

THE HALO EFFECT

http://www.tutorialspoint.com/management_concepts/the_halo_effect.htm

Copyright © tutorialspoint.com

Introduction

The halo effect has a close relationship with marketing. Marketing is the number one field where halo effect is successfully used.

Halo effect simply explains the biasness showed by customers to certain products or services based on some favourable or pleasant experience with some other products or services offered by the same manufacturer.

Let's take an example. Apple introduced the iPod some years ago and it was creative in its functions and design. Apple iPod introduced a gateway to novel thinking and extremely eye-pleasing experience for iPod users.

The positive perception about Apple's iPod then had a positive effect on other Apple products. With the introduction of iPod, Apple noticed a high demand and increased sales for rest of their products.

This is again common in the automotive industry. An automaker may introduce a halo vehicle in order to create positive perception of their products in the hope of increasing sales of their other vehicle models as well. The halo cars are mostly sports cars that are mostly related to eye-pleasing designs, superior performance and technology.

Reverse of Halo Effect

Halo effect has its drawbacks as well. Although one halo product can make a huge difference in sales, one bad product can also ruin the reputation of an entire company. This is the reverse of halo effect.

Toyota Prius, the hybrid car, is one of the best examples of reverse halo effect in the recent times. Toyota is usually considered as the best quality car manufacturer in Japan.

But recently, an issue cropped up with the latest Prius model where, it had a faulty accelerator pad. Due to this issue, Prius gas pedal could jam once pressed hard and could lead to accidents as well. Once this was uncovered by a few customers, Toyota recalled thousands of Prius cars to replace the faulty gas pedal.

The issue did not stop there. Customers then started noticing similar problems, not essentially related to the gas pedals, in other, more established models, where there were no issues reported earlier. This is an incident describing reverse halo effect. Sometimes, this is also called cannibalization.

Unconscious Judgements

Halo effect is best described using the concept of unconscious judgement. When we judge something, we may run through an analysis and critical thinking. But, there is part of judgement which is done unconsciously.

We are not consciously aware of this judgement process. This is why we cannot explain why we are attracted to certain products from certain companies more than the same products from other companies.

Conclusion

The halo effect is one of the best tools for marketing. Marketing concepts and strategies employ the halo effect in order to get the best results when it comes to promoting products and services.

Although a halo product or a service is used for making a positive impact on a customer's mind in order to sell rest of the goods or services, sometimes other techniques are also used. One of the popular tricks is to use 'go green' or 'save environment' themes to create a positive perception among the customers.

The pleasant experience the customer may have with such campaigns may be useful for selling more products and services to them.

Although halo effect is useful and advantageous for businesses, it is not quite beneficial for the end customers. Judging a product or service by some other product or service from the same manufacturer may mislead them in their buying process.

In such cases, people do not assess the pros and cons of the product or the service they want to buy. Instead they allow the perceptions to influence their buying decision.