



FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

BUSINESS ADMINISTRATION DEPARTMENT

GRADUATION PROJECT

CONSUMERS' PERCEPTIONS FOR AUTOMOBILES!

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ACKNOWLEDGMENT

While completing this study, many other people must be given credit for their contributions in bringing this study to reality.

At first I want to thank my instructor Dr. Figen Yesilada for her help and support to do this study.

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ABSTRACT

The objective of writing this project is that the perception topic, is a very important topic for marketers, it's a very interesting topic that researchers and marketers care about it.

The problem that tried to be solved in this project, is to know the perception of Turkish Cypriots for different brands of cars, the different brands of cars that has been chosen are the most sold cars in North Cyprus in 2004. To solve this problem the multidimensional scaling method has been used, and the perceptual mapping, 15 Turkish Cypriots has been interviewed by the researcher, 30% from them females and 70% males, special matrixes used for each respondent. To analyze the data found, the SPSS program has been used. At the end the researcher has different results for females' and males' perceptions for cars..

Key words: Consumer behavior, perception, multidimensional scaling, perceptual mapping.

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Chapter One

Introduction

1.1 The history of the study of consumer behavior.

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Many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits (satisfactions) in the purchase of goods and services.

Consumer behavior is the study of how individuals make decisions to spend their resources such as time, effort, Money on consumption. The study of consumer behavior includes the study of what we buy and why, where, how often we buy it.

The term consumer is often used to describe two different kinds of consuming entities, the first one is personal consumer, it means buying goods and services for his or her own use, for example buying VCR or cream. The second one is organizational consumer such as schools, hospitals, equipments, services in order to run their organization.¹

¹ www.consumerpsychologist.com

1.2 Why study consumer behavior?

The study of consumer behavior enables marketers to understand and predict consumer behavior in the marketplace, it also promotes understanding of the role that consumers play in the lives of individuals¹.

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how:-

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;

Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;

- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

Understanding these issues helps us adapt our strategies by taking the consumer into consideration. For example, by understanding that a number of different messages compete for our potential customers' attention, we learn that to be effective, advertisements must usually be repeated extensively. We also learn that consumers will sometimes be persuaded more by logical arguments, but at other times will be persuaded more by emotional or symbolic appeals. By understanding the consumer,

¹ www.academon.com

we will be able to make a more informed decision as to which strategy to employ.

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Although it is not necessary to memorize this definition, it brings up some useful points:

- Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).
- Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or consumer behavior involves services and ideas as well as tangible products.
- The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

There are four main applications of consumer behavior:

- The most obvious is for *marketing strategy*—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well

financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.

- A second application is *public policy*. In the 1980s, Acutance, a near miracle cure for acne, was introduced. Unfortunately, Acutance resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers' attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.
- *Social marketing* involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.
- As a final benefit, studying consumer behavior should make us better consumers.

Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a *size premium* by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are *really* getting a bargain.

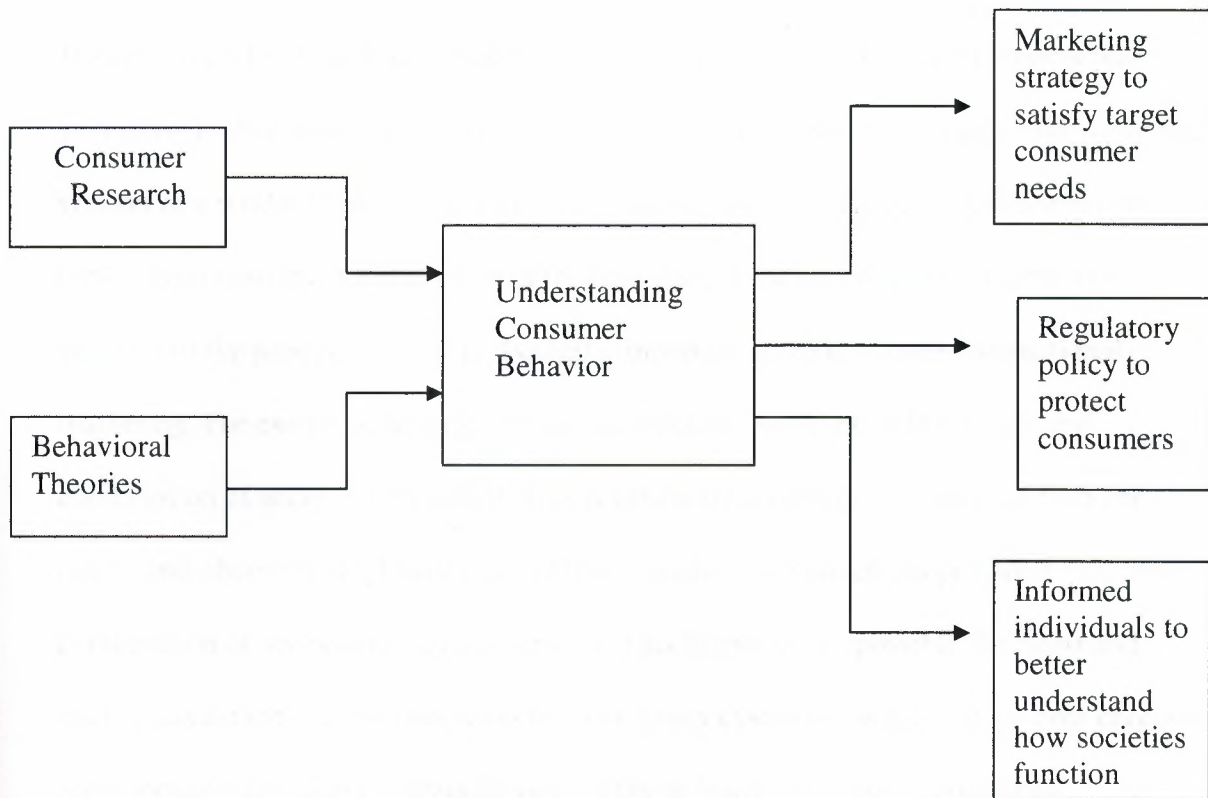


Figure 1.1 Understanding Consumer Behaviors

Source: Leon G. Schiffman, Leslie Lazar Kanuk, *Consumer Behavior, USA*, Prentice Hall, 6th edition, p.36, (1997).

1.3 Marketing strategy

How will we provide superior customer value to our target market? To answer this question we need marketing strategy, and this requires the formulation of a consistent marketing mix, which it includes product, price, communication, distribution, and services provided to the target market.

The product is anything a consumer acquires or might acquire to meet a perceived need.

Marketers use the term product to refer to physical products and primary services.

To be the product successful, products must meet the needs of the target market better than

competition does, but meeting the needs of the customer better than the competition does is not a simple task¹.

Making specialized products for few customers will provide them with products features very close to their needs. However, it is generally less expensive to manufacture only one version of a product. Thus, marketers must balance the benefits that target consumers derive from customization of product features against the cost of providing multiple versions of the product. This is particularly important consideration in international marketing. For example, American made automobiles could be ordered with any combination of accessories desired. This resulted in hundreds of versions of each car model and, therefore, high costs. In contrast, Japanese manufactures provided only little combination of accessories for each model. This helped make possible their cost and quality advantages. It soon became clear that many customers would forgo some choice in accessory combination to obtain higher quality at lower price. Now, American manufactures also use the accessory package approach. Understanding the customer's willingness to trade high levels of one attributes for improvements in other attributes (price and quality) gave the Japanese manufactures an initial competitive advantage in this market.

Price is the amount of Money one must pay to obtain the right to use the product. One can buy ownership of a product or, for many products, limited usage rights. For example one can rent or lease the product. Economist often assumes that lower prices for the same product will result in more sales than higher prices. However, price sometimes serves as a signal of quality. A product priced too low might be perceived as having low quality.

Owning expensive items also provides information about owner. If nothing else, it indicates that the owner can afford the expensive item. This is desirable feature to some

¹ Schiffman, 1997, page 26.

consumers. Therefore, setting a price requires a thorough understanding of the symbolic role that price plays for the product and target market question.

It is important to note that the price of a product is not the same as the cost of the product to the customer, the cost of owning and using an automobile includes insurance, gasoline maintenance, finance charges, license fees, and parking fees, in addition to purchase price. One of the ways that firms seek to provide customer value is to reduce the nonprice costs of owning or operating a product. If successful, the total cost to the customer decreases while the revenue to the marketer stays the same or even increases.

Distribution, having the product available where target customers can buy it is essential to success. Only in rare cases will customers go to much trouble to secure a particular brand. Since customers differ in where and how they shop, products aimed at multiple market segments often require multiple distribution channels. This can lead to difficult channel management issues. To effectively cover all the attractive segments, a marketer may want to distribute through full service department stores don't like to see items they carry advertised at discounted prices that they cannot match. Thus marketers sometimes must limit their channels, or develop strategies such as channel specific product models. Obviously, sound channel decisions require a sound knowledge of where target customers shop for the product in question.

Communications or marketing communications include advertising, the sales force, public relations, the packaging, and other signals that the firm provides about itself and its products.

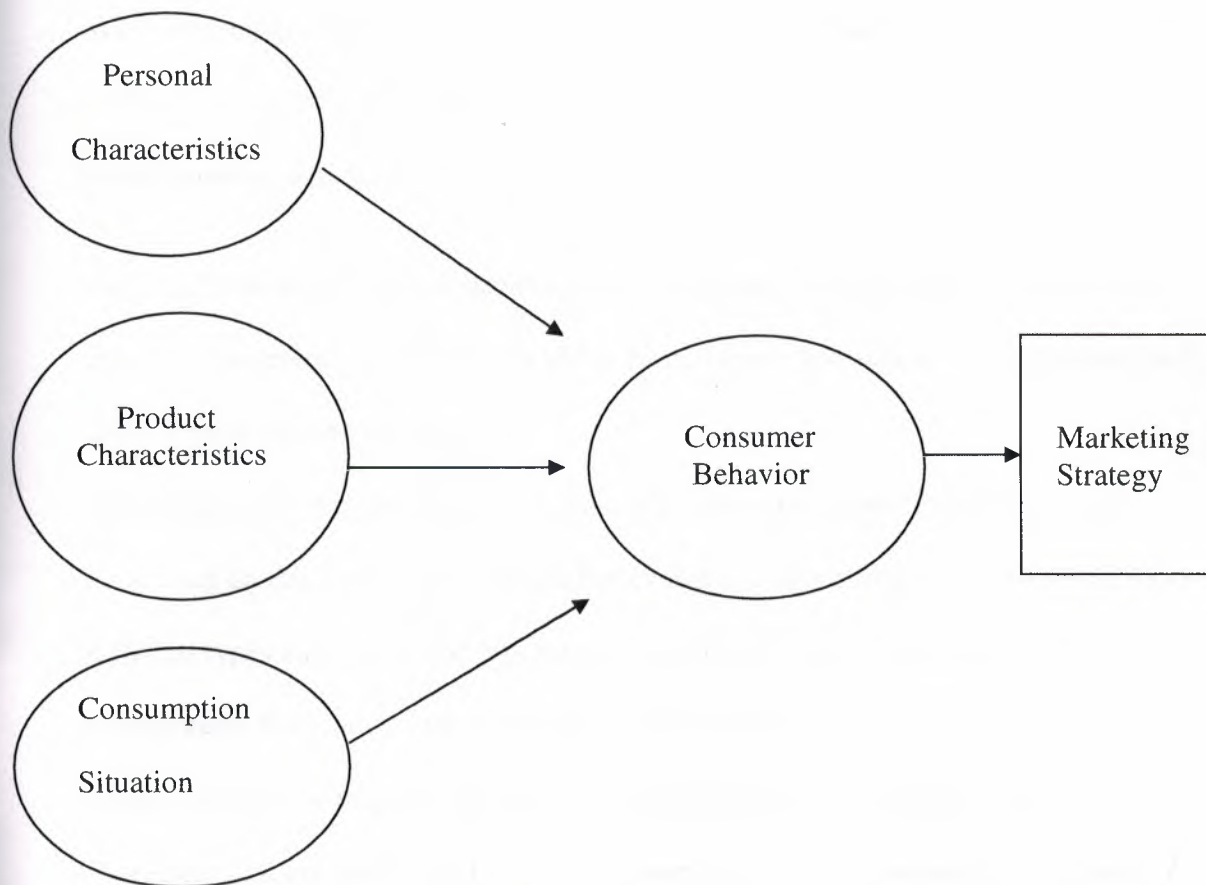


Figure 1.2 Consumer Behavior Product-Person-Situations

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for Marketing Strategy*, Richard D. Irwin, USA, 6th edition, p. 20, 1995.

1.4 The nature of consumer behavior

Consumer behavior is a function of the individual involved , the product category , and the current situation, for example, an individual prefer different televisions shows , foods,clothes,and beverages than do your parents an even some of your closest friends . people also spend more or less time evaluating a product before purchasing it than do some of their acquaintances. Each person is, to some extent, unique as a consumer.

Marketers attempt to group consumers who are similar, though seldom identical, into market segments.

While consumers differ from other consumers, their own purchasing behavior will also differ from one product category to another. The amount of effort and time you would spend deciding which, if any, stereo system to purchase would probably be much greater than what you would expend deciding on buying a new compact disk. Both of these purchase processes would probably differ from the one you would use to purchase a soft drink from a vending machine¹.

Your purchasing and consumption behavior for the same product will often change depending on the situation you are in. For example, many college students will consume different types and quantities of beverages at graduation celebration with their parents and grandparents than they would at similar celebration with their classmates.

Since consumer behavior is influenced by individual characteristics, product characteristics, our understanding of consumer behavior must incorporate all three of these influences.

1.4.1 The nature of consumption

Consumers purchase and consume products to maintain or enhance their lifestyles. Past decisions, time-related events such as aging, external events such as job changes, and internal decisions such as trying a new hobby, lead to lifestyle changes that require the purchase and/or consumption of products to maintain and enhance. But this doesn't mean that consumers think in terms of lifestyle, for example no body thinks will have a diet coke in order to enhance my lifestyle. Rather we make decisions consistent with our life

¹ Hawkins et al. 1995, page 31.

style without deliberately considering lifestyle. Most consumer decision involves very little effort or thought on the part of the consumer which are called low involvement decisions. Feelings and emotions are as important in many consumer decisions as facts and physical product attributes. Nonetheless, most consumer purchases involve at least a modest amount of decision making and most are influenced by the purchaser's current and desired lifestyle.

Lifestyle is how you live; it includes the products you buy, how you use them, what you think about them, and how you feel about them. It is the manifestation of your self concept, the total image you have of yourself as a result of the culture you live in and the individual situations and experiences that comprise your daily existence. It is the sum of your past decisions and future plans.

Both individuals and families exhibit distinct lifestyle. One's lifestyle is determined by both conscious and unconscious decisions. Often we make choices with full awareness of their impact on our lifestyle, but generally we are unaware of the extent to which our decisions are influenced by our current or desired lifestyle.

Managers need to understand consumer lifestyle and the factors that influence them, such as (culture, subculture, perception, and others).

1.5 Customers and consumers

The term customer is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at Lemar or Astro is viewed as customer of these markets. The term consumer more generally refers to anyone engaging in any of the activities used in the definition of consumer behavior. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

The traditional viewpoint has been to define consumers strictly in terms of economic goods

and services. This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition. Consequently, organizations, religious and political groups, can view their various publics as consumers. The rationale for this position is that many of the activities that people engage in regarding free services, ideas, and philosophies are quite similar to those they engage in regarding commercial products and services¹.

1.6 The ultimate consumer

Ultimate consumers are those individuals who purchase for the purpose of individual or household consumption. Some have argued that studying ultimate consumers also reveals much about industrial and intermediate buyers others involved in purchasing for business firms and institutions. Industrial purchasing behavior is unique because it often involves different buying motives and the influence of a large variety of people.

1.7 The individual buyer

The most commonly thought of consumer situation is that of an individual making a purchase with little or no influence from others. However, in some cases a number of people can be jointly involved in a purchase decision. For example, planning vacation or deciding on a new car can involve an entire family. In other cases the purchaser may just be acquiring a product or someone else who has asked for a certain item. These situations suggest that

¹ David L. et al, 1993, page 5.

people can take on different roles.

Some purchase situations involve at least one person in each of these roles, while in other circumstances a single individual can take on several roles at the same time. For example, a wife (initiator and influencer) may ask her husband (buyer) to pick up a box of total cereal on his shopping trip because their child (user) said she wanted it. At another time the husband could act as the initiator, buyer, and user by purchasing a health spa membership for himself.

Any study of consumer behavior would be incomplete if it treated only one consumer role. However, emphasizing one role, while still devoting adequate treatment to the others, can simplify our study in many cases.

When it becomes useful to consider only one role we will tend to choose the buyer, the individual who actually makes the purchase. This approach is useful because even when told what to purchase, the buyer often makes decisions regarding purchase timing, store choice, package size, and other factors. Therefore, focusing on the buyer, while allowing for the influence of others on the purchase decision, still gives considerable flexibility while concentrating on one consumer role.

1.8 The decision process

The decision making process is a complex process which has too much steps, but in the introduction it will be just summarized by giving an example explain the decision making by consumers¹.

Consumer behavior is seen as to involve a mental decision process as well as physical activity. The actual act of purchase is just one stage in a series of mental and physical

¹ Albert J., 1993, page 7.



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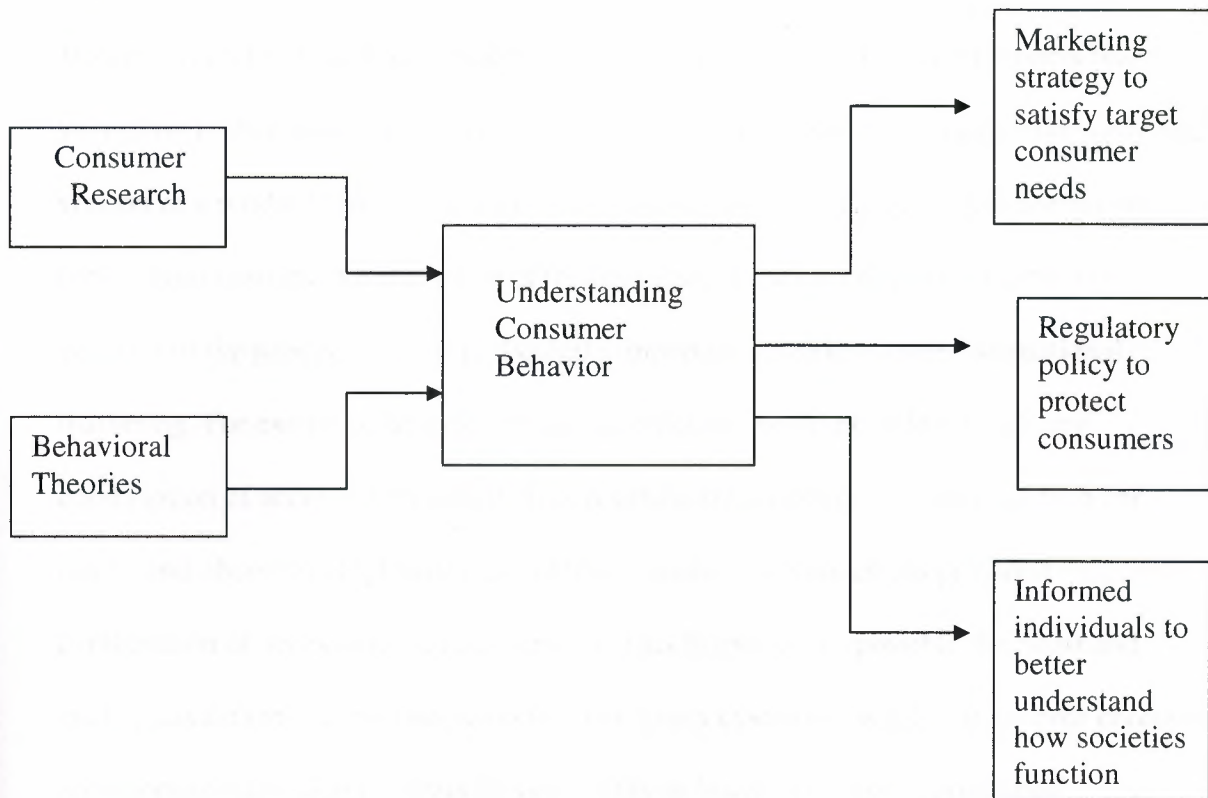


Figure 1.1 Understanding Consumer Behaviors

Source: Leon G. Schiffman, Leslie Lazar Kanuk, *Consumer Behavior, USA*, Prentice Hall, 6th edition, p.36, (1997).

1.3 Marketing strategy

How will we provide superior customer value to our target market? To answer this question we need marketing strategy, and this requires the formulation of a consistent marketing mix, which it includes product, price, communication, distribution, and services provided to the target market.

The product is anything a consumer acquires or might acquire to meet a perceived need.

Marketers use the term product to refer to physical products and primary services.

To be the product successful, products must meet the needs of the target market better than

competition does, but meeting the needs of the customer better than the competition does is not a simple task¹.

Making specialized products for few customers will provide them with products features very close to their needs. However, it is generally less expensive to manufacture only one version of a product. Thus, marketers must balance the benefits that target consumers derive from customization of product features against the cost of providing multiple versions of the product. This is particularly important consideration in international marketing. For example, American made automobiles could be ordered with any combination of accessories desired. This resulted in hundreds of versions of each car model and, therefore, high costs. In contrast, Japanese manufactures provided only little combination of accessories for each model. This helped make possible their cost and quality advantages. It soon became clear that many customers would forgo some choice in accessory combination to obtain higher quality at lower price. Now, American manufactures also use the accessory package approach. Understanding the customer's willingness to trade high levels of one attributes for improvements in other attributes (price and quality) gave the Japanese manufactures an initial competitive advantage in this market.

Price is the amount of Money one must pay to obtain the right to use the product. One can buy ownership of a product or, for many products, limited usage rights. For example one can rent or lease the product. Economist often assumes that lower prices for the same product will result in more sales than higher prices. However, price sometimes serves as a signal of quality. A product priced too low might be perceived as having low quality.

Owning expensive items also provides information about owner. If nothing else, it indicates that the owner can afford the expensive item. This is desirable feature to some

¹ Schiffman, 1997, page 26.

consumers. Therefore, setting a price requires a thorough understanding of the symbolic role that price plays for the product and target market question.

It is important to note that the price of a product is not the same as the cost of the product to the customer, the cost of owning and using an automobile includes insurance, gasoline maintenance, finance charges, license fees, and parking fees, in addition to purchase price. One of the ways that firms seek to provide customer value is to reduce the nonprice costs of owning or operating a product. If successful, the total cost to the customer decreases while the revenue to the marketer stays the same or even increases.

Distribution, having the product available where target customers can buy it is essential to success. Only in rare cases will customers go to much trouble to secure a particular brand. Since customers differ in where and how they shop, products aimed at multiple market segments often require multiple distribution channels. This can lead to difficult channel management issues. To effectively cover all the attractive segments, a marketer may want to distribute through full service department stores don't like to see items they carry advertised at discounted prices that they cannot match. Thus marketers sometimes must limit their channels, or develop strategies such as channel specific product models. Obviously, sound channel decisions require a sound knowledge of where target customers shop for the product in question.

Communications or marketing communications include advertising, the sales force, public relations, the packaging, and other signals that the firm provides about itself and its products.

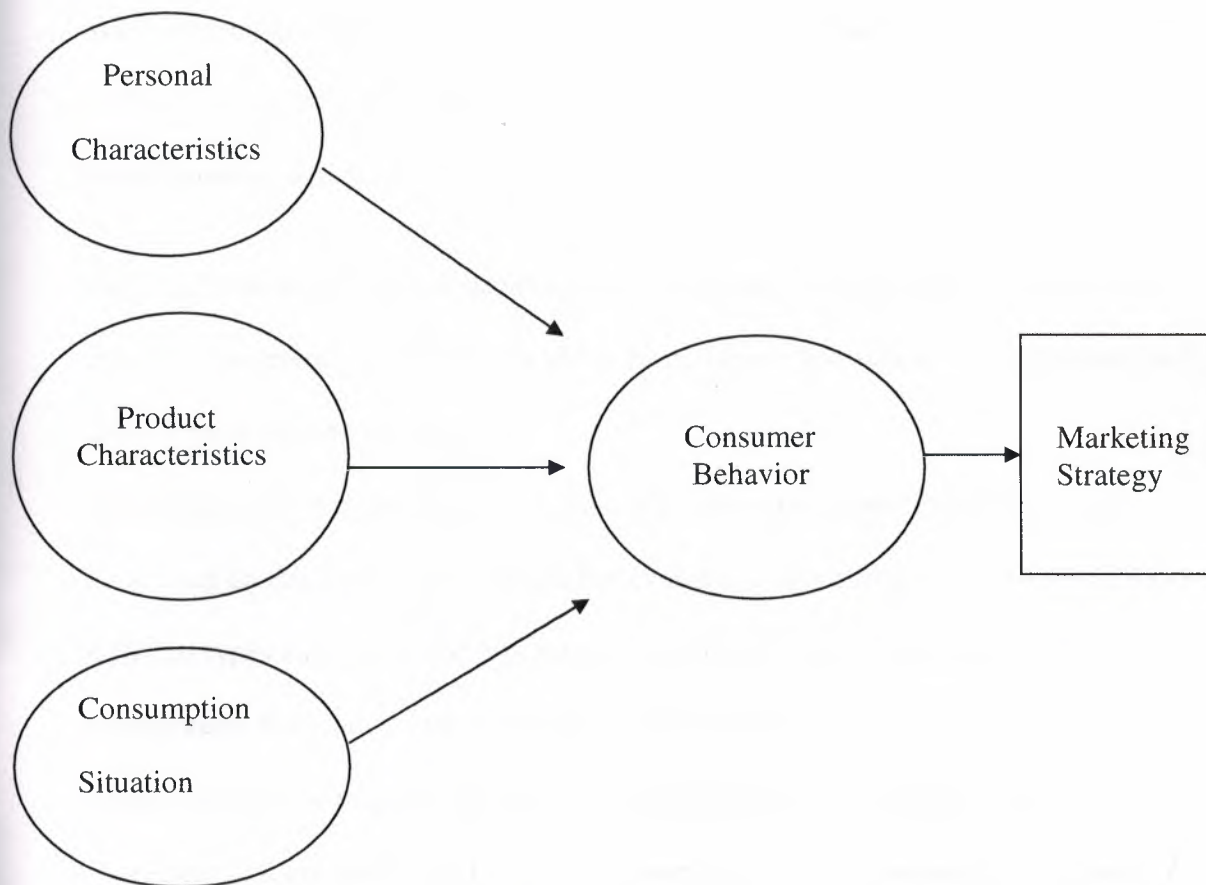


Figure 1.2 Consumer Behavior Product-Person-Situations

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for Marketing Strategy*, Richard D. Irwin, USA, 6th edition, p. 20, 1995.

1.4 The nature of consumer behavior

Consumer behavior is a function of the individual involved , the product category , and the current situation, for example, an individual prefer different televisions shows , foods,clothes,and beverages than do your parents an even some of your closest friends . people also spend more or less time evaluating a product before purchasing it than do some of their acquaintances. Each person is, to some extent, unique as a consumer.

Marketers attempt to group consumers who are similar, though seldom identical, into market segments.

While consumers differ from other consumers, their own purchasing behavior will also differ from one product category to another. The amount of effort and time you would spend deciding which, if any, stereo system to purchase would probably be much greater than what you would expend deciding on buying a new compact disk. Both of these purchase processes would probably differ from the one you would use to purchase a soft drink from a vending machine¹.

Your purchasing and consumption behavior for the same product will often change depending on the situation you are in. For example, many college students will consume different types and quantities of beverages at graduation celebration with their parents and grandparents than they would at similar celebration with their classmates.

Since consumer behavior is influenced by individual characteristics, product characteristics, our understanding of consumer behavior must incorporate all three of these influences.

1.4.1 The nature of consumption

Consumers purchase and consume products to maintain or enhance their lifestyles. Past decisions, time-related events such as aging, external events such as job changes, and internal decisions such as trying a new hobby, lead to lifestyle changes that require the purchase and/or consumption of products to maintain and enhance. But this doesn't mean that consumers think in terms of lifestyle, for example no body thinks will have a diet coke in order to enhance my lifestyle. Rather we make decisions consistent with our life

¹ Hawkins et al. 1995, page 31.

style without deliberately considering lifestyle. Most consumer decision involves very little effort or thought on the part of the consumer which are called low involvement decisions. Feelings and emotions are as important in many consumer decisions as facts and physical product attributes. Nonetheless, most consumer purchases involve at least a modest amount of decision making and most are influenced by the purchaser's current and desired lifestyle.

Lifestyle is how you live; it includes the products you buy, how you use them, what you think about them, and how you feel about them. It is the manifestation of your self concept, the total image you have of yourself as a result of the culture you live in and the individual situations and experiences that comprise your daily existence. It is the sum of your past decisions and future plans.

Both individuals and families exhibit distinct lifestyle. One's lifestyle is determined by both conscious and unconscious decisions. Often we make choices with full awareness of their impact on our lifestyle, but generally we are unaware of the extent to which our decisions are influenced by our current or desired lifestyle.

Managers need to understand consumer lifestyle and the factors that influence them, such as (culture, subculture, perception, and others).

1.5 Customers and consumers

The term customer is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at Lemar or Astro is viewed as customer of these markets. The term consumer more generally refers to anyone engaging in any of the activities used in the definition of consumer behavior. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

The traditional viewpoint has been to define consumers strictly in terms of economic goods

and services. This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition. Consequently, organizations, religious and political groups, can view their various publics as consumers. The rationale for this position is that many of the activities that people engage in regarding free services, ideas, and philosophies are quite similar to those they engage in regarding commercial products and services¹.

1.6 The ultimate consumer

Ultimate consumers are those individuals who purchase for the purpose of individual or household consumption. Some have argued that studying ultimate consumers also reveals much about industrial and intermediate buyers others involved in purchasing for business firms and institutions. Industrial purchasing behavior is unique because it often involves different buying motives and the influence of a large variety of people.

1.7 The individual buyer

The most commonly thought of consumer situation is that of an individual making a purchase with little or no influence from others. However, in some cases a number of people can be jointly involved in a purchase decision. For example, planning vacation or deciding on a new car can involve an entire family. In other cases the purchaser may just be acquiring a product or someone else who has asked for a certain item. These situations suggest that

¹ David L. et al, 1993, page 5.

people can take on different roles.

Some purchase situations involve at least one person in each of these roles, while in other circumstances a single individual can take on several roles at the same time. For example, a wife (initiator and influencer) may ask her husband (buyer) to pick up a box of total cereal on his shopping trip because their child (user) said she wanted it. At another time the husband could act as the initiator, buyer, and user by purchasing a health spa membership for himself.

Any study of consumer behavior would be incomplete if it treated only one consumer role. However, emphasizing one role, while still devoting adequate treatment to the others, can simplify our study in many cases.

When it becomes useful to consider only one role we will tend to choose the buyer, the individual who actually makes the purchase. This approach is useful because even when told what to purchase, the buyer often makes decisions regarding purchase timing, store choice, package size, and other factors. Therefore, focusing on the buyer, while allowing for the influence of others on the purchase decision, still gives considerable flexibility while concentrating on one consumer role.

1.8 The decision process

The decision making process is a complex process which has too much steps, but in the introduction it will be just summarized by giving an example explain the decision making by consumers¹.

Consumer behavior is seen as to involve a mental decision process as well as physical activity. The actual act of purchase is just one stage in a series of mental and physical

¹ Albert J., 1993, page 7.

activities that occur during a period of time. Some of these activities precede the actual buying while others follow it. However, since all are capable of influencing the adoption of products or services, they will be considered as part of the behavior in which we are interested.

To illustrate the benefits of this viewpoint. For example, suppose a photographer who regularly purchases one brand of film suddenly switches to a competing brand even though there has been no change in either the films or their prices.

So it can ask what caused this shift in loyalty. Perhaps the competing film received a strong recommendation by a friend, or possibly the photographer switched because he believed the competing brand best captures the colors of some subject matter of interest. On the other hand, his decision may have been caused either by general dissatisfaction with results from his regular film or from recent exposure to an advertisement for the competing brand.

The example that given suggests the complexity of decision processes and demonstrates the limitations of viewing consumer behavior as just the act of purchasing. Therefore, to understand consumers adequately we should stress that, in addition to just physical activities, their purchasing behavior involves a mental decision process that takes place over time. In some cases this time period is very short, while in other cases it can be quite long- a year or more.

1.9 A subset of human behaviors

Viewing consumer behavior in such a broad context suggests it is actually a subset of human behavior. That is, factors affecting individuals in their daily lives also influence their

purchase activities. Internal influences, such as learning, and ¹**perception**, as well as external influences, such as social expectations and constraints, affect us in our role as consumers as well as in our other capacities. In fact, it is often difficult to draw a distinct line between Consumer-related behavior and other aspects of human behavior.

The fact consumer behavior is a subset of human behavior is to our advantage. Several disciplines collectively referred to as the behavioral sciences have studied human behavior for some time, and we can draw upon their contributions for understanding consumer behavior. This borrowing has been quite extensive and includes theories used in explaining behavior as well as methods useful in investigating it. In fact, this borrowing is so extensive that consumer behavior is often said to be multidisciplinary in nature. The behavioral sciences disciplines that have most contributed to our understanding of consumers are:

1. Psychology. Study of the behavior and mental processes of individuals.
2. Sociology. Study of the collective behavior of people in groups.
3. Social psychology. Study of how individuals influence and are influenced by groups.
4. Economics. Study of people's production, exchange, and consumption of goods and services.
5. Anthropology. Study of people in relation to their culture.

1.10 Consumer behavior and marketing management

Effective business managers realize the importance of marketing to the success of their firm.

The marketing can be defined as, the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives¹.

¹ Will be discussed next chapter.

A sound understanding of consumer behavior is essential to the long-run success of any marketing program. In fact, it is seen as a cornerstone of the marketing concept, an important orientation of philosophy of many marketing managers. The essence of the marketing concept is captured in three interrelated orientations.

1.10.1 Consumers' wants and needs

When the focus is on identifying and satisfying the wants and needs of consumers, the intention of the firm is not seen as merely providing goods and services. Instead, want and need satisfaction is viewed as the purpose, and providing products and services is the means to achieve the end.

1.10.2 Company objectives

Consumers' wants and needs numerous. Therefore, a firm that concentrates on satisfying a small proportion of all desires will most effectively utilize its resources. Company objectives and any of the firm's special advantages are used as criteria to select the specific wants and needs to be addressed.

1.10.3 Integrated strategy

An integrated effort is most effective in achieving a firm's objective though consumer satisfaction. For maximum impact this requires that marketing efforts be closely coordinated and compatible with each other and with other activities if the firm.

¹ David et al., 1993, page 9

Chapter Two

Perception

2.1 Psychological factors that affecting consumer behavior

A person's buying choices are influenced by four major psychological factors such as, motivation, **perception**, learning, beliefs and attitudes. But in this Project the perception factor will be discussed and how it's affecting the consumer behavior.

A motivated person is ready to act, how the motivated person actually acts is influenced by his or her perception of the situation¹. Perception is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful Picture of the world.

Perception depends not only on the physical stimuli, but also on the stimuli's relation to the surrounding field and on conditions within the individual. The key point is that perception can vary widely among individuals exposed to the same reality. For example, one perception might perceive a fast –talking sales person as aggressive and insincere, another as intelligent and helpful.

¹ kotler and Armstrong, 2001, page 197.

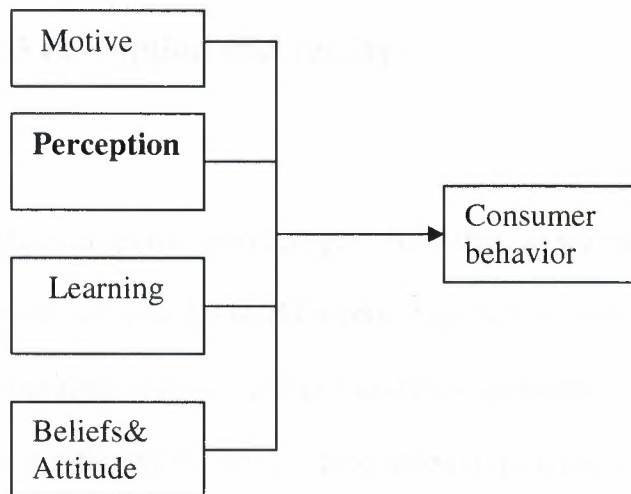


Figure 2.1: Psychological Factors affecting Consumer Behavior

Source: David L. Loudon and Albert J. Della Bitta, *Consumer Behavior*, McGraw- Hill International Editions, USA, 1993, Fourth edition, p. 357.

2.2 History of the study of perception

The subjective nature of perception, and hence of cognition, has attracted the attention of philosophers since antiquity, for example in the quail which have been known since the Sufi thinkers, or in the extreme idealism of George Berkeley¹.

Perception is one of the oldest fields within scientific psychology, and there are correspondingly many theories about its underlying processes. The oldest quantitative law in psychology is the weber-Fechner Law, which quantifies the relationship between the intensity of physical stimuli and their perceptual effects. it was the study of perception that gave rise to the Gestalt school of psychology, with its emphasis on holistic approaches.

¹ <http://en.wikipedia.org/wiki/Perception>

2.3 Perception and reality

Many cognitive psychologists hold that, as we move about in the world, we create a model of how the world works. That is, we sense the objective world, but our sensations map to percepts, and these percepts are provisional, in the same sense that scientific hypotheses are provisional (cf. in the scientific method). As we acquire new information, our percepts shift. Abraham Pays' biography refers to the 'simplistic' nature of imagination. In the case of visual perception, some people can actually see the percept shift in their mind's eye. Others, who are not picture thinkers, may not necessarily perceive the 'shape-shifting' as their world changes. The 'simplistic' nature has been shown by experiment: an ambiguous image has multiple interpretations on the perceptual level. Just as one object can give rise to multiple percepts, so an object may fail to give rise to any percept at all: if the percept has no grounding in a person's experience, the person may literally not perceive it.

These confusing ambiguity of perception is exploited in human technologies such as camouflage, and also in biological mimicry, for example by Peacock butterflies, whose wings bear eye markings that birds respond to as though they were the eyes of a dangerous predator.

Cognitive theories of perception assume there is a poverty of stimulus. This (with reference to perception) is the claim that sensations are, by themselves, unable to provide a unique description of the world. Sensations require 'enriching', which is the role of the mental model. A different type of theory is the ecological approach of James J. Gibson. Gibson rejected the assumption of a poverty of stimulus by rejecting the

Notion that perception is based in sensations. Instead, new investigated what information is actually presented to the perceptual systems. He (and the psychologists who work within this paradigm) detailed how the world could be specified to a mobile, exploring organism via the lawful projection of information about the world into energy arrays. Specification is a 1:1 mapping of some aspect of the world into a perceptual array; given such a mapping, no enrichment is required and perception is direct¹.

2.4 The perceptual process

People undergo stages of information processing in which stimuli are input and stored. However, we do not passively process whatever information happens to be present. Only a very small number of the stimuli in our environment are ever noticed. Of these, an even smaller number are attended to. And the stimuli that do enter our consciousness are not processed objectively. The meaning of stimulus is interpreted by the individual, who is influenced by his or her unique biases, needs, and experiences. There are four stages in the perceptual process, these stages are exposure (or sensation), attention, interpretation, and memory.

¹ <http://encyclopedia.worldvillage.com/s/b/Perception>

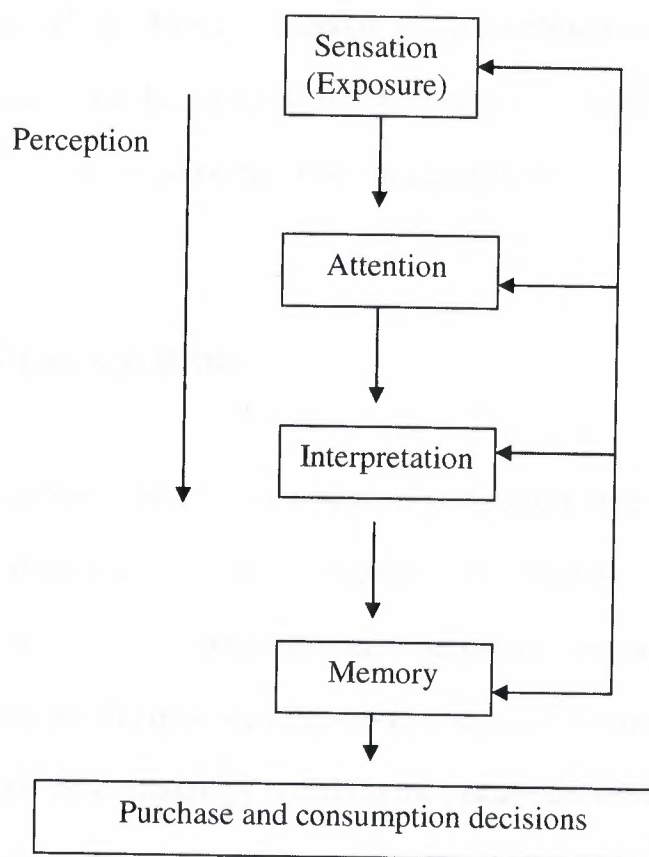


Figure 2.2: The Perceptual Process

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for Marketing Strategy*, Richard D. Irwin, INC, USA, 1995, 6th edition, p. 237

2.4.1 Sensation

Sensation is the immediate and direct response of the sensory organs (e.g. eyes, ears, nose, mouth and fingers) to simple stimuli (as advertisement, a package , a brand name). Human sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyesight or hearing) and the amount or intensity of the stimuli to which he or she is exposed¹. For example, a blind person may have a more highly developed sense of hearing than the average sighted person and may be able to hear sounds that the average person can not.

¹ Schiffman, 1997, p. 146.

Such interpretations or assumptions stem from our schemas, or organized collections of beliefs and feelings. That is, we tend to group the objects we see as having similar characteristics, and the schema to which an object is assigned is crucial determinant of how we choose to evaluate this object at a later time.

2.4.1.1 Sensory systems

The data that we receive from our sensory systems determine how we respond to products. These responses are an important part of hedonic consumption, or the multi-sensory, fantasy and emotional aspects of consumers' interactions with products.

Although we usually trust our receptors to give us an accurate account of the external environment, new technology is making the linkage between our senses and reality more questionable, for example an architect can see a building design from different perspectives. This technology, which creates a three-dimensional perceptual environment which the viewer experience as being virtually real, is already being adapted to everyday pursuits, such as virtual reality games.

There are six sensory systems, such as vision, smell, sound, touch, taste, and exposure.

A) Vision

Visual elements in advertising, store design, and packaging are heavily important for marketers. Meanings are communicated on the visual channel through a product's size, styling, brightness and distinctiveness compared with competitors.

Colors are rich in symbolic value and cultural meanings, such powerful cultural meanings make color a central aspect of many marketing strategies. Colour choices are

made with regard to packaging, advertising and even shop fittings. But there is evidence to suggest that some colors such as red are arousing while others such as blue are relaxing. The power of colors evoke positive and negative feelings makes this an important consideration in advertising design.

These days color is a key issue in package design. But the choice used to be made casually. Color is a serious business, and companies frequently employ consultants to assist in these decisions. For example, in Switzerland an instant coffee container was redesigned with diagonal strips of mauve, the package won a design award, but sales dropped off significantly. Consumers did not associate the color mauve with coffee. Colors also plays a role in web page design, it directs a viewers eye across page, ties together design ideas, separates visual areas, organizes contextual relationships, creates mood and captures attention.¹

Consumers' color choices may be affected by some trends because consumers' choices are largely limited by the colors available in the stores.

B) Smell

Smell (odors) can stir the emotion or have some calm effects; they invoke memories or relieve stress. Some of our responses to scents result from early associations that call up good or bad feelings and that explain why businesses are exploring connections between smell, memory and mood.

C) Sound

¹ Solomon, 1997, p.39

Sound and music are also important; Consumers spend amounts of Money each year on compact discs and cassettes, advertising jingles maintain brand awareness and background music creates desired moods. Many aspects of sound affect people's feelings and behaviors.

D) Touch

Moods are stimulated or relaxed on the basis of sensations of the skin, whether from a luxurious massage or the bite of a winter wind.

Touch has even been shown to be a factor in sales interactions, but there are considerable cultural differences in the world.

Tactile cues have symbolic meaning. People associate the texture of fabrics and other products with underlying products qualities. The perceived richness or quality of the material in clothing, bedding or upholstery is linked to its feel, whether it is rough or smooth, soft to stiff, a smooth fabric such as silk is equated with luxury, while denim is considered practical and durable.

E) Taste

Taste receptors contribute to our experience of many products. Food companies go to great lengths to ensure that their products as they should. Some companies may use sensory panelist as testers. These consumers are recruited because they have superior

sensory abilities, and are then given six months training.

2.5 Exposure

It occurs when a stimulus comes within range of our sensory receptors nerves and it's the degree to which people notice a stimulus that is within range of their sensory receptors. Consumers concentrate on certain stimuli, are unaware of others, and even go out of their way to ignore some messages.

2.6 Sensory thresholds

There are two theories under the sensory thresholds, the absolute threshold, and the differential threshold.

2.6.1 The absolute threshold

The absolute threshold is the lowest level at which an individual can experience a sensation. The point at which a person can detect a difference between something and nothing is that person's absolute threshold for that stimulus. For example the distance at which a driver can note a specific billboard on highway is that individual's absolute threshold and if there are two people and they spot the billboard in different times, they appear to have different absolute thresholds.

In the field of perception there is something called *adaptation*, it refers specifically to getting used to certain sensations, becoming accommodated to a certain level of stimulation.

Sensory adaptation is a problem that concerns many TV advertisers, which is why

they try to change their advertising campaigns regularly. They are concerned that consumers will get so used to their current print ads and TV commercials that they will no longer see them that is the ads will no longer provide sufficient sensory input to be noted.

In an effort to cut through the advertising clutter and ensure that consumers note their ads, some marketers try to increase sensory input. For example, Apple Computer once bought all the advertising space in an issue of Newsweek magazine to ensure that readers would note its ads.

Some marketers seek unusual media in which to place their advertisement in an effort to gain attention. Some have advertised their products on bus shelters, others have used parking meters and shopping carts, still others pay to have their products appear TV shows and in movies.

2.6.2 The differential threshold

¹Differential threshold is minimal difference that can be detected between two similar stimuli, and its also called j.n.d (just noticeable difference).

A German scientist named Ernst Weber discovered that the just noticeable difference between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. Weber's law, as it has come to be known, states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. For example if the price of an automobile was increased by \$ 100, it would probably not be noticed. However, a one dolar increase in

¹ Solomon et al, 1997, p.35

the price of gasoline would be noticed very quickly by consumers, because it is a significant percentage of the initial cost of the gasoline.

According to Weber's law, an additional level of stimulus equivalent to j.n.d must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus. Weber's law holds for all senses and for almost all intensities.

2.7 Attention

Attention is the second factor in the perceptual process. And there are three main factors coming under attention i will discuss them in this chapter. Attention occurs when the stimulus activates one or more sensory receptors nerves, and the resulting sensations go to the brain for processing. But we are constantly exposed to thousands of times more stimuli than we can process.

Selectivity has major implications for marketing managers and others concerned with communicating with consumers.

Attention always occurs within the context of situation. The same individual may devote different levels of attention to the same stimulus in different situation.

Attention, therefore, is determined by three factors, the stimulus, the individual, and the situation.

2.7.1 Stimulus factors

These factors are physical characteristics of the stimulus itself. A number of stimuli characteristics tend to attract our attention independently of our individual

characteristics.

The size of the stimulus influences the probability of paying attention. Larger stimuli are more likely to be noticed than smaller ones. Thus a full page advertisement is more likely to be noticed than a half-page advertisement.

The number of times the same advertisement appears in the same issue of a magazine has an impact similar to ad size and this is called Insertion frequency. Multiple insertions were found to increase recall by 20 percent in one study and by 200 percent in another. The intensity for example loudness, brightness, of a stimulus operates in much the same manner.¹

Both color and movement served to attract attention with brightly colored and moving items being more noticeable. A brightly colored package is more apt to receive attention than adult package.

Position refers to the placement of an object in a person's visual field. Objects placed near the centre of the visual field are more likely to be noticed than those near the edge of the field. This primary reason why consumer goods manufacturers compete fiercely for eye-level space in grocery stores. Likewise, advertisements on the right-hand page receive more attention than those on the left.

Isolation is separating a stimulus object from other objects. The use of white space is based on this principle.

The manner in which the message is presented is called *Format*, in general, straightforward; simple presentations receive more attention than complex presentations.

Elements in the message that increase the effort required to process the message tend to decrease attention. Advertisements that lack a clear visual point of references or

¹ Hawkins et al, 1995, p. 242.

have inappropriate movement, for example too fast or slow, increase the processing effort and decrease attention. Audio messages those are difficult to understand due to foreign accents, inadequate volume, deliberate distortions, loud background noises, and so fourth also reduce attention. Format interacts strongly with individual characteristics, some individuals find to be complex, others find interesting. Format must be developed with a specific target market in mind.

Speeding up a message may increase attention; compressed commercials do not distract from attention and may increase attention. However, attention level will vary with the type of message, the product, and the nature of the audience.

A final stimulus factor, information quantity, relates more to the total stimulus field than to any particular item in that field. Although there are substantial variations among individuals, all consumers have limited capacities to process information.

Information overload occurs when consumers are confronted with so much information that they can not or will not attend to all of it. Instead, they become frustrated and either postpone or give up the decision, make a random choice, or utilize a suboptimal portion of the total information available.

2.7.2 Individual factors

Individual factors are characteristics of the individual, interest or needs are seems to be the primary individual characteristics that influences attention. Interest is a reflection of overall lifestyle as well as a result of long term goals and plans and short-term needs for example, hunger. Short-term goals and plans are, of course, heavily

influenced by the situation.

Individuals seek out (exposure) and examine information relevant to their current needs. For example,

2.7.3 Situational factors

Situational factors include stimuli in the environment other than the focal stimulus, for example the ad or package) and temporary characteristics of the individual that are induced by the environment, such as time pressures or a very crowded store.

Obviously, individuals in a hurry are less likely to attend to available stimuli than are those with extra time. For example, if somebody have ever been on a long flight without a book, you may recall reading even the ads in the airline magazine.

Individuals in an unpleasant environment such as an overcrowded store or a store that is too noisy, too warm, or too cold will not attend to many of the available stimuli as they attempt to minimize their time in such an environment.

Program involvement such as print, radio, and television ads occur in the context of a program, magazine, or newspaper. In general, the audience is attending to the medium because of the program or editorial content, not the advertisement. The nature of the program or editorial content in which an ad appears influence the response that the ad will receive.

Contrast refers to our tendency to attend more closely to stimuli that contrast with their background than to stimuli that blend with it. Contrast has been found to be a primary component of award-winning headlines. The headlines, colors, and design of the ad will cause many to attend to the ad.

2.8 Non-focused attention

Stimuli may be attended to without deliberate or conscious focusing of attention.

Hemispheric lateralization is a term applied to activities that take place on each side of the brain. The left side of the brain is primarily responsible for verbal information, symbolic, representation, sequential analysis, and the ability to be conscious and report what is happening. It controls those activities we typically call rational thought. The right side of the brain deals with pictorial, geometric, timeless, and nonverbal, information without the individual being able to verbally report it; it works with images and impressions.

The left brain needs fairly frequent rest. However, the right brain can easily scan large amounts of information over an extended time period. This had led Krugman to suggest that (its right brain's picture taking ability that permits the rapid screening of the environment to select what it is the left brain should focus on).

While it is a difficult area to research, the evidence indicates that there is some validity to this theory. This indicates that advertising, particularly advertising repeated over time, will have substantial effects that traditional measures of advertising effectiveness cannot detect.

2.9 Interpretation

The assignment of meaning to sensations is called interpretation. It is a function of the gestalt or pattern formed by characteristics of the stimulus, the individual, and the

situation. Interpretation involves both cognitive or factual components and an affective or emotional response.

The cognitive interpretation is a process whereby stimuli are placed into existing categories of meaning¹. This is an interactive process. The addition of new information to existing categories also alters those categories and their relationships with other categories. When the compact disc player was first introduced to consumers, they most probably grouped it in the general category of record players in order to be able to evaluate it. With further experience and information, many consumers have gained detailed knowledge about the product and have formed several subcategories for classifying the various brands and types.

It is the individual's interpretation, not objective reality that will influence behavior. For example, a firm may introduce a high quality new brand at lower price than existing brands because the firm has a more efficient production or marketing process. If consumers interpret this lower price to mean lower quality, the new brand will not be successful regardless of the objective reality.

Affective interpretation is the emotional or feeling response triggered by stimulus such as an ad. Like cognitive interpretation, there are normal emotional responses to an ad. Likewise, there are also individual variations to this response.

There are three characteristics affecting interpretation, individual, situational, stimulus.

¹ Hawkins et al, 1995, p.240.

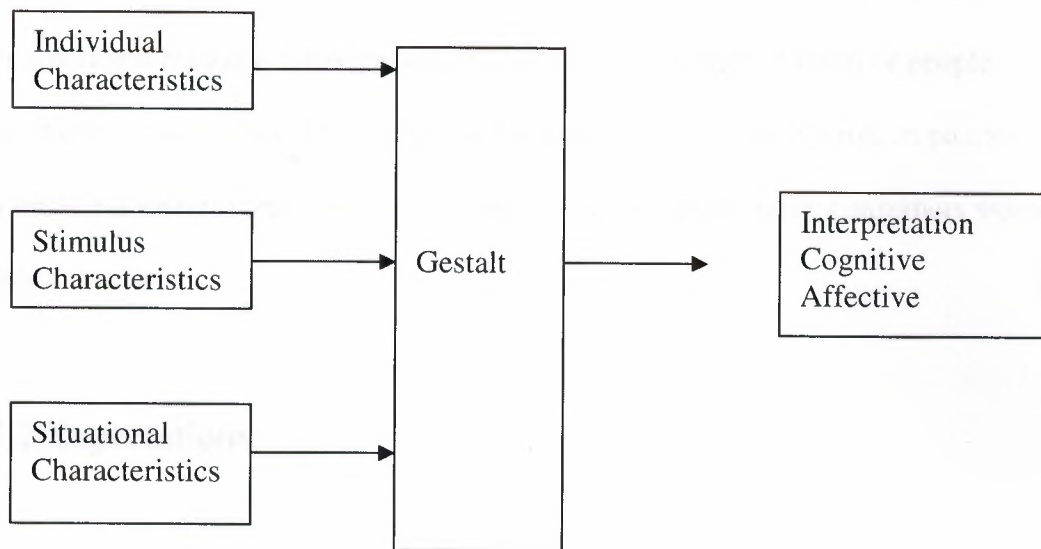


Figure 2.3 Determinants of Interpretation.

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for marketing strategy*, Richard D. Irwin, INC, sixth edition, p.243, 1995.

2.9.1 Individual characteristics

Marketing stimuli have meaning only as individuals interpret them. A number of individual characteristics influence interpretation. For example, gender and social class affect the meaning assigned to owning various products. Likewise, gender affects the nature of the emotional response to nudity in ads. Two particularly important personal variables affecting interpretation are learning and expectations.

2.9.1.1 Learning

Learning is any change in the content or organization of long term memory. Such things as time, space, friendship, and colors, are learned and vary widely across

cultures. Even within the same culture, different subcultures, assign different meanings to similar stimuli. For example, dinner refers to the noon meal for some social classes in some geographic regions. Likewise, many consumers have a very warm emotional response when presented with pictures of fried chicken or people frying chicken. They learned this response because of fried chicken's role in picnics and family gatherings when they were young. Of course, many other consumers would not this response.

2.9.1.2 Expectations

Individuals tend to interpret stimuli consistently with their expectations. For example, people expect dark brown pudding to taste like chocolate, not vanilla, because dark pudding is generally chocolate flavored and vanilla pudding is generally cream colored. Thus these expectations, cued by color, led to an interpretation that was inconsistent with objective reality.

Consumers will frequently evaluate the performance of well known brand or more expensive brand as higher than that of an identical product with unknown brand name or a lower price. Consumers frequently attribute advertisements for new or unknown brands to well known brands. Even an objective product feature such as price is sometimes interpreted to be closer to an expected price. Likewise, brands with promotional signs on them on retail stores are interpreted as having reduced prices even when the sign does not indicate that prices have been reduced and when, in fact, prices have not been reduced.

2.9.2 Situational characteristics

A variety of situational characteristics influence interpretation. Temporary characteristics of the individual. Such as hunger or loneliness, influence the interpretation of a given stimulus, as do moods. The amount of time available also affects the meaning assigned to marketing messages. Likewise, physical characteristics of the situation such as temperature, the number and characteristics of other individuals present, the nature of the material surrounding the message in question, external distractions, and the reason the message is being processed affect how the message is interpreted.

Proximity refers to tendency to perceive objects or events that are close to one another as being related, for example some companies refuse to advertise some products during news broadcasts because they believe that bad news might affect the interpretation of their products.

2.9.3 Stimulus characteristics

The stimulus sets the basic structure to which an individual responds. The structure and nature of the products, package, advertisement, or sales presentation have a major impact on the nature of the mental process that are activated and on the final meaning assigned the message.

In recognition of the critical importance of the meaning associated with stimuli, marketers are beginning to use something called semiotics which it means the science of how meaning is created, maintained, and altered. It focuses on sign, which are anything that conveys meaning, including words, pictures, music, colors, forms,

smells, gestures, products, prices, and so forth.

2.10 Memory

Memory is the total accumulation of prior leaning experience. It consists of two interrelated components: short-term and long-term memory. These are not distinct physiological entities. Instead, short-term memory is that portion of total memory that is currently activated or in use. In fact, it is often referred to as working memory.

2.10.1 Long- term memory

Long term memory is viewed as unlimited, permanent storage. It can store numerous types of information such as concepts, decision rules, processes, affective (emotional) states, and so forth. Marketers are particularly interested in schematic memory, which is the stored representations of our generalized knowledge about the world we live in. it is this form of memory that is concerned with the association and combination of various chunks of information.

2.10.2 Short- term memory

Short term memory has been described in terms of two basics kinds of information processing activities maintenance rehearsal and elaborative activities. Maintenance rehearsal is the contumely repetition of a piece of information in order to hold it in current memory for use in problem solving or transferal to long-term memory. While extensive rehearsal generally strengths retention in long-term memory, it is not essential for a strong long-term memory.

Elaborative activities are the use of previously stored experiences, values, attitudes, beliefs, and feelings to interpret and evaluate information in working memory as well as add relevant previously stored information. Elaborative activities serve to redefine or add new elements to memory.

Short-term memory is closely analogous to what we normally call thinking. It is an active, dynamic process, not a static structure.



FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

BUSINESS ADMINISTRATION DEPARTMENT

GRADUATION PROJECT

CONSUMERS' PERCEPTIONS FOR AUTOMOBILES!

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ABSTRACT

The objective of writing this project is that the perception topic, is a very important topic for marketers, it's a very interesting topic that researchers and marketers care about it.

The problem that tried to be solved in this project, is to know the perception of Turkish Cypriots for different brands of cars, the different brands of cars that has been chosen are the most sold cars in North Cyprus in 2004. To solve this problem the multidimensional scaling method has been used, and the perceptual mapping, 15 Turkish Cypriots has been interviewed by the researcher, 30% from them females and 70% males, special matrixes used for each respondent. To analyze the data found, the SPSS program has been used. At the end the researcher has different results for females' and males' perceptions for cars..

Key words: Consumer behavior, perception, multidimensional scaling, perceptual mapping.

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Chapter One

Introduction

1.1 The history of the study of consumer behavior.

The mid – to late 1960s. with no history or body of research of its own, the new discipline borrowed heavily from concepts developed in other scientific disciplines, such as psychology (the study of the individual), sociology (the study of groups), social psychology (the study of how an individual operates in groups), anthropology (the influence of society on the individual), and economics.

Many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits (satisfactions) in the purchase of goods and services.

Consumer behavior is the study of how individuals make decisions to spend their resources such as time, effort, Money on consumption. The study of consumer behavior includes the study of what we buy and why, where, how often we buy it.

The term consumer is often used to describe two different kinds of consuming entities, the first one is personal consumer, it means buying goods and services for his or her own use, for example buying VCR or cream. The second one is organizational consumer such as schools, hospitals, equipments, services in order to run their organization.¹

¹ www.consumerpsychologist.com

1.2 Why study consumer behavior?

The study of consumer behavior enables marketers to understand and predict consumer behavior in the marketplace, it also promotes understanding of the role that consumers play in the lives of individuals¹.

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how:-

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;

Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;

- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

Understanding these issues helps us adapt our strategies by taking the consumer into consideration. For example, by understanding that a number of different messages compete for our potential customers' attention, we learn that to be effective, advertisements must usually be repeated extensively. We also learn that consumers will sometimes be persuaded more by logical arguments, but at other times will be persuaded more by emotional or symbolic appeals. By understanding the consumer,

¹ www.academon.com

we will be able to make a more informed decision as to which strategy to employ.

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Although it is not necessary to memorize this definition, it brings up some useful points:

- Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).
- Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or consumer behavior involves services and ideas as well as tangible products.
- The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

There are four main applications of consumer behavior:

- The most obvious is for *marketing strategy*—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well

financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.

- A second application is *public policy*. In the 1980s, Acutance, a near miracle cure for acne, was introduced. Unfortunately, Acutance resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers' attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.
- *Social marketing* involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.
- As a final benefit, studying consumer behavior should make us better consumers.

Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a *size premium* by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are *really* getting a bargain.

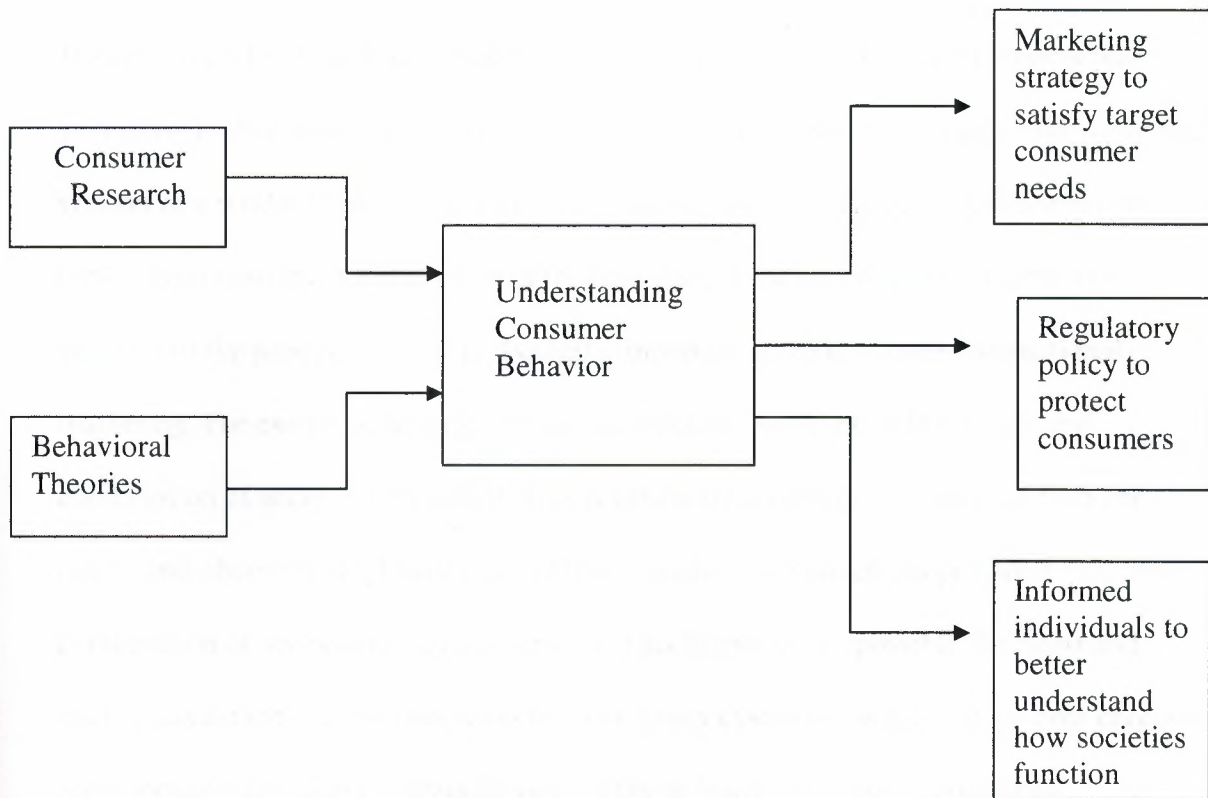


Figure 1.1 Understanding Consumer Behaviors

Source: Leon G. Schiffman, Leslie Lazar Kanuk, *Consumer Behavior, USA*, Prentice Hall, 6th edition, p.36, (1997).

1.3 Marketing strategy

How will we provide superior customer value to our target market? To answer this question we need marketing strategy, and this requires the formulation of a consistent marketing mix, which it includes product, price, communication, distribution, and services provided to the target market.

The product is anything a consumer acquires or might acquire to meet a perceived need.

Marketers use the term product to refer to physical products and primary services.

To be the product successful, products must meet the needs of the target market better than

competition does, but meeting the needs of the customer better than the competition does is not a simple task¹.

Making specialized products for few customers will provide them with products features very close to their needs. However, it is generally less expensive to manufacture only one version of a product. Thus, marketers must balance the benefits that target consumers derive from customization of product features against the cost of providing multiple versions of the product. This is particularly important consideration in international marketing. For example, American made automobiles could be ordered with any combination of accessories desired. This resulted in hundreds of versions of each car model and, therefore, high costs. In contrast, Japanese manufactures provided only little combination of accessories for each model. This helped make possible their cost and quality advantages. It soon became clear that many customers would forgo some choice in accessory combination to obtain higher quality at lower price. Now, American manufactures also use the accessory package approach. Understanding the customer's willingness to trade high levels of one attributes for improvements in other attributes (price and quality) gave the Japanese manufactures an initial competitive advantage in this market.

Price is the amount of Money one must pay to obtain the right to use the product. One can buy ownership of a product or, for many products, limited usage rights. For example one can rent or lease the product. Economist often assumes that lower prices for the same product will result in more sales than higher prices. However, price sometimes serves as a signal of quality. A product priced too low might be perceived as having low quality.

Owning expensive items also provides information about owner. If nothing else, it indicates that the owner can afford the expensive item. This is desirable feature to some

¹ Schiffman, 1997, page 26.

consumers. Therefore, setting a price requires a thorough understanding of the symbolic role that price plays for the product and target market question.

It is important to note that the price of a product is not the same as the cost of the product to the customer, the cost of owning and using an automobile includes insurance, gasoline maintenance, finance charges, license fees, and parking fees, in addition to purchase price. One of the ways that firms seek to provide customer value is to reduce the nonprice costs of owning or operating a product. If successful, the total cost to the customer decreases while the revenue to the marketer stays the same or even increases.

Distribution, having the product available where target customers can buy it is essential to success. Only in rare cases will customers go to much trouble to secure a particular brand. Since customers differ in where and how they shop, products aimed at multiple market segments often require multiple distribution channels. This can lead to difficult channel management issues. To effectively cover all the attractive segments, a marketer may want to distribute through full service department stores don't like to see items they carry advertised at discounted prices that they cannot match. Thus marketers sometimes must limit their channels, or develop strategies such as channel specific product models. Obviously, sound channel decisions require a sound knowledge of where target customers shop for the product in question.

Communications or marketing communications include advertising, the sales force, public relations, the packaging, and other signals that the firm provides about itself and its products.

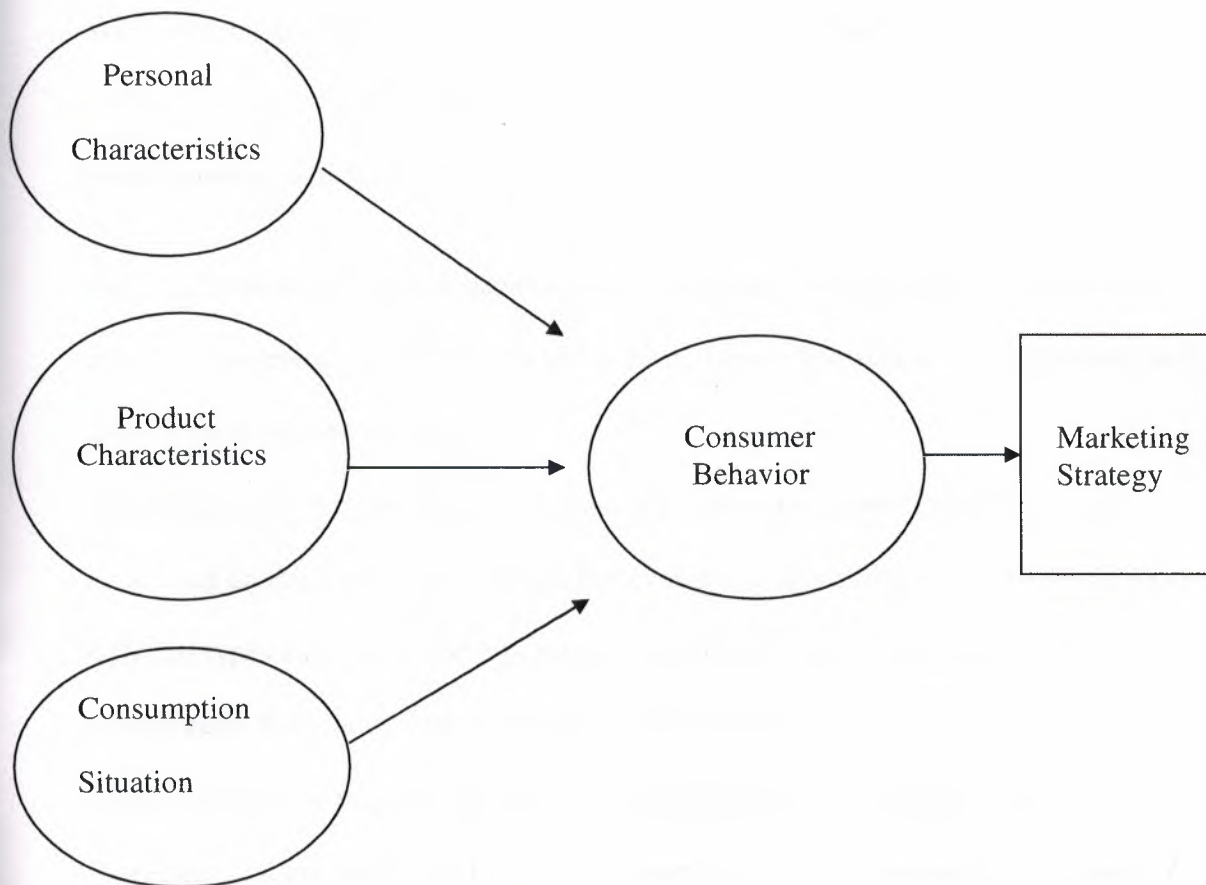


Figure 1.2 Consumer Behavior Product-Person-Situations

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for Marketing Strategy*, Richard D. Irwin, USA, 6th edition, p. 20, 1995.

1.4 The nature of consumer behavior

Consumer behavior is a function of the individual involved , the product category , and the current situation, for example, an individual prefer different televisions shows , foods,clothes,and beverages than do your parents an even some of your closest friends . people also spend more or less time evaluating a product before purchasing it than do some of their acquaintances. Each person is, to some extent, unique as a consumer.

Marketers attempt to group consumers who are similar, though seldom identical, into market segments.

While consumers differ from other consumers, their own purchasing behavior will also differ from one product category to another. The amount of effort and time you would spend deciding which, if any, stereo system to purchase would probably be much greater than what you would expend deciding on buying a new compact disk. Both of these purchase processes would probably differ from the one you would use to purchase a soft drink from a vending machine¹.

Your purchasing and consumption behavior for the same product will often change depending on the situation you are in. For example, many college students will consume different types and quantities of beverages at graduation celebration with their parents and grandparents than they would at similar celebration with their classmates.

Since consumer behavior is influenced by individual characteristics, product characteristics, our understanding of consumer behavior must incorporate all three of these influences.

1.4.1 The nature of consumption

Consumers purchase and consume products to maintain or enhance their lifestyles. Past decisions, time-related events such as aging, external events such as job changes, and internal decisions such as trying a new hobby, lead to lifestyle changes that require the purchase and/or consumption of products to maintain and enhance. But this doesn't mean that consumers think in terms of lifestyle, for example no body thinks will have a diet coke in order to enhance my lifestyle. Rather we make decisions consistent with our life

¹ Hawkins et al. 1995, page 31.

style without deliberately considering lifestyle. Most consumer decision involves very little effort or thought on the part of the consumer which are called low involvement decisions. Feelings and emotions are as important in many consumer decisions as facts and physical product attributes. Nonetheless, most consumer purchases involve at least a modest amount of decision making and most are influenced by the purchaser's current and desired lifestyle.

Lifestyle is how you live; it includes the products you buy, how you use them, what you think about them, and how you feel about them. It is the manifestation of your self concept, the total image you have of yourself as a result of the culture you live in and the individual situations and experiences that comprise your daily existence. It is the sum of your past decisions and future plans.

Both individuals and families exhibit distinct lifestyle. One's lifestyle is determined by both conscious and unconscious decisions. Often we make choices with full awareness of their impact on our lifestyle, but generally we are unaware of the extent to which our decisions are influenced by our current or desired lifestyle.

Managers need to understand consumer lifestyle and the factors that influence them, such as (culture, subculture, perception, and others).

1.5 Customers and consumers

The term customer is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at Lemar or Astro is viewed as customer of these markets. The term consumer more generally refers to anyone engaging in any of the activities used in the definition of consumer behavior. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

The traditional viewpoint has been to define consumers strictly in terms of economic goods

and services. This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition. Consequently, organizations, religious and political groups, can view their various publics as consumers. The rationale for this position is that many of the activities that people engage in regarding free services, ideas, and philosophies are quite similar to those they engage in regarding commercial products and services¹.

1.6 The ultimate consumer

Ultimate consumers are those individuals who purchase for the purpose of individual or household consumption. Some have argued that studying ultimate consumers also reveals much about industrial and intermediate buyers others involved in purchasing for business firms and institutions. Industrial purchasing behavior is unique because it often involves different buying motives and the influence of a large variety of people.

1.7 The individual buyer

The most commonly thought of consumer situation is that of an individual making a purchase with little or no influence from others. However, in some cases a number of people can be jointly involved in a purchase decision. For example, planning vacation or deciding on a new car can involve an entire family. In other cases the purchaser may just be acquiring a product or someone else who has asked for a certain item. These situations suggest that

¹ David L. et al, 1993, page 5.

people can take on different roles.

Some purchase situations involve at least one person in each of these roles, while in other circumstances a single individual can take on several roles at the same time. For example, a wife (initiator and influencer) may ask her husband (buyer) to pick up a box of total cereal on his shopping trip because their child (user) said she wanted it. At another time the husband could act as the initiator, buyer, and user by purchasing a health spa membership for himself.

Any study of consumer behavior would be incomplete if it treated only one consumer role. However, emphasizing one role, while still devoting adequate treatment to the others, can simplify our study in many cases.

When it becomes useful to consider only one role we will tend to choose the buyer, the individual who actually makes the purchase. This approach is useful because even when told what to purchase, the buyer often makes decisions regarding purchase timing, store choice, package size, and other factors. Therefore, focusing on the buyer, while allowing for the influence of others on the purchase decision, still gives considerable flexibility while concentrating on one consumer role.

1.8 The decision process

The decision making process is a complex process which has too much steps, but in the introduction it will be just summarized by giving an example explain the decision making by consumers¹.

Consumer behavior is seen as to involve a mental decision process as well as physical activity. The actual act of purchase is just one stage in a series of mental and physical

¹ Albert J., 1993, page 7.

activities that occur during a period of time. Some of these activities precede the actual buying while others follow it. However, since all are capable of influencing the adoption of products or services, they will be considered as part of the behavior in which we are interested.

To illustrate the benefits of this viewpoint. For example, suppose a photographer who regularly purchases one brand of film suddenly switches to a competing brand even though there has been no change in either the films or their prices.

So it can ask what caused this shift in loyalty. Perhaps the competing film received a strong recommendation by a friend, or possibly the photographer switched because he believed the competing brand best captures the colors of some subject matter of interest. On the other hand, his decision may have been caused either by general dissatisfaction with results from his regular film or from recent exposure to an advertisement for the competing brand.

The example that given suggests the complexity of decision processes and demonstrates the limitations of viewing consumer behavior as just the act of purchasing. Therefore, to understand consumers adequately we should stress that, in addition to just physical activities, their purchasing behavior involves a mental decision process that takes place over time. In some cases this time period is very short, while in other cases it can be quite long- a year or more.

1.9 A subset of human behaviors

Viewing consumer behavior in such a broad context suggests it is actually a subset of human behavior. That is, factors affecting individuals in their daily lives also influence their

purchase activities. Internal influences, such as learning, and ¹**perception**, as well as external influences, such as social expectations and constraints, affect us in our role as consumers as well as in our other capacities. In fact, it is often difficult to draw a distinct line between Consumer-related behavior and other aspects of human behavior.

The fact consumer behavior is a subset of human behavior is to our advantage. Several disciplines collectively referred to as the behavioral sciences have studied human behavior for some time, and we can draw upon their contributions for understanding consumer behavior. This borrowing has been quite extensive and includes theories used in explaining behavior as well as methods useful in investigating it. In fact, this borrowing is so extensive that consumer behavior is often said to be multidisciplinary in nature. The behavioral sciences disciplines that have most contributed to our understanding of consumers are:

1. Psychology. Study of the behavior and mental processes of individuals.
2. Sociology. Study of the collective behavior of people in groups.
3. Social psychology. Study of how individuals influence and are influenced by groups.
4. Economics. Study of people's production, exchange, and consumption of goods and services.
5. Anthropology. Study of people in relation to their culture.

1.10 Consumer behavior and marketing management

Effective business managers realize the importance of marketing to the success of their firm.

The marketing can be defined as, the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives¹.

¹ Will be discussed next chapter.

A sound understanding of consumer behavior is essential to the long-run success of any marketing program. In fact, it is seen as a cornerstone of the marketing concept, an important orientation of philosophy of many marketing managers. The essence of the marketing concept is captured in three interrelated orientations.

1.10.1 Consumers' wants and needs

When the focus is on identifying and satisfying the wants and needs of consumers, the intention of the firm is not seen as merely providing goods and services. Instead, want and need satisfaction is viewed as the purpose, and providing products and services is the means to achieve the end.

1.10.2 Company objectives

Consumers' wants and needs numerous. Therefore, a firm that concentrates on satisfying a small proportion of all desires will most effectively utilize its resources. Company objectives and any of the firm's special advantages are used as criteria to select the specific wants and needs to be addressed.

1.10.3 Integrated strategy

An integrated effort is most effective in achieving a firm's objective though consumer satisfaction. For maximum impact this requires that marketing efforts be closely coordinated and compatible with each other and with other activities if the firm.

¹ David et al., 1993, page 9

Chapter Two

Perception

2.1 Psychological factors that affecting consumer behavior

A person's buying choices are influenced by four major psychological factors such as, motivation, **perception**, learning, beliefs and attitudes. But in this Project the perception factor will be discussed and how it's affecting the consumer behavior.

A motivated person is ready to act, how the motivated person actually acts is influenced by his or her perception of the situation¹. Perception is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful Picture of the world.

Perception depends not only on the physical stimuli, but also on the stimuli's relation to the surrounding field and on conditions within the individual. The key point is that perception can vary widely among individuals exposed to the same reality. For example, one perception might perceive a fast –talking sales person as aggressive and insincere, another as intelligent and helpful.

¹ kotler and Armstrong, 2001, page 197.

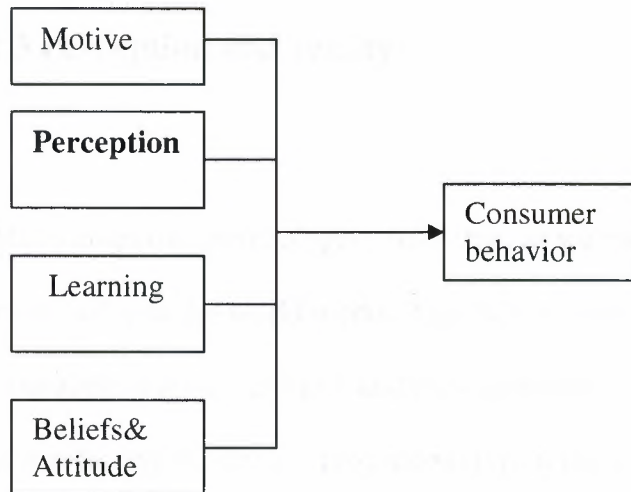


Figure 2.1: Psychological Factors affecting Consumer Behavior

Source: David L. Loudon and Albert J. Della Bitta, *Consumer Behavior*, McGraw- Hill International Editions, USA, 1993, Fourth edition, p. 357.

2.2 History of the study of perception

The subjective nature of perception, and hence of cognition, has attracted the attention of philosophers since antiquity, for example in the quail which have been known since the Sufi thinkers, or in the extreme idealism of George Berkeley¹.

Perception is one of the oldest fields within scientific psychology, and there are correspondingly many theories about its underlying processes. The oldest quantitative law in psychology is the weber-Fechner Law, which quantifies the relationship between the intensity of physical stimuli and their perceptual effects. it was the study of perception that gave rise to the Gestalt school of psychology, with its emphasis on holistic approaches.

¹ <http://en.wikipedia.org/wiki/Perception>

2.3 Perception and reality

Many cognitive psychologists hold that, as we move about in the world, we create a model of how the world works. That is, we sense the objective world, but our sensations map to percepts, and these percepts are provisional, in the same sense that scientific hypotheses are provisional (cf. in the scientific method). As we acquire new information, our percepts shift. Abraham Pays' biography refers to the 'simplistic' nature of imagination. In the case of visual perception, some people can actually see the percept shift in their mind's eye. Others, who are not picture thinkers, may not necessarily perceive the 'shape-shifting' as their world changes. The 'simplistic' nature has been shown by experiment: an ambiguous image has multiple interpretations on the perceptual level. Just as one object can give rise to multiple percepts, so an object may fail to give rise to any percept at all: if the percept has no grounding in a person's experience, the person may literally not perceive it.

These confusing ambiguity of perception is exploited in human technologies such as camouflage, and also in biological mimicry, for example by Peacock butterflies, whose wings bear eye markings that birds respond to as though they were the eyes of a dangerous predator.

Cognitive theories of perception assume there is a poverty of stimulus. This (with reference to perception) is the claim that sensations are, by themselves, unable to provide a unique description of the world. Sensations require 'enriching', which is the role of the mental model. A different type of theory is the ecological approach of James J. Gibson. Gibson rejected the assumption of a poverty of stimulus by rejecting the

Notion that perception is based in sensations. Instead, new investigated what information is actually presented to the perceptual systems. He (and the psychologists who work within this paradigm) detailed how the world could be specified to a mobile, exploring organism via the lawful projection of information about the world into energy arrays. Specification is a 1:1 mapping of some aspect of the world into a perceptual array; given such a mapping, no enrichment is required and perception is direct¹.

2.4 The perceptual process

People undergo stages of information processing in which stimuli are input and stored. However, we do not passively process whatever information happens to be present. Only a very small number of the stimuli in our environment are ever noticed. Of these, an even smaller number are attended to. And the stimuli that do enter our consciousness are not processed objectively. The meaning of stimulus is interpreted by the individual, who is influenced by his or her unique biases, needs, and experiences. There are four stages in the perceptual process, these stages are exposure (or sensation), attention, interpretation, and memory.

¹ <http://encyclopedia.worldvillage.com/s/b/Perception>

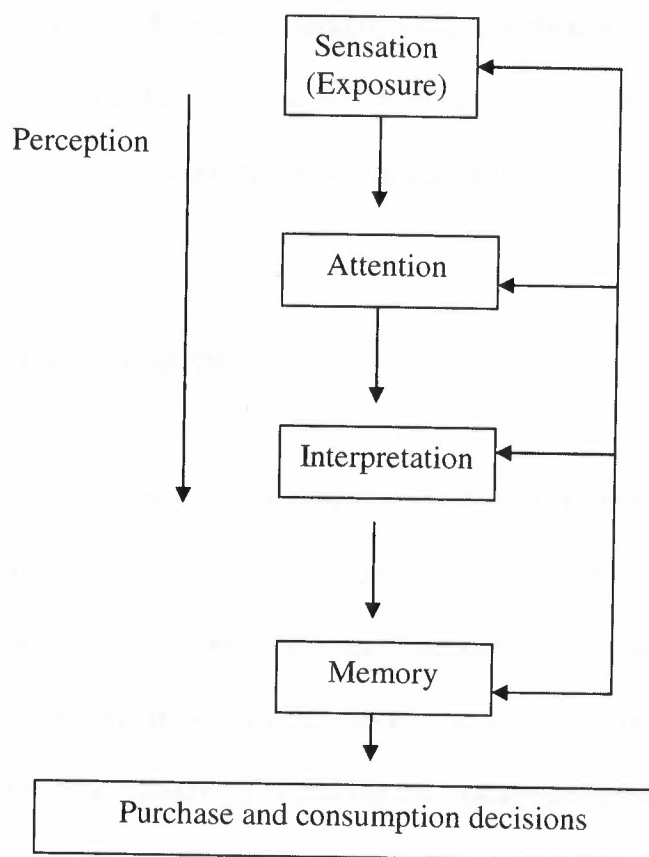


Figure 2.2: The Perceptual Process

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for Marketing Strategy*, Richard D. Irwin, INC, USA, 1995, 6th edition, p. 237

2.4.1 Sensation

Sensation is the immediate and direct response of the sensory organs (e.g. eyes, ears, nose, mouth and fingers) to simple stimuli (as advertisement, a package , a brand name). Human sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyesight or hearing) and the amount or intensity of the stimuli to which he or she is exposed¹. For example, a blind person may have a more highly developed sense of hearing than the average sighted person and may be able to hear sounds that the average person can not.

¹ Schiffman, 1997, p. 146.

Such interpretations or assumptions stem from our schemas, or organized collections of beliefs and feelings. That is, we tend to group the objects we see as having similar characteristics, and the schema to which an object is assigned is crucial determinant of how we choose to evaluate this object at a later time.

2.4.1.1 Sensory systems

The data that we receive from our sensory systems determine how we respond to products. These responses are an important part of hedonic consumption, or the multi-sensory, fantasy and emotional aspects of consumers' interactions with products.

Although we usually trust our receptors to give us an accurate account of the external environment, new technology is making the linkage between our senses and reality more questionable, for example an architect can see a building design from different perspectives. This technology, which creates a three-dimensional perceptual environment which the viewer experience as being virtually real, is already being adapted to everyday pursuits, such as virtual reality games.

There are six sensory systems, such as vision, smell, sound, touch, taste, and exposure.

A) Vision

Visual elements in advertising, store design, and packaging are heavily important for marketers. Meanings are communicated on the visual channel through a product's size, styling, brightness and distinctiveness compared with competitors.

Colors are rich in symbolic value and cultural meanings, such powerful cultural meanings make color a central aspect of many marketing strategies. Colour choices are

made with regard to packaging, advertising and even shop fittings. But there is evidence to suggest that some colors such as red are arousing while others such as blue are relaxing. The power of colors evoke positive and negative feelings makes this an important consideration in advertising design.

These days color is a key issue in package design. But the choice used to be made casually. Color is a serious business, and companies frequently employ consultants to assist in these decisions. For example, in Switzerland an instant coffee container was redesigned with diagonal strips of mauve, the package won a design award, but sales dropped off significantly. Consumers did not associate the color mauve with coffee. Colors also plays a role in web page design, it directs a viewers eye across page, ties together design ideas, separates visual areas, organizes contextual relationships, creates mood and captures attention.¹

Consumers' color choices may be affected by some trends because consumers' choices are largely limited by the colors available in the stores.

B) Smell

Smell (odors) can stir the emotion or have some calm effects; they invoke memories or relieve stress. Some of our responses to scents result from early associations that call up good or bad feelings and that explain why businesses are exploring connections between smell, memory and mood.

C) Sound

¹ Solomon, 1997, p.39

Sound and music are also important; Consumers spend amounts of Money each year on compact discs and cassettes, advertising jingles maintain brand awareness and background music creates desired moods. Many aspects of sound affect people's feelings and behaviors.

D) Touch

Moods are stimulated or relaxed on the basis of sensations of the skin, whether from a luxurious massage or the bite of a winter wind.

Touch has even been shown to be a factor in sales interactions, but there are considerable cultural differences in the world.

Tactile cues have symbolic meaning. People associate the texture of fabrics and other products with underlying products qualities. The perceived richness or quality of the material in clothing, bedding or upholstery is linked to its feel, whether it is rough or smooth, soft to stiff, a smooth fabric such as silk is equated with luxury, while denim is considered practical and durable.

E) Taste

Taste receptors contribute to our experience of many products. Food companies go to great lengths to ensure that their products as they should. Some companies may use sensory panelist as testers. These consumers are recruited because they have superior

sensory abilities, and are then given six months training.

2.5 Exposure

It occurs when a stimulus comes within range of our sensory receptors nerves and it's the degree to which people notice a stimulus that is within range of their sensory receptors. Consumers concentrate on certain stimuli, are unaware of others, and even go out of their way to ignore some messages.

2.6 Sensory thresholds

There are two theories under the sensory thresholds, the absolute threshold, and the differential threshold.

2.6.1 The absolute threshold

The absolute threshold is the lowest level at which an individual can experience a sensation. The point at which a person can detect a difference between something and nothing is that person's absolute threshold for that stimulus. For example the distance at which a driver can note a specific billboard on highway is that individual's absolute threshold and if there are two people and they spot the billboard in different times, they appear to have different absolute thresholds.

In the field of perception there is something called *adaptation*, it refers specifically to getting used to certain sensations, becoming accommodated to a certain level of stimulation.

Sensory adaptation is a problem that concerns many TV advertisers, which is why

they try to change their advertising campaigns regularly. They are concerned that consumers will get so used to their current print ads and TV commercials that they will no longer see them that is the ads will no longer provide sufficient sensory input to be noted.

In an effort to cut through the advertising clutter and ensure that consumers note their ads, some marketers try to increase sensory input. For example, Apple Computer once bought all the advertising space in an issue of Newsweek magazine to ensure that readers would note its ads.

Some marketers seek unusual media in which to place their advertisement in an effort to gain attention. Some have advertised their products on bus shelters, others have used parking meters and shopping carts, still others pay to have their products appear TV shows and in movies.

2.6.2 The differential threshold

¹Differential threshold is minimal difference that can be detected between two similar stimuli, and its also called j.n.d (just noticeable difference).

A German scientist named Ernst Weber discovered that the just noticeable difference between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. Weber's law, as it has come to be known, states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. For example if the price of an automobile was increased by \$ 100, it would probably not be noticed. However, a one dolar increase in

¹ Solomon et al, 1997, p.35

the price of gasoline would be noticed very quickly by consumers, because it is a significant percentage of the initial cost of the gasoline.

According to Weber's law, an additional level of stimulus equivalent to j.n.d must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus. Weber's law holds for all senses and for almost all intensities.

2.7 Attention

Attention is the second factor in the perceptual process. And there are three main factors coming under attention i will discuss them in this chapter. Attention occurs when the stimulus activates one or more sensory receptors nerves, and the resulting sensations go to the brain for processing. But we are constantly exposed to thousands of times more stimuli than we can process.

Selectivity has major implications for marketing managers and others concerned with communicating with consumers.

Attention always occurs within the context of situation. The same individual may devote different levels of attention to the same stimulus in different situation.

Attention, therefore, is determined by three factors, the stimulus, the individual, and the situation.

2.7.1 Stimulus factors

These factors are physical characteristics of the stimulus itself. A number of stimuli characteristics tend to attract our attention independently of our individual

characteristics.

The size of the stimulus influences the probability of paying attention. Larger stimuli are more likely to be noticed than smaller ones. Thus a full page advertisement is more likely to be noticed than a half-page advertisement.

The number of times the same advertisement appears in the same issue of a magazine has an impact similar to ad size and this is called Insertion frequency. Multiple insertions were found to increase recall by 20 percent in one study and by 200 percent in another. The intensity for example loudness, brightness, of a stimulus operates in much the same manner.¹

Both color and movement served to attract attention with brightly colored and moving items being more noticeable. A brightly colored package is more apt to receive attention than adult package.

Position refers to the placement of an object in a person's visual field. Objects placed near the centre of the visual field are more likely to be noticed than those near the edge of the field. This primary reason why consumer goods manufacturers compete fiercely for eye-level space in grocery stores. Likewise, advertisements on the right-hand page receive more attention than those on the left.

Isolation is separating a stimulus object from other objects. The use of white space is based on this principle.

The manner in which the message is presented is called *Format*, in general, straightforward; simple presentations receive more attention than complex presentations.

Elements in the message that increase the effort required to process the message tend to decrease attention. Advertisements that lack a clear visual point of references or

¹ Hawkins et al, 1995, p. 242.

have inappropriate movement, for example too fast or slow, increase the processing effort and decrease attention. Audio messages those are difficult to understand due to foreign accents, inadequate volume, deliberate distortions, loud background noises, and so forth also reduce attention. Format interacts strongly with individual characteristics, some individuals find to be complex, others find interesting. Format must be developed with a specific target market in mind.

Speeding up a message may increase attention; compressed commercials do not distract from attention and may increase attention. However, attention level will vary with the type of message, the product, and the nature of the audience.

A final stimulus factor, information quantity, relates more to the total stimulus field than to any particular item in that field. Although there are substantial variations among individuals, all consumers have limited capacities to process information.

Information overload occurs when consumers are confronted with so much information that they can not or will not attend to all of it. Instead, they become frustrated and either postpone or give up the decision, make a random choice, or utilize a suboptimal portion of the total information available.

2.7.2 Individual factors

Individual factors are characteristics of the individual, interest or needs are seen to be the primary individual characteristics that influence attention. Interest is a reflection of overall lifestyle as well as a result of long term goals and plans and short-term needs for example, hunger. Short-term goals and plans are, of course, heavily

influenced by the situation.

Individuals seek out (exposure) and examine information relevant to their current needs. For example,

2.7.3 Situational factors

Situational factors include stimuli in the environment other than the focal stimulus, for example the ad or package) and temporary characteristics of the individual that are induced by the environment, such as time pressures or a very crowded store.

Obviously, individuals in a hurry are less likely to attend to available stimuli than are those with extra time. For example, if somebody have ever been on a long flight without a book, you may recall reading even the ads in the airline magazine.

Individuals in an unpleasant environment such as an overcrowded store or a store that is too noisy, too warm, or too cold will not attend to many of the available stimuli as they attempt to minimize their time in such an environment.

Program involvement such as print, radio, and television ads occur in the context of a program, magazine, or newspaper. In general, the audience is attending to the medium because of the program or editorial content, not the advertisement. The nature of the program or editorial content in which an ad appears influence the response that the ad will receive.

Contrast refers to our tendency to attend more closely to stimuli that contrast with their background than to stimuli that blend with it. Contrast has been found to be a primary component of award-winning headlines. The headlines, colors, and design of the ad will cause many to attend to the ad.

2.8 Non-focused attention

Stimuli may be attended to without deliberate or conscious focusing of attention.

Hemispheric lateralization is a term applied to activities that take place on each side of the brain. The left side of the brain is primarily responsible for verbal information, symbolic, representation, sequential analysis, and the ability to be conscious and report what is happening. It controls those activities we typically call rational thought. The right side of the brain deals with pictorial, geometric, timeless, and nonverbal, information without the individual being able to verbally report it; it works with images and impressions.

The left brain needs fairly frequent rest. However, the right brain can easily scan large amounts of information over an extended time period. This had led Krugman to suggest that (its right brain's picture taking ability that permits the rapid screening of the environment to select what it is the left brain should focus on).

While it is a difficult area to research, the evidence indicates that there is some validity to this theory. This indicates that advertising, particularly advertising repeated over time, will have substantial effects that traditional measures of advertising effectiveness cannot detect.

2.9 Interpretation

The assignment of meaning to sensations is called interpretation. It is a function of the gestalt or pattern formed by characteristics of the stimulus, the individual, and the

situation. Interpretation involves both cognitive or factual components and an affective or emotional response.

The cognitive interpretation is a process whereby stimuli are placed into existing categories of meaning¹. This is an interactive process. The addition of new information to existing categories also alters those categories and their relationships with other categories. When the compact disc player was first introduced to consumers, they most probably grouped it in the general category of record players in order to be able to evaluate it. With further experience and information, many consumers have gained detailed knowledge about the product and have formed several subcategories for classifying the various brands and types.

It is the individual's interpretation, not objective reality that will influence behavior. For example, a firm may introduce a high quality new brand at lower price than existing brands because the firm has a more efficient production or marketing process. If consumers interpret this lower price to mean lower quality, the new brand will not be successful regardless of the objective reality.

Affective interpretation is the emotional or feeling response triggered by stimulus such as an ad. Like cognitive interpretation, there are normal emotional responses to an ad. Likewise, there are also individual variations to this response.

There are three characteristics affecting interpretation, individual, situational, stimulus.

¹ Hawkins et al, 1995, p.240.

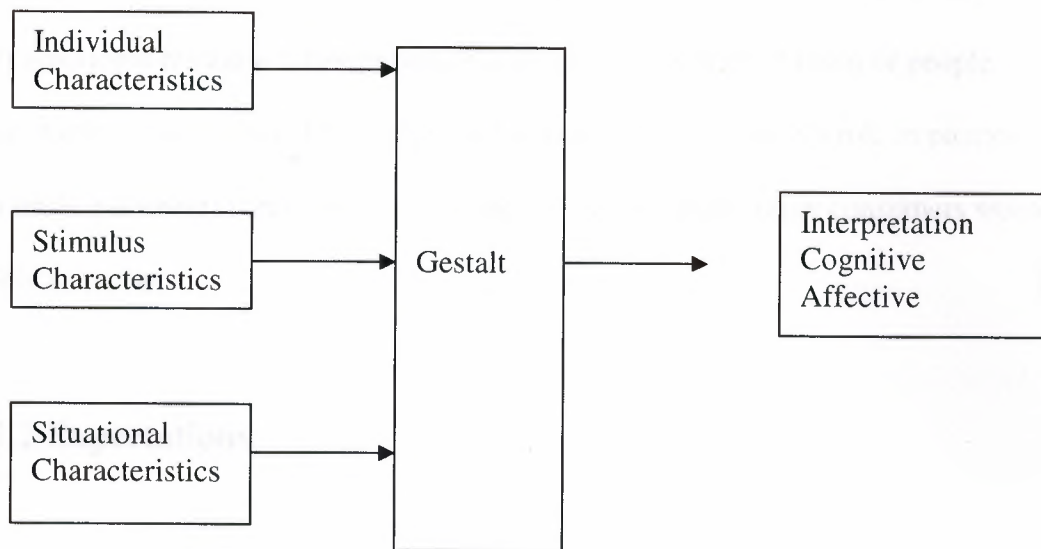


Figure 2.3 Determinants of Interpretation.

Source: Del I. Hawkins, Roger J. Best, Kenneth A. Coney, *Consumer Behavior, Implication for marketing strategy*, Richard D. Irwin, INC, sixth edition, p.243, 1995.

2.9.1 Individual characteristics

Marketing stimuli have meaning only as individuals interpret them. A number of individual characteristics influence interpretation. For example, gender and social class affect the meaning assigned to owning various products. Likewise, gender affects the nature of the emotional response to nudity in ads. Two particularly important personal variables affecting interpretation are learning and expectations.

2.9.1.1 Learning

Learning is any change in the content or organization of long term memory. Such things as time, space, friendship, and colors, are learned and vary widely across

cultures. Even within the same culture, different subcultures, assign different meanings to similar stimuli. For example, dinner refers to the noon meal for some social classes in some geographic regions. Likewise, many consumers have a very warm emotional response when presented with pictures of fried chicken or people frying chicken. They learned this response because of fried chicken's role in picnics and family gatherings when they were young. Of course, many other consumers would not this response.

2.9.1.2 Expectations

Individuals tend to interpret stimuli consistently with their expectations. For example, people expect dark brown pudding to taste like chocolate, not vanilla, because dark pudding is generally chocolate flavored and vanilla pudding is generally cream colored. Thus these expectations, cued by color, led to an interpretation that was inconsistent with objective reality.

Consumers will frequently evaluate the performance of well known brand or more expensive brand as higher than that of an identical product with unknown brand name or a lower price. Consumers frequently attribute advertisements for new or unknown brands to well known brands. Even an objective product feature such as price is sometimes interpreted to be closer to an expected price. Likewise, brands with promotional signs on them on retail stores are interpreted as having reduced prices even when the sign does not indicate that prices have been reduced and when, in fact, prices have not been reduced.

2.9.2 Situational characteristics

A variety of situational characteristics influence interpretation. Temporary characteristics of the individual. Such as hunger or loneliness, influence the interpretation of a given stimulus, as do moods. The amount of time available also affects the meaning assigned to marketing messages. Likewise, physical characteristics of the situation such as temperature, the number and characteristics of other individuals present, the nature of the material surrounding the message in question, external distractions, and the reason the message is being processed affect how the message is interpreted.

Proximity refers to tendency to perceive objects or events that are close to one another as being related, for example some companies refuse to advertise some products during news broadcasts because they believe that bad news might affect the interpretation of their products.

2.9.3 Stimulus characteristics

The stimulus sets the basic structure to which an individual responds. The structure and nature of the products, package, advertisement, or sales presentation have a major impact on the nature of the mental process that are activated and on the final meaning assigned the message.

In recognition of the critical importance of the meaning associated with stimuli, marketers are beginning to use something called semiotics which it means the science of how meaning is created, maintained, and altered. It focuses on sign, which are anything that conveys meaning, including words, pictures, music, colors, forms,

smells, gestures, products, prices, and so forth.

2.10 Memory

Memory is the total accumulation of prior leaning experience. It consists of two interrelated components: short-term and long-term memory. These are not distinct physiological entities. Instead, short-term memory is that portion of total memory that is currently activated or in use. In fact, it is often referred to as working memory.

2.10.1 Long- term memory

Long term memory is viewed as unlimited, permanent storage. It can store numerous types of information such as concepts, decision rules, processes, affective (emotional) states, and so forth. Marketers are particularly interested in schematic memory, which is the stored representations of our generalized knowledge about the world we live in. it is this form of memory that is concerned with the association and combination of various chunks of information.

2.10.2 Short- term memory

Short term memory has been described in terms of two basics kinds of information processing activities maintenance rehearsal and elaborative activities. Maintenance rehearsal is the contumely repetition of a piece of information in order to hold it in current memory for use in problem solving or transferal to long-term memory. While extensive rehearsal generally strengths retention in long-term memory, it is not essential for a strong long-term memory.

Elaborative activities are the use of previously stored experiences, values, attitudes, beliefs, and feelings to interpret and evaluate information in working memory as well as add relevant previously stored information. Elaborative activities serve to redefine or add new elements to memory.

Short-term memory is closely analogous to what we normally call thinking. It is an active, dynamic process, not a static structure.

Chapter Three

Positioning and Perceptual Mapping

3.1 Product positioning strategy

A product position refers to schematic memory of a brand in relation to competing brands, products, or stores. Brand image, a closely related concept, is the schematic memory of a brand without references to competing brands. However, the terms are often used interchangeably.

The stimuli that marketing managers employ to influence a product's interpretation and thus its position can be quite subtle. Marketing managers frequently fail to achieve the type of a product image or position they desire because they fail to anticipate or test for consumer reaction.

Product positions are developed and evolve over time. Therefore, the messages consumers receive from the firm must be consistent, or change in deliberate manner to reflect a desired change in brand's position. Unfortunately, many firms have a tendency to alter promotional themes, prices, and other aspects of the marketing mix in response to short run sales objectives and competitor tactics.

3.2 Perceptual mapping

Perceptual mapping offers marketing managers a useful technique for measuring and developing a product's position.¹ Perceptual mapping takes consumers' perceptions of how similar various brands or products are to each other and relates these perceptions to product attributes.

Successful product positioning requires careful attention to all aspects of information processing. Consumers must be exposed to the firm's messages through appropriate media and outlets. They must attend to the message using either low or high involvement processes. The total message sent must be structured in a manner that will lead to the desired interpretation. Thus, all aspects of the marketing mix price, product design, and quality, outlets, and advertising messages must be consistent. Sufficient repetitions, rewards, and so fourth must be offered to ensure that the desired interpretation (product position) is learned.

For example, an ad for *Game Boy* from *men's' journal* attempts to position *Game Boy* as an appropriate product for adults to carry and use when delayed in travel or otherwise have unexpected free time. While *Game boy's* positioning strategy seems sound, the product's name may not be consistent with the image adult males prefer.

3.3 Developing and communicating a positioning strategy

All marketing strategy is built on STP (Segmentation, Targeting, and Positioning). A

¹ Friedman, 1986, p. 15.

company discovers different needs and groups in the market place, targets those needs and groups that it can satisfy in a the superior way, and then positions its offering so that the target market recognizes the company's distinctive offering and image. If a company does a poor job of positioning, the market will be confused as to what to expect. If a company does an excellent job of positioning, then it can work out the rest of its marketing planning and differentiation from its positioning strategy.

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market ¹. The end result of positioning is the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product.

3.3.1 Positioning according to Ries and Trout

The word *positioning* was popularized by two advertising executives, Al ries and Jack Trout. They see positioning as a creative exercise done with an exiting product. ²

Positioning starts with a product. A piece of merchandise, a service, a company, an institution, or even a person.....but positioning is not what you do to a position.

Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.

Well-known products generally hold a distinctive position in consumers' minds. For example Coca-Cola as the world's largest soft-drink company, and Porsche as one of the world's best sports cars. These brands own these positions, and it would be hard for a

¹ kotler, 2003, p. 308.

² Al ries and jack Trout, 1982, p.34.

competitor to claim them.

There are three strategic alternatives for the competitor:

To strengthen its own current position in the consumers' minds. For example 7-UP capitalized on not being cola drink by advertising itself as the "uncola".

The second strategy is to grab an unoccupied position. For example, three musketeers chocolate bar advertised itself as having 45 percent less fat than other chocolate bars.

The third strategy is to de-position or re-position the competition in the customers' mind. For example, BMW attempts to de-position Mercedes Benz with the comparison: "the ultimate sitting machine versus the ultimate driving machine".

3.3.2 Positioning according to Treacy and Wiersema

Two consultants, Michael Treacy and Fred Wiersema, proposed a positioning frame work called value discipline.¹ Within its industry, a firm could aspire to be the product leader, the operationally excellent firm, or the customer intimate firm. This is based on the notion that in every market there is a mix of three types of customers. Some customers favor the firm that is advancing on the technological frontier (product leadership); other customers want highly reliable performance (operational excellence), and still others want high responsiveness in meeting their individual needs (customer intimacy).

¹ Treacy and Wiersema, 1994, p.309.

3.4 Positioning: how many ideas to promote?

A company must decide how many ideas (e.g, benefits, features) to convey in its positioning to its target customers. Many marketers advocate promoting only one central benefit.¹ A company should develop a unique selling proposition (USP) for each brand and stick to it. For example, Mercedes promotes its great engineering.

The brand should tout itself as “number one” on the benefit it selects. Number-one positioning includes “best quality,” “best service,” “best styling,” “most technological,” “most reliable,” or “most prestigious.” If a company consistently hammers away at one positioning and delivers on it, it will probably be best known and recalled for this benefit.

3.5 Positioning possibilities

There are a seven positioning possibilities that a company or a firm can choose:

- Attribute positioning: A company positions itself on an attribute, such as size or number years in existence. For example, Disney land can advertise itself as the largest theme park in the world.
- Benefit positioning: The product is positioned as the leader in certain benefit.

¹ Kotler, 2003, p. 310.

- Use or application positioning: positioning the product as best for some use or application. For example, Japanese deer park can position itself for the tourist who has only an hour to catch some quick entertainment.
- User positioning: positioning the product as best for some user groups. E.g. Magic Mountain can advertise itself as best for “thrill seekers”.
- Competitor positioning: the product claims to be better in some way than a named competitor. For instance, lions country safari can advertise having a greater variety of animals than Japanese deer park.
- Product category positioning: the product is positioned as the leader in certain product category. For example, marine land of the pacific can position itself not as a “recreational theme park” but as an “educational institution”.
- Quality or price positioning: the product is positioned as offering the best value. For example, Busch Garden can position itself as offering the “best value” for the money.

3.6 Brand positioning

Characteristics of a product must be interpreted in a specific context, perception of a brand comprise both its functional attributes, its features, its price, and so on, and its symbolic attributes, its image, and what we think it says about us when we use it.

Perceived by consumers constitutes the product’s market position, and it may

have more to do with our expectations of product performance as communicated by its color, packaging or styling than with the product itself.

There is an important question which is how marketers determine where a product actually stands in the minds of consumers? There is one technique which is to ask consumers what attributes are important to them, and they feel competitors rate on these attributes. This information can be used to construct a perceptual map, a vivid way to paint a picture of where products or brands are located in consumer's minds.

3.7 Positioning strategy

A positioning strategy is a fundamental part of a company's marketing efforts as it uses elements of the marketing mix (e.g. product design, price, distribution and marketing communications) to influence the consumer's interpretation of its meaning. There are many dimensions that can be used to establish a brand's position in the marketplace.

These include: ¹

- Lifestyle
- Price leadership.
- Attributes.
- Product class.
- Competitors.
- Occasions.
- Users.
- Quality.

¹ Solomon, 2002, page 57.

3.8 Multidimensional scaling

Multidimensional scaling method provides the market researcher with a procedure for measuring objects in multidimensional space on the basis of respondents' perceptions of similarity (or preferences) among set of objects. Like factor and cluster analysis, multidimensional scaling does not include a predictor or independent variable. The technique is intended to identify the underlying dimensions from a series of similarity and/or preference judgments provided by customers about objects (e.g., companies, brands, products). Perceived similarity or preferences can be in the form of ranking data (i.e. nonmetric) or in the form of customer ratings (i.e., metric)¹.

¹ Hair Jr., 2000, page. 596.

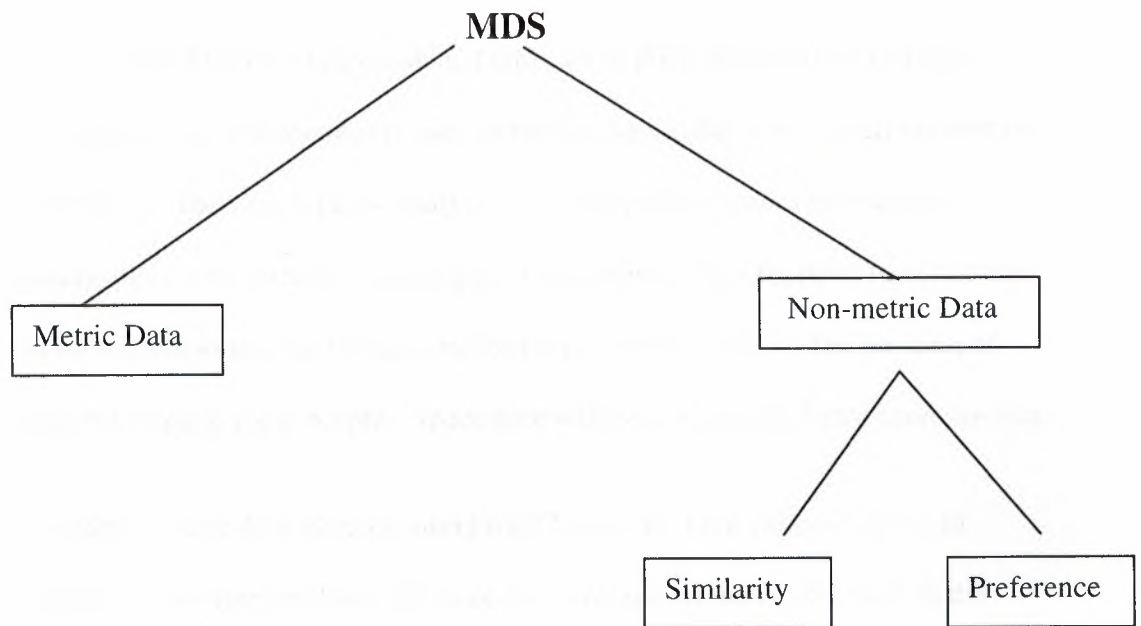


Figure 3.1: Methods to Multidimensional Scaling

Source: David L. Loudon and Albert J. Della Bitta, *Consumer Behavior*, McGraw- Hill International Editions, USA, 1993, fourth edition, p. 596.

3.8.1 Metric methods

An important assumption of *Metric method* is that what marketers can identify attributes upon which individuals' perceptions of objects are based. For instance, suppose that the goal is to develop a perceptual map of nonalcoholic beverage market. Suppose further that exploratory research has identified 14 beverages that seem relevant and nine attributes that are used by people to describe and evaluate these beverages. A group of respondents is asked to rate, on a seven-point scale, each of the beverages on the nine attributes. An average rating of the respondent group on each of the nine attributes. However, it would be much more useful if

the nine attributes could be combined into two or three dimensions or factors.

Two approaches are commonly used to reduce the attributes to a small number of dimensions. The first is factor analysis, since each respondent rate fourteen beverages on nine attributes, he or she will ultimately have fourteen factor scores on each of the emerging factors, one for each of the beverages. The position of each beverage in the perceptual space then will be the average factor score for that

beverage. . Three factors, accounting for 77 percent of the variance, serve to summarize the nine attributes. Each of the beverages is then positioned on the attributes. Since three factors or dimensions are involved, two maps are required to portray the results. The first involves the first two factors, while the second includes the first and third factors.

The direction of the vectors indicates the factor with which each attribute is associated, and the length of the vector indicates the strength of association. Thus, in the left map, the filling attributes has little association with any factor, whereas in the right map, the filling attribute is strongly associated with the refreshing factor.

A second approach used to reduce the attributes to a smaller number of dimensions is discriminant analysis. The goal of factor analysis is to generate dimensions that maximize interpretability and explain variance. In contrast, the goal of discriminant analysis is to generate dimensions that will discriminate or separate the objects as much as possible.

An advantage of discriminant analysis over factor analysis is that a test of

significance is available. The test will determine the probability that a nonzero, between-object distance was simply due to a statistical accident.

3.8.2 Non-metric data

Metric (or attribute based MDS) has the advantage that attributes can have diagnostic and operational value and the dimensions can be interpreted in terms of their correlations with the attributes. However, it also has several conceptual disadvantages. First, if the list of attributes is not accurate and complete, the study will suffer accordingly. The generation of an attribute list can be most difficult, especially when possible differences among people's perceptions are considered. Second, it may be that people simply do not perceive or evaluate objects in terms of underlying attributes. An object may be perceived or evaluated as a total whole which is not decomposable in terms of attributes. Finally, Metric(or attribute-based models) may require more dimensions to Represent than would be needed by more flexible models, in part because of the linearity assumptions of factor analysis and discriminant analysis. These disadvantages lead us to the use of Non-metric (nonattribute data), similarity and preference data¹.

¹ Green et al, 1978, p. 464.

3.8.2.1 Similarity data

Similarity measures simply reflect the perceived similarity of two objects in the eyes of the respondents. For example, each respondent may be asked to rate the degree of similarity of each pair of objects. The respondent is generally not told what criteria to use to determine similarity. Thus, the respondent does have an attribute list which implicitly suggests criteria to be included or excluded.

The number of pairs to judge for degree of similarity can be as many as $n(n-1)/2$ where n is the total number of objects. With ten brands, there can be as many 45 pairs of brands to judge. This is a large number of judgments, so it is usually desirable to have separate card for each pair. The respondent is instructed to place the cards on a “sort board” that has locations corresponding to the similarity of scale categories.

When all the cards have been stored, the respondent should check each pile to ensure that all the pairs in the pile (category) have the same degree of similarity or dissimilarity¹.

For example, a customer is given a list of six fast –food restaurants and asked to express how he or she perceives the similarity of each restaurants to the others.

The customer is asked to compare pairs of restaurants and rank the pairs from most similar to least similar. Since this analysis involves six restaurants, 15 separate pairs are possible. The ranks, based on the customers’ perceptions, are presented in Table 3.1.

¹ Aaker et al, 1980,p. 421.

Table 3.1 Similarity ranking of six fast-food restaurants

	McDonalds	Burger king	Wendy's	Back yard burgers	Arby's	Hardee's
McDonalds		3	14	15	13	9
Burger city			7	8	12	4
Wendy's				1	10	11
Back yard burgers					6	5
Arby's						2
Hardee's						

Source: Joseph F. Hair, JR., Robert P. Bush, David J. Ortinau, *Marketing Research*, McGraw Hill, USA, 2000, international edition, p. 596.

Multidimensional scaling is a complex, iterative process that can be carried out by using one of several computer programs. A computer program using the data in Table 3.1 would attempt to generate a geometric configuration of the restaurants such the distances between pairs of stores are as consistent as possible with the customer's similarity ranks. In other words, the pair of restaurants ranked number 1 (Back yard burgers and Wendy's) would be closest together, and the pair ranked number 15 (Back yard burgers and McDonald's) would be farthest apart.

Multidimensional scaling can also provide the researcher with a perceptual map of the data. A perceptual map is a visual representation of customer perceptions of the data (e.g. , ranking of brands or restaurants). Again, with the aid of a complex computer

program, the rankings, or similarity judgments, are statically transformed into distances by placing the fast-food restaurants into a specified multidimensional space. The distance between similar objects on the perceptual map is small for similar objects and large for dissimilar objects¹.

Figure 3.1 illustrates a perceptual map of the six restaurants in two-dimensional space. This map is based on customers' perceptions of each restaurant on two dimensions – Freshness of food and food temperature. Inspection of the map illustrates that Wendy's and Back Yard Burgers were perceived as quite similar to each other. Arby's and Hardee's were also perceived as somewhat similar. However, Yard Burgers and McDonalds were perceived as dissimilar.

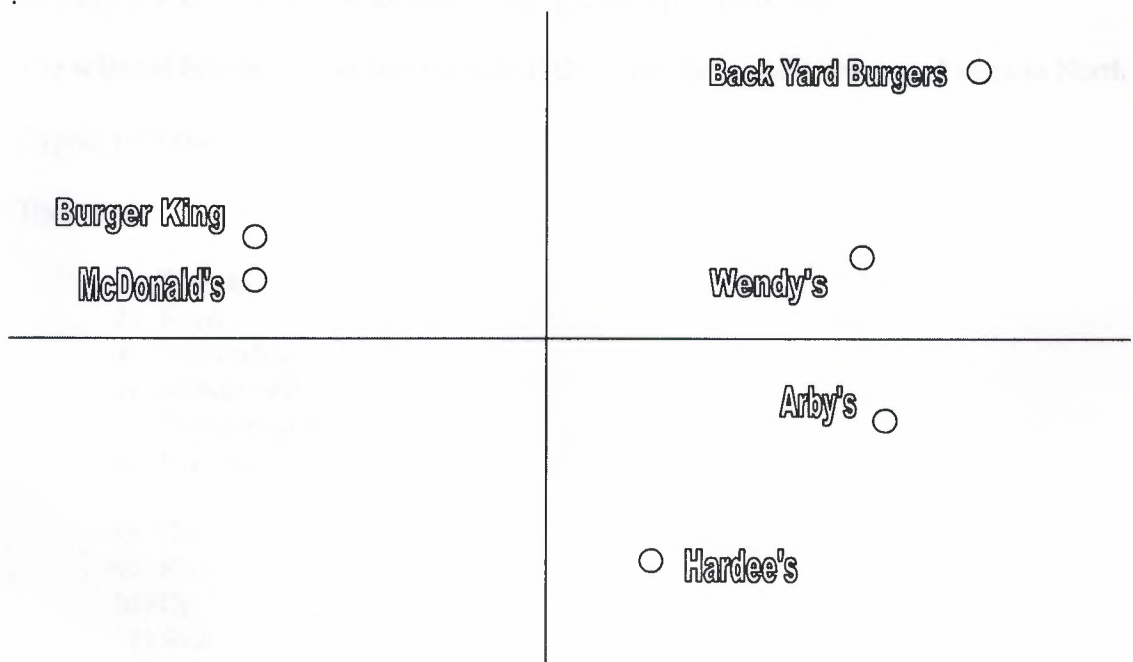


Figure 3.2 a perceptual map of six fast-food restaurants.

Source: Joseph F. Hair, JR., Robert P. Bush, David J. Ortinau I, *Marketing Research*, Mc Graw Hill Book, 2000, International edition. P. 597.

¹ Hair, JR. , 2000, page 596.

Chapter Four

Research methodology

The field study was conducted on 15 conveniently selected Turkish Cypriots. The respondents age ranged from 18 – 49, 30% of the respondents were females and 70% of them were males. The main reason why the number of females is low is because they were not interested in the field study and automobiles.

According to the theory no more than 8 brands/products should be used in non-metric MDS. Since the number of pairs reach to unmanageable numbers ($n(n-1)/2 = 8(7)/2 = 28$ pairs). Therefore it was decided to use 6 brands for convenience.

The selected brands are the first six brands that have the highest amount of sales in North Cyprus in 2004.

They are¹ :

- 1) **Toyota**
- 2) **Ford**
- 3) **Mercedes**
- 4) **Mitsubishi**
- 5) **Volkswagen**
- 6) **Peugeot**
- 7) Citroen
- 8) Honda
- 9) Bmw
- 10) Opel
- 11) Seat
- 12) Nissan
- 13) Renault
- 14) Fiyat

¹ Ministry of Commerce and Tourism.

After deciding on which brands to use, 15 cards were prepared. $(6(5) / 2 = 15)$. On each card one pair of brand was written as in Figure 4.1 .

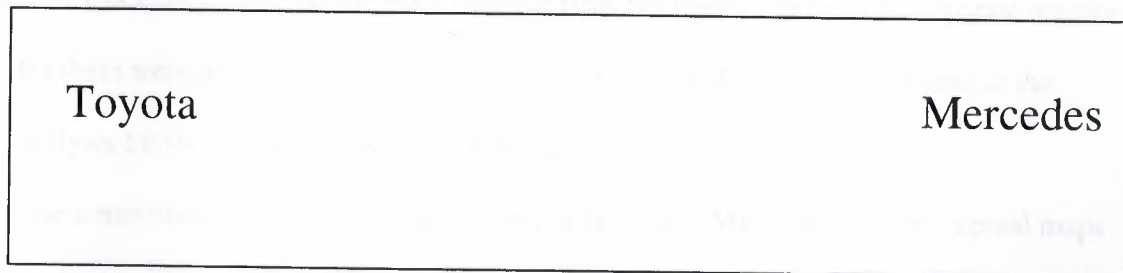


Figure 4.1: Sample of a Pair of Two Brands

Each respondent was presented the fifteen cards and was asked to rank the cards in similarity. That is, the card with most similar pair was on the top, and the card with least similar pair was at the bottom.

After each respondent put the cards in rank order, this order was recorded on the matrix prepared specially for that respondent (Table 4.1).

Table 4.1: A Sample Matrix

	TOYOTA	FORD	MERCEDES	MITSUBISHI	VOLKSWAGEN	PEUGEOT
TOYOTA		14	9	1	7	10
FORD			8	4	6	5
MERCEDES				3	13	11
MITSUBISHI					12	15
VOLKSWAGEN						2
PEUGEUT						

The most similar pair was assigned “1” while the least similar pair was assigned “15”.

After all respondents’ matrixes were completed an average matrix for the respondents were calculated. Also, to see the difference between males and females, separate matrices for them were prepared. As a result, there were three matrixes to be analyzed in the analysis SPSS 12.0 statistics program used.

These matrixes were entered to the computer and using MDS analysis, perceptual maps for each matrix were obtained. Since non-metric MDS was used, no names were provided for the dimensions. Therefore the dimensions were named, subjectively, by the researcher.



Chapter Five

Research findings

In this chapter there are three matrices and three perceptual maps, (females, males, and the average for both of them). At first the findings for females are shown in Table 5.1.

Table 5.1: Matrix for Females

	FORD	VOLKSWAGEN	PEUGEOT	MERCEDES	MITSUBISHI	TOYOTA
FORD		10	10.26	9.5	7.75	10.25
VOLKSWAGEN			3.5	5	7	9.5
PEUGEOT				9.5	11.75	9
MERCEDES					6.25	6.75
MITSUBISHI						4
TOYOTA						

As shown in Table 5.1 the **3.5** means that PEUGEOT and VOLKSWAGEN are Perceived as the most similar brands for females, and the **11.75** means that MITSUBISHI and PEUGEUT are perceived as the most dissimilar brands of cars for females.

Given similarity data, an MDS program constructs a network of distances in which the most similar cars are closest to each other and the least similar cars are farthest from

each other. The program then tries to reproduce these distances in dimensional map.

Figure 5.1 show a perceptual map of six car brands in dimensional space. This map is based on females' perception of each car on two dimensions-innovative/technology of car and style, these two dimension chose depending on the researcher's perception.

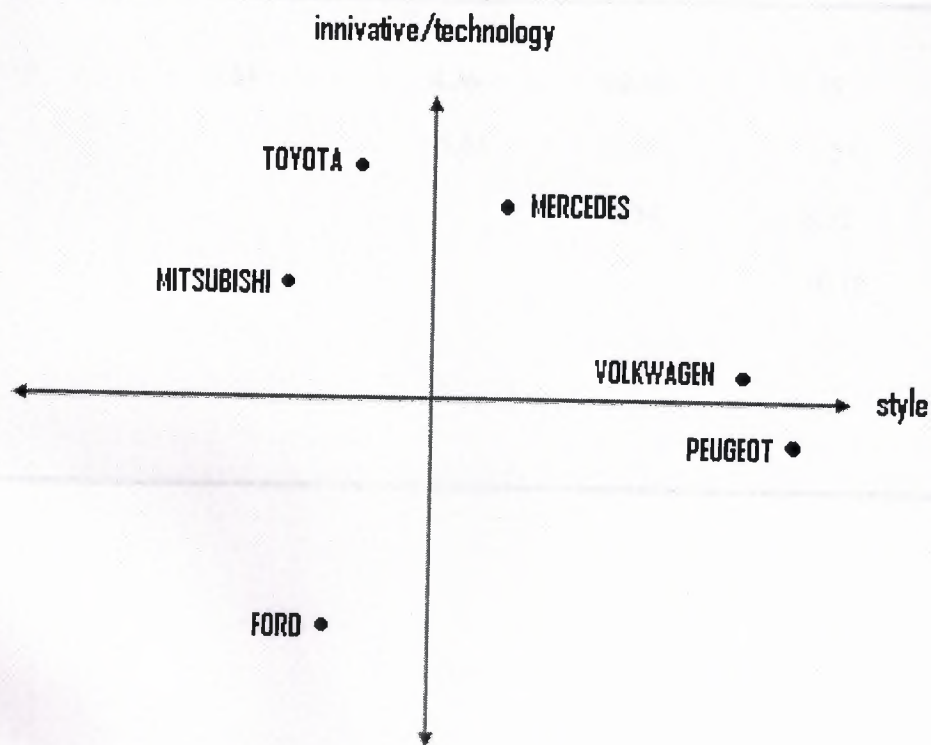


Figure 5.1: Perceptual Map of Six Car Brands for Females

In Table 5.2 the highest ratio **10.63** represents the most dissimilar brands of cars perceived by males, and the lowest ratio **4.36** represent the most similar brand of car perceived by males.

Table 5.2: Matrix for Males

	FORD	VOLKSWAGEN	PEUGEOT	MERCEDES	MITSUBISHI	TOYOTA
FORD		7.64	4.36	10.10	7.18	8.54
VOLKSWAGEN			5.63	9.09	7.55	8.09
PEUGEOT				9.54	8.55	6.72
MERCEDES					10.18	10.63
MITSUBISHI						6.18
TOYOTA						

In Figure 5.2 the perceptual map show the six brands of cars and the perception of males in two dimensional space chose by the researcher.

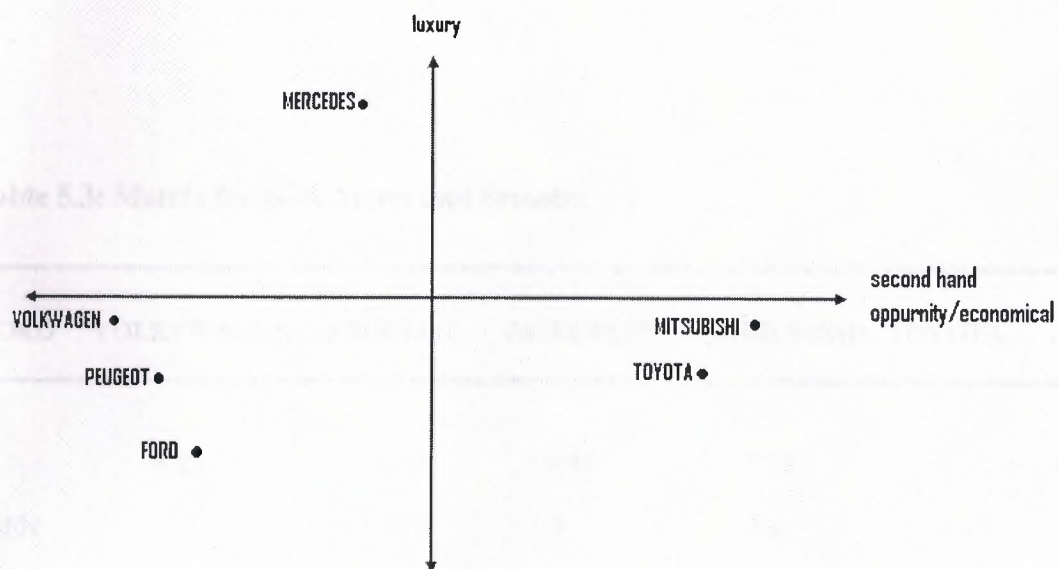


Figure 5.2: Perceptual Map of Six Car Brands for Males

In Table 5.3 the average for both males and females is shown, the highest ratio (**9.93**) represents the most dissimilar brand of cars perceived by both males and females, and the lowest ratio (**3.70**) represent the most similar brand of cars perceived by both males and females.

Table 5.3: Matrix for Both Males and Females

	FORD	VOLKSWAGEN	PEUGEOT	MERCEDES	MITSUBISHI	TOYOTA
FORD		8.27	5.93	9.93	7.33	9
VOLKSWAGEN			5.07	8	7.4	8.47
PEUGEOT				9.53	3.70	7.33
MERCEDES					9.13	9.6
MITSUBISHI						5.6
TOYOTA						

In Figure 5.3 the perceptual map shown the six brands of cars based on the perceptions' of both males and females, which the closest cars are the most similar and the farthest cars are the less similar. The two dimensions (quality, durability and safety) and (Luxury) chose based on the researcher's perception.

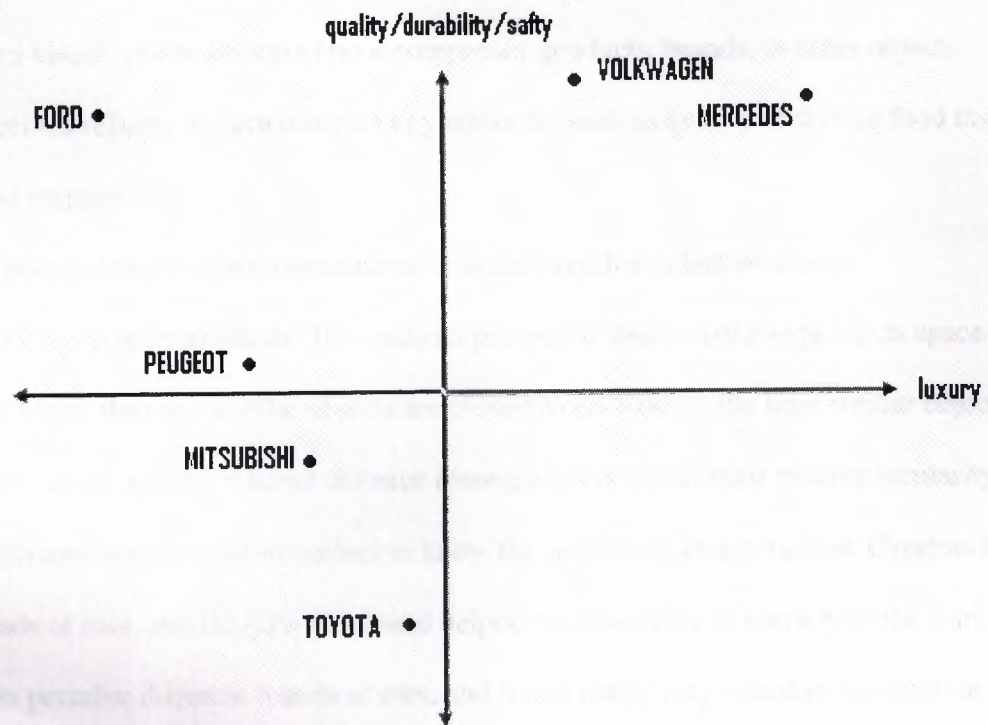


Figure 5.3: Perceptual Map of Six Car Brands for Both Females and Males.

Chapter Six

Conclusions and recommendations

Multidimensional scaling method is a method measures objects in multidimensional space based on consumers' similarity judgments. In perceptual mapping, graphic representations can be produced from multidimensional scaling programs. The maps provide a visual representation of how companies, products, brands, or other objects are perceived relative to each other on key attributes such as quality of service food taste, and food preparation.

In multidimensional scaling, respondents indicate overall similarities among some objects, usually products. The analysis procedure then constructs products space maps in which the most similar objects are closest to each other, the least similar objects are farther apart, and the relative distance among objects reflect their relative similarity. This technique has used in this project to know the perception of the Turkish Cypriots for the brands of cars, and the data that found helped the researcher to know how the Turkish Cypriots perceive different brands of cars, and it was really very valuable information.

This study can help the marketers to know where the product position in the market and to know where the competitors position in the market, when the marketer knows the position of the firm's product in the mind's of the customer, it can help the marketer to develop different marketing strategies, also when the firm knows the perception of the customers, it helps them to know how to produce their products (price, package, design).

Perceptual mapping offers marketing managers a useful technique for measuring and developing a product's position.

All marketing strategy is built Segmentation, Targeting, and Positioning. A company discovers different needs and groups in the market place, targets those needs and groups that it can satisfy in a the superior way, and then positions its offering so that the target market recognizes the company's distinctive offering and image. If a company does a poor job of positioning, the market will be confused as to what to expect. If a company does an excellent job of positioning, then it can work out the rest of its marketing planning and differentiation from its positioning strategy.

This study in this project is a very simple for a small amount of Turkish Cypriots, but if this technique is used in a larger study with a large amount of people, it will be more beneficial for marketers and researchers. The MDS and Perceptual mapping technique is a very beneficial and accruable technique, but is not used too much,

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Internet Resources

www.consumerpsychologist.com

www.academon.com

<http://encyclopedia.worldvillage.com/s/b/Perception>

<http://en.wikipedia.org/wiki/Perception>



Appendix 1:

**KUZEY KIBRIS TRK CUMHURİYETİ
EKONOMİ VE TURİZM BAKANLIĞI
TİCARET DAİRESİ MDRLĞ**

20 Haziran 2005

İlgili Makama

K.K.T.C'ye ithal edilen aralarla ilgili istatistiki bilgiler ektedir. Bilgi edinilmesi rica olunur.

