

Differentiation – A critical review of the concept with reference to consumer purchase behavior

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Abstract: Differentiation is a key factor to position a product in the mind of the customer. The concept when applied by a marketer can either be a relevant differentiation or an irrelevant differentiation. Studies reveal that there are instances where customers view irrelevant differentiation as a cue for purchase. But other studies propose that only relevant differences can provide substantial benefit for the product. This study has intended to find the mindset of a customer with regard to differentiation. The conceptual explanations to product differentiation as seen through relevant studies in the domain are brought out in the first phase and later information relevant to those were collected from consumers to gain clarity about the concept. Differentiation is seen as a strategic advancement that a firm brings forth against competition. A marketing strategy is effective only when it is able to create a long term impact on the consumer for purchase and repurchase. So it has to be understood whether any type of gimmicks in the name of differentiation is accepted by the consumer or is it that the consumer looks for substantial improvements that benefit him/her. The study is done on the consumers of Kerala with regard to selected personal care products. The study indicates that consumers are conscious of the benefits they receive from products they choose and act accordingly. Differentiation is used as a key to choose from umpteen numbers of variants but only when it could provide benefits that are important to the consumer. A repeated purchase is apparently considered only when such a differentiation is plausible to the consumer.

Index Terms-Consumer behavior, differentiation, personal care products, Kerala.(key words)

INTRODUCTION

Conceptual Definition

Product differentiation is “offering customers something they value that competitors don’t have” [1]. “To be branded, products must be differentiated” [2]. It can be a projection of what makes a brand valid in comparison with competitors. Differentiation depends on two conditions: (a) the buyers must realize that the brands of a particular product class are close substitutes for one another but comparatively poor substitute with goods outside the class (b) the brands ought to be sufficiently imperfect substitutes and each seller perceives his brand to face a downward sloping curve [3].

Problem of the study

A need, a want or a delight drives a consumer towards a product. When he is in the process of need satisfaction he encounters choice overload, an after effect of today’s competitive market. So here, the consumer needs a reason to choose one from the lot. Differentiation plays its crucial role in such an instance. Studies have shown that even an irrelevant attribute can achieve competitive advantage [4]. Such a differentiation was termed meaningless differentiation. The study defines meaningless differentiation as differentiation created by way of an attribute that seems to create a meaningful product differentiation but on closer examination is irrelevant for creating that benefit. This has always been a matter of debate. It is a logical thought that certain expected benefits drive a person towards a product. In a typical purchase situation a customer encounters wide range of products, and he has to choose the most appropriate to satisfy his need. A differentiated product grabs his/her attention and provides a reason to choose one from many.

Basically, differentiation can be on an attribute that benefits the consumer or can be some false propaganda by the marketer on something irrelevant or an illusion in the form of information that something beneficial is incorporated in the product. So there arises a question here. Are the consumers ready to accept any market offering adorned in the package named differentiation? The different views expressed in various researches and studies in this domain with regard to differentiation contradict in this key aspect. Therefore, the area needs certain clarification and ultimately customers are the key determinants in such a situation. So, the problem dealt in this study is to know the approach of the consumer towards the differentiation aspects provided by the marketer. Which are the types of differentiation he sees as relevant for a purchase.

Objectives of the study

To understand the consumers' attitude towards the concept of differentiation.

To know the means of differentiation in a product that influences the consumer to make a purchase.

To understand whether a consumer accepts meaningless and irrelevant attributes as differentiators.

Significance of the study

Differentiation is a strategic pivotal point for marketing a product, an essentiality for effective sales to happen. This is from the point of view of the marketer, and we need to see it from the point of view of the consumer too. It is ultimately they who give verdict on the differentiation provided as a strategic move against competition. In the study, an attempt was made to get the responses from the persons to whom differentiation is actually aimed at. Ultimately, it's the need of the day to know actually what the consumer feels about various ways of differentiation and the attitude they hold about the concept. The study tried to find out the type of differentiation acceptable for the consumer and viewed by him as worthy in connection with personal care products.

Literature Review

Competitive advantage arises out of the value a firm is able to create for its buyers and such a value exceeds the firm's cost of creating it and competitive advantage is at the heart of a firm's performance in competitive markets [5]. Another definition says that "most forms of competitive advantage mean either that a firm can produce some service or product that its customers value than those produced by competitors or that it can produce its service or product at a lower cost than its competitors" [6]. So we could say that in order to gain a competitive advantage over competitors a product should be able to provide its customers an enhanced value or benefit in comparison with the competitor(s). Such a competitive advantage should require that customer is benefitted a step further than that of the competitor's product. Competitive advantage exists in cost advantage or in differentiation advantage [7]. Cost advantage is resulted when the firm is able to deliver same benefits as competitors but at a lower cost and differentiation advantage is as a result of delivering benefits more than competing products. Porter identified low costs, differentiation advantage or a successful focus strategy as a means for competitive advantage [5].

Differentiation has been refereed by marketing pioneers and accepted this as a strategy for meeting human wants more accurately than competition [8]. The idea of differentiation gained attention when Chamberlin published 'The theory of monopolistic competition' in 1933 [9]. In his work he defined product differentiation as distinguishing a product or service from that of the competitor by any method that is relevant and preferred by the buyer. In his study he not only emphasized real product differentiation but also included imaginary differences that could influence the buyer's perception. In his study he recognized certain important aspects about differentiation. He recognized the perception of consumers and non physical characteristics in observing that the basis of differentiation could be either real or imagined. It can be a distinct product, different packaging or the prestige of value of a trade mark or trade name. The study also recognized that differences in preference lead to different demand curves.

Micheal Porter highlighted differentiation as one among the three generic strategies a marketer should follow. It's true that Porter gave emphasis to the differentiation of product characteristics but never neglected the role of other elements of marketing mix. Porter included both perceived and actual product differences in the concept of differentiation[5] . Smith described in his article, product

differentiation as a deliberate attempt to change the price and the quality demand curve using advertisement and other promotional means [10]. Smith's views contradicted with the views put forward by Chamberlin and Porter. He comments that the consumer preferences are manipulated in the name of differentiation. Samuleson discussed differentiation from similar viewpoint as that of Smith's. He identified differentiation to be a clear answer to the needs of the consumer [11]. He explicitly revealed that in reality most of the improvements in the name of differentiation are artificial rather than giving a satisfactory answer to the customer needs.

Lancaster contributed to the development of economic demand theory which analyzed product as a package of attributes/characteristics. He mentioned about differentiation through product names and tactful advertisements and no real difference as such and coined the word 'pseudo differentiation' [12].

Product differentiation and market segmentation are the after effect of the existence of market segments [13]. He argued that the variety of aspects in the name of differentiation hit the market to favour the preference of the consumer. The firms do not want to change the quality content of the product and they opt for other means to differentiate.

Jack Trout emphasizes the need for differentiation to make sense and having the credentials to validate the differentiating idea [14]. Berry AMA prize winning book of 2005 by Sean Meegham and Patrick Barwise sees differentiation from the point of view of customer and delivering what matters most for them [15]. They try to present the fact that customer rarely buy a product or service because it offers something unique instead a brand is bought which a consumer expects can meet their basic needs from the product category. They suggest that differentiation in a way stand on this emotional branding.

Differentiation can be stated through many ways that are thought to be feasible for the firm but they should be such that it could overall influence the buying habit of the consumer. Value provided to the customer and the problem the product is going to solve and what additional the customer is getting in terms of benefits can be a better means for differentiation. The choice of what to purchase is determined more by the quality factor than lowest price factor [16]. Thus quality can be taken as a facilitator towards competitive position. Thus, differentiation can be made through improved quality in comparison to competition. A well designed product is an important source of differentiation as it provides both functional and aesthetic benefits to consumers [2]. An innovative product can be a better means to gain competitive advantage [17] [5]. Lower price when compared to the competitors and a step ahead in customer service can all be means to differentiate a product.

11. RESEARCH METHODOLOGY

Research design

The research design was descriptive in nature as the study aimed to find out whether the consumer give priority to the benefit aspect or do they accept any type modification as differentiation. The study was carried out by survey questioning which is regarded as a main feature of descriptive studies.

Sampling design

The sampling design used for the study was convenient sampling.

Sampling frame

The sample frame was the customers of personal care products in Kerala. General product category chosen for the study were personal care products which included tooth paste, skin cream, lotions, hair oils, shampoos, soaps, toiletries, cosmetics and shaving products.

Sample size of the study

The sample size was determined by sample size calculator developed by Creative Research Systems from the web at www.surveysystem.com[18] for social sciences a confidence level of 95% and confidence interval of 5 is generally acceptable in determining sample size [19]. Thus, the sample size was calculated as 384.

Data collection

Data for the study were gathered using both primary and secondary data sources. Primary data were collected through questionnaires. As the secondary sources books, journals and internet were utilized. The method used for the study is online survey and was done using questionnaires. The questionnaires were sent through e-mails.

Data analysis and interpretation

After the relevant data was collected, analysis and interpretation of the data has been done according to the nature of the data. The study uses the descriptive data analysis method. Descriptive statistics is used to give a summary of the data thereby quantitatively described or summarize features of the information collected.

111. RESULTS AND DISCUSSION**Gender of the Respondents**

The gender distribution of the respondents is shown in table 1 and the same is represented in a pie chart in fig. 1. Among the 384 respondents, females account for 66.1% and males 33.9%. The female respondents outnumber the male is due to the fact that the responses were taken from only those who purchase any sort of personal care products at least once in a month. And many male does not fit to the criteria.

Table 1 Gender of the Respondents

Gender	Frequency	Percent
Male	130	33.9
Female	254	66.1
Total	384	100.0

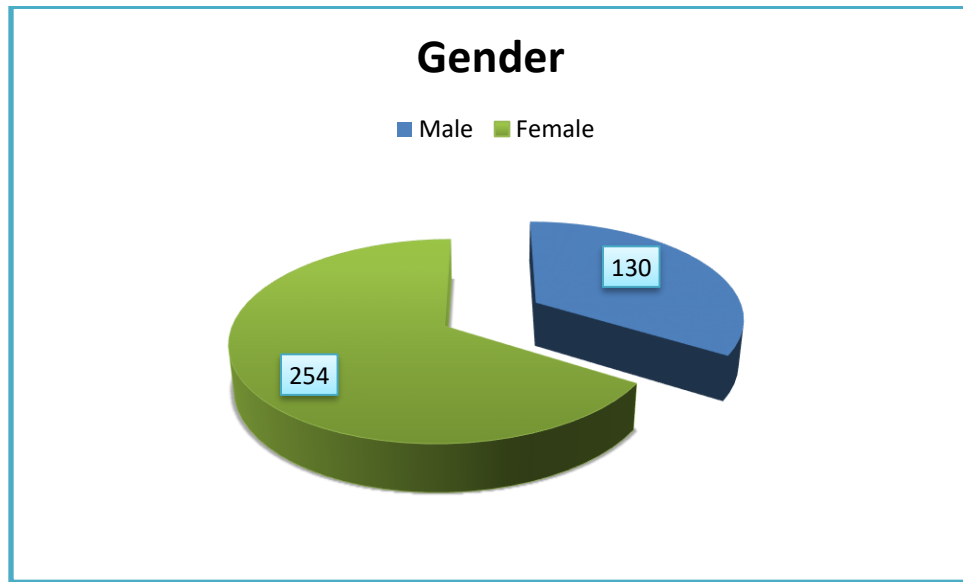


Figure 1 Gender of the Respondents

Marital status of the respondents

Table 2 shows the marital status of the respondents. 64.1% were single and 35.9% married. The results show that majority of the respondents are single. Figure 2 shows the data in a pie chart. The study has deliberately included majority respondents as students in order to capture the response of the upcoming generation of buyers. This reason owes for the percentage difference in married and single respondents.

Table 2 Marital Status of the respondents

Marital status	Frequency	Percent
Single	246	64.1
Married	138	35.9
Total	384	100.0

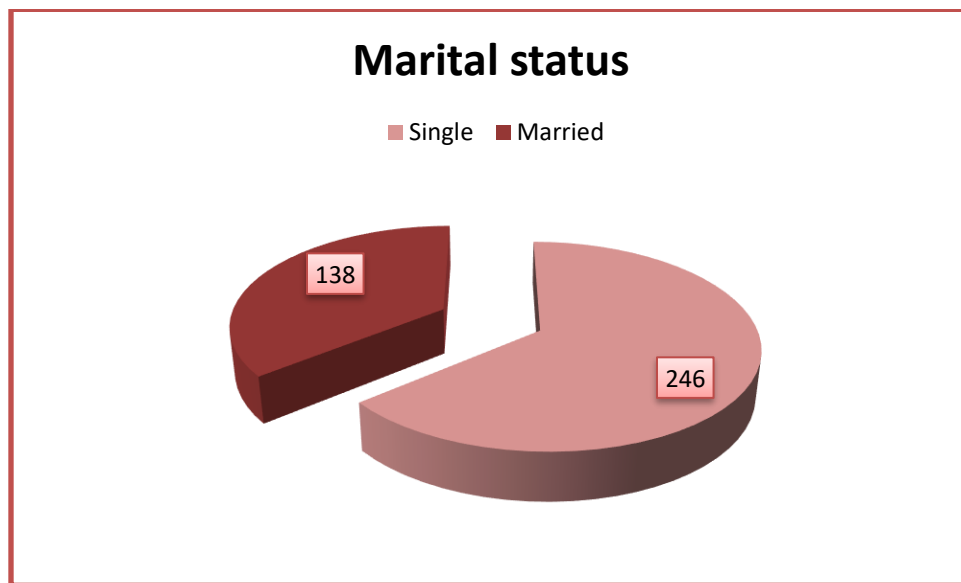


Figure 2 Marital Status of the Respondents

Age of the respondents

Majority of the respondents fall under the age group of 18 – 30 because students were given deliberate preference. The researcher preferred more responses from this age group so that an upcoming consumer behavior in relation to the topic of study can be traced. The age of the respondents and the respective frequencies are given in the table no.3 and the corresponding bar diagram in figure 3.

Table 3 Age of the Respondents

Age	Frequency	Percent
18 – 30	253	65.9
31 – 40	86	22.4
41 – 50	29	7.6
51 – 60	11	2.9
61 and above	5	1.3
Total	384	100.0

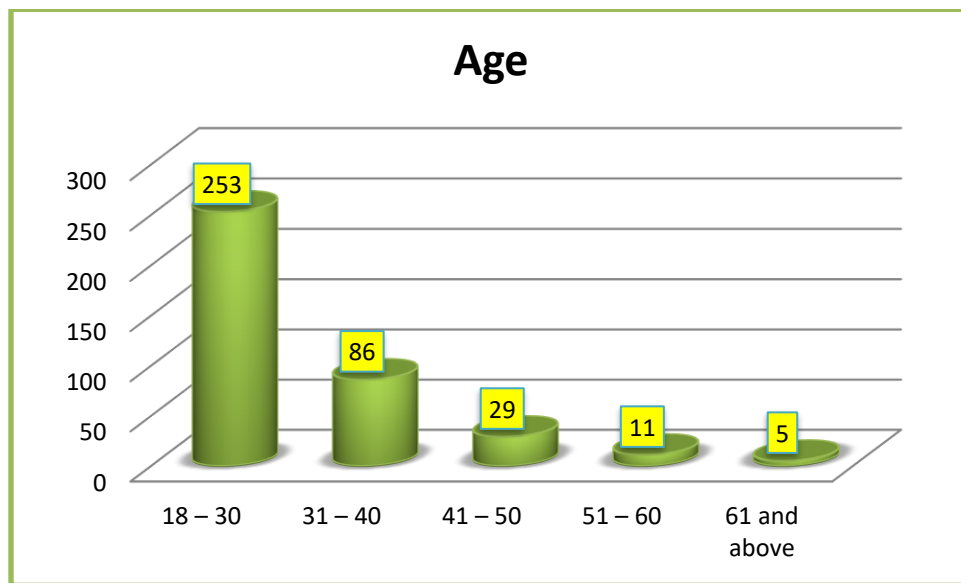


Figure 3 Age of the respondents

Educational qualification of the respondents

Majority of the respondents have completed graduation, accounting to a percentage of 52.1 and 33.3% of respondents hold post graduation. The frequencies of the same are shown in table 4 and depicted using a bar diagram in figure 4.

Table 4 Educational qualification of the respondents

Educational qualification	Frequency	Percent
Post Graduation	128	33.3
Graduation	200	52.1
Metric	37	9.6
Others	19	4.9
Total	384	100.0

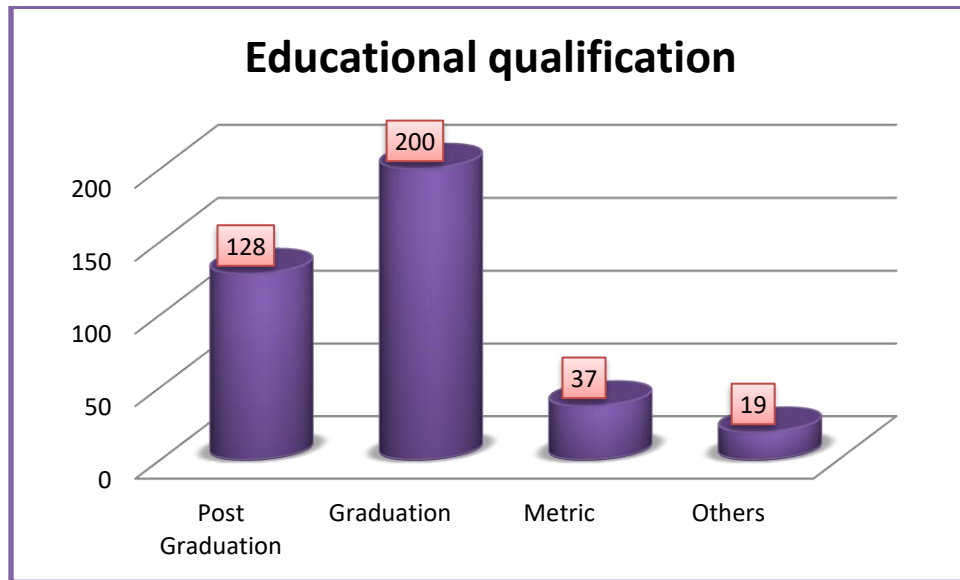


Figure 4 Educational Qualification of the respondents

Current status of the respondents

Table 5 shows the working status of the respondents. 56.5% were students, 24.2% were professionals, 10.9% homemakers, 3.4% self employed and rest others included 4.9%. The result is diagrammatically represented using bar diagram in fig. 5.

Table 5 Current status of the respondents

Current status	Frequency	Percent
Self employed	13	3.4
Professional	93	24.2
Home maker	42	10.9
Student	217	56.5
Others	19	4.9
Total	384	100.0

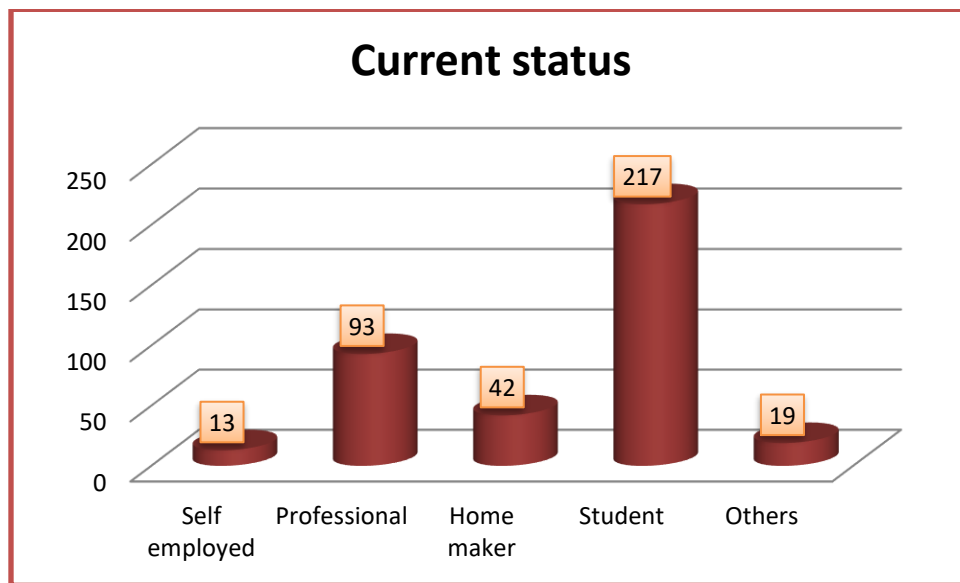


Figure 5 Current Status of the Respondents

Area of residence of the respondents

The study has given emphasis to the responses from the rural population and majority (49.5%) was selected from the category. The details regarding the same are given in Table 6 and represented using a bar diagram in fig. 6.

Table 6 Area of Residence of the Respondents

Area of residence	Frequency	Percent
Metro	61	15.9
Urban	93	24.2
Rural	190	49.5
Others	40	10.4
Total	384	100.0

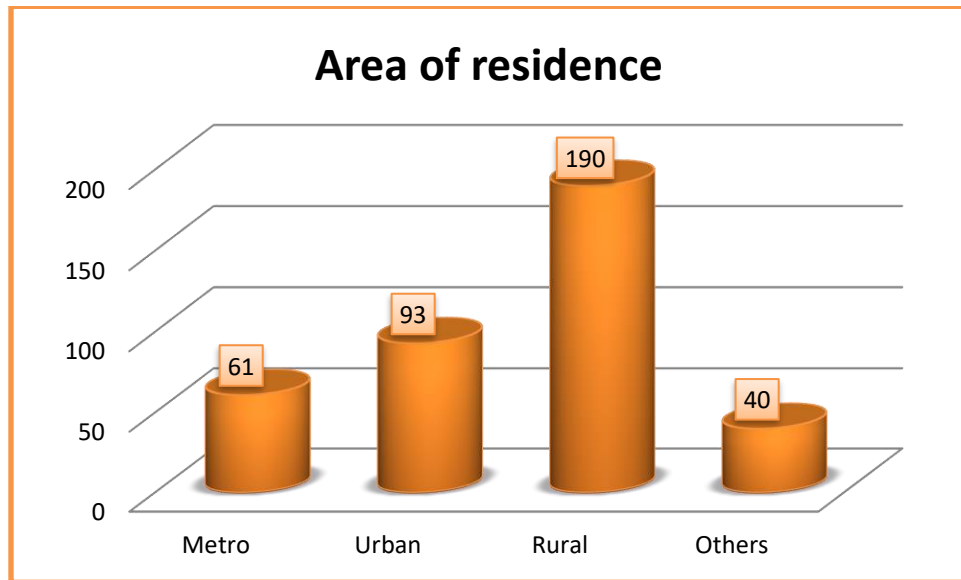


Figure 6 Area of Residence of the Respondents

Preferred means of differentiation

Respondents were given a list which included certain means a marketer of personal care products use to differentiate a product. Seemingly relevant and irrelevant attributes to differentiate personal care products were identified to create the list of items. All the differentiation typologies used for the study were taken from Kotler and Keller, 2013. This is illustrated in table no. 7. Each respondent had selected the items which they considered as a means of differentiation worth buying. Those selected are given under 'Yes' column and unselected given under 'No' column.

A majority of the respondents (58.1%) feels that 'a new benefit provided' would be a means of differentiation which they prefer to buy. On the contrary, a majority of 89.3% had not chosen a 'change in the size or shape of the pack' to be the type of differentiation that they prefer to buy. The 'effect received in short time' as a means to differentiation is backed by (34.4%), eco friendly aspect accepted by 33.1%, easy applicator by 32.6%, a new ingredient 16.9%, an attractive container by 15.9%, change in the texture by 12.5%. When considered the other way, it is understood that more than 80% of the respondents consider change in size/shape of the pack (89.3%), change in the texture of the product (87.5%), an attractive bottle (84.1%), a new ingredient (83.1%) not as a buyable means of differentiation in case of personal care product category. The details are illustrated in table no.7.

Table 7 Responses towards Differentiating Features

Differentiating Features	Respondent's Choice			
	Frequency of 'Yes'	Percent	Frequency of 'No'	Percent
An easy applicator	125	32.6	259	67.4
An attractive container/bottle	61	15.9	323	84.1
A change in the size/shape of the pack	41	10.7	343	89.3
Change in the texture like liquid or cream or gel form	48	12.5	336	87.5
A new benefit	223	58.1	161	41.9
Effect received in short time	132	34.4	252	65.6
A new ingredient	65	16.9	319	83.1
A change in the material of pack or container like an eco friendly material	127	33.1	257	66.9

Attitude towards differentiation in personal care products

Four statements were used to understand the general attitude a customer of personal care products holds towards differentiation. The statements were framed in such a way that it is easy for the respondent to understand the concepts. When jargons were used they were clarified using examples for easy answering. The results are summarized in table 8.

Majority of the respondents (67.45%) agreed to the fact that a differentiating feature helps them to make choice of personal care products easy. 70.84% of the respondents were of the opinion that a differentiating feature or attribute should provide benefits that are physical in nature rather than aesthetic. Personal care products come under the category of products bought on a regular basis and which does not involve high prices in normal cases. Such products allow the possibility to make a try and later discontinue if not satisfied. And irrespective of that only 40.62% make a purchase on the basis of something merely attractive. A majority of 59.38% do not go for a differentiation that is not beneficial even when the category is FMCG and does not involve high price, more time or high involvement. It is known that if the differentiation claim by the product was proved false on using it, a percentage of 76.56 respondents will form a negative attitude towards the brand.

Table 8 Consumer Attitude towards Differentiation

Statements related to attitude towards differentiation	Customer responses in 4 – point Likert scale			
	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Strongly Agree</i>
A differentiating feature helps choice easy.	46 (11.98%)	79 (20.57%)	177 (46.1%)	82 (21.35%)
A differentiating feature should give physical benefit than aesthetic benefit.	54 (14.06%)	58 (15.10%)	223 (58.08%)	49 (12.76%)
At times you prefer a different feature with no benefit because it feels attractive to you.	74 (19.28%)	154 (40.10%)	97 (25.26%)	59 (15.36%)
Realizing differentiation to be a false claim after use, you form a negative attitude for the brand.	41 (10.68%)	49 (12.76%)	52 (13.54%)	242 (63.02%)

IV. CONCLUSIONS AND RECOMMENDATIONS

Although the concept of differentiation incorporates any sort of difference that can counter competition in the market, in a practical sense only meaningful and beneficial differentiation can attract consumer preference. The study shows the most preferred ways of differentiation are promising sure benefits to the customer. It is made clear when the results showed that differentiation by means of ‘a new benefit’ is accepted by majority and a large majority went against ‘change in the size/shape of the pack’ as a differentiator. A differentiator can surely be a means for easy choice but it is revealed that it can survive only when it provides solid benefit to the customer. Certain percentage of respondents although agree that there are times when they are ready to try something attractive rather than beneficial, majority were not ready for that. The category of personal care products comes in the FMCG sector where price, time and involvement are comparatively low and these are purchased on a regular basis. And even for such a category consumers are not ready for non beneficial differentiation; it can be more stringent in the case of products involving higher price, time and involvement. A study regarding differentiation on such products should be done for further clarification. When differentiation is pseudo differentiation as termed by Lancaster, consumers respond in such a way that they form negative attitude towards the brand. In the study on differentiation done by Carpenter, Glazer and Nakamoto on meaningless attribute, they had failed to address whether the advantage arising out of such differentiation is sustainable in a long run. This study has revealed that even if meaningless differentiation could make good at the initial stages, a consumer after using it develops negative attitude towards the brand. To reap the benefits of differentiation strategically it should be based on consumer benefits not on meaningless or pseudo differentiation that could create a temporary positive effect and will do worse in the later stages of the product.

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