

Research for ABC Motor Company - Proposal

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MKTG 410: Consumer Behavior

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August 30, 2020

When designing a product or service, you want people to buy it. Whether it's luxury cars, fast food menu items, or a studio apartment, the goal is to make money by solving a need for the customer. In order to make an effective and successful product, you must **discover the needs, dilemmas, and concerns of your demographic**. This research is called consumer behavior. It's all about studying people in order to better understand their wants, needs, interests, and purchasing patterns.

Consumer behavior seeks to answer questions like: How do people decide what to buy? What type of person, group, or business would be interested in making such a purchase? And how much do they normally spend on this type of product? Good research should also: "Find out how they like to receive communication...Know where they like to receive communication and what consistency they are comfortable with." (Podolsky, 2020) In other words, there's more to this field of study than figuring out what people want to buy. You must also know what kind of advertisements spark their curiosity. Understanding consumer behavior is vital to any marketing effort as it will discover your customers, show you how to communicate with them, give you pricing information, and allow you to plan for the future. This proposal highlights the recommended methods of research on luxury car consumer behavior and provides guidance on the right marketing steps to take.

A fair question to ask yourself is: why do people buy luxury automobiles?

Possibly, ABC Motors, just like any other company, has a pre-conceived notion. Your ready-made answer may be: “People like to buy our cars because they have 5,300 horsepower, sleek paint jobs, and carbon fiber side skirts” or “we create a technologically advanced vehicle while still being affordable.” But the research would disagree. People don’t really buy something because of those fancy features. “The **perception** of high quality has been found to be a driver of luxury automobile purchase intentions, while unique value appears to have no impact on purchase intentions for green and conventional luxury automobiles.” (Aliyev, 2019) This is valuable information for your future advertising campaigns. Could you benefit from listing out unbeatable features and prices? Maybe. However, you would be better suited to craft a story about how driving such a **high quality** car will increase someone’s social status. The need that a luxury car meets is not gold-plated tire rims or something extravagant like that. Instead, a luxury car provides a way for people to satisfy their desire to climb the societal ladder. Of course, the features and prices *do* matter. They help the potential customer justify the purchase. They will reason: “I have always wanted a luxury car, and this model has deluxe specifications and is in a good price range.” Notice how product details are secondary to the desire for social status.

The target market for a luxury car mostly contains people with access to a considerable amount of spending money, and marketing efforts should reflect that information. Primarily, ABC Motors should seek to understand the interests of people living in an upscale manner. “Successful professionals usually **have a thorough understanding of their client's personalities**. High net worth clients are no exception. Familiarity with an affluent client's needs, goals, and motivations can help...” (Ingenito, 1999) The aspirations and concerns of your ideal customer should be conveyed in the advertising. Some human emotions are universal to everyone. But others are feelings, worries, needs, and wants that wealthy people are more prone to experience.

ABC Motors needs the best outlets to hit their targets. There are a few key places where people, with incomes that can accommodate a new luxury car, can be reached. Some good examples are homeowners associations, business magazines & websites, and media outlets that require a costly subscription (such as satellite radio or premium TV networks). Nowadays, you could even reach people through podcasts or social media produced by internet celebrity moguls.

These outlets could be used to pose questions, gather statistics, and later run the actual advertisements. Here are some pertinent questions to ask through the survey

process: “Which of these 3 car brands (ABC Motor or 2 non-luxury brands) would you consider purchasing?” and “What is the total income of your household?” (include a tier or bracket system). But don’t just ask about cars and money! Featuring a diverse array of questions might generate a more honest answer. It would be wise to include similar questions but with a different focus. For instance, asking about kitchen appliance preferences (top of the line vs. budget-line) steers their mind away from cars, but still allows us to gauge if they are geared towards luxury. These questionnaires will make reductions and discover ideal customers. Hitting the mark with advertising is important: “Common sense dictates that the more targeted the ad, the more effective it will be.” (DeRienzo, 2017) By collecting the answers to the above questions, marketers can determine the average income bracket of probable customers.

Additionally, proper market segmentation requires information beyond income level and homeownership status. Companies must also **be in touch with the age-groups that are inclined to purchase** their product. Great marketing campaigns can be ruined by failing to communicate across generational gaps. Research on car sales revealed that:

buyers of luxury brand[s] were the oldest in the nation, with an average age of 61 years...Car purchases have clearly shifted to older Americans in recent years.

Unlike previous generations, Americans between the ages of 55 and 64 years old are now the most likely to buy a new car. (Frohlich, 2014)

Since the core market for luxury cars is comprised of recently retired consumers, ABC Motors should place emphasis on relating to the needs of high-rolling 55-64 year olds. Advertisements could focus on life's next great adventure – enjoying one's retirement money with a new luxury car.

It is also vital that marketers **know the right geographical locations to target**. Commercials for trucks (with 4-wheel drive capabilities) depict drivers zooming through the mud and over bumpy paths. Those automobiles fit the lifestyle of *that* specific culture, but luxury cars appeal more to the city life. The most densely populated cities in America fall on the two major coastlines, plus these coastal areas have a higher tendency for spending. In fact, 8 of the 10 U.S. states, whose citizens spend the most annually, border the Atlantic or Pacific ocean. (O'Connell, 2018) Billboard advertising is a quintessential technique for reaching these regions. Boardwalks, interstates, metro stations, large buses, and even airplane banners are popular ways to use billboard methods. Truthfully, it's challenging to immediately hook a consumer with one large poster, but selling luxury cars never happens in an instant. After all, ABC Motor Company doesn't sell \$1 cheeseburgers. Purchasing a car is a high-involvement task, and

the best thing that a manufacturer can do is **raise brand awareness**. People won't buy what they don't trust, and they won't trust what they've never heard of. Billboard ads are perhaps the best way to introduce consumers to your brand. This form of advertising can't be muted, turned off, or tossed away. Additionally, consumers encounter billboard ads in situations where they are 33% more alert (driving, walking, or completing a time-specific task). (Brown, 2015) By no means should modern companies disregard billboard advertising.

While market segmentation is crucial to developing a campaign, no company wants to close the door on sales coming from outside of the target audience. Certainly, it makes the most sense to attract the senior citizen market because they are (on average) big spenders that sway toward luxury. But ABC Motor Company should welcome any purchases from a younger audience as well.

The same can be said for the culture and ethnicity of a target market. While one race may be predisposed to buying a luxury car, communicating with all people still has value. Marketers must be careful not to disqualify their brand or product in the eyes of the public (other races). **Consulting focus groups that consist of African Americans, Latinos, and Asian-Americans** could help a company better understand the cultural climate of the marketplace. Involving multiple cultures in a campaign involves “more

than ‘just dubbing advertisements into other languages...’(Precourt, 2014) Seeking brand awareness from multiple ethnicities may cost money. However, in the long run, these efforts will benefit the company’s PR and bank account.

By targeting wealthy, recently retired, and coastal homeowners, ABC Motors can limit unneeded spending towards reaching unqualified audiences. Each of the research tasks will result in a better and more narrow audience. For example, once true potential buyers are discovered, the ad campaign will be targeted to them, and those who engage with the campaign through internet, mail, or over the phone will receive even further communication. The money saved can be spent on designing future campaigns that will target a variety of ethnicities. If ABC Motor Company follows these methods of research and practice, they are more likely to have a successful product launch and receive a better return on investment.

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