumer-perceptions-of-insurers-improving-in-asia-during-pandemic>

# Key Psychological Processes



- **Learning** induces changes in our behavior arising from experience.
  - A **drive** is a strong internal stimulus impelling action.
  - **Cues** are minor stimuli that determine when, where, and how a person responds.
  - **Discrimination** means we have learned to recognize differences in sets of similar stimuli and can adjust our responses accordingly.



## An MBA student requires a business suit for his campus interview season

### Motivation

- Relevance of need and goal
- A need that motivates Action

Requirement of a business suit for interview.

### Cues

- A stimulus or symbol to drive action
- It directs a drive when they match consumer Expectations

Discounts/Sales; Or,  
Good deals; Or,  
Good designs.

### Response

- Action to satisfy need.
- The reaction or behaviour relative to a drive or a cue

The student sees a discount in a store and goes and buys from the shop; Or,  
He is unable to find a color of his choice but he likes the brand/dealer and so decides to come back after a week when the fresh stock arrives and he can get the color of his choice.

### Reinforcement

- The feedback a consumer receives.
- The reward or action.

If he buys the suit and finds it comfortable and long lasting, he would buy the same brand or buy from the same shop again. In case he doesn't he would change his brand.



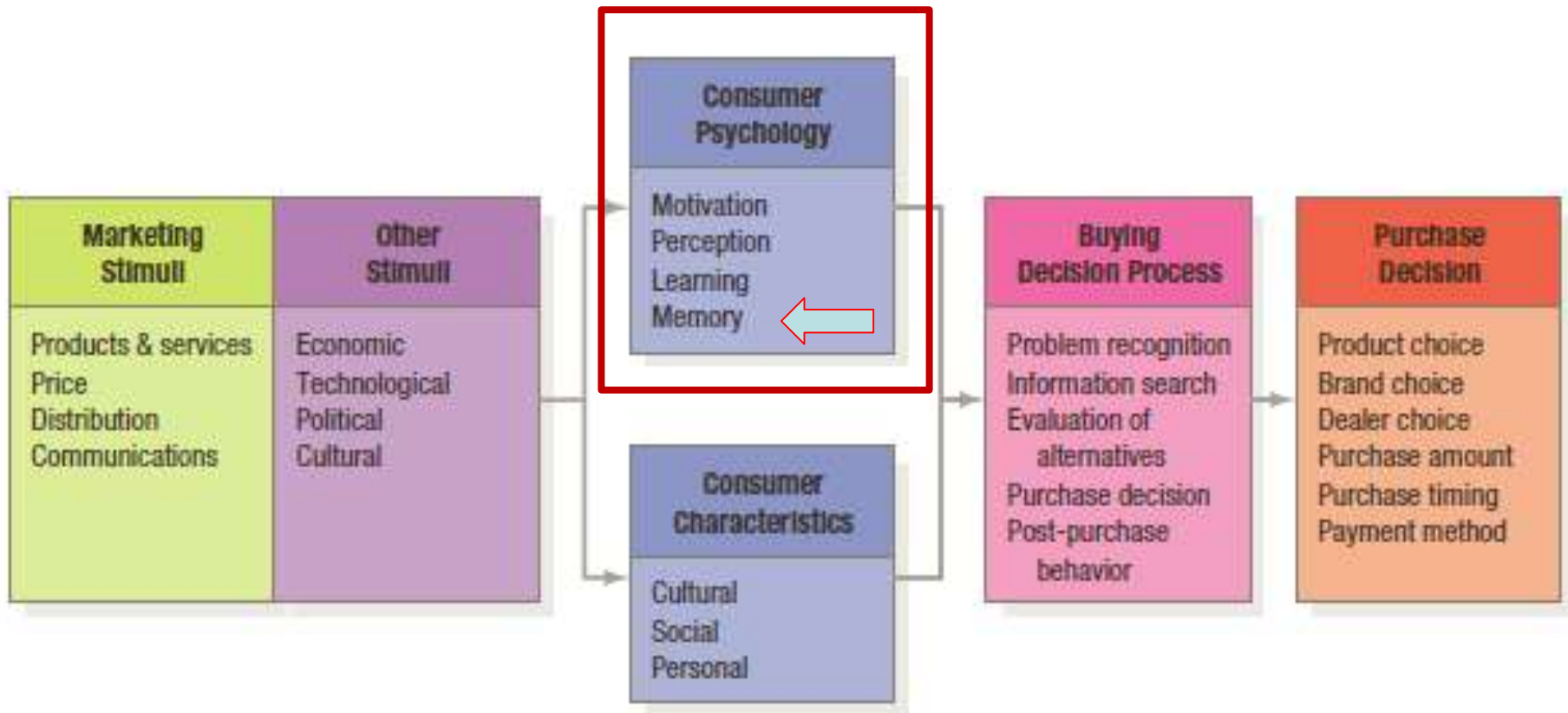


# The Real Magic Christmas Truck Tour





# Key Psychological Processes



Memory consists of two interrelated components:

## **1. *Short-term Memory (STM)* - working memory**

- is that portion of total memory that is currently activated or in use.

## **2. *Long-term Memory (LTM)***

- is that portion of total memory devoted to permanent information storage.
  - Semantic memory is the basic knowledge and feelings an individual has about a concept.
  - Episodic memory is the memory of a sequence of events in which a person participated.

Which Memory is  
being Created in  
this image

A. Short Term

B. Long Term





Which Memory is  
being Created in  
this image

A. Semantic

B. Episodic





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# APPLICATION - MEMORY

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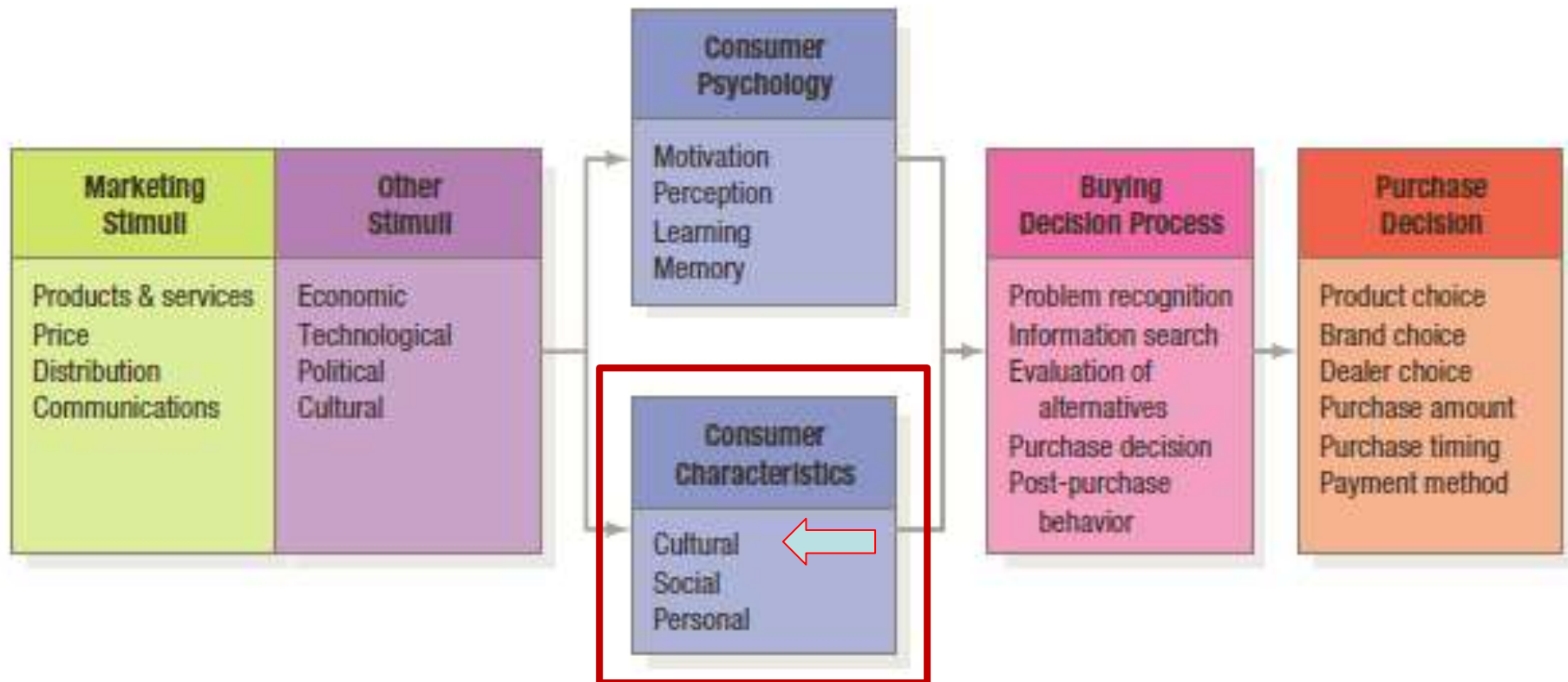
Free Gold Coins\*  
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from 5th to 7th Dec. 2014.

**Up to 15% off** on a single piece of diamond jewellery worth ₹2 Lakh and above.

\*Conditions apply • Get free gold coins on every jewellery purchase of 10grams of gold jewellery or diamond jewellery worth ₹10,000/- • Two or more offers cannot be clubbed.

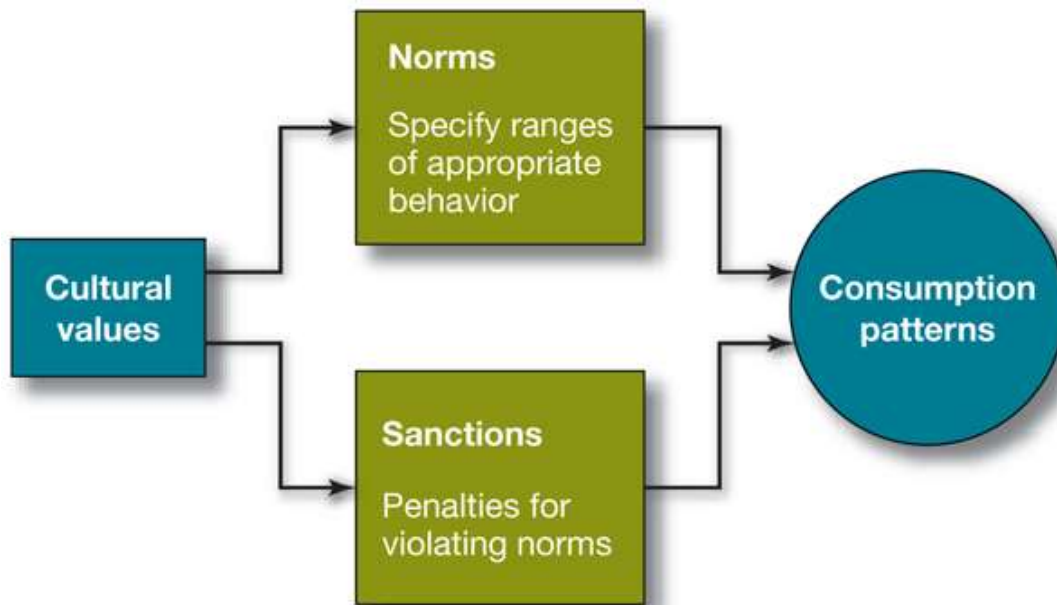
Showrooms: **Ghatkopar(W)** - R City Mall. Tel: 66424731; **Khar(W)** - Linking Road Tel: 26484846; **Lower Parel** - Phoenix Mall. Tel: 67477608; **Malad(W)** - Inorbit Mall Tel: 28777747, 66406945; **Thane(W)** - Gokhale Road. Tel: 25442002  
Vashi Inorbit Mall. Tel: 65181012.

# 1. CULTURE





# Concept of Culture?



- Cultural values give rise to norms and associated sanctions, which in turn influence consumption patterns.
- Cultures are not static. They typically evolve and change slowly over time.

# Mattel Unveils More Barbie Dolls to Celebrate the Diverse Beauty of Black Women

By Emma Taggart on March 4, 2020





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- Vacu-Bot is an American vacuum producer that manufactures a robotic vacuum for home use.
- Unlike the other small disc-shaped vacuums on the market, the Vacu-Bot is an actual 4-foot tall robot that not only vacuums carpet but lifts up your furniture and vacuums underneath it.
- While most robotic vacuums take hours to vacuum a single room, Vacu-Bot only takes a few minutes and does a much more thorough job.
- Sales of Vacu-Bot have been strong in the United States - so strong that the executives at Vacu-Bot recently decided to launch their product into other countries: Germany, Japan, China and the Bahamas.
- **What changes do you think are required while entering Japan?**

# Four Types of Marketing Mix Changes

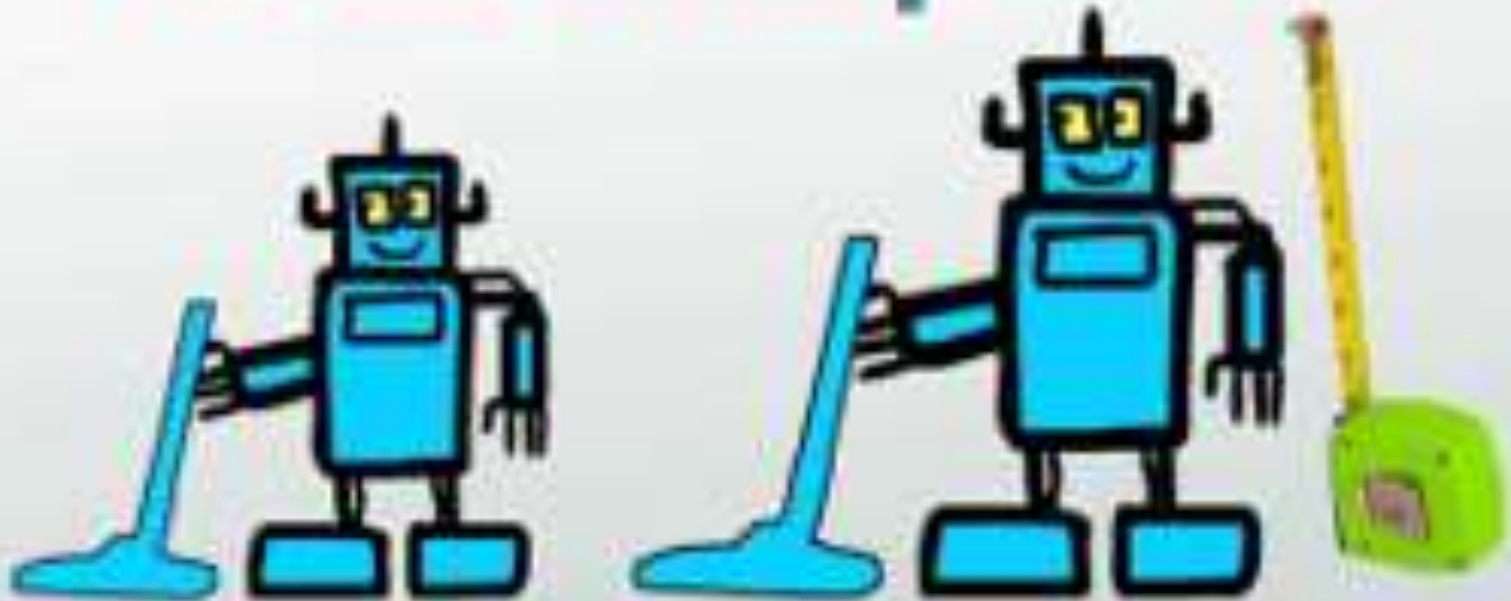
<b>Product Invention</b> <b>A.</b>	<p>If the current product offering does not in any way suit the foreign culture, the company launching the new product may need to make radical product changes to their existing product or invent an entirely new product.</p>
<b>Product Adaptation</b> <b>B.</b>	<p>If only a few aspects of the current product offering do not suit the foreign culture, the company launching the new product may need to make only minor product changes to the existing product in order to suit the differing needs of the foreign market.</p>
<b>Promotion Adaptation</b> <b>C.</b>	<p>If the product suits the foreign market but consumers do not understand the current marketing message, the company launching the new product may be able to keep their existing product the same and make <b>promotional strategy</b> changes.</p>
<b>Global Standardization</b> <b>D.</b>	<p>If a company makes no changes to the product or the promotional message in foreign markets, it is using a Global Standardization strategy. Companies that use this type of strategy include Coca-Cola, Revlon and Sony television.</p>

- Japan is a very clean culture, and the vacuums sold in Japan collect dust and dirt in a bag, which is thrown away when it is full.
- This is preferred by consumers in Japan because it separates the dirt from the person vacuuming. The Vacu-Bot is not sold with a bag; the person vacuuming must empty the dirt collected by the vacuum directly into a trash can.
- The Japanese do not like having to handle the dirt without a collection bag.
- This is a **product problem**, which will require **product invention**.

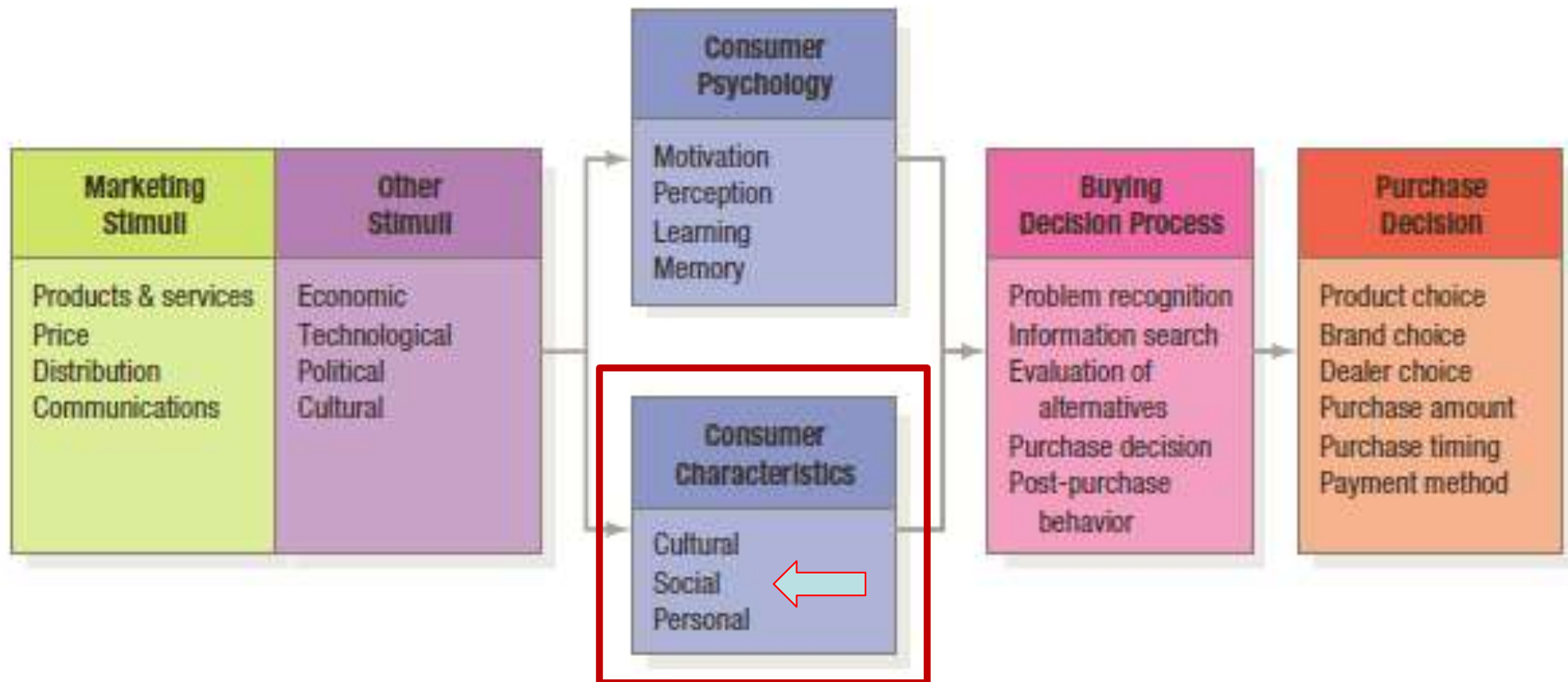
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# Product Adaptation



## 2. SOCIAL



### **Reference Group**

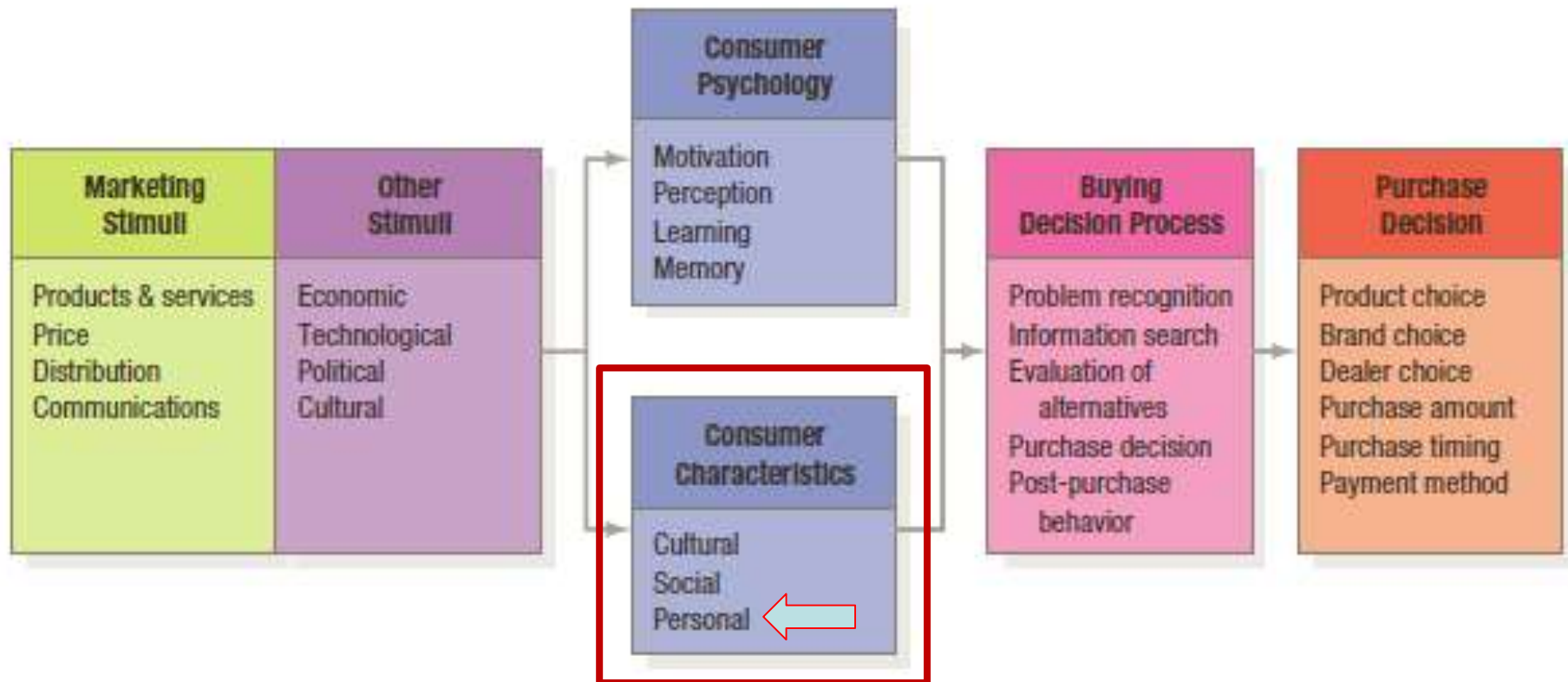
- Membership Groups
- Aspirational Groups
- Dissociative Groups

### **Family**

### **Role and Status**



# 3. PERSONAL

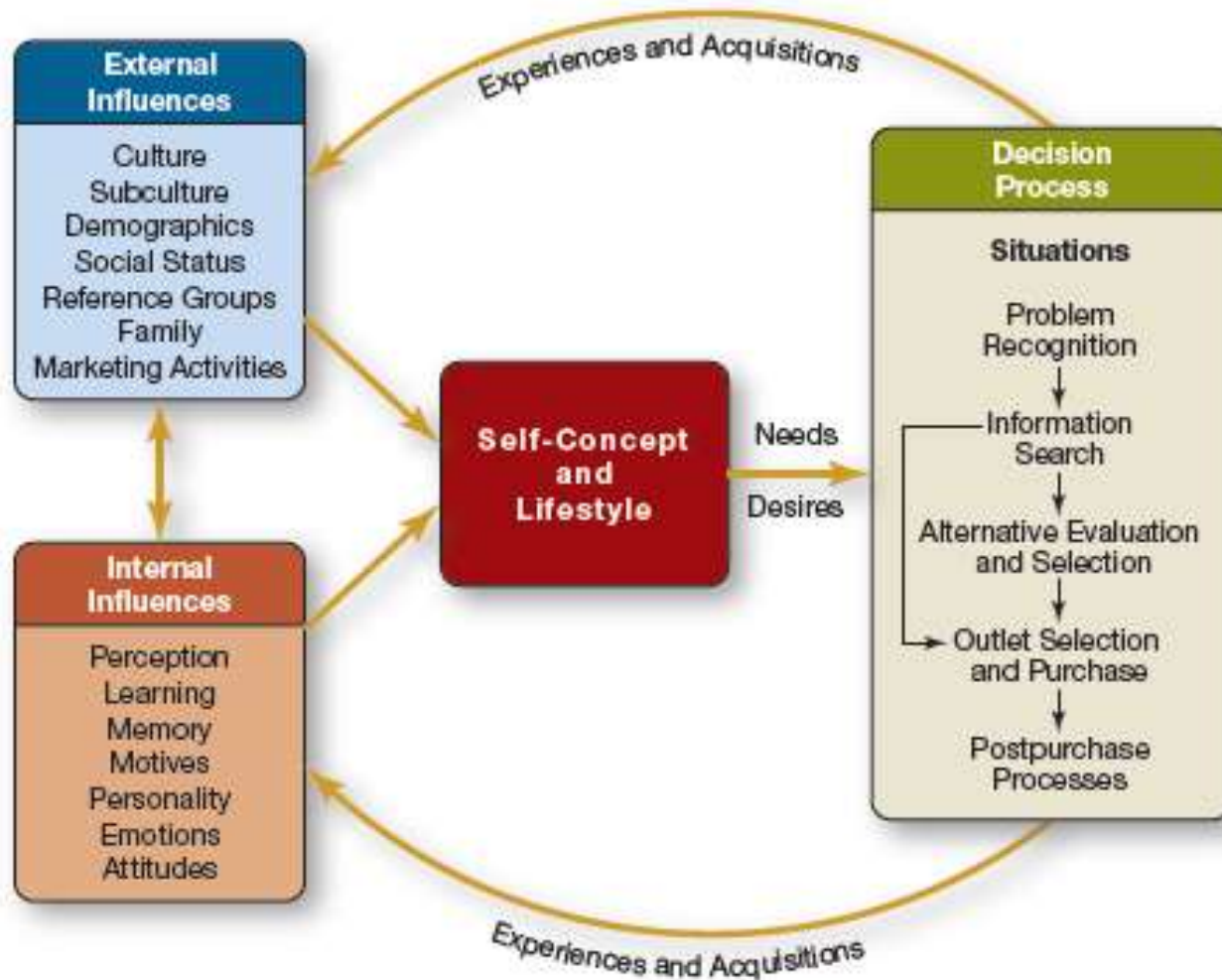


## 3. PERSONAL

- Age & Stage in the life stage
- Occupation and economic circumstances
- Personality and self concept
- Lifestyle & Values









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# SELF CONCEPT



Trait
Excitement
Competence
Sophistication
Ruggedness
Sincerity





# Any Questions?



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