

IMPACT OF DIGITAL MARKETING ON CONSUMER BEHAVIOR: A STUDY

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ABSTRACT

Digital marketing is an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium". It has a wide spread application across sectors; however in the current context with proliferation digital and social media have gained enormous popularity and are integral parts of the decision making. Statistics reveal that we currently have over 350 million internet users in the country and about 80 % of the population is active through their smart phone devices. On the basis of user base and revenues for most global internet companies India is one of the largest markets. Taking consumers as sample the paper aims to study how digitalization can influence decision making among a certain Target group. The paper also aims to an attempt to reveal the factors influencing the online consumer's behavior

KEYWORDS

Decision, Consumer Buying Behavior, Digital Marketing, Digital Media etc.

INTRODUCTION

Digital marketing is one type of marketing being widely used to promote products or services and to reach consumers using digital channels. Digital marketing extends beyond internet marketing including channels that do not require the use of Internet. It includes mobile phones (both SMS and MMS), social media marketing, display advertising, search engine marketing and many other forms of digital media.

Through digital media, consumers can access information any time and any place where they want. With the presence of digital media, consumers do not just rely on what the company says about their brand but also they can follow what the media, friends, associations, peers, etc., are saying as well. Digital marketing is a broad term that refers to various promotional techniques deployed to reach customers via digital technologies. Digital marketing embodies an extensive selection of service, product and brand marketing tactics, which mainly use Internet as a core promotional medium in addition to mobile and traditional TV and radio. Canon iImage Gateway helps consumers share their digital photos with friends online. L'Oréal's brand Lancôme uses email newsletters to keep in touch with customers and hence tries to strengthen customer brand loyalty (Merisavo et al., 2004). Magazine publishers can activate and drive their customers into Internet with e-mails and SMS messages to improve re-subscription rate (Merisavo et al., 2004).

Indian consumers as a whole spend about 55% of the total consumption expenditure on food items. According to a survey conducted by ORG, the expenditure on non-food items has recorded large growth that the expenditure on food items. Consumers decide whether, what, when, from whom, where and how much to buy. They can avail various mediums to buy the products. However, currently we are living in the age of internet. According to a study, "About 44 percent students use Internet in India and overall 72% of young people access Internet on regular basis. Due to the vast usage of Internet, the buying patterns have been changed. It has changed the way goods are purchased and sold, resulting to the exponential growth in the number of digital shoppers. However, many differences concerning digital buying have been discovered due to the various consumers' characteristics and the types of provided products and services. Attitude toward digital shopping and goal to shop are not only affected by ease of use, usefulness, and enjoyment, but also by other factors like consumer individuality, situational factors, product distinctiveness, previous digital shopping understanding.

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Figure-1



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Traditional marketing is the most recognizable form of marketing. Traditional marketing is non-digital way used to promote the product or services of business entity. On the other hand, digital marketing is the marketing of products or services using digital channels to reach consumers.

VARIOUS ELEMENTS OF DIGITAL MARKETING

There are various elements by which digital marketing is formed. All forms operate through electronic devices. The most important elements of digital marketing are given below:

Online Advertising

Online advertising is a very important part of digital marketing. It is also called internet advertising through which company can deliver the message about the products or services. Internet-based advertising provides the content and ads that best matches to consumer interests. Publishers put about their products or services on their websites so that consumers or users get free information. Advertisers should place more effective and relevant ads online. Through online advertising, company well controls its budget and it has full control on time.

Email Marketing

When message about the products or services is sent through email to the existing or potential consumer, it is defined as email marketing. Direct digital marketing is used to send ads, to build brand and customer loyalty, to build customer trust and to make brand awareness. Company can promote its products and services by using this element of digital marketing easily. It is relatively low cost comparing to advertising or other forms of media exposure. Company can bring complete attention of the customer by creating attractive mix of graphics, text and links on the products and services.

Social Media Marketing

Today, social media marketing is one of the most important digital marketing channels. A computer-based tool allows people to create, exchange ideas, information and pictures about the company’s product or services. According to Nielsen, internet users continue to spend more time with social media sites than any other type. Social media marketing networks include Face book, Twitter, LinkedIn and Google+. Through Face book, company can promote events concerning product and services, run promotions that comply with the Face book guidelines and explore new opportunities. Through Twitter, company can increase the awareness and visibility of their brand. It is the best tool for the promotion of company’s products and services. In LinkedIn, professionals write their profile and share information with others. Company can develop their profile in LinkedIn so that the professionals can view and can get more information about the company’s product and services. Google+ is also social media network that is more effective than other social media like Face book, Twitter. It is not only a simple social media network but also it is an authorship tool that links web-content directly with its owner.



Text Messaging

It is a way to send information about the products and services from cellular and smart phone devices. By using phone devices, company can send information in the form of text (SMS), pictures, video or audio (MMS). Marketing through cell phone, SMS (Short Message Service) became increasingly popular in the early 2000s in Europe and some parts of Asia. One can send order confirmations, shipping alerts using text message. Using SMS for campaigns get faster and more substantial results. Under this technique, companies can send marketing messages to their customers in real-time, any time and can be confident that the message will be seen. Company can create a questionnaire and obtain valuable customer feedback essential to develop their products or services in future.

Affiliate Marketing

Affiliate marketing is a type of performance-based marketing. In this type of marketing, a company rewards affiliates for each visitor or customer they bring by marketing efforts they create on behalf of company. Industry has four core players: the merchant (also known as “retailer” or “brand”), the network, the publisher (also known as “the affiliate”) and the customer. The market has grown in such complexity resulting in the emergence of a secondary tier of players including affiliate management agencies, super-affiliates and specialized third party vendors. There are two ways to approach affiliate marketing: Company can offer an affiliate program to others or it can sign up to be another business’s affiliate. If company wants to drive an affiliate program, then, the company owner has to pay affiliates a commission fee for every lead or sale they drive to company’s website. Company’s main goal here is to find affiliates who can reach untapped markets. For example, a company with an e-zine may become a good affiliate because its subscribers are hungry for resources. So, introducing one’s offer through “trusted” company can grab the attention of prospects which might not have otherwise reached.

Search Engine Optimization (SEO)

Search engine optimization (SEO) is the process of affecting the visibility of a website or a web page in receive from the search engine users. SEO may target different kinds of search including image search, local search, video search, academic search, news search and industry-specific vertical search engines.

Pay-Per-Click (PPC)

Pay-per-click marketing is a way of using search engine advertising to generate clicks to your website rather than “earning” those clicks organically. Pay per click is good for searchers and advertisers. It is the best way for company’s ads since it brings low cost and greater engagement with the products and services.

FEATURES OF DIGITAL MARKETING

- It is based on the notion of elastic time.
- It can be accessed from anywhere.
- One can assess numerous digital shopping stores at a time.
- Assessment can be made in real time.
- There is rider of alternate of product if it is not as per the requirement of the customer

Four New Digital Marketing Models

Booz & Company has identified four equally successful digital marketing models:

A company’s focal point for marketing venture may have fundamentals of each, but odds are that one of these models represents the right marketing organization for a company.

1. *Digital Branders* are the majority frequent consumer products companies or further marketers that center on structuring and renewing brand equity and concrete consumer commitment. These companies are changing



their venture from traditional linear advertising in the direction of more immersive digital multimedia way that can bond consumers to the brand in innovative conduct. They are rethinking on how they employ consumers with the main agenda of attracting new consumers to the brand and motivating loyalty through various encounters with the brand.

2. *Customer Experience Designers* use customer statistics and perception to generate a advanced uninterrupted brand familiarity for their customers. Characteristically, these companies (such as financial-services companies, airlines, hotels, and retailers) fabricate their business models focusing on customer service. By reworking how they interrelate with customers, these companies anticipate to craft a constant exchange of ideas and construct a loyal customer base.
3. *Demand Generators* (typically retailers) center of attention on driving online traffic and transferring a numerous sales as probable across channels to capitalize on marketing competence and produce their share of profits. All essentials of the digital marketing are customized to enhance sales and amplify reliability.
4. *Product Innovators* use digital marketing to facilitate the organization recognizes and grows, and generates proactive digital products and services. These companies utilize digital communications with consumers to gather information that can help profile the innovation.

CONSUMER BUYING BEHAVIOR

The consumers' buying behavior has been always a popular marketing topic, extensively studied and debated over the last decades while no contemporary marketing textbook is complete without a chapter dedicated to this subject. The predominant approach, explaining the fundamentals of consumer behavior, describes the consumer buying process as learning, information-processing and decision-making activity divided in several consequent steps:

- Problem Identification,
- Information Search,
- Alternatives Evaluation,
- Purchasing Decision,
- Post-Purchase Behavior.

Bettman, 1979; Dibb et al., 2001; Jobber, 2001; Boyd et al., 2002; Kotler, 2003; Brassington and Pettitt, 2003). A distinction is frequently made between high and low involvement purchasing, implying that in practice the actual buying activity can be less or more consistent with this model, depending on the buyer has perceived purchasing risks. High or low degree of involvement is also a question of buyer experience; products purchased for the first time, in general, require more involvement than frequently purchased products (Boyd et al., 2002).

Next to identifying the steps of the buying process and the potential role of marketing in each stage, marketers are eager to comprehend how purchasing choices and decisions are made, how consumers are likely to react to innovation and how to predict the outcome of the customer vendor interaction (Davis et al., 1989; Ajzen, 1991; Legris et al., 2003).

Most academics and practitioners agree that demographic, social, economic, cultural, psychological and other personal factors, largely beyond the control and influence of the marketer, have a major effect on consumer behavior and purchasing decisions (Harrell and Frazier, 1999; Czinkota et al., 2000; Czinkota and Kotabe; 2001; Dibb et al., 2001; Jobber, 2001; Boyd et al., 2002; Solomon and Stuart, 2003).

Despite their incapacity to exercise any substantial influence on the above factors, marketers can have some bearing on the outcome of the buying process by engaging different marketing tools, the most prominent being the 4Ps – product, price, place and promotion – also known as the marketing mix (Borden, 1964; McCarthy, 1964). While the value and current standing of the mix as a marketing toolkit is frequently disputed (Dixon and Blois, 1983; Groenroos, 1994; Gummesson, 1997; Goldsmith, 1999) marketing practitioners nonetheless widely deem the 4Ps as the tools that can influence the consumer's behavior and the final outcome of the buyer-seller interaction.

ONLINE BUYING BEHAVIOR

Understanding the mechanisms of virtual shopping and the behavior of the online consumer is a priority issue for practitioners competing in the fast expanding virtual marketplace. This topic is also increasingly drawing the attention of researchers. Indicative of this is the fact that more than 120 relevant academic papers were published in 2001 alone (Cheung et al., 2003). Given the continuous expansion of the Internet in terms of user numbers, transaction volumes and business penetration, this massive research endeavor is not surprising. More than 20 per cent of Internet users in several countries already buy products and services online (Taylor Nelson Sofres, 2002) while more than 50 per cent of US net users regularly buying online (Forrester Research, 2003). These developments are gradually transforming e-commerce into a mainstream business activity while at the same time online consumers are maturing and virtual vendors realize the importance and urgency for a professional and customer-oriented approach. Yet the Internet meltdown at the end of the 1990s and plenty of more recent anecdotal and empirical evidence indicate that many online firms still do not completely understand the needs and behavior of the online consumer (Lee, 2002) while many of them “. . . continue to struggle with how effectively to market and sell products online” (Joines et al., 2003, p. 93). As in the case of traditional marketing in the past, most of the recent research and debate is focused on the identification and analysis of factors that one way or another can influence or even shape the online consumer’s behavior; a good deal of research effort is focused on modeling the online buying and decision-making process (Miles et al., 2000; Liu and Arnett, 2000; Cockburn and McKenzie, 2001; Liao and Cheung, 2001; McKnight et al., 2002; Joines et al., 2003; O’Cass and Fenech, 2003). While many researchers do not see any fundamental differences between the traditional and online buying behavior, it is often argued that a new step has been added to the online buying process: the step of building trust or confidence (Lee, 2002; Liebermann and Stashevsky, 2002; McKnight et al., 2002; Suh and Han, 2002; Liang and Lai, 2002). An important contribution in classifying the increasingly growing number of research papers on the subject of the virtual customer’s behavior is the study of Cheung et al. (2003). The findings of their comprehensive literature review are summarized in a model depicting the main categories of factors affecting the online consumer. The study identifies two groups of uncontrollable factors – consumer characteristics and environmental influences – as well as three groups of controllable ones.

Figure-2: Factors Affecting the Online Consumer’s Behavior



Sources: Authors Compilation

METHODOLOGY OF THE STUDY

Methodology comes from systematic and theoretical analysis of the methods to evaluate suitability of one specific method to apply to a field of study. It typically encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques. This study is conducted based on both primary and secondary data sources.

Data Collection Methods

Both the primary and secondary data collection methods were considered. The primary data was collected through a questionnaire designed exclusively for the study. Secondary data was taken from Research papers, Journals, Magazines and Websites.

OBJECTIVES OF STUDY

The main objective of this paper is to identify the impact of digital marketing on the consumer behavior in the competitive market. The supportive objectives are following:

- To Examine whether income has an impact on the elements of digital marketing;
- To study whether gender plays a role on the effect of digital marketing on consumer behavior’
- To study the effects of education on the various forms of digital marketing and consumer’s opinion on digital marketing
- To identify the key factors that influences the impact of digital marketing on the customers.

DATA ANALYSIS

H₀₁: There is no significant association between gender and their opinions on prefer those brands advertised by digital marketing.

Table-1: Chi Square Values of Gender on Digital Marketing

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|--------------------------|
| Pearson Chi-Square | 19.882 ^a | 4 | .001 |
| Likelihood Ratio | 19.631 | 4 | .001 |
| Linear-by-Linear Association | 4.111 | 1 | .043 |
| N of Valid Cases | 868 | | |

Note: a.0 cells (0.0%) have expected count less than 5.
 The minimum expected count is 15.31

Sources: Authors Compilation

From the above table chi square is significant (sig. value is < 0.05), reject null hypothesis. It means that there is a significant association between gender and their opinions on prefer those brands advertised by digital marketing. It means consumer opinion and preference of products highly advertised by digital marketing is not dependent on gender.
 H₀₂: There is no significant association between education and their opinions on online shopping.

Table-2: Chi Square Values of Education and Opinion on Online Shopping

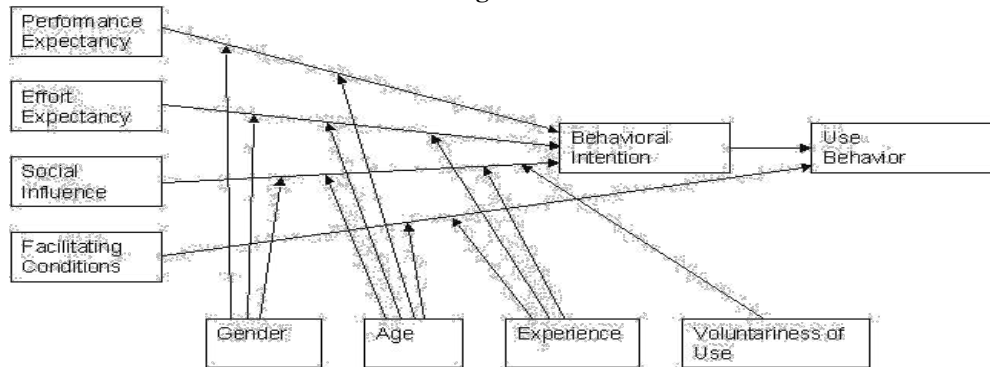
| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|--------------------------|
| Pearson Chi-Square | 35.954 ^a | 12 | .000 |
| Likelihood Ratio | 36.119 | 12 | .000 |
| Linear-by-Linear Association | 1.827 | 1 | .177 |
| N of Valid Cases | 872 | | |

Note: a.0 cells (0.0%) have expected count less than 5.
 The minimum expected count is 3.85

Sources: Authors Compilation

From the above table chi square is significant (sig. value is < 0.05), reject null hypothesis. It means that there is a significant association between education and their opinions on the online shopping. It means opinions on online shopping are highly dependent on education.

Figure-3

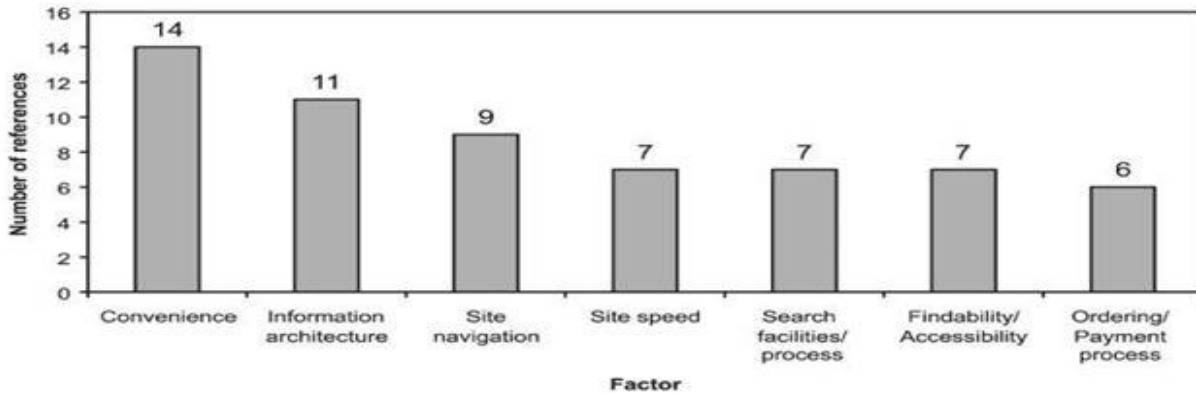


Sources: Authors Compilation

Factor Analysis is a data reduction technique. It also helps in structure detection among the variables and further helps in studying the underlying crucial factors that cause the maximum variation. Before we proceed for factor analysis first the researcher tested the eligibility of the data by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.826 > 0.5 (indicates meritorious).

Figure-4

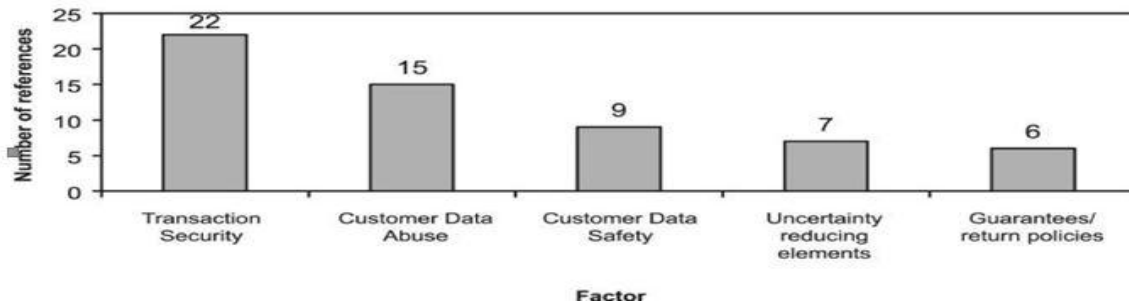
Functionality factors: a. Usability



Sources: Authors Compilation

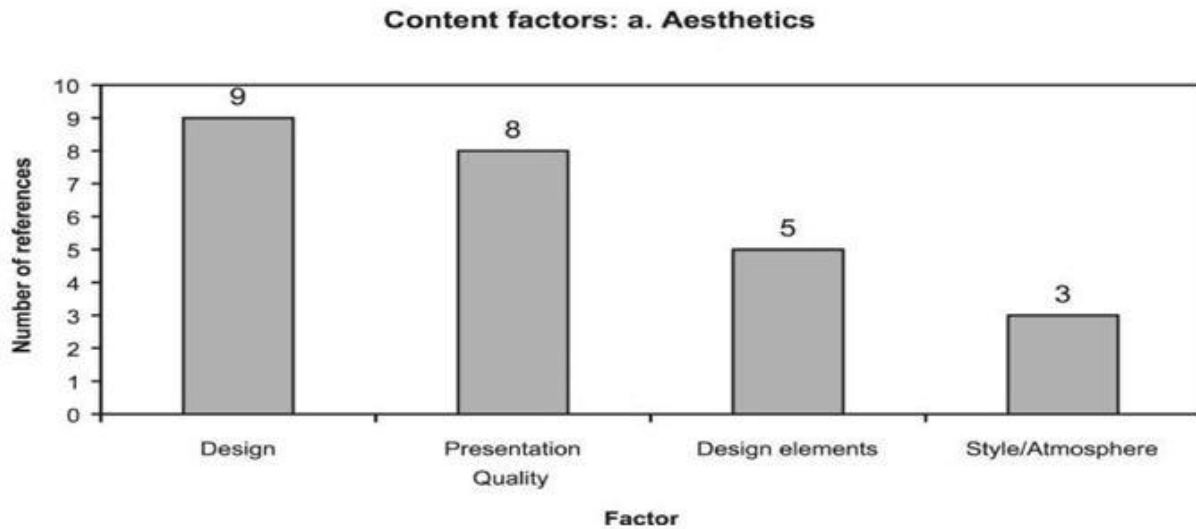
Figure-5

Psychological factors: Online Trust



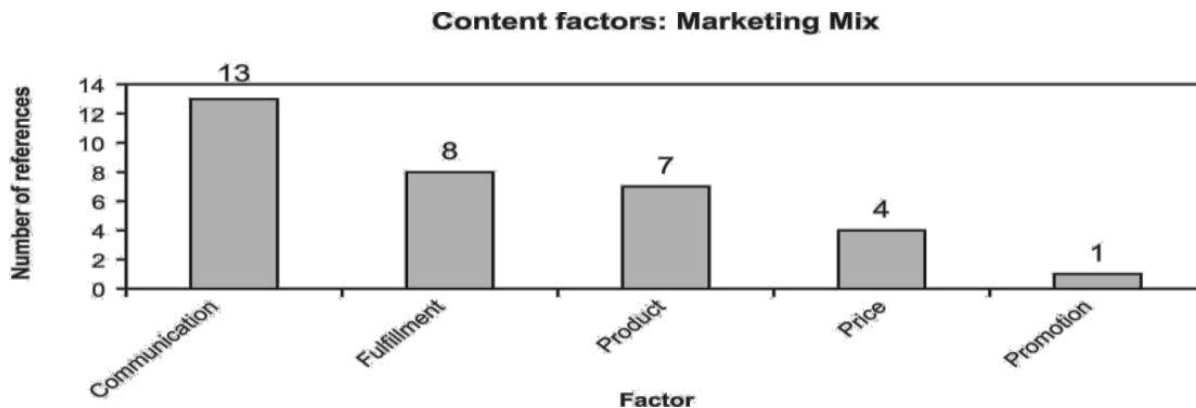
Sources: Authors Compilation

Figure-6



Sources: Authors Compilation

Figure-7



Sources: Authors Compilation

From the above analysis, it is clearly evident that the convenience in the usability and the aesthetics play a major role in influencing the consumer behavior. Companies, which use digital marketing tools, should focus on these factors to achieve success.

CONCLUSIONS AND IMPLICATIONS

Research on the buying behavior and the factors influencing the decision-making process of online consumers has revealed similarities as well as differences between them and the traditional customers. The uncontrollable factors (external and personal ones) affecting consumer behavior are similar for both types of consumers.

The tools however used by traditional and online marketers in order to influence the buying behavior of their customers are not quite the same. In the case of traditional consumers, the 4Ps of the marketing mix are considered as the main controllable tools influencing the buying behavior. Research indicates that in the case of the Web consumer a set of elements experienced during the virtual interaction are indeed the controllable factors affecting the online buyer.



The most significant fact revealed by this study is that there is not much significant difference in the shopping criteria between male and female customers. In other words, Indian (male and female) have almost common behavior in digital shopping.

With this information, e-retailers should not over emphasize, and rely on, the gender factor as a strategy in their efforts to attract customers.

Finally, digital marketers should realize that the nature of competition in the Indian digital sector is changing. The success and survival of individual player is therefore depends on the manager's ability to understand customer's needs and to find effective ways to satisfy these needs irrespective of their gender.

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