

## Car Brands & Consumer Involvement Theory

### Understanding the Role of Emotional and Rational Involvement in Car Brands Purchasing

Much has been written by academics about the concept of *Involvement* as a theory in consumer behaviour since at least the 1960s. A study of product involvement by Peter Bloch and Marsha Richins (*After the New Wears Off*, Bloch and Richins, 1986) provided supporting evidence that there were two forms of product involvement – *Situational Involvement (SI)* and *Enduring Involvement (EI)*. SI was defined as a form of product involvement that occurs only in specific situations such as at the time of a purchase, while EI is described as an ongoing concern with a product that transcends situational influences.

A paper by Banwari Mittal and Myung-Soo Lee in 1989 (*A Casual Model of Consumer Involvement*, Mittal and Lee, 1989) concluded that there was a distinction in involvement theory between product involvement and brand-decision involvement. They defined *Product Involvement* as the interest a consumer finds in a product class. Such interest stems from the consumer's perception that the product class meets important values and goals. *Purchase Involvement* or *brand-decision involvement* is the interest taken in making the brand selection. Low purchase-involvement implies a casual selection of brands while high purchase-involvement is demonstrated by a very deliberate brand choice decision process.

For a product to evoke interest, Mittal and Lee said it must satisfy certain needs, aims or goals for the consumer. These needs, aims or goals can be classified into three groups:

1. Utilitarian (economic, rational, functional) – these concern the physical performance of the product
2. Sign-value (social, self-concept related or impression management) – these concern the status-related or esteem-enhancing benefits that a product or brand provides
3. Hedonic (sensory pleasure or experiential goals) – these concern the aesthetic benefits that a product or brand provides such as style and design.

Mittal and Lee observed that while the utility of a product describes the cross-product differences in the functional value of a product, 'brand-risk' describes the within-product across-brand differences in a product's or brand's functional value. They also noted that just as involvement can be differentiated at the product and brand-decision level, so can the three needs, aims or goals as defined below:

- Product-sign value: possession of the product category has symbolic value for the individual and helps the person express themselves to show who or what they believe they are like.
- Brand-sign value: a particular brand is regarded as possessing some symbolic value and choosing one brand over another helps an individual express themselves to show who or what they believe they are like.
- Product-hedonic value: describes the capacity of a product category to provide hedonic value such as pleasure and the affect upon the consumer.
- Brand-hedonic value: describes the capacity of a chosen brand to provide in the perception of the consumer, pleasure that is greater than just any brand.
- Brand-risk: the perceived risk associated with the selection of one rather than another brand including the opportunity-loss of buying an inferior brand.
- Product utility: the perceived benefit derived from the use of the product class. Not using the product class implies opportunity loss.

More recent refinement of Consumer Involvement Theory (CIT) defines Involvement in terms of how much time, thought, energy and other resources people devote to the purchase process. The Emotional /

Rational scale that arose from this is a measure of reason vs. impulse, desire vs. logic, passion vs. prudence. The modern development of the concept can be defined by the four following involvement categories:

1. **High involvement/rational** – this is Reason over Impulse. The target market is likely to devote a significant amount of time and effort in into making sure that they make the right decision about purchasing a particular brand. They are likely to have relatively high self-esteem and confidence in their judgment about buying into a brand for it's rational benefits such as build quality, performance or economy, but not for its aesthetics. These buyers will purchase brands that support and re-enforce their self-concept.
2. **High involvement/emotional** – this is Desire over Logic. The target market is influenced in this category more by the style and design associated with a brand rather than any practical benefits. By deciding to purchase a particular brand based on aesthetics they are buying benefits such as status and style. These buyers are likely to have lower self-esteem and are buying into a brand that confers status upon the individual where associations with a brand's values or benefits support a person's status and reduces a negative self-concept.
3. **Low involvement/rational** – this is quick Logic over Desire. Buyers in this category are inclined to brand inertia – they tend to buy the same brand for reasons of comfort or habit, but they will consider or buy another brand if the reason is compelling. Consequently they need to be convinced to make a change but with relative ease and convenience – an example would be a brand of car that is comparable in all other respects to the brand of car they currently own, but where perhaps another brand provides far superior fuel economy and lower running costs.
4. **Low involvement/emotional** – this is Impulse over Reason. Buyers in this category do not want to undertake extensive research or invest large amounts of time and effort in considering the rational merits of different brands – they want to make a quick decision. They are therefore impulsive and will consider a brand solely on hedonic and visual imagery and stimuli. Consequently they need to satisfy an initial stimulus but the craving or desire may be fleeting so they are time sensitive and opportunistic.

### **Rational and Emotional Car Brands Purchasing**

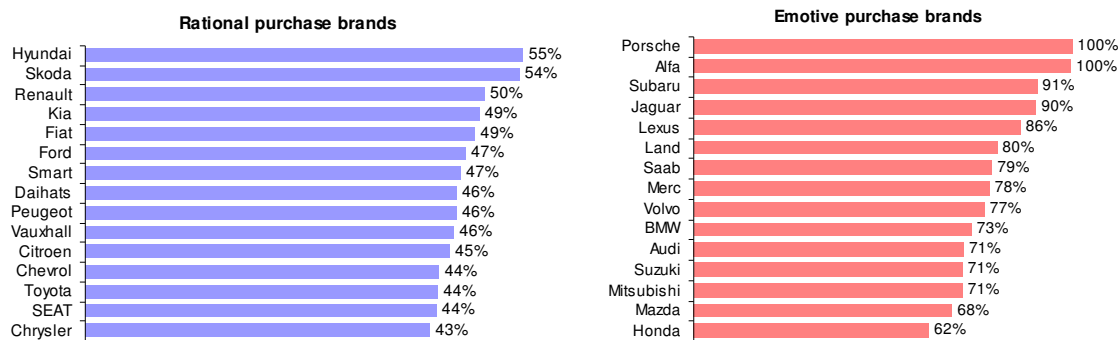
By asking some unique questions that identify whether potential car buyers are likely to base their brand purchase decisions on rational, emotional or low-involvement criteria, data from the Trend Tracker **UK Car Buyer Brand Perceptions 2011** survey can be analysed to identify not only which consumers are more likely base their decisions on rational, emotional or low-involvement criteria, but also to which brands these criteria are likely to apply.

All car brand purchases contain an element of rational or emotional purchase decision-making to a greater or lesser degree, with few exceptions. It is generally only the top luxury or exotic car brands such as Bentley, Aston Martin and Ferrari where purchase price is of lesser importance, where the purchase decision is almost entirely emotional. For the majority of brands that are sold as either volume or premium products, however, there are elements of both rational and emotional purchase decision-making.

The following charts identify which brands car buyers are most likely to apply rational and emotional purchasing criteria to. By inference, this suggests that specific brands can be identified as being either rational or emotional purchases.

**Figure 1 Rational and emotional car purchase decision-making by brand, 2011**

Base: 6,162 car buyers

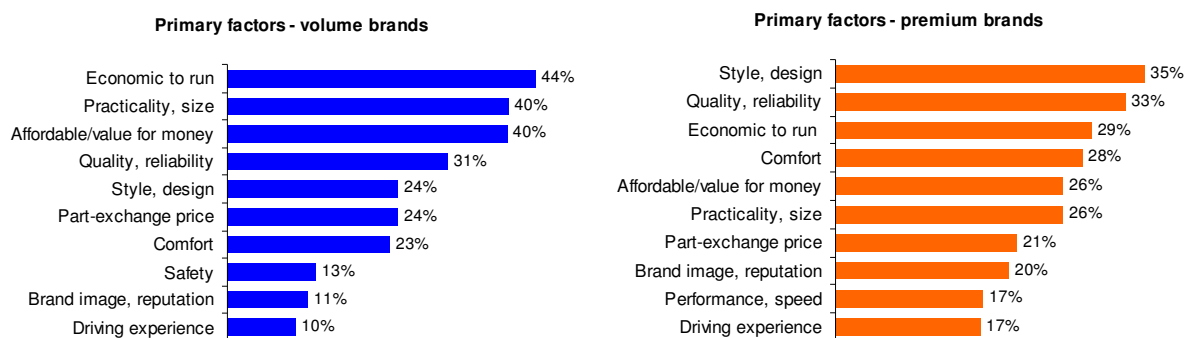


Source: Lake Research/Trend Tracker

The charts in Figure 1 above show that it tends to be the volume brands where economy and affordability are more important purchase criteria that experience higher rational decision-making. Conversely it is the premium brands where style, design and quality are the important purchase criteria that are more likely to experience higher emotional decision-making.

**Figure 2 Most important purchase criteria, volume and premium brands, 2011**

Bases: 5,236 volume and 2,200 premium brand car buyers



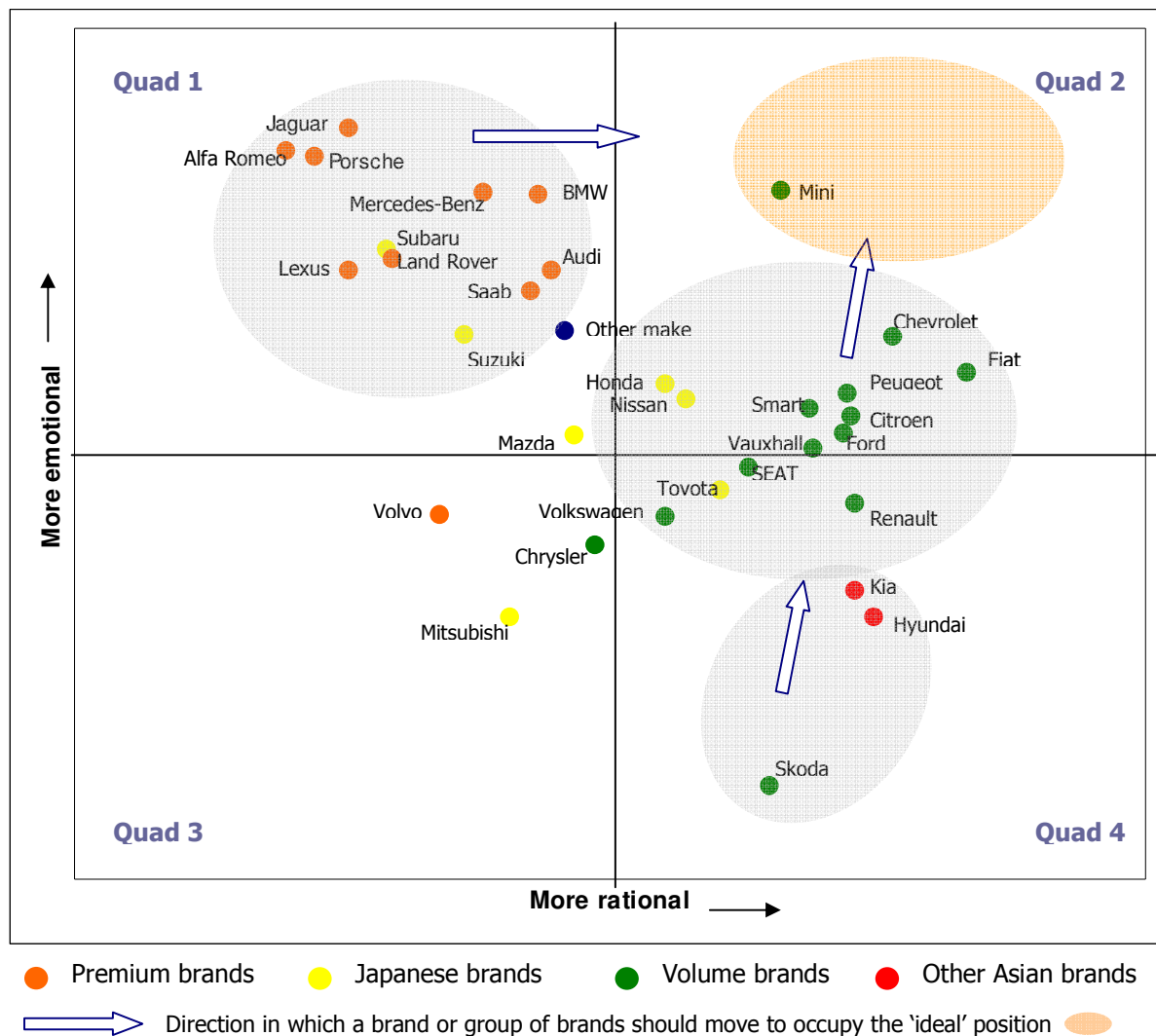
Source: Lake Research/Trend Tracker

### Perceptual Maps

Plotting the net results from a Likert scale question that identifies the extent of rational and emotional criteria in brand purchasing into a perceptual map with emotional and rational scales, we can see the relative positions of different brands according to the extent of rational and emotional purchase decision-making. By separating the perceptual map into quadrants, we can more easily identify where individual brands sit on the emotional / rational scale.

Based on data from the *Car Buyer Brand Perceptions* survey, the perceptual map in Figure 3 shows the relative positions of individual brands on both a rational and emotional scale. The brands are colour-coded according to the sector in which they compete – premium, volume, Japanese and other Asian. We can see from the map that it is mainly the premium brands that occupy the high-emotion/low-rationality quadrant (1). Many of the volume brands straddle the highly rational quadrants 2 and 4. The ideal competitive position for all brands is to be located in an area currently only occupied by the Mini brand towards the top-right of quadrant 2. This is an area of high emotive and rational purchasing.

**Figure 3 Brand positions on the emotional and rational scale, 2011**



Source: Trend Tracker

### **Emotional and Rational Brand Positioning**

In reality it would be almost impossible for all brands to occupy the ideal position in quadrant 2 of the perceptual map, but we can make some general and brand-specific assertions based on the purchase factors that car buyers deem important, and on the strengths and weaknesses of market sectors and individual brands. We know for example that car buyers considering a premium brand have become increasingly concerned with fuel economy and running costs, and that a principal perceived weakness of many premium brands is that they are both expensive to purchase and costly to run. Many of the premium brands are launching smaller compact models with better fuel economy and lower running costs. This means they can offer owners of volume brands who aspire to own a premium brand the opportunity to own a premium brand without the penalty of high running costs.

The launch of smaller compact models by many of the premium brands represents a market threat to many of the volume brands, as the premium brands spread into more rational purchase positions. The volume brands are also being squeezed by the rapidly growing 'budget' brands represented by brands from Asia, and also by the Skoda brand. The main perceived weakness of the volume brands is a lack of attractive styling and design, which is one of the main purchase criteria contributing to a brand being considered as an emotional purchase.

Consequently, we can say that as car buyers become more concerned with the rational factors of economy and affordability in a more challenging economic climate, the premium brands need to move further towards quadrant 2 along the rational scale, while retaining their strong emotive benefits. The volume brands however, squeezed at the top end of their market by the new compact models of the premium brands, and at the bottom by the growing value brands, need to move further up the emotive scale into a higher position in quadrant 2. This can most easily be achieved by incorporating more emotive styling and design.

Although MINI is the sole brand to occupy the ideal position in quadrant 2 of the perceptual map, the brand still has limitations to future growth. An important purchase criteria for those car buyers considering a volume brand with its low running costs is practicality and size. Although Mini as a brand scores highly in terms of economy and affordability, its main weakness is its models' diminutive size and reduced practicality as a family car. This limits the brand's appeal to those who desire a brand with strong emotive benefits (style and design) coupled with the rational benefits of being affordable with low running costs but who are prepared to forgo the rational benefits of a larger and more practical car. So to broaden its appeal, the MINI brand might need to develop larger models, but this would undermine the brand's core ethos of being 'MINI'.

### **Brands or Models?**

While we can advance generalisations about the rational and emotional positions of brand sector groups (e.g. volume, premium) and individual brands, the perceived positions of individual brands can be influenced by an individual model. An example of brands that experience this 'halo' effect from a single model include Volkswagen with the Golf GTi, Subaru with the Impreza WRX, Mitsubishi with the Evo and to a lesser extent Fiat with the 500. The semi-cult status of these models can confer emotional benefits across a car brand's entire range. Fiat is an example of a volume brand, albeit with some emotional benefits due to its Italian heritage, that with the launch of the new 500 model has used retro design and styling to evoke memories of the original 500 model.

While the new Fiat 500's 'cute' retro styling has resulted in this model becoming a strong emotional purchase, Fiat as a brand has some way to go before the emotional content of this model begins to rub off on the entire brand, with Fiat still remaining a largely rational-purchase brand. Suzuki is an example of a brand that is perceived as occupying an emotional/rational position similar to many of the premium brands. This is largely because of the brand's small, stylish Swift model, which has become popular among younger new car buyers. While Suzuki's brand position in quadrant 1 of the perceptual map is similar to that of many of the premium brands, its emotive position falls somewhere between that of the premium and the volume brands. The Suzuki brand, though more of an emotional purchase than most volume brands, is perceived as being less of a rational purchase than the volume brands. While Suzuki is some way from occupying the same 'ideal' brand position as the MINI, its current position is differentiated from the volume brands.

### The Importance of Emotive Design

A common perceived weakness of the volume brands among potential car buyers is their lack of distinctive or emotive styling and design. A common requirement for volume car design is that it should adhere to a 'corporate face' rather than incorporate more radical, emotive features. Occasionally some mainstream brands break the mould and develop a model with a more radical design. Audi's TT and Peugeot's RCZ coupés are examples of comparatively recent models that have encompassed radical and emotive design, albeit in the overtly image-conscious coupé class.



Alfa Romeo is now being recognised among car buyers as being almost exclusively an emotional-purchase brand, due to its adoption of emotive design which places the brand in competition with Jaguar and Porsche. As a result, Alfa Romeo sales have risen strongly in a difficult market, albeit from a low base. It is no coincidence that sales of the more emotively-styled premium brands have generally risen, while sales of the more rational volume brands have struggled.

### The Design Premium

It is apparent that just as advertising can manage to shift the demand curve to the right, so strong emotive design can also shift the demand curve to the right. Does this, then, provide an opportunity for those volume brands brave enough to adopt a more emotive design strategy to increase sales or raise margins?

For a volume brand, or indeed any car manufacturer, going into production with an unusual or radical design carries significant risks. Visually pleasing designs may require more complex tooling, and if the

increased investment in design fails to result in higher sales or an adequate volume to cover the investment, then overall profitability will be affected.

This higher risk often means that senior management of large volume car manufacturers who may be subject to shareholder criticism and even dismissal should a new design direction fail, are often risk-averse and prefer to maintain a design strategy, which although it may be emotionally uninspiring, maintains a 'safe' corporate brand image. The sales benefit of producing a more emotionally engaging design cannot be measured or quantified in the same way as providing better fuel economy or providing more space.

Some volume brands, though, have begun to adopt a more emotive approach to vehicle design with specific models or across an entire model range. Before the launch of its Qashqai and Juke crossover models, Nissan was perceived as a rather dull, rational-purchase brand. The introduction of these two European-designed models has since lifted the emotional appeal of the Nissan brand to a point where it is now comparable with Honda. Skoda, the Volkswagen Group brand, has seen sales rise from 549,000 in 2006 to 762,600 in 2010. The brand's main weakness, as identified in the *UK Car Buyer Brand Perceptions* research, is weak styling and design. Skoda is perceived as a rational-purchase brand with less emotive styling than either Kia or Hyundai – two Asian brands with which it competes. In fact Skoda ranks lowest in emotional appeal of all brands in the *UK Car Buyer Brand Perceptions* research.

To overcome this, Skoda and its design chief Jozef Kaban want to raise the emotional appeal of the Skoda brand while maintaining its reputation for quality. Kaban's search for a more emotional design appeal has led initially to the Vision D concept previewed at the Geneva motor show in 2011.

*"I want more heart in our cars. Today's models are very functional and appeal to the brain, but I want them to be more involved in the heart."*

*Jozef Kaban, Chief Designer, Skoda*

Skoda Vision D Concept



Source: BBC



The lesson for other volume brands is that emotionally engaging and appealing design can not only differentiate the brand and increase sales, but can offset the needs of car buyers for more rational benefits. For some volume brands, getting onto customer shopping lists is only achieved as a result of offering price discounts or value-added benefits in various forms. These invariably result in low margins. The key lesson and opportunity of adopting more emotionally engaging design for volume brands is that it *can* result in reduced price or value competition and higher margins.