



UNDERSTANDING CONSUMER BEHAVIOUR AND IMPACT OF INTEGRATED MARKETING COMMUNICATION ON DECISION MAKING

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Abstract:

In a competitive economic system, companies can survive and develop if they are aware of the most accurate and detailed information about consumers. The concept of modern marketing highlights the need for having detailed information about the consumer needs, their motives, attitude and lifestyle. In the modern era it is almost a universally accepted idea that the main rationale of marketing is not about finding and persuading people to buy what a company produces, instead it aims in satisfying the consumer, which is the essence of consumer orientation. Marketers need to study consumer behaviour as this will help them in positioning their brand well and in developing effective marketing strategies. Culture and social class to which a consumer belong to also reflects his/her buying habits. Other social and personal factors do create an impact in purchase process. There are other psychological factors like perception, motivation and attitudes which impact the consumer decision making process. The intensity and degree of consumer involvement in product purchase also give marketers a clue in understanding their motive behind purchase. By making use of Integrated Marketing Communication brands can ensure that their messages are received by their target audiences. One of the main objectives of IMC is to develop effective ways by which consumers' needs could be satisfied. Identifying the communication pathways which influence consumer purchase decisions is an indispensable marketing communications activity, with the ultimate goal of being able to create marketing messages to reach target audiences through the most suitable channels.

Key Words: Marketing, Integrated Marketing Communication, Involvement, Consumer Orientation, target audience & channels.

The Changing Consumer:

No company can succeed without customers. If you don't have customers, you don't have a business. You have a hobby - Don Peppers and Martha Rogers

An essential part of determining effective communications strategies is to gain an understanding of the ways in which people set about making their purchase decisions. Undoubtedly, the vast majority of products and services, predominantly those with hefty marketing communications budgets, appeal to consumers. However, to assume that these products have an appeal to *all* consumers would be naive. Let's take the example of omnipresent Coca Cola which is undeniably one of the world's largest brands and even within its own sector, not all consumers prefer to drink (consume) the product. Some prefer Pepsi, while some consumers reject cola beverages completely, preferring as an alternative other carbonated soft drinks or water; yet others consume hot beverages like tea or coffee. There are numerous brands available today providing range of drinks which can satisfy the basic need to satisfy a thirst. There can be many reasons for products to succeed, as marketers must identify the significant consumer dimensions which will ensure that their product or service achieves appeal to some or other segment of the overall population. Fundamental changes have been witnessed in recent years in the values and lifestyles of consumers which can be illustrated with the following facts.

- ✓ The progressive shift of the woman out of the home and into the domestic economy can be seen today.
- ✓ In many families women are the main family income earners, while some men remain at home and fulfil the traditional parent role, clearly indicating that the family roles are now changing.
- ✓ People are being hired on relatively short-term contracts and comparatively short tenure is much more the norm resulting in breaking down of job security
- ✓ Changes in personal values can be seen all over the various strata's of society.
- ✓ Due to flexi work timings in many organizations people are now doing businesses from home, rather than from within a structured organization.
- ✓ Companies are no longer local or even national where employees are hired by organizations whose head offices are thousands of miles away.

Understanding Customer Buying Behaviour:

Many organizations are still under high risk marketing as they are not very much aware about whom their customers are and this implies that they have no real idea who they are trying to target. But in marketing if

we cannot describe) who the ideal customers are by knowing their profile then the organization is almost totally dependent on luck. A substantial body of work exists in the effort to understand the significant dynamics of consumer behaviour. To explain the differences which existed among consumers early theoretical studies tended to focus on the economic variables. However, as they ignored the key psychological factors these provided only a narrow understanding of the process. A new approach was introduced in the year 1963 by George Katona known as behavioural economics, which sought to include these dimensions to the economic factors. Among the first to identify the essential role of marketing communications in determining the nature of consumer behaviour, Francesco Nicosia (1966) gave the turning point for a proper approval of the complex nature of consumer behaviour. To provide the basis for our contemporary understanding of the process of consumer behaviour two further studies were conducted. In 1968 Engel, Kollat and Blackwell was the first to introduce a model which explains the concept that the consumer passes when he/she goes through a series of separate stages during the decision making process, whilst in 1969 John Howard and Jagdish Sheth developed their important model (today known as the Howard– Sheth model) which introduced the idea that there are different levels of decision making which depends upon the nature of the purchase. The focus of this chapter is to explore the elements which have an influence on the information processing behaviour of both the consumers and organisational buyers which later on establish how the identification of different behaviour patterns can impact marketing communications. A number of theoretical approaches have been developed to support our understanding of human behaviour, but the majority have their roots in one of three psychological orientations which are called as cognitive theory, Freud’s psychoanalytical theory and reinforcement theory.

Customers are every company’s source of revenue and no company will ever realize income from any other entity apart from from its customers which are existing and the prospective ones. Thus in many ways for any firm the most valuable financial asset is its customer base, which needs to be valued and taken care of the most. Customer strategy is not a momentary assignment for the marketing department; rather it is an ongoing business essential that requires the involvement of the entire enterprise.

To identify, analyse and ultimately understand the target market and its buying behaviour is the first step in formulating a marketing communications strategy. This chapter will help in understanding behavioural models that can be implemented by marketing professionals so as to communicate and influence the buyer at different phase he/she goes thought before, during and after the purchase is being made. Buying behaviour of individuals is not usually very predictable and is often more complex than it appears. On the other hand if we consider them in the aggregate groups of customers (or percentages of markets), they can be more predictable. Buyers respond in diverse ways to the bombardment of marketing communications that are constantly aimed at them be it in the industrial or consumer market.

In order to have a better understanding of buyer behaviour theoretical frameworks have been borrowed from various streams like psychology, sociology, social psychology, cultural anthropology and economics and are now added to by both commercial and academic market research into consumer and industrial buyer behaviour. It is this understanding that helps to disclose what kind of marketing communications work best. The chapter then looks at types of purchases and the consumer buying decision making process (including some buying models) and later considers how the ‘dominant variables’ of perception, motivation, learning, memory, attitudes, beliefs, personality and group influence can have a very strong influence on the communication process and, in due course, on buying behaviour.

The Complex Burger Buyer:

Have you ever given a thought as to why do people buy a burger? The answer might be as simple as ‘Because I was feeling hungry – so I bought a Big Mac.’ But the real reason, though, may be quite different. Possibly the buyer must be in a receptive state for food because of the time of the day. Just as a stimulus such as a bell for Pavlov’s dog (see ‘Learning’, page 105) can make a dog to salivate, the highly visible yellow logo of McDonald’s can act as a stimulus for the customers so that their feelings of hunger can get be aroused upto the levels of salivation. Perhaps the yellow logo also acts as an indication (cue) by triggering memories of the happy advertising images that are learned over a period of time due to constant exposure towards the ad and information being stored in memory banks. A teenage burger buyer may like to prefer going to McDonald’s because friends hang out there and it feels nice to be in with the in-crowd (Maslow’s need to be accepted or loved ;). Reasons can be the quick service and the friendly image simultaneously which contribute in satisfying the two basic needs – love and hunger. Many convenience purchases that are today done by most of us are, in fact, about purchasing time, i.e. buying a time-saving product or service which gives us free time, to satisfy another need. It is possible that buyers have many diverse reasons with different orders of significance and different segments can seek many different reasons with unlike orders of importance. But here the question to be thought of why don’t they go into a Wimpy restaurant or a fish and chip shop instead of going to a McDonald’s joint?

Consume choice is frequently influenced by how much he/she is familiar with the brand, or occasionally the level of trust in a brand name. Actual experience and/or increased awareness results from generating familiarity boosted by advertising and if one brand can get into the front of an individual’s mind

(‘front-of-mind awareness’) through advertising and other form of promotional tools then it will stand a better chance of being chosen in a simple buying situation like this, unless of course the buyer has a favoured set of fast-food restaurants that purposely exclude a particular brand. In such a situation the buyer is by and large prepared to search a little before satisfying the aroused need. The option of another group of burger buyers can be determined merely by location – providing the right goods or services in the right place at the right time at the right prices. With an assumption that all this is supported by the right image (clean and friendly, nutritious, fast service, socially responsible), then the marketing mix of the brand has succeeded in capturing this segment of non-loyal burger buyers who do not have any strong preferred set of fast-food outlets.

Give a thought as to why more health-conscious people possibly will prefer a nice warm cup of soup and what motivates them? Is it due to achieving good health? A yearning to live longer, A desire to stay slim, having a feel look good factor (esteem) or to just feel healthy? Or possibly it’s cheaper than a burger? Or is it because all your friends in the office recommend the local delicatessen’s soup (pressure to conform to group norms, desire to be accepted by a group – again, the need to be loved). Vance Packard in 1957 suggested that ‘the deepest roots of our liking for warm, nutritious and plentiful soup may lie in the relaxing and secure unconscious prenatal sensations of being surrounded by the amniotic fluid in our mother’s womb’ which signifies that there are other possibilities that lie in the dark depths of our vast information storage chambers, otherwise known as our unconscious. Impulse buying behaviour and repeat purchase of low cost fast food apparently differ from the buying conduct involved in the purchase of a new LCD TV, a house, a holiday or a fleet of new cars for the company as it involves lot of information search. Habitual low-cost purchases are known as ‘routinized response behaviour’ and thus have a different buying process than a high-involvement purchase.

Factors Influencing Buying Behaviour:

The consumer does not live in isolation, instead is surrounded by the environment which not only influences his/her behaviour but also the choices made and liking preferences towards different brands. All of the factors depicted in Figure 3.1 may play a strong role in influencing the decisions taken by a consumer on day to day basis. The important factors which have an influence on buying pattern of consumers include personal, social, cultural as well as psychological factors.

Culture plays a significant role in shaping consumers choices as it depicts a set of rules, values, beliefs and behaviour that is common to the society we reside in. Many fast food companies are now before entering the market completely understand the tastes and likings o its consumers so that they can offer he product which best satisfies the needs and wants of customers. The social class to which an individual belongs affects his buying decision making. Family, friends, colleagues at work, formal informal social groups also have an influence on consumer’s buying habits significantly. There are even personal factors which contribute in decision making process, important ones being lifecycle stage, age, sex, economic conditions, occupation etc. Psychological influences, often has a direct bearing on the nature of the decision being taken. Perception, motivation, attitude and learning are some of them which shape up the consumer thought process affecting purchase. Perception towards marketing messages is a process where consumers select, organize and then finally interpret stimuli into meaningful thoughts and pictures. Marketers must understand how their consumers perceive their product/services so that they can adjust their marketing mix accordingly.

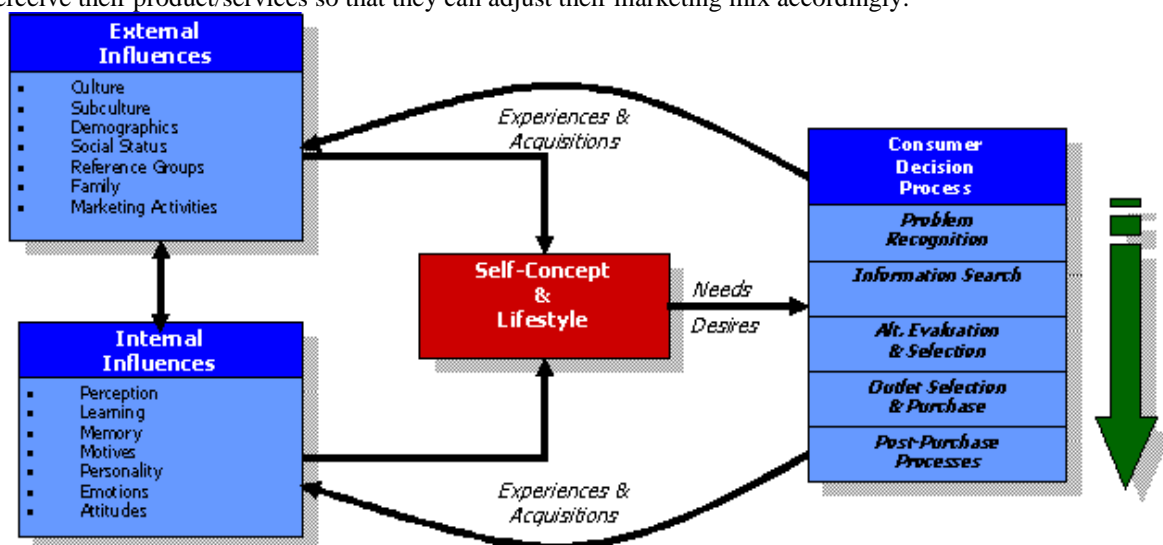


Figure 1: Factors affecting buying behaviour

Source: <http://jcmc.indiana.edu/vol9/issue2/giaglisfigure1.gif>

Types of Consumer Decision-Making:

Buyers do not follow the general decision sequence at all times and the process may vary as per the time available, levels of perceived risk and the degree of involvement a buyer has with the type of product. Lets us have a look at the three different kinds of the problem solving behaviour (extended problem solving, limited problem solving and routinised response):

Extended Problem Solving (EPS):

Consumers who want to the purchase a car or house undertake a great deal of external search and spend a lot of time reaching a solution that satisfies, as closely as possible, the evaluative criteria’s previously set by them. This activity is usually associated with products that are unfamiliar, where getting a direct experience and hence knowledge is weak, and where there is substantial financial risk associated. Marketing communications in such a kind of decision making should aim to provide a lot of information to assist the decision process. Brochures, leaflets, websites, access to salespeople and product demonstrations are some of the ways in which information can be provided.

Limited Problem Solving (LPS):

When a consumer has experience of a product, this means that greater use of internal memory-based search routines can be made and the external search can be limited to getting latest information or ensuring that the finer points of the decision have been investigated. In such decision making styles marketing communications should put an effort to provide information about any product modification or new attributes been added to the already existing ones and convey messages which highlight those key attributes known to be essential to buyers. By differentiating the product, marketing communications offer the buyer a reason to purchase that particular product.

	High Involvement	Low Involvement
Significant differences between brands	Complex Buying Behavior	Variety Seeking Behavior
Few differences between brands	Dissonance Reducing Buying Behavior	Habitual Buying Behavior

Figure 5: Types of consumer decision making styles

Source: <http://mba-lectures.com/wp-content/uploads/2010/07/image.png>

Routinised Response Behaviour (RRB):

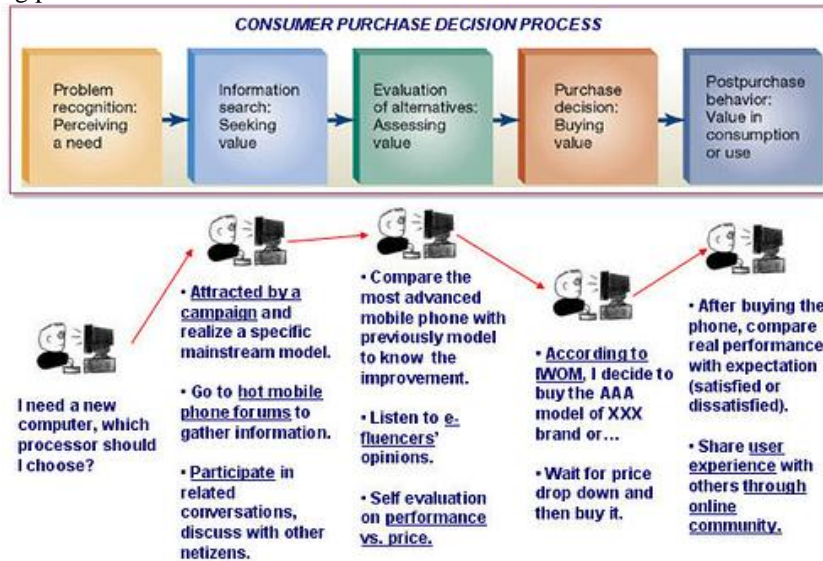
For many products the decision process will consist only of only an internal search primarily because the buyer has made a number of purchases before and has got a great deal of experience. Therefore, little time or effort will be spent on external search activities. Low-value items which are habitually purchased come in this category, for example toothpaste, soap, tea leaves, tinned foods and confectionery items. Communicators in this type of buying should focus on keeping the product within the evoked set or getting it into the set. Learning can be enhanced among buyers through reappearance of messages, but repetition can also be used to maintain attention and awareness so that a constant reminder is always sent to the target market regarding the brand attributes.

Customer Decision-Making Process:

Before understanding what kind of communication strategy should work on target consumers it is very essential for any marketer to know the phases through which these consumers go before they actually own a product/service. This section gives an understanding of the contextual elements that impact upon individual purchase decision-making. There are five stages to the general process whereby buyers make purchase decisions (Figure 3.4). Marketing communications can have its impact upon any or all of these phases with changing levels of potential effectiveness. Having proper knowledge of a buyer’s decision-making processes is crucial if the correct type of information is to be communicated at the right time and in the right or appropriate manner. Consider an example of a college student having a keen desire to own a branded laptop. Laptop is product most of us do not but on a regular basis, hence before going for an actual purchase the consumer will go through the stages as can be seen from fig 4.

Problem Recognition: The first stage a consumer goes through is the problem recognition occurs when there is a perceived difference between an individual’s ideal state and reality. Advertisers often provoke ‘problem recognition’ by telling their prospective consumers that the current state is not desirable or by indicating how

consumers can advise whether they have a similar problem (e.g. 'Is your hair dull, lack bounce in them and are lifeless?'). The difficulty in getting buyers to be acquainted with that they have a problem invites the question; do they actually have a problem? And if there is no recognized or a known need, then it is not marketing but selling that is being practised.



Consumer Purchase Decision Process Model Reference: Kotler, P. & Armstrong, G (2001) Principles of Marketing

Figure 4: Five general stages of a buyer's purchase decision process

Information Search: Once a problem gets identified the next stage a prospective buyer will go through is information search which makes an attempt to resolve it. The information search process can be done by involving a memory scan to recall experiences and knowledge, utilising the perceptual processes to see if there is an 'off-the-shelf' solution to the problem known as internal search. Another way is when the prospective buyer will resort to an external search taking information from family and friends, the web, reference sources, commercial guides and advertising in case there is no 'off-the-shelf' solution.

Alternative Evaluation: In order that the optimum choice be made potential solutions need to be evaluated where products considered feasible constitute the *preference set*, and it is from these list of some seven or eight products that a smaller group of products is usually assembled. This group is referred to as the *evoked set* and it is from this selected set of brands that consumer's make a choice of which specific brand should he/she own. Attributes used to conclude the sets are referred to as evaluative criteria which are very both objective and subjective in nature.

Purchase Decision: Having evaluated various alternatives the buyer may develop a predisposition and finally decides to go for a purchase by matching motives and evaluative criteria with product attributes. Deciding which brand to buy, from where the purchase has to be made and also when the purchase has to happen as some consumers wait for a period wherein they can get a product on a discounted rate. Many, automobile brands, consumer durables and consumer electronic goods show a high sales figure during festivals like Diwali which indicate that many consumers wait for such a time of the year to finally purchase the product. Thus occasions play a strong role at this stage of buying decision making.

Post-Purchase Evaluation: A very important part of the decision process is the buyer's direct experience with the product. This experience with the brand in the form of feedback due to product usage helps learning and attitude development and is the main contributor to long-run behaviour. Communication activity from the side of the organization must continue to provide satisfaction to their consumers and prevent cognitive dissonance. This is a state where, after the purchase decision has been taken, a buyer might regret or feel a tension about a past decision as the product fails to reach expectations or because the consumer becomes aware of a superior alternative. Marketing communications, at this stage, should be aimed at reinforcing the past decisions taken by the consumer by either highlighting the positive features of the product or by providing more information to support its use and application.

Impact of IMC on Consumer Behaviour and Effect on Consumer Decision Making Process:

Communication is the basis for social interaction and is defined as the exchange of ideas, information and feelings between sender and receiver. In a global market characterized by high dynamism along with fierce competition, companies are trying to find the most efficient way to communicate with their customers so that they can understand the benefits that can be obtained by consumption or use products or services (Clow, 2010). Subsequently, marketing communications have become a fundamental aspect of marketing, a business vision and an indispensable factor in successful marketing communication undertaken by any organization. Considering that the marketing and communication are inseparable, its importance have increased dramatically

in recent decades, and organizations are using various forms of marketing communication tools to market their offer and to meet their financial targets (Shimp,2003). An Integrated Marketing Communication program must be structured in multiple strands, to influence all the processes that have an impact on consumer behaviour (perception, learning, attitude, motivation).The most important of some well structured models of consumer behaviour, was outlined for the first time by Engel, Blackwell and Kolat (1978). This model basically includes five main stages of buying: need recognition, information search, evaluation of alternatives, product choice and outcomes. Later certain improvements and changes were made as a refinement to the previous model by (Schiffman and Kanuk, 2009) refining the initial structure, including some possible options in the fourth stage, as a purchase option and a reshaping of fifth stage, which was known as the post-purchase evaluation forming a very important aspect of consumer buying behaviour.

According to Schiffman and Kanuk (2009), four models of consumers could be acknowledged, as per the general view of how and why the individual behave in a particular way. The economic view holds an opinion that a consumer makes only rational decisions and this traditional decision-making perspective incorporating the economics of information approach to the search process (Solomon, 2009). Many consumer researchers criticized this model as nobody could have all the information required by a “perfect” decision and the rational process does not precisely represent many of the purchase decision (Olshavski and Granbois, 1989). Opposite to the rational economic view is the passive view, which considers that consumers do not play an independent role in the buying decision making process and are objects of marketing manipulation.

The next approach is the cognitive view which lies closer to the real consumer behaviour, explaining the consumer as a receptive and active person, who is not only involved but even concerned in information search and attempts to make satisfactory decisions. The emotional view highlights the role of feelings and emotions in certain purchases and says that sometimes the consumers act in an impulsive manner, without evaluating the alternatives. It is important to take into consideration the truth that not every time when he/she has to take a decision an individual completes all steps which are theoretically identified as consumer decision-making process. The time, effort and attention given to the decision-making basically depends on the importance of problem which has to be solved by purchasing something. The approach of consumer as problem solvers (Howard and Sheth, 1969; Schiffman and Kanuk, 2009; Solomon, 2009), emphasize the role of consumer involvement in decision-making procedure.

The Model of Research: Influence of IMC on Consumer Decision-Making Process:

Block A - Integrated marketing communication is all about ways in which communication is found in all four components of marketing mix. A product is designed to meet needs of clearly defined consumers’ segment, it is introduced to market at a certain price using suitable distribution channels and the marketing communications are planned in a particular way, customized to the characteristics of the target segment. Integrated communication strategy and integrated communication plan are the instruments which support and organize the IMC activities.

Block B - Consumer behaviour - The five basic processes of this block are perception, information / learning, attitude, motivation and actual behaviour which is taken into consideration in the design and implementation of many forms of behavioural studies.

Block C – Consumer decision-making process – consists of stages through which the consumers go through when deciding to purchase goods and services .Need recognition, information search, evaluation of alternatives (evoked set), purchase and post-purchase evaluation are the stages of consumer decision making. The functional relations of the model are separated in three categories, as follows: main functional relations, illustrated in the figure by the horizontal block arrows, which show a graphical representation of the essential relations between blocks; next are the secondary relations illustrated by lines, describing the structural links between components of the same block or of different blocks; also the figure represents the feedback lines which show the influence of post-purchase evaluation on the actual buying behaviour.

Block A Block B:

IMC (Block A) influence on consumer behaviour processes and there are many ways in which product characteristics and attributes affect the consumers’ perception about the brand. Price, is another component of integrated marketing communication having direct implications on the perception are there are evidences explaining that for many products consumer judges the quality of a product by its price (Monroe, 1973; Kamen and Toman, 1970; Elliot and Cameron,1994). All IMC components convey to consumers various information, so as to enhance the learning process by which they obtain the purchase and consumption knowledge. One of the most important goals of IMC is the forming or changing attitude which is influenced by product, price, and distribution and marketing communications, apart from direct experience that an individual has with the attitude object (Fazio, Sanbonmatsu, Powell and Kardes, 1986).

Block B Block C:

The processes that explain the buying behaviour (Block B) are influenced, each one, in different magnitude and combinations by the components of marketing mix which belong to Block A and by the operational tools (integrated communication strategy and plan). Block B has a most important resultant which

reflects the differentiated and particular influence behavioural processes have on the various phases that form the consumer decision-making process. IMC components have to be tailor designed to solve consumer recognized problems which involve developing a new product or altering characteristics of an existing one, altering pricing policy, modifying channels of distribution as per target market reach and adapting marketing communications structure.

Block C Block A:

The association between consumer-making decision and IMC is materialized in feedback once the decision has been taken and the purchase has taken place. All the IMC components could be revised and improved, taking into account the key aspects resulting from consumers 'feedback.

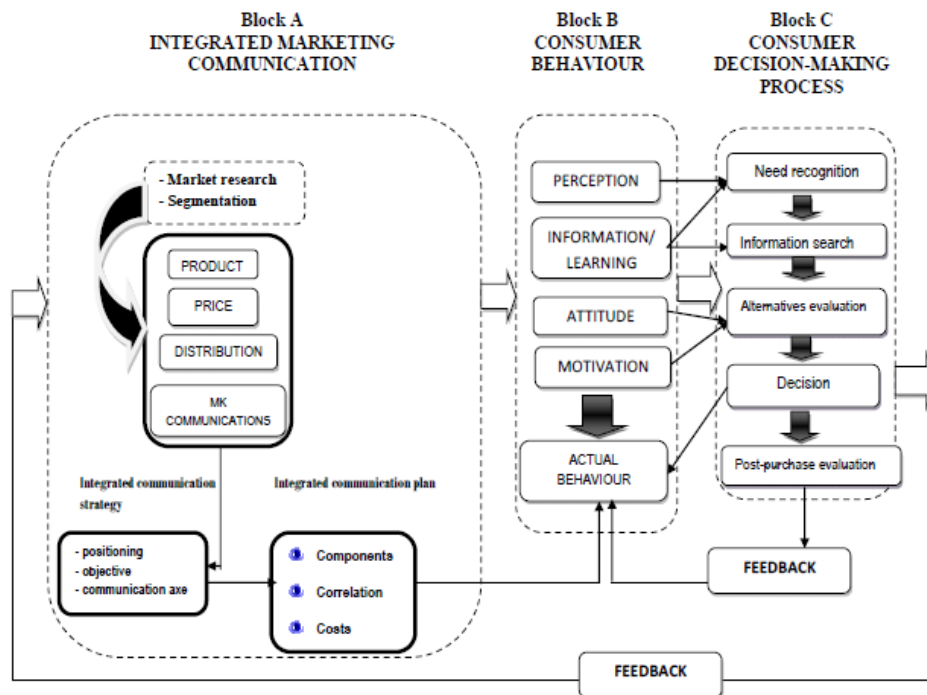


Figure 6: Model of research the IMC influence on the consumer decision-making process

Source: Camelia Mihart (Kailani), Impact of Integrated Marketing Communication on Consumer Behaviour: Effects on Consumer Decision – Making Process, International Journal of Marketing Studies, Vol. 4, No. 2; April 2012, Pg 129

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