

Integrated Marketing Communications

Block

1

INTRODUCTION TO MARKETING COMMUNICATIONS

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COURSE INTRODUCTION

Marketing Communications is the means by which marketers try to inform, persuade and remind consumers, directly or indirectly, about the brands they offer for sale. Marketing communications connects company's relationships with customers not only by the kind of messages exchanged, but also by the choice of media and occasion to suit their customers' preferences. Marketing Communications campaigns can be conducted using a single or a combination of various tools like advertising, public relations, direct marketing, personal selling, signage, point-of-purchase, direct mail, digital marketing, etc. Each of the communication mix elements is effective in achieving a particular communication objective, like creating awareness, changing attitude, enhancing brand and corporate identity etc. Integrated marketing communications help companies to integrate the various tools to deliver a uniform and compelling message about the brand to the target audience.

The Integrated Marketing Communications SLM introduces learners to the ever-expanding world of marketing communications, and allows them to appreciate the emerging dimensions associated with marketing communications such as integrated marketing communications, internal branding, predictive advertising analytics, local marketing communications, etc.

The SLM is divided into five blocks and each block focuses on different themes of marketing communications. Block one introduces marketing communications with basic concepts and marketing communication models based on consumer buying behaviour. Block two focuses on marketing communications strategy and planning. It discusses marketing communications planning process, marketing communications research, advertising objectives and budgeting aspects of marketing communications. Block three concentrates on marketing communication execution with a special focus on message strategy, media strategy and measurement strategy. Block four discusses marketing communications mix with a focus on various tools such as sales promotion, personal selling, public relations, sponsorships, publicity and corporate advertising, direct marketing and digital marketing. Block five examines the dynamics of marketing communications in terms of branding, internal marketing communication, international marketing communication, ethics and especially in identifying future trends of marketing communications.

The SLM has many important features such as summary, glossary, self-assessment test, etc. to reinforce subject matter into learner's conceptual space. Summary provides the brief explanation of all important topics covered in the unit that can be used as a ready reference. Glossary provides explanation of important and difficult terms used in the text at the end of each unit. These terms

draw the attention of learners to refresh important concepts, ideas and definitions. Self-assessment test administers 5-6 questions at the end of each unit to test learners understanding of various concepts discussed in the material.

This edition has added a large number of contemporary examples and deleted old examples and exhibits.

BLOCK I: INTRODUCTION TO MARKETING COMMUNICATIONS

Unit 1: Basics of Marketing Communications, introduces the concept of marketing communications and explains the purpose of marketing communications. It examines the various tools of marketing communications mix such as advertising, sales promotion, personal selling etc. It analyzes integrated marketing communications to show the importance of integration among all the elements of marketing communications mix to deliver clear and consistent message. A basic model of marketing communications process is also discussed to understand the constituents of communications process.

Unit 2: Marketing Communications Models, discusses evolutionary dimensions of marketing communications process. The response-hierarchy models based on cognitive, affective and behavior order introduce the various stages that a customer passes through before purchase decision. Alternative orders of cognitive, affective and behavior states are also discussed to understand the influence of learn-feel-do factors on buying decision.

Unit 3: Consumer Buying Behavior, examines the various stages of consumer buying behavior and how marketers can influence each stage with marketing communications. The five stage model of customer buying process vis-à-vis internal psychological states is discussed. Four types of consumer buying behavior are explained with suitable examples.

Unit 1

Basics of Marketing Communications

Structure

- 1.1 Introduction
- 1.2 Objectives
- 1.3 Definition
- 1.4 Marketing Communications Mix
- 1.5 Integrated Marketing Communications (IMC)
- 1.6 Basic Model of Marketing Communications Process
- 1.7 Summary
- 1.8 Glossary
- 1.9 Self-Assessment Test
- 1.10 Suggested Readings/Reference Material
- 1.11 Answers to Check Your Progress Questions

1.1 Introduction

“Advertising is salesmanship on paper” - *John E Kennedy*

Since companies are spending huge amount of money on marketing communications, they are interested to know whether they are meeting the right customer at the right time with the expected influence. This calls for the study of marketing communications as a discipline.

Marketing Communications is about:

- Establishing an image for company and products
- Persuading customers with the benefits of products
- Creating awareness about new products
- Reminding customers about existing products for brand loyalty
- Reassuring customers and generating market excitement

This unit defines marketing communications and then discusses the communications mix and basic communication model.

1.2 Objectives

After studying this unit, you should be able to:

- Define marketing communications
- Examine the marketing communications functions

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- Understand various marketing communication tools
- Establish the need for integration among communications mix
- Analyze integrated marketing communication process
- Discuss the basic model of marketing communication process

1.3 Definition

Marketing communications are the means by which marketers

- Create awareness about new products
- Persuade customers to make a choice of a particular product
- Remind customers to stay with the product, directly or indirectly
- Engage with customers to influence them for a sale
- Change the attitude of customers
- Justify prices with benefits
- Answer customer questions
- Provide after sale reinforcement
- Reassure customer judgment

“Marketing communications are a management process through which an organization engages with its various audiences. By understanding an audience’s communications environment, organizations seek to develop and present messages for their identified stakeholder groups, before evaluating and acting upon the responses. By conveying messages that are of significant value, they encourage audiences to offer attitudinal and behavioural responses”

– *Edinburgh Business School*

Marketing communications has become very strategic to meet the right customer with the right media at the right cost. There is a proliferation of communications media from television and print media to internet and social media. The evolution of communications media has also made marketing communications more complex. Hence, a proper study of marketing communications is the need of the hour to understand customer dynamics vis-a-vis communication channels. Since marketing communications are targeted for various segments through a variety of tools in the market, companies have to see that all communications are integrated and speak the same brand language to avoid confusion and communicate effective integrated message through integrated marketing communications (IMC).

Unit 1: Basics of Marketing Communications

IMC is an approach to achieve marketing communications objectives through a well-coordinated use of different promotional methods which are intended to reinforce each other. IMC approach is necessary for any business to deliver clear, consistent and compelling messages. Marketers have to explore innovative methods to leverage on marketing communications mix such as advertising, direct marketing, sales promotion, digital marketing etc. to create a unified and integrated whole for synergy and consistency. The benefits of IMC are as follows:

- Marketers can communicate their brand story across several communication channels to create brand awareness.
- Marketers can monitor the performance of IMC as a whole instead of fragmented pieces.
- IMC is more cost-effective than mass media since today's customers are spending more time on non-traditional media such as online, mobile, and social media.

In India, advertising spending was ₹ 88,334 crore in the year 2021. Digital and TV media attracts more share of the ad budget followed by newspapers. The digital media witnessed a tremendous growth as shown in Exhibit 1.1.

Exhibit 1.1: Ad Expenditure in India, by Media, 2019 to 2022

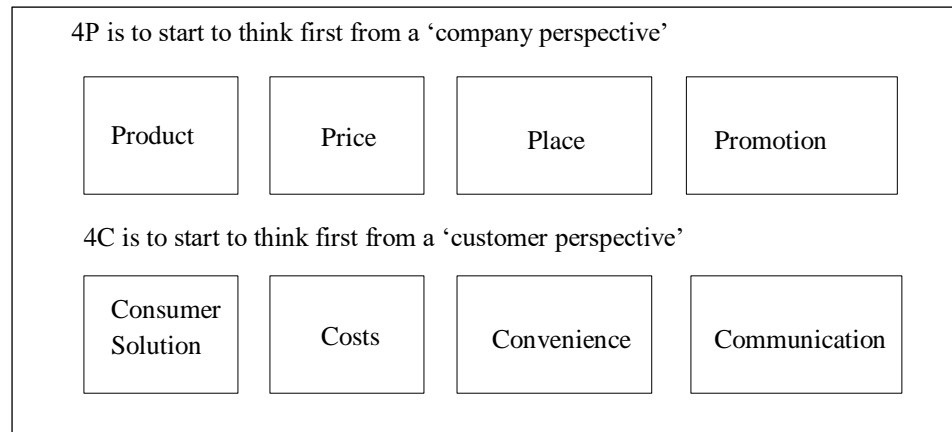
Medium	2019	2020	2021	2022
Digital	25,220	26,481	36,544	48,603
TV	35,458	30,436	36,929	42,388
Print	18,164	10,350	12,067	12,667
OOH	3,394	930	1,100	2,036
Radio	2,824	1,436	1,581	1,657
Cinema	1,008	175	112	635
All media	86,067	63,809	88,334	1,07,987

Source: <https://bestmediainfo.com/2022/02/india-ad-spends-are-estimated-to-reach-rs-107-987-crore-in-2022-digital-to-be-largest-medium-groupm>, February 2022 (accessed on 4th January, 2023).

There are many competitive products available in the market which creates clutter in the media. Marketing communications has to eliminate the clutter in the market with their creative programs. Marketing communications should reach the right customer at the right time in spite of clutter to create impact in the market. Marketers are spending huge amount of money on various tools of marketing communications.

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Exhibit 1.2: 4C vs. 4P



Source: ICFAI Research Center

Marketing communications help companies identify the most appropriate and effective methods for communications and build relationships with customers and other stakeholders.

Example: Creating Brand Awareness through Facebook Ads by Marc Cain

In 2022, Marc Cain, a popular European knitwear and premium wear women brand, wanted to increase its brand awareness and thereby drive its online sales in all its markets. For this, it set a goal to reach female Facebook users aged 20–65. It designed and released advertisement images and video that showed models across all ages and ethnicities wearing Marc Cain clothes. To evaluate the campaign result, Marc Cain did a survey test on targeted people who viewed its Facebook ads. It found that the campaign achieved an increase of 5.2 points in brand awareness, an increase of 12 points in ad recall, and an increase of 3.1 points in action intent.

The information shows how Marc Cain through marketing communication created brand awareness, did customer engagement and thereby influence customers to buy.

For more details, check out

<https://www.facebook.com/business/success/marc-cain>

Source: Marc Cain Case Study 2022. Accessed on 26/10/2022

1.4 Marketing Communications Mix

Marketers have identified that it is no longer possible to target all the customers with the help of a single marketing communication tool like advertising, personal selling or direct marketing. They have to use multiple marketing communications

Unit 1: Basics of Marketing Communications

tools to influence various customers. The choice of marketing communications mix plays a crucial role in the success of marketing communications campaign. Each element of the communications mix is effective in achieving a particular objective viz. creating awareness, generating interest, persuading to change attitude, reinforcing experiences, enhancing brand identity etc.

The elements of marketing communications mix are shown in Exhibit 1.3.

Exhibit 1.3: Elements of Marketing Communication Mix



Source: ICFAI Research Center

1.4.1 Advertising

Advertising is a non-personal form of mass communication by an identified sponsor. The advertiser has high degree of control on the design and delivery of advertising messages. Advertising is facilitated through various mass media vehicles like TV, radio, newspaper, magazine, mobile, internet etc.

“Advertising is defined as any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.”

– American Marketing Association

Block-1: Integrated Marketing Communications

Advertising is aimed to:

- Draw the attention of the target market towards a product or service
- Play a dominant role in informing customers about the product benefits
- Compare competitive products so as to position a particular product as superior, known as comparative advertising
- Popularize a product with symbolic appeals to create brand image in the market
- Create brand personality by incorporating brand names, logos along with the product in an ad

The nature and basic objectives of advertising differ in terms of product life cycle and across industries. New product ads are targeted to create awareness, products in growth phase are interested in persuading customers with benefits and features, matured products are interested in reminder advertising using comparative ads and products in declining phase expect quick response from the customer.

The advertising of consumer products is targeted to all segments of customers through mass media like TV. Industrial products (say machinery goods) are targeted at 'machinery companies' selectively through 'non-mass media' like technical magazines. For example, various machinery companies place their ads in 'Industrial Products & Automation' magazine to avoid non-target audience and unnecessary cost.

One of the *advantages* of advertising is its larger reach with less cost. The *disadvantage* is its inflexibility to reach selected target customers. Advertisers consider exposure of an ad to non-audience as a waste. Advertisers can minimize the waste by making selective choice of TV programs/channels and trade journals.

The functions of advertising such as setting objectives, allocating budget, designing creative message, selecting appropriate media and evaluation of ad campaign etc. are discussed in detail in Units 7 to 12.

1.4.2 Sales Promotion

Sales promotion is a marketing technique aimed at accelerating sales by providing some attractive additional benefit, whether in cash or in kind, or the expectation of such benefit.

Sales promotions are aimed to

- Encourage customer to act
- Stimulate customer for a trial
- Induce customers for repurchase and more sales

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Sales promotion is defined as “The media and nonmedia marketing pressure applied for a predetermined, limited period of time at the level of consumer, retailer, or wholesaler in order to stimulate trial, increase consumer demand, or improve product availability”

– American Marketing Association

Sales promotions are targeted at customers, staff and channel members.

- Customer sales promotions are in the form of premiums, gifts, prizes and competitions.
- Sales force promotions are offered in the form of incentives and motivation schemes
- Trade promotions are in the form of point-of-sale materials, gifts, and competition gifts

Sales promotions in the form of gifts add value to the image of the product or service. Sales promotions in the form of discounts, foreign holidays, cooperative advertising, training of distributor’s sales force etc. also enhance the goodwill of channel members and induce them to stock in more goods. However, sales promotions in the long run may erode a product’s brand image, as customers will be apprehensive about its quality.

Merits of Sales Promotion	Demerits of Sales Promotions
• Brand awareness	• Customer withdraws loyalty after promotion period
• Increased sales	• Erode brand image in the long run
• Enhanced brand loyalty	• Damage profitability of the company
• Huge database and Customer relationship management(CRM)	• Pressure on the company to continue the promotion
• Customer, employee and distributor bonding	• Fluctuate customer behavior in unpredictable ways

There is a great demand among consumers to participate in customers contests. Customers are actively participating in contests to win prizes. Sweepstakes are accelerating the sales promotion with heavy discounts. Companies are now designing multiple sales promotion techniques to entice customers, which are discussed in detail in Unit 13.

1.4.3 Personal Selling

Personal selling emphasizes the dimension of ‘person’ in marketing communications to influence customer through a two-way communication. Companies promote the product with the help of ‘personal dimensions’ such as

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attitude, appearance and specialist product knowledge. Departmental stores promote perfume and cosmetic product through personal selling using sales force.

“Personal Selling is face to face interaction with one or more perspective purchasers for the purpose of making presentations, answering questions, and procuring orders”

– Philip Kotler

Personal selling also uses other modes of two-way communication, like telephones, video conferencing, trade-shows, and exhibitions where sellers persuade potential customer(s) to buy the product or service. Personal selling is extensively promoted by companies to sell their products to corporate clients, which is known as B2B selling. Personal selling provides flexibility to the marketers to customize message according to the customer tastes and likes.

Personal selling facilitates:

- Demonstration of product
- Face-to-face interaction
- Answering customer’s questions and concerns
- Feedback of both customer and sales force

Personal selling has evolved from ‘quick sale, short-term’ concept to ‘partnering and relationship building’. Companies with high value products, complex products, and industrial goods are training their sales force in ‘personal selling techniques’ for effective handling of customers.

Advantages of Personal Selling	Disadvantages of Personal Selling
<ul style="list-style-type: none">• Convey more information• High impact• Personal contact enhances loyalty• Market knowledge• Gauge customer mind• Follow-up is possible	<ul style="list-style-type: none">• Expensive• Limited reach• Skilled personnel• Time consuming

Personal selling process and its other activities are discussed in detail in Unit 14.

1.4.4 Publicity and Public Relations

Publicity is a non-personal communication regarding a product or service or idea, or an organization not directly paid for or run under identified sponsorship. It refers to press coverage – print, radio, TV, online – to carry positive stories about

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a product or company. The task of publicity is to secure editorial space – as opposed to paid space – in print and broadcast media to promote a product, service, person, or organization. Publicity can also be communicated in the form of news story, TV talk shows, feature articles, photographs, films or announcements regarding an organization and/or its products or services or operations.

Uses of Publicity:

- To bring attention to a product before it is launched.
- To draw attention of the media to gain visibility with the public.
- To gain credibility since publicity originates from the third party such as print, broadcast media. An article or editorial is remembered far longer than an ad and has more credibility
- To promote positive image of company, products and people.
- To counter negative stories of a product or company.

Public Relations (PR) is much broader than publicity. Public relations can be seen as environmental scanner that gathers, filters and processes information collected from both the company's internal and external environment into useful data and uses the same in developing marketing strategies to counter competition and gain market share. PR is a planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its public.

"Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics."

– Public Relations Society of America

The word 'public' means any group that has direct or indirect interest in company activities such as public interest groups, political parties, financial institutions, government, media etc. Companies build good relationship with the 'public' to enhance brand image and corporate identity.

PR's multiple activities are:

- Maintaining Media relationships for positive projection of the company
- Making effective Corporate communications to promote corporate identity
- Influencing legislators and government to change questionable rules
- Advising management to take proactive steps to boost company image in the long run

Public relations is viewed as a strategic management function because of its pervasiveness in various operational fields to build company image. PR advises

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top management to take proactive decisions to benefit the company in the long-run with the help of various PR tools.

Public Relations Tools

- **Company visuals:** Tangibles in the form of logos, brochures, dress code, stationery, etc.
- **Attendance at public events:** Physical presence of top management at public events, exhibitions, seminars, product launching functions
- **Newsletter:** Continues the link between company and public by informing about its activities
- **Blogging:** Encourages employees to have their blogs
- **Social media marketing:** Participation in social media to influence customers and others for favorable opinion
- **Annual reports:** Speak about company position
- **Media relations:** Influences media to accept press release and attend press conference
- Government relationships
- Community relations
- Relationship with influential groups

Various other PR functions and practices are discussed in detail in Unit 15.

1.4.5 Sponsorships

Sponsorship is a tool of marketing communications in which a company pays for all or some of the costs associated with a project or program in exchange for recognition. Companies use their logos, company names, and brand names which are displayed along the project or program, with specific mention that the company has provided funding. Sponsorship can be offered in the form of 'financial or 'non-financial' for a program as a means of enhancing corporate image.

Did you know?

Sponsorship of Indian Premier League (IPL)

Tata Group is the official title sponsor of IPL 2022 and 2023 editions with Rs. 335 crore.

Indian Premier League, abbreviated as IPL was established by the Board of Control for Cricket in India (BCCI) in 2007.

IPL's brand value estimated by Brand Finance is \$8.4 billion in 2022

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The success of sponsorship depends on the nature of the program, which must be capable of creating desired results in terms of awareness creation and enhanced brand image. The sponsored program has to be properly designed and executed, otherwise it may not generate goodwill or customer loyalty. The impact of the event also should be evaluated to gauge whether it has created any impact on sales or brand awareness or public image.

Companies allocate special budget for sponsorship because they find the benefits of wider reach and low risk in sponsorships. But choice of sponsorship program is important because it can incur huge costs.

Sponsorships are categorized into three types:

1. *Event related sponsorships*: Sponsoring a match, a team, a player, an orchestra, an artist, an annual craft exhibition, a rock concert etc.
2. *Cause related sponsorships*: Companies sponsor for causes and are at the same time interested in corporate image and profit-oriented expectations.
3. *Broadcast sponsorships*: Broadcasting of a sports program or a weather forecast. Cine actors use the sponsor's product and endorses to enhance awareness in the sponsored program, which often benefits the sponsor's brand more than the sponsored program

The various dimensions of sponsorships and its benefits are discussed more in Unit 15.

1.4.6 Direct Marketing

Direct marketing is the use of customer-direct channels to reach and deliver products and services to customers without middlemen. Companies use various direct marketing tools to reach the customer such as direct mail, catalog marketing, telemarketing, interactive TV, Internet, mobile devices and direct selling.

“Direct marketing is ‘an interactive marketing, which uses one or more advertising media to affect a measurable response and/or transaction at any location’”

– *British Direct Marketing Association*

Since customer segmentation has become more refined with the help of database management, direct marketing can target individual customer and provide customized product. Direct marketing can also offer the product at lesser cost by transferring the ‘margin’ of channel members directly to the customer. Dell Computers has used direct marketing to deliver customized product and save costs. It has built better customer relationships with customization and by using saved dollars from regular distribution channels.

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Direct mail is used to selected target customers by sending letters, flyers, e-mails, and videos to potential customers to send an offer, announcement, reminder etc. to get an order.

In catalog marketing, companies send product catalogs and discount programs to specialty customers to influence them for a sale. Shoppers Stop, departmental store chain in India, regularly sends letters to potential customers about the new stock and customer benefit programs to persuade them for a sale. Telemarketing uses the help of telephone and call centers to attract customers for the products, take orders and answer customer queries. ICICI and HDFC Banks extensively use telemarketing to sell their financial services.

Companies use direct response ads, placed in magazines, newspapers, TV and Internet with a toll –free number to influence customers to place an order. Companies also use direct sales force to meet the customer directly without using any channel members. Tupperware markets its products worldwide through direct selling. Tupperware sells its products through home party, product catalogs, one-to-one basis and television and online shopping.

Advantages of Direct marketing	Advantages of Direct marketing
<ul style="list-style-type: none">• Refined targeting• Better customer relationships• Less visible to competitors• Cost savings• Better measurement	<ul style="list-style-type: none">• No one likes Junk mail• Image distortion

Check Your Progress-1

1. 4Cs of marketing does not include the following element.
 - a Consumer solution
 - b Clutter
 - c Communication
 - d Convenience
2. Which of the following are the objective(s) of marketing communications?
 - a Create awareness about the product
 - b Cost the customer more
 - c Change the attitude of the customer towards the product
 - d a, and c

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3. Which of the following is a non-personal form of mass communication by an identified sponsor?
- a Personal selling
 - b Direct marketing
 - c Advertising
 - d Publicity
4. Match the following:

Product Life Cycle	Advertising Objectives
A. Introduction	1. Quick Response
B. Growth	2. Remind/Compare
C. Maturity	3. Persuade
D. Decline	4. Create Awareness

- a A3, B4, C1, D2
 - b A4, B3, C2, D1
 - c A2, B3, C1, D4
 - d A1, B2, C3, D4
5. Which of the following is not the feature of personal selling?
- a Two-way flow of communication
 - b Between a buyer and seller
 - c Face-to-face real time encounter
 - d Mass communication
6. Which of the following has the highest ability to reach large target customers?
- a Personal selling
 - b Direct marketing
 - c Sales promotion
 - d Advertising
7. What are the demerits of sales promotion?
- i. Increased sales
 - ii. Brand awareness
 - iii. Customer withdraws loyalty after promotion period
 - iv. Erode brand image in the long run
- a. i, ii,
 - b. ii, iii
 - c. iii, iv
 - d. i, iv
-

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1.4.7 Trade Exhibitions

Trade exhibitions take place based on a specific industry or a particular product where companies display their products to attract potential customers and media. A trade exhibition is a meeting place of buyers, sellers, and competitors on a common platform. The underlying concept of trade exhibition is 'seeing is believing' where customers get first-hand experience of the product. For example, Government of India promotes various trade exhibitions through India Trade Promotion Organization.

Trade exhibitions are aimed at:

- Demonstrating and promoting the product
- Gathering competitive information
- Face-to-face interaction with the customer
- Providing information, answering queries
- Eliciting customer feedback
- Comparison of competitive brands
- Taking down orders

The exhibition costs incurred include cost of transportation, installation and stall construction. It also needs specially designed literature and trained staff to handle the queries of customers. Sometimes customers visit trade exhibitions only to get the details of products; in such cases, sales do not necessarily close at the exhibition. Companies have to generate a list of prospective clients and customers, which has to be later tactically followed up to close sales.

Guidelines for a Successful Trade Exhibition

- Selection of right trade show
- Meticulous planning
- Trained staff
- Refined targeting and potentiality of buyers
- Examine pre-show awareness program
- Daily operational plan
- Follow up
- Post-show-performance evaluation

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1.4.8 Packaging

Packaging is a silent, ever-present salesman. Packaging provides ingredient information, instructions for use, features and benefits. Packaging can create a desired image for the product through attributes like color, type of container, label etc. Packaging has become a medium for branding along with supporting protection, preservation and transportation. Packaging uses written and graphic communications to create interest and influences the customer to buy the product.

Product packaging should stand out on the store shelf, helping customers to notice a particular brand and provide necessary details to make them a brand choice then and there.

Company logo and brand name must be strongly visible on the package along with the Unique Selling Proposition (USP) of the product. A good packaging should develop competitive advantage for a product with added value and enhanced customer relationships by means of product associations. For example, Ariel washing powder packaging influences customers with its '3D Boosters' formula with concentrated power that removes all types of stains.

A good package conveys the same image and personality as highlighted by the brand. Companies also have to use 'consistency' in packaging design to create a high level of brand awareness and interest to influence customers for a particular brand choice. Customer service details should appear on the packaging to handle customer complaints and feedback should be taken to improve brand value.

1.4.9 Point-of-Purchase (POP)

Point-of-Purchase (POP) displays entice a customer to a product and trigger impulse buying. The basic purpose of POP displays is to display products in an appealing manner to catch customer eye. Point-of-purchase displays are intended to promote new products, make special offers, and/or capitalize on special events, such as holidays.

Well planned displays can induce brand switching and impulse purchase. Cosmetics and other impulse products like confectionaries have paid special attention to improving the attractiveness of the point-of-purchase (POP) displays.

Marketers are opening exclusive stores to provide the right ambience to influence customer perceptions of a brand. For example, Sony uses exclusive stores across the world to create special ambience for its products and use different types of POPs for different products within the store.

Since companies compete for shelf space in the same type of category, the only differentiating factor is point-of-purchase. Consumer and industrial products are extensively using POPs to create a distinct identity for the product so as to induce customers for a sale. Hence, more creativity is required for Innovative point-of-purchase design.

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1.4.10 Word-of-Mouth (WOM)

Word-of-Mouth (WOM) is the oral or written recommendation by a satisfied customer to potential customers of a good or service. Word-of-Mouth is the social voice of a product or brand or company. Word-of-Mouth may take offline and online modes of communication and the company does not have any direct control over it. According to Harris Interactive Study “word-of-mouth—product or service recommendations made by friends, co-workers, or neighbors one knows and trusts—is still the most effective way to win new customers”.

“Word of Mouth (WOM) is the sharing of marketing-relevant information among consumers. WOM marketing is efforts by an organization to encourage, facilitate and amplify marketing-relevant communication among consumers”

– *Word of Mouth Marketing Association*

WOM has more credibility because it originates from experienced customers and they share informally with prospective customers. Word-of-mouth is triggered when customer experience something far beyond what they have expected.

“If you build a great experience, customers tell each other about that. Word of mouth is very powerful”

– *Jeff Bezos, Founder and CEO of Amazon.com*

If companies are successful in word-of-mouth, satisfied customers turn into promoters, who advocate the brand to future customers. Customers become brand detractors if dissatisfied with the product by sharing negative experiences with potential customers. Customers who have a neutral experience may create brand awareness of a product among target market. Companies have to be very careful towards negative impressions which spread like wildfire and cannot be controlled. Negative impressions also run faster than positive impressions hence, it is far easier to create positive impressions than to avoid negative impressions.

Word-of-Mouth is so powerful because it is based on experience either direct or indirect. Product purchase is also risky hence customers value indirect experience of referrals. The clutter and biased aspects in paid advertising make customers trust WOM as more reliable and credible. WOM induces customers to act because customer experiences act like a witness to make the right choice. Customers rely more on WOM for purchasing services than products because services are intangible in nature. If companies are able to manage customer experiences properly, positive word-of-mouth becomes the most cost-effective and result-oriented tool in attracting customers.

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1.4.11 Digital Marketing

Digital marketing is defined as making use of various digital media, such as Internet, Smart phones, mobile phones, social media, blogs, etc. to engage with customers and other stakeholders and influence their buying decision. The digital media include website, e-mail, wireless text message, mobile instant message, mobile apps, podcasts, search ads (paid search or pay-per-click), banner ads, digital billboards, digital TV, digital radio channels, social media etc. Customers are persuaded with various promotional activities such as, a discount coupon sent to a mobile phone through SMS, a regular company newsletter through a smart phone etc. to create brand awareness or brand image or inviting customers to a social media site to participate in a promotional contest.

The Internet facilitates more interaction where individual customer can be influenced with tailored messages. Internet can monitor the traffic, duration of customer stay on the page, their queries, where they went afterwards etc. Mobile phone screen has become very prominent after TV screen and internet website to influence customers. Mobile marketing triggers customers through mobile banner ads which is growing exponentially. Marketers should bring in more innovation to exploit mobile screen.

Social media uses social networks such as Facebook, Twitter, YouTube, Instagram, MixBit etc. which facilitate networking of customers and companies. Having a Facebook page for an individual and company has become a necessity to engage in meaningful conversations. Companies use social media to talk with customers, persuading them to participate in deals and influencing them for a sale and repurchase.

Various aspects of social media are discussed in Unit 17.

Marketing communications can also be seen in terms of “touch points” i.e. interactions of the customer with the company’s business. They are also called as contact points and can alter the way consumers think about the brand. Further, all these touch points can be classified as:

- a) Company created touch points which are the planned marketing messages which provide more control but impact is not as high
- b) Intrinsic touch points that are experienced while purchasing which does provide some amount of control
- c) Unexpected touch points from word of mouth over which company has least control but can have the maximum impact
- d) Customer initiated touch points are when the customers contact the company either for queries, complains etc. The company doesn’t have that much control over it but it can have a good impact.

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1.5 Integrated Marketing Communications (IMC)

The various elements of marketing communications mix such as advertising, sales promotion, personal selling, direct marketing, digital marketing etc. promote a product or service in isolation to influence the customers without noticing the effects of cross communication among them. Sometimes conflicting messages from different tools may confuse customers about understanding a product message or brand image. The whole is greater than the summation of the parts reminds the shortcomings of isolated approach. Integrated Marketing Communications (IMC) integrates all the elements of marketing communications mix to deliver the integrated brand message to influence the target market with a clear and consistent meaning.

Each element of marketing communications mix has different dimensions for its message like planned, inferred, maintenance and unplanned. IMC monitors all types of messages and integrates them for a common message so that customers receive the clear message consistently. Each element of communications mix also interact with each other hence, integrated understanding of all the elements of marketing communications mix is necessary.

Integrated marketing communications (IMC) is “a planning process designed to assure that all brand contacts received by a customer or prospect for a product or service, or organization are relevant to that person and consistent over time”.

– *American Marketing Association*

Increased availability of information sources for customers, intensity of competition, and technological advancement etc. have influenced marketers to move from isolated marketing communications i.e. relying on a single tool to integrated marketing communications i.e. multiple tools in a holistic fashion to speak consistent language of a product or service. Companies have to integrate and coordinate its various communication channels to deliver a clear, consistent, and compelling message. The purpose of IMC is to reach the right customer with the right tool, communicating consistent message, and influencing the customer at the right time at the right place. The integration of all the marketing communications tools can happen at various levels based on the maturity level of integrated marketing communications.

1.5.1 Integrated Marketing Communications Development Process

American Productivity & Quality Center (APQC) has studied various companies and their IMC development processes. Based on the study, APQC has proposed a four-stage integration process for IMC development.

Stage 1. Tactical Coordination of Marketing Communications: At this stage, companies ensure that all the external marketing communication activities

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convey a single and consistent message to the consumer. Tactical coordination is the coordination of various external marketing communication functions, to communicate 'one sight, one sound' about the brand. Various communication elements include brand logos, taglines, and colors which are integrated to communicate similar message.

Stage 2. Redefining the Scope of Marketing Communications: This stage of integration designs communication programs based on target audience. Companies add consumer orientation to tactical coordination by extensive research on target audience and their behavior. Companies use various methods to collect information about customers such as marketing research, feedback channels, employees' opinion etc. The insights so gained are used for designing outside-in communication plan in the place of inside-out perspective. The scope of marketing communication is extended to the internal audience i.e. employees and channel partners. The purpose is to have harmonious integration of external communication with internal communication. For example, brand promises to consumers should be communicated to all the departments of the company.

Stage 3. Use of Information Technology: Customer database can be leveraged with extensive application of Information Technology. This enables the company to incorporate customer data across the world and design tailor-made communication programs. IT tools like database tools, analytical tools and CRM tools are used to design and implement marketing communication programs. By developing centralized database, companies can enhance consistency in all brand messages.

Stage 4. Strategic and Financial Integration: Companies monitor all marketing communication programs from financial and strategic perspective. Since companies invest huge money on marketing communications, it becomes imperative for the management to measure the effectiveness of marketing communication programs. The marketing communications department plays a prominent role in overall organizational strategic planning and new product development.

Unless companies reach stage 4, it is difficult to speak the same language and bring about effective integration of marketing communications. Companies also cannot reap financial benefits if there is no effective integration among all marketing communications programs.

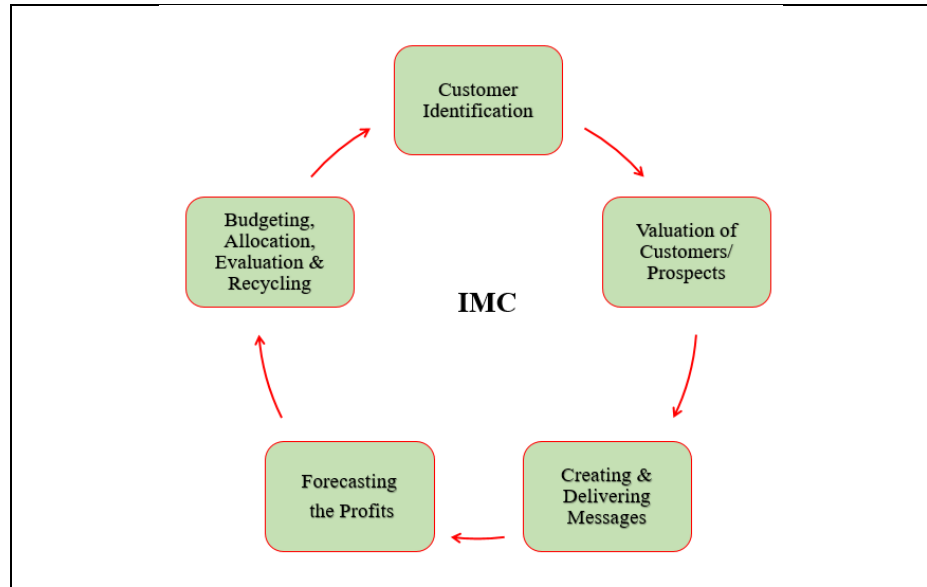
1.5.2 The 5 Step IMC Process

Don E. Schultz (2009) has developed a new model for Integrated Marketing Communications Process with 5 steps (Exhibit 1.12). The five steps are 1) identification of customer expectations from database, 2) value of present and future customers, 3) design and delivery of message to influence customers, 4)

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forecasting the profits, and 5) investment proposal. These steps are iterative in nature to mature IMC process over time.

Exhibit 1.3: 5-Step IMC Process



Source: ICFAI Research Center

The IMC process emphasizes identifying and assessing customer prospects, tailoring messages to customers and prospects that are both serviceable and profitable, and evaluating the success of these efforts to minimize waste and transform marketing from an expense into a profit-center. The IMC process with five step activities reinforces each other to mature into higher order of integration.

Don E. Schultz says “The IMC process is considered to be a continuous learning system that focuses on taking the results of the current marketing and communication programs, evaluates the results, and then uses those to identify changes or adaptations that should be made in the next series of communication efforts”.

Benefits of IMC	Barriers to IMC
<ul style="list-style-type: none">• Marketing message may be overlooked if not relevant• Faster awareness can be created through multiple channels with the same brand story• Consistent image nurture long-term relationships with customers	<ul style="list-style-type: none">• Lack of Top management support: IMC needs huge investments• Organizational barriers: Hierarchy, or SBU set up may not support• Cultural barriers: Reluctance of employees for change

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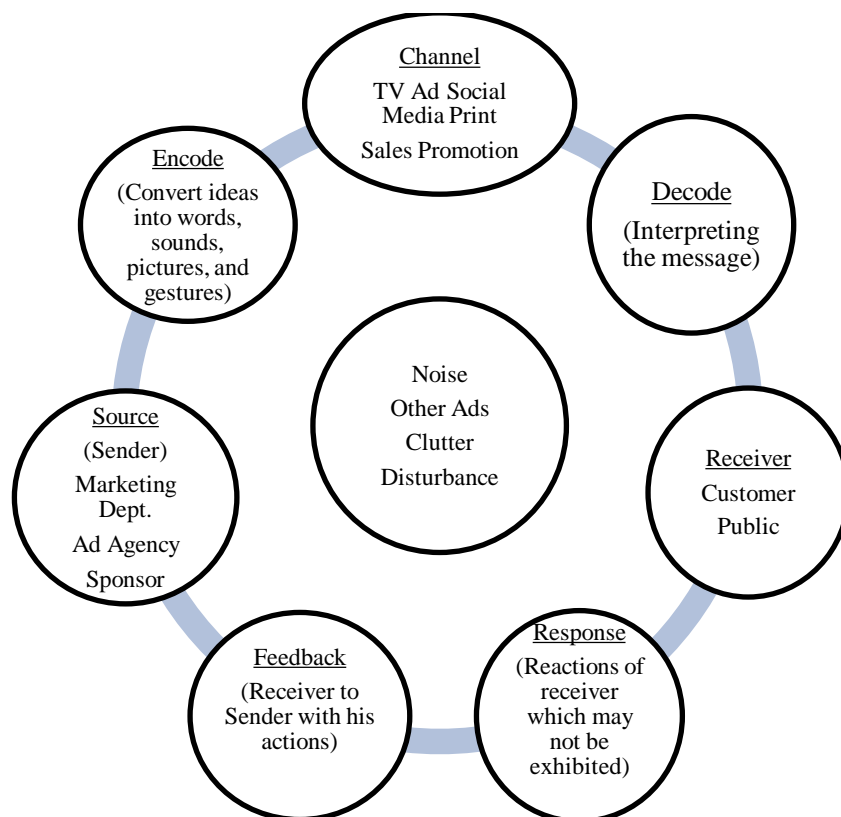
Benefits of IMC	Barriers to IMC
<ul style="list-style-type: none">• Consistent message enhances credibility• Tailor-made communication is possible• Cost-effective than mass media campaign	<ul style="list-style-type: none">• Development of metrics

IMC is crucial for the success of marketing communications programs and at the same time align customers with employees for long-term relationships.

1.6 Basic Model of Marketing Communications Process

Even though various marketing communications tools look different, the basic communication process is similar for all programs. The designers of marketing communication programs have to keep in mind the basic process of marketing communication, otherwise marketing communications may fail to influence customers. Marketers should have a clear understanding of the communication process, its constituents and the channel dynamics while designing a communications plan.

Exhibit 1.4: Basic Model of Marketing Communication Process



Source: ICFAI Research Center

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The basic communication process is to transfer the message from a sender to a receiver. The link between sender and receiver involves various constituents which influence the message while moving from the sender to the receiver. Marketers have to be careful at all the constituents for effective communication. The basic communication process has 'nine' constituents (elements) with a sequence such as *source, encoding, message, media, decoding, receiver, response, feedback, and noise*. The exhibit 1.13 depicts the basic model of marketing communication process. Each constituent (element) is discussed below.

- 1. Source (Sender):** The source is an entity that generates the idea which is communicated to the customer or public. Source is the sender which can be marketing department, ad agency or sponsor. Usually an ad agency generates the message that would be passed on to the target audience, but in marketing communications context, a source is considered to be the sponsor who pays the agency for developing the message. The sponsor can be the company, retailer, marketing department or a service provider.
- 2. Encoding:** When the source selects words, symbols, sounds, pictures that represent the message that will be delivered to the customer, it is called 'encoding'. Encoding is the process of putting ideas into symbolic form.
- 3. Message (Advertisement):** Message makes the encoding process into a meaningful format so that the receiver decodes the message. The message may be verbal or non-verbal, oral or written, or symbolic and should be transmittable in a chosen media. For example, 'sounds' are used in a meaningful format to air on radio. Message can be an ad copy that is run on television.
- 4. Channel (Media):** The channel uses any media to transfer the encoded message to the receiver. Marketers use various media such as TV, radio, the print media, outdoor media, social media, or word-of-mouth to communicate with their target audience.
- 5. Receiver (Customers):** Receivers are the target audience of marketing communications. The target audience can be either customers, or potential customers, or stakeholders of the company, or public who receive the product, service or idea.
- 6. Decoding (Interpretation):** Decoding is the process by which the receiver assigns meaning to the sender's transmitted symbols. The interpretation of the advertisement by a receiver is known as decoding. Different people may decode the same message in different ways based on his psychological state. A message is deemed to be effective at the receiver's end when it is able to bring necessary changes in the knowledge, attitude and behavior of the receiver.

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7. **Response:** Response is the immediate activities of the receivers after they have decoded. Receivers' response may be non-observable actions like storing information in the memory or taking a decision to purchase a product. Response is nothing but possible reactions in a receiver which can be exhibited outside or not.
8. **Feedback:** Feedback is that part of receiver's response which is communicated back to the sender. Companies are more interested in monitoring the response of the receiver whether he has understood or not. The effectiveness of the message is known through feedback which is given by the receiver to the sender about the interpretation of message. Feedback completes the communication loop and the sender takes necessary measures to fine-tune the message so as to get the desired response from the receiver i.e. customer or public.
9. **Noise:** Noise is the distortion of message that can happen at any stage between the sender and the receiver. Noise can be any unplanned physical or psychological disturbance which distorts the message sent by the sender. Disturbance of the message can happen at the encoding stage if the sender does not use appropriate symbols while designing his message. Disturbance can be during transmission phase due to improper selection of a media to disseminate the message. Distortion at decoding stage may happen if target audience has a different psychological state of mind. Competitive ads may create confusion and clutter while decoding the message by receivers.

Example: Boosting Brand Awareness among Young Audience by HSBC Hong Kong

In 2022, HSBC, a renowned global brand for banking and financial services, wanted to increase awareness among Gen Z and millennial consumers of its banking services and thereby deepen customer engagement with young customer base. To do this, in May-July 2022, it ran a campaign on Facebook and Instagram with a tagline "All @HSBC One. All at once". The campaign conveyed the message to the target customers on how HSBC gives convenient and quick financial services that make people to be on top in money management. Aftermath, it evaluated the campaign and recorded an increase of 16 points in ad recall.

The information shows the various constituents of marketing communication process like sender (HSBC), encode (campaign), channel (Facebook or Twitter), decode (views), receiver (Customers), and response (recall).

For more details, check out <https://www.facebook.com/business/success/2-hsbc-hong-kong>

Source: HSBC Hong Kong Case Study 2022. Accessed on 26/10/2022

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The communication process is more effective if there is a common field of experience or frame of reference between the sender and the receiver. They are the backgrounds and experiences of the sender and receiver. Only if the field of experience overlaps, the communication process will take place properly.

The basic model of marketing communication process can be understood with a Dettol Soap TV commercial as an example. For example, Dettol Intense Cool Soap has released a TV ad. (Exhibit 1.5) It hyperbolises walking on the road, riding a motorcycle or travelling through a bus in summers. The commercial places Dettol Intense Cool as a source of relief in all these situations.

Exhibit 1.5: Basic Model of Marketing Communication Process with Dettol Ad Example

Source: McCann Worldgroup (Ad agency) on behalf of Reckitt Benckiser, manufacturer of Dettol

Encoding: Exceptionally hot summer, and facing a tough time facing the heat, touch points for germ transmission, bath with a soap, fresh cool feeling post shower.

Message: Dettol Intense Cool soap gives feeling of up to 5⁰ C cooler experience with odour protection and freshness along with killing body germs

Channel (Media): Television

Decoding: Cool feeling post shower especially during the summer along with germ killing strength

Receiver: Targeted audience

Response: Exceptionally hot summer and travelling especially using public transport leads to burning sense and transmits more germs

Feedback: If customer buys a product or asks for any clarification about its results

Noise: If customers understand that it is a medical soap not to be used for general purpose

Source: <https://www.financialexpress.com/brandwagon/dettol-launches-new-ad-campaign-showercooler/2512968/>, May 2022 (accessed on 5th January, 2023)

Check Your Progress-2

8. Packaging does not provide which of the following information?
- a Ingredients
 - b Unique Selling Proposition (USP)
 - c Brand Name
 - d Competitor's Logo

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9. Which of the following marketing communications tool does not incur any expenditure?
- a Advertising
 - b Point-of-Purchase
 - c Direct Marketing
 - d Word-of-Mouth
10. Direct marketing includes which of the following tools?
- i. Direct mail
 - ii. Direct selling
 - iii. Word-of-Mouth
 - iv. Public relations
 - v. Catalog marketing
- a ii, iii, v
 - b i, ii, iv
 - c ii, iii, iv
 - d i, ii, v
11. Trade exhibitions are aimed at which of the following?
- i. Demonstrating the product
 - ii. Customer feedback
 - iii. Gathering competitive information,
 - iv. Generating profit
- a i, ii, iii
 - b ii, iii, iv
 - c Ii, iii, iv
 - d i, ii, iv
12. Public relations is characterized by which of the following?
- a High credibility and low cost
 - b High credibility and high cost
 - c Low credibility and low cost
 - d Low credibility and high cost
13. Digital marketing uses which of the following media?
- a Digital billboards
 - b Blogs
 - c Social media
 - d a, b and c

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14. What are the purposes of Integrated Marketing Communications?
1. Isolating marketing communications tools
 2. Integrating marketing communications tools
 3. Consistent message
 4. Reaching the right customer with the right tool
- a 1, 3, 4
b 2, 3, 1
c 1, 4, 3
d 2, 3, 4
15. The basic model of marketing communications process has how many constituents (elements)?
- a. 6
b. 9
c. 8
d. 7

1.7 Summary

- Marketing communications inform, persuade, and remind the audience about products and services. The tools of marketing communications are targeted to meet the right customer with the right product with the right media. Increased competition has made companies to design creative marketing communications to differentiate their products in the cluttered market.
- Marketers have found that it is no longer possible to completely rely on a single marketing communications tool such as advertising, personal selling, or direct marketing. Marketers are using multiple marketing communications tools known as marketing communications mix simultaneously viz. advertising, sales promotion, personal selling, direct marketing, public relations, sponsorships, trade exhibitions, packaging, point-of-purchase, word-of-mouth and digital marketing.
- Marketers also have to integrate all the elements of marketing communications to deliver the same brand message consistently. Integrated marketing communications (IMC) monitors the messages of marketing communications mix and fine-tunes them to send a consistent message to the audience. Companies evolve through various stages of IMC process for higher levels of integration to generate financial returns.
- The basic model of marketing communication process is necessary to design an effective communication program. The basic model of communication process involves the transfer of message from a sender to a receiver. Various constituents of marketing communication process such as *sender*, *encoding*,

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message, media, decoding, receiver, response, feedback and noise have to be properly coordinated to deliver effective message to influence customers.

1.8 Glossary

Ad Campaign: An advertisement campaign is normally a short-term marketing communications program consisting of a set of related advertisements designed to meet a set of communications objectives or solve some problem.

Advertising: Advertising is defined as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor. The advertiser has high degree of control on the design and delivery of advertising message.

4Cs of Marketing: 4Cs of marketing is consumer-oriented marketing with four elements such as Consumer solution, Cost, Convenience and Communications. The 4Cs model fits better with niche marketing which helps marketers to move away from mass marketing to micro marketing i.e. customization.

Digital Marketing: Digital marketing is defined as making use of various digital media, such as Internet, Smart phones, mobile phones, social media, blogs, etc. to engage with customers and other stakeholders and influencing their buying decision.

Integrated Marketing Communications: Integrated Marketing Communications is a process of achieving marketing communications objectives with a well-coordinated use of various marketing mix tools such as advertisement, sales promotion, direct marketing etc. to reinforce each other and communicate the same brand message consistently.

Marketing Communication Process: The basic marketing communication process transfers the message from a sender to a receiver, which consists of nine constituents (elements) such as source, encoding, message, media, decoding, receiver, response, feedback, and noise.

Marketing Communications Mix: The combination of various elements of marketing communications tools such as advertising, sales promotion, personal selling, public relations, sponsorships, word-of-mouth, digital marketing etc. is collectively known as marketing communications mix.

Marketing Communications Objectives: Marketing communications objectives are many such as to create awareness about a new product, develop interest in the product, change attitude towards product positively, remind customers to stay with the product, persuade customers to buy a product.

Personal Selling: Personal selling is a set of activities directed at the attainment of marketing goals by establishing and maintaining direct buyer-seller relationships through personal communication.

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Product Life Cycle: Product life cycle passes through four stages starting with introduction, growth, maturity and decline. The product life cycle begins with the period of launching of the product into the market with the withdrawal of the product from the market.

Sponsorship: Sponsorship is a tool of marketing communications in which a company pays for all or some of the costs associated with a project or program in exchange for recognition. Companies display their logos, company names, and brand names with the program, which can be an event or a cause.

Word-of-Mouth (WOM): Word-of-Mouth (WOM) is the oral or written recommendation by a satisfied customer to potential customers of a good or service. Word-of-Mouth is the social voice of a product or brand or company which happens either offline or online or both.

1.9 Self-Assessment Test

1. Define marketing communications.
2. What are the objectives of marketing communications?
3. What is marketing communications mix?
4. Name any six elements of marketing communications?
5. Write a brief description of any five elements of marketing communications mix?
6. How does advertising objective change along product life cycle?
7. Briefly describe any three tools of public relations
8. How are packaging and point-of-purchase different?
9. What is integrated marketing communications? Why is it important?
10. Explain the basic model of marketing communications process.

1.10 Suggested Readings/References

1. George E. Belch, Michael A. Belch, Keyoor Purani, *Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition*, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, *Advertising and IMC: Principles and Practice, 11th Edition*, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

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5. Manendra Mohan, *Advertising Management – Concept and Cases*, McGraw Hill Education, 1st edition, 2017

1.11 Answers to Check Your Progress Questions

1. (b) Clutter

The 4Cs of marketing are: Customer solution, cost, communication and convenience. Clutter is the confusion created by competitor ads which is not an element of 4Cs of marketing.

2. (d) a and c

The objectives of marketing communications are to: create awareness, change attitude of customer, persuade customer to buy the product. Cost to the customer is not the objective because more cost may discourage customer to buy the product.

3. (c) Advertising

Advertising is a non-personal form of mass communication by an identified sponsor. Personal selling and direct marketing are personal form of communication whereas publicity is given free by the press in the form of editorial and news.

4. (b) A4, B3, C2, D1

Advertisers create awareness for a new product when it is introduced. In the growth phase customers are persuaded with features to make a choice of the product. In maturity phase customers are reminded and also shown comparative ads to show the superiority of a particular product. In the decline phase, companies are interested to sell products quickly and hence go for quick response ads.

5. (d) Mass communication

Personal selling is person oriented and is not targeted at mass communication.

6. (d) Advertising

Advertising is the mass form of communication targeted at large number whereas personal selling, direct marketing and sales promotion reach less number of people.

7. (c) iii, iv

Sales promotion is a short-term strategy to boost the sales. Customers may withdraw their loyalty after the sales promotion period. Customers may also get an impression of low image of a product or company if sales promotions are given continuously.

8. (d) Competitor's logo

Packaging provides information about ingredients, brand name, unique selling proposition to distinguish from competitors.

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9. (d) Word-of-Mouth

Word-of-Mouth does not cost the company which is done by experienced customers. Advertising, point-of-purchase, and direct marketing incur huge costs to the company.

10. (d). i, ii, v

Direct marketing includes direct mail, direct selling and catalog marketing. Word-of-Mouth and public relations influence customers indirectly.

11. (a) i, ii, iii

Trade exhibitions are primarily aimed at demonstrating the product, taking customer feedback about the product and gathering competitive information to know about competitors. It is not interested in generating profits but can take orders if possible. This is not the place for sales.

12. (a) High credibility and low cost

Public relations are highly credible because it is strategically planned to build the company image by maintaining good relationship with stakeholders, media, and community. The cost incurred is less than other tools like advertising or trade exhibitions.

13. (d) a, b, and c

Digital marketing uses all the tools such as digital billboards, blogs, and social media.

14. (d) 2, 3, and 4

The basic purpose of integrated marketing communications is integration, not isolation of marketing communications tools. The other purposes are to communicate consistent message and reaching the right customer with the right tool.

15. (b) 9

The basic model of marketing communications process has nine constituents (elements) such as *source, encoding, message, media, decoding, receiver, response, feedback, and noise*.

Unit 2

Marketing Communications Models

Structure

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Evolution of Marketing Communications Models
- 2.4 Models of Marketing Communications
- 2.5 Summary
- 2.6 Glossary
- 2.7 Self-Assessment Test
- 2.8 Suggested Readings/Reference Material
- 2.9 Answers to Check Your Progress

2.1 Introduction

Don't tell me how good you make it; tell me how good it makes me when use it."

– Leo Burnett

Effective marketing communication is the one which conveys to the consumer the benefits of using a product and convinces him to try the product.

Customers are exposed every day to a variety of marketing communications programs such as advertisements, sales promotions, direct marketing, digital marketing which inform and influence customers to buy products. Customers get aware, understand different features, and get influenced by a particular product through marketing communications. Marketers have understood that customers do not straight away jump to purchase a product. They pass through various stages before making a purchase. The number of stages customers pass through is not the same for all products. Customer buying behavior for low-involvement products and high-involvement products differs. The number of stages also depends on various variables such as customer demographic and psychographics.

Customers exhibit various responses before purchasing a product. Marketers have developed various communications models to understand customer response process in real life marketing situations. Communications models help marketers design marketing communication strategies. Communications models that are based on customer response are called 'response hierarchy models'. All these models are based on customer movement through cognitive, affective and behavioral stages. Customers pass through 'learn-feel-do' state while moving

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through cognitive, affective and behavioral stages. The sequence of customer states such as 'learn-feel-do' may vary based on the type of product.

2.2 Objectives

After studying this unit, you should be able to:

- Examine various marketing communications models
- Analyze the response process of customers in marketing communications
- Understand the nature of cognitive, affective, and behavioral states
- Understand the process of learn, feel, and do factors in communications models
- Analyze alternative response hierarchies of marketing communications

2.3 Evolution of Marketing Communications Models

Marketing communications theory says that the customer passes through various stages before making actual purchase. Effective communication facilitates the customer to pass through all the stages and buy the product. Research on various communications models have shown that customers pass through various responses known as 'response-hierarchy or hierarchy-of-effects'. Many of the models have used 'response-hierarchy' as their criteria while conceptualizing the model. The evolution of various models is shown in the following table 2.1.

Table 2.1: Evolution of Various Models

Phase	Period	Features of the Model	Name of the Model
Early Development Phase	1898-1960	<ul style="list-style-type: none">• Based on intuition and logic• An ad should be capable of attracting consumers, creating interest in the product, and desire to buy the product• Sale of the product is considered as ad effectiveness	Black box Model AIDAS Model
Modern Development	1961-1972	<ul style="list-style-type: none">• Customer passes from unawareness to purchase of product• Sale is not the only true measure of ad effectiveness	Lavidge and Steiner Model DAGMAR Model

Unit 2: Marketing Communications Models

Phase	Period	Features of the Model	Name of the Model
		<ul style="list-style-type: none"> Marketing goals and advertising goals are different Marketing goals are measured in sales Advertising goals are measured in terms of customer movement along the hierarchy of response: Awareness, comprehension, conviction and action Cognitive, affective and behavior states in that order in all models Learn, feel, and do factors in that order 	CAPP Model
Challenges and Defense	1973-Present	<ul style="list-style-type: none"> Questioned the sequence of cognitive, affective and behavior states Questioned the order of learn, feel, and do factors Incorporated three-order model which combined learning hierarchy*, dissonance hierarchy** and low involvement hierarchy*** High involvement and low involvement versus thinking and feeling Emotion has become the underlying element Cognitive processing 	Model by Joyce Alternative Response Hierarchies Models Heightened Appreciation Model FCB Planning Model ELM Model

* Learning hierarchy sequence: Cognitive-affective-behavior

** Dissonance hierarchy sequence: Behavior-affective-cognitive

*** Low involvement hierarchy sequence: Cognitive-behavior-affective

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Cognitive refers to learning state which happens through attention, awareness, perception, knowledge and comprehension.

Affective refers to emotional state which is influenced by interest, attitude, desire, and evaluation.

Behavioural refers to action state or a do factor which happens by purchase intention, and purchase.

2.4 Models of Marketing Communications

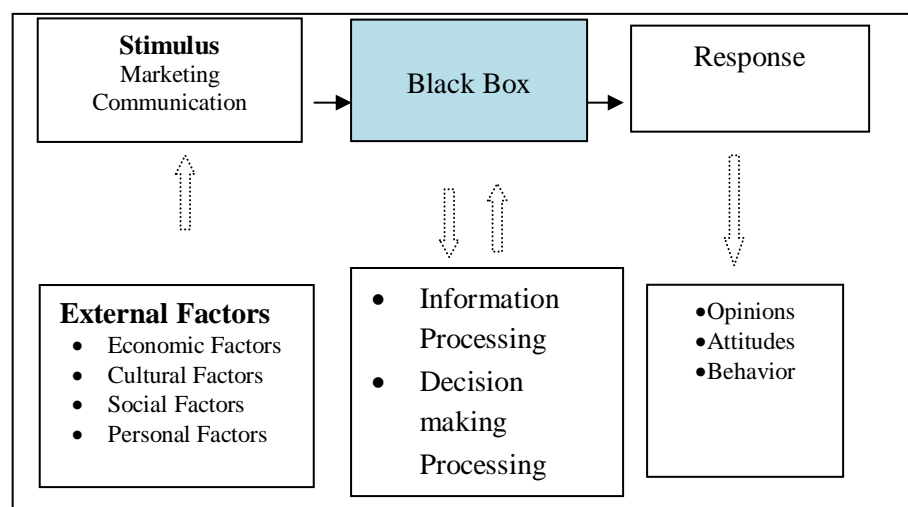
A perfect marketing communications program influences customers to purchase a product and enhances brand loyalty. This unit discusses the following marketing communications models:

- Black box model
- AIDAS model
- Lavidge and Steiner model
- DAGMAR model
- CAPP model
- Model by Joyce
- Alternative Response Hierarchies: Three Order model
- Heightened appreciation model
- The FCB Planning model
- Elaboration Likelihood Model (ELM)

2.4.1 Black Box Model

The black box model is based on stimulus-response perspective. In this model, the customer's mind is considered as an impregnable *black box* (Fig 2.1). The marketers know that customers respond in a particular way to a particular stimulus. In this model *stimulus* in the form of marketing communications influences the customer's mind which results as *response* in the form of opinions, attitudes and behaviors. In this model, only the inputs and outputs are measured.

Figure 2.1: Black Box



Unit 2: Marketing Communications Models

External factors such as economic, geographic, cultural, social, and personal factors also influence the behavior of an individual. Economic factors, such as career and income level, influence the buying power of an individual. Inflation also influences customer choice. Geographic influence such as terrain and urban-rural, come in the way of buying a particular type of four-wheeler. Different religions and country of origin influence the customer culturally to buy a particular type of product. Personal factors such as age, gender, and lifestyle also influence while buying a product.

Marketing communications and external communication together influence the customer's mind while choosing a product. What happens in the customer's mind is *information processing* – how it is received, processed, and retained. *Decision making process* also considers internal factors such as needs, wants, beliefs and attitudes of an individual, brand loyalty personality etc. The customer undergoes the following stages while making a decision to buy a product.

1. Problem recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase evaluation

The black box is a very simple model to understand. Advertisements seek to influence based on this model. However, external and internal factors also play a role in purchase decision.

2.4.2 AIDAS Model

AIDAS is a response-hierarchy model based on five stage customer responses. This hierarchical model was first proposed by St. Elmo Lewis in 1900 for personal selling with four stages (AIDA): attract Attention, maintain Interest, create Desire and get the customer to Act. In 1911, Arthur Fredrick revised the first stage with 'favorable attention' and added a fifth step 'S' as permanent *Satisfaction* i.e. AIDAS: Favorable Attention, Interest, Desire, Action, and permanent Satisfaction in that order. In 1925, Edward K. Strong elaborated and applied the hierarchical model used in personal selling to the advertising world. The various stages in the buying process of AIDAS also pass through cognitive, affective and behavioral states in that order.

Cognitive: It refers to various learning effects like attention, awareness, perception, knowledge and comprehension. Cognitive state is also a learning state of customer, hence is called as *learn*.

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Affective: It refers to the emotional state of a person such as interest, attitude, desire, and evaluation. Affective state is a feeling state of customer hence termed as *feel*.

Behavioural (cognitive): It refers to the motivation or action stage of a person like action, sale, purchase, intention. Cognitive state is a doing state of customer, hence is called as *do*.

The customer passes through five stages in 'AIDAS model' before buying a product:

1. **A** - Attention: attract the attention of target audience
2. **I** - Interest: raise customer interest by focusing on benefits
3. **D** - Desire: convince customers that they desire product to satisfy their needs
4. **A** – Action: lead customers to take action to purchase the product. Provide toll free number for immediate action
5. **S** - Satisfaction: customer is satisfied after the purchase of the product

Customers follow the AIDAS model in the case of high involvement products or services and move through '*learn-feel-do*' states in that order. For example, SpiceJet, low-cost airline in India, has redefined air travel in India by providing low-cost air travel with the lowest return fares. SpiceJet developed TV commercials based on AIDAS model to communicate value added features and benefits to solve customer problems.

Ads that follow AIDAS model may not be successful all the time. The ads may not get favorable attention from the audience.

With the emergence of digital marketing as an innovative tool of marketing communications, researchers have shown interest in applying the AIDAS model to advertisement on internet, mobile, social media etc. The online consumer hierarchy-of-effects is an important area that needs immediate attention.

Example: Country Delight Ads to Educate and Influence the Consumer

Country Delight is a direct-to-home consumer brand that supplies natural, fresh and unadulterated milk to the doorstep of the consumer. The company promises farm fresh milk to its consumer, within few hours of milking. The company aims at educating their prospective customers about what makes their milk 100% natural. The firm offers a complimentary DRDO approved milk testing kit, to instill confidence in its product.

Country Delight trolls cliched milk ads in their commercials with Madhuri Dixit. Regular milk ads show a typical storyline, where a mother is chasing her

Contd.

Unit 2: Marketing Communications Models

child to drink milk, and then suddenly concluding it with the child loving the milk. Trolling this routine, Country Delight's TVC shows how they collect milk from local farmers, conduct quality test and deliver farm fresh within 36 hours of milking. This particular TVC takes the customer through all the stages of AIDAS model, with more emphasis on impacting the cognitive state of the consumer.

Source: Country Delight trolls cliched milk ads in new spot with Madhuri Dixit. <https://www.exchange4media.com/announcements-news/113271.html>, June 2021, accessed on July11, 2022

2.4.3 Lavidge and Steiner Model

In 1961, Robert J. Lavidge and Gary A. Steiner used 'hierarchy-of-response' model to propose a new model with six stages. Their model incorporated 'persuasion' as an important factor in marketing communications and considered long-term effects of advertising. The Lavidge and Steiner model says, customer who is unaware of the product passes through six stages before making a purchase (Figure 2.2). The six stages are 'awareness-knowledge-liking-preference-conviction-purchase' in that order. The six stages can be grouped into three psychological states as 'cognitive, affective and behavioral' as similar to 'learn, feel and do' factors in that order.

The six stages of this model are:

1. Awareness: Customer becomes aware of the product
2. Knowledge: Customer knows about the features of the product
3. Liking: Customer develops liking for the product after developing favorable attitude
4. Preference: Customer prefers a particular brand over other competitive brand
5. Conviction: Customer has conviction that his purchase decision is correct
6. Purchase: Customer buys the product.

Figure 2.2: Lavidge and Steiner Model

Cognitive State	Awareness
Learn	Knowledge
Affective Stage	Liking
Feel	Preference
	Conviction
Behaviour Stage	Purchase
Do	

Source: ICFAI Research Center

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The response-hierarchy and the relationship among three psychological states such as cognitive, affective and behavioral states do not follow the same sequence for all products. Researchers have made comments on this model as:

- It is difficult to prove that change in awareness precedes the actual purchase
- It is not possible to prove that liking towards a product affects the purchase behavior of the customer
- Conviction may not lead to purchase of the product

2.4.4 DAGMAR Model

In 1961, Russell. H. Coney proposed DAGMAR as Defining Advertising Goals for Measured Advertising Results based on response-hierarchy. The model suggests that the reaching of response-hierarchy leads to actual purchase of the product. For the first time, this model differentiated marketing goals and advertising goals. It says that ‘marketing goals and advertising goals are different’. Marketing goals are measured in terms of actual sales whereas advertising goals are measured in terms of the customers’ movement along the hierarchy. The various stages of DAGMAR model are:

1. Awareness: Customer becomes aware of the product
2. Comprehension: Customer comprehends product features, benefits, brand name and logo
3. Conviction: Customer emotionally prefers the product over other brand
4. Action: Customer buys the product

DAGMAR model qualifies ‘learn-feel-do’ hierarchy in that order for high-involvement products. Since advertising goals are different from marketing goals, the effectiveness of the advertisement can be measured in terms of its ability to move the customer along the hierarchy. The model also measures long-term effects of advertising and enables marketers to define the target market for ads. As the advertisements are based on objectives, creative people find their creativity stifled in the development of creative copy. DAGMAR implementation is a costly affair as extensive research is required for finalizing quantitative targets and measuring their achievement.

For example, General Motors extensively follows DAGMAR model to set and measure advertising goals (Exhibit 2.1).

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Exhibit 2.1: Limitations of DAGMAR Model

- Response-hierarchy is complex
- Sales objectives cannot be quantified
- Impractical and research involves cost
- Creativity is stifled

2.4.5 CAPP Model

Leo Burnett advertising agency proposed Continuous Advertising Planning Program (CAPP) model. John Maloney (1966), one of the architects, says it is based on hierarchy-of-effects model consisting of six stages: unawareness-awareness-acceptance-preference-brand bought last-brand satisfaction. Cognitive, affective and behavioral states also follow the same order.

- Unawareness: Customers are not aware of the product
- Awareness: Customers are aware of the product
- Acceptance: Brand is acceptable to the customer since it meets his minimum requirements
- Preference: Total product class users who rate the brand, on a point scale, higher than any other brand
- Brand bought last: Customers who have already purchased the product
- Brand satisfaction: Satisfied with the performance of the product after purchase and repeat buying

CAPP Model distinguishes consumer demand profile into six groups: total users, brand awareness- brand acceptance, brand preference, brand bought last, and brand satisfaction. Marketers can decide communications strategy based on the CAPP hierarchy demand profile. The adjacent levels are crucial in setting advertising objectives.

For example,

- If there are a small number of customers who are aware of the brand compared to the total number of users, then advertising objective could be to 'increase awareness'.
- If a sufficient number of customers have already accepted the brand, but only few preferred it, then marketers have to focus on brand image.
- If there is a high level of acceptance but a low level of brand bought last, then go for stimulating trial purchase.

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- If brand satisfaction is low compared to brand bought last, assume there is a basic problem with the brand itself. Brand innovation may be the answer.

We have discussed marketing communications models based on response-hierarchy (hierarchy-of-effects). Response-hierarchy models approached customers with the assumption that the customer moves from cognitive state to behavioral state via affective state. There are many researchers who have questioned the order of customer movement through response-hierarchy and the order of cognitive-affective-behavior states. They have proposed models based on alternative orders among cognitive-affective-behavior states. Model by Joyce, Michael Ray's alternative-response-hierarchies models, FCB model, and ECB model propose a different sequence among cognitive, affective and behavior states.

Check Your Progress-1

1. What do you mean by stimulus in the black box model?
 - a. Advertisement
 - b. Attitudes
 - c. Information processing
 - d. Decision making process
2. Match the following based on the AIDAS model.
 - A. Cognitive
 - B. Behavior
 - C. Affective
 1. Attention
 2. Satisfaction
 3. Interest
 4. Desire
 5. Action
 - a. A1, B2, C3, A4, B5
 - b. A1, B5, C3, B2, C4
 - c. A5, B2, C3, A4, B1
 - d. A4, B2, C3, A1, B3
3. In which of the following models, the customer passes through six stages such as 'awareness, knowledge, liking, preference, conviction and purchase'?
 - a. Black box model
 - b. AIDAS model
 - c. Lavidge and Steiner model
 - d. DAGMAR model

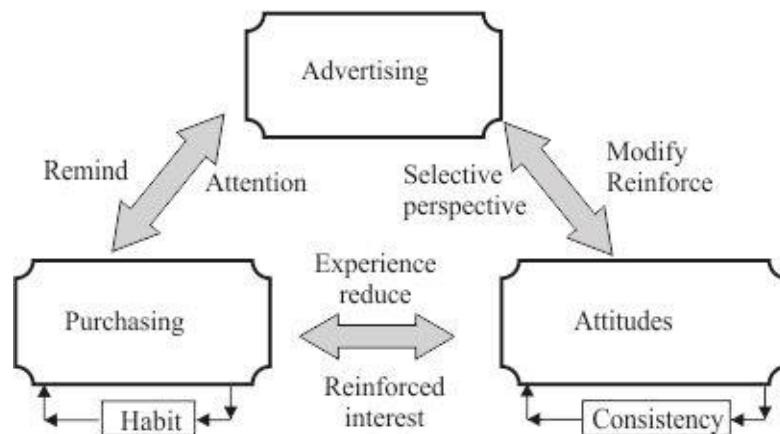
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4. DAGMAR stands for which of the following?
 - a. Defining Advertising Goals for Matched Advertising Results
 - b. Defining Attitude Goals for Measured Advertising Results
 - c. Defining Advertising Goals for Measured Advertising Results
 - d. Defining Advertising Goals for Measured Advertising Rewards
 5. CAPP model consists of how many stages of customer movement?
 - a. 4
 - b. 5
 - c. 6
 - d. 3
-

2.4.6 Model by Joyce

In 1991, T. Joyce proposed a marketing communications model which focuses on three areas: advertising, purchasing behavior and consumer attitudes. The assumption is that there is a continuous interaction among the three areas. If you bring change in one area, the other two areas also get affected (Fig 2.3). Customer attitude can be influenced either by advertising or purchasing behavior. The model does not follow any sequence among the three areas. The psychological states such as cognitive, affective, and behavior can take any sequence without following any particular order.

Figure 2.3: Model by Joyce



Source: ICFAI Research Center

Consumer attitude means the favorable or unfavorable feelings of a customer about a product or service. The attitudes can be formed either based on individual experiences or others' experiences. The attitude formation is the result of many parameters such as age, gender, social class, culture and religion. If the attitude formation is positive towards a product, then the customer is more likely to purchase the product. The advertisement is considered as effective only when it

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is able to build the attitude of the customer positively towards the product. Attitude building is time consuming and difficult. Researchers have to identify the drivers of change and advertisement should focus on those dimensions to bring favorable attitude in the customer.

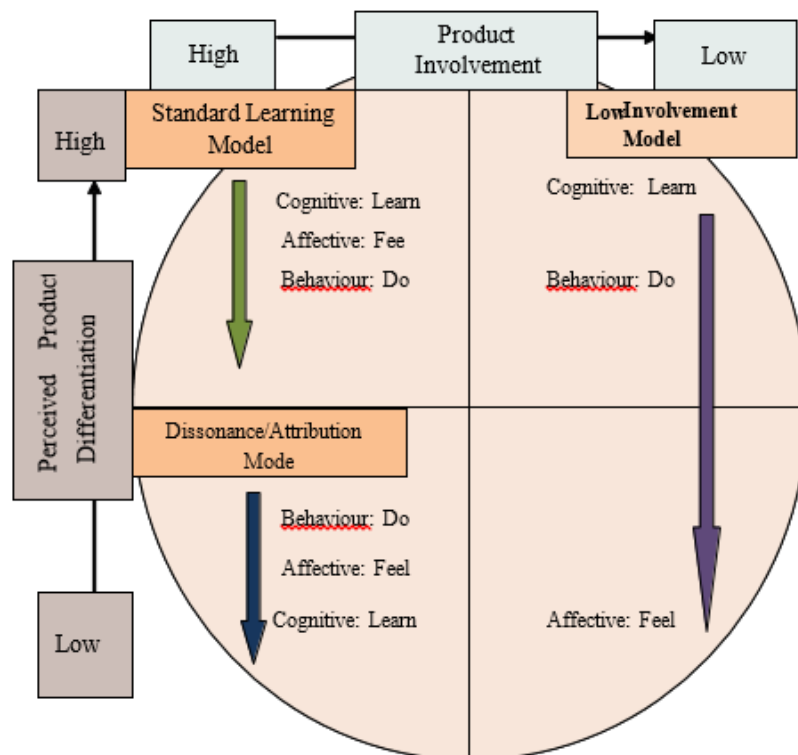
Sometimes the customer may be influenced by other advertisements in a different context. Attitudes can also be formed by actual purchase of the product. If the customer is unhappy with the product bought, he develops unfavourable attitude towards the product. Marketers are expected to fine-tune advertising, purchasing behaviour and customer attitude in such a way to generate sales.

2.4.7 Alternative-Response-Hierarchies Models (Three Order Model)

Michael Ray proposed three models based on alternative-response-hierarchies. The three models are distinguished based on two dimensions such as 'perceived product differentiation and product involvement' (Figure 2.4). The three alternative-response-hierarchies models are:

1. The Standard Learning Hierarchy model
2. The Dissonance/Attribution Hierarchy model
3. The Low-Involvement Hierarchy Model

Figure 2.4: Alternative-Responsive-Hierarchies Models



Source: ICFAI Research Center

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1. The Standard Learning Hierarchy Model: The standard learning hierarchy model is similar to response-hierarchy models as explained in earlier models.

- The model follows the traditional sequence of cognitive, affective and behavior states in that order i.e. *learn-feel-do* in that order.

Michael Ray says,

- Standard learning model is more effective when the customer is highly involved in the purchasing decision and there exists more product differentiation among brands.
- Marketers can use this model for industrial products, services and consumer durables.
- Ads in this model provide complete details so that customer can learn about the product first, then he compares with other brands to develop positive feeling, and based on favorable attitude at last he purchases the product.

For example, Maruti Alto provides all the details about the four-wheeler such as mileage, financial options, and dealer network so that the customer can move through learn-feel-do sequence to purchase the car.

2. The Dissonance/Attribution Hierarchy Model: Dissonance hierarchy model is applicable where

- Customer behaves first, then forms attitude based on the behavior, and later learns to support the behavior
- Customer passes through behavior, affective and cognitive states in that order or do-feel-learn sequence

3. The Low-Involvement Hierarchy Model: The low-involvement hierarchy model is best suited for

- Customers who are passive at information seeking and processing
- Since customer involvement in buying decision is low, marketers can select mass media for their product ads
- Passive customers can be influenced more with background elements of the ad such as music, symbols, jingles, slogans rather than with basic message
- Low involvement products must follow a strategy of repetition of ad with interest creating backgrounds rather than with heavy message ads to remind customers consistently.

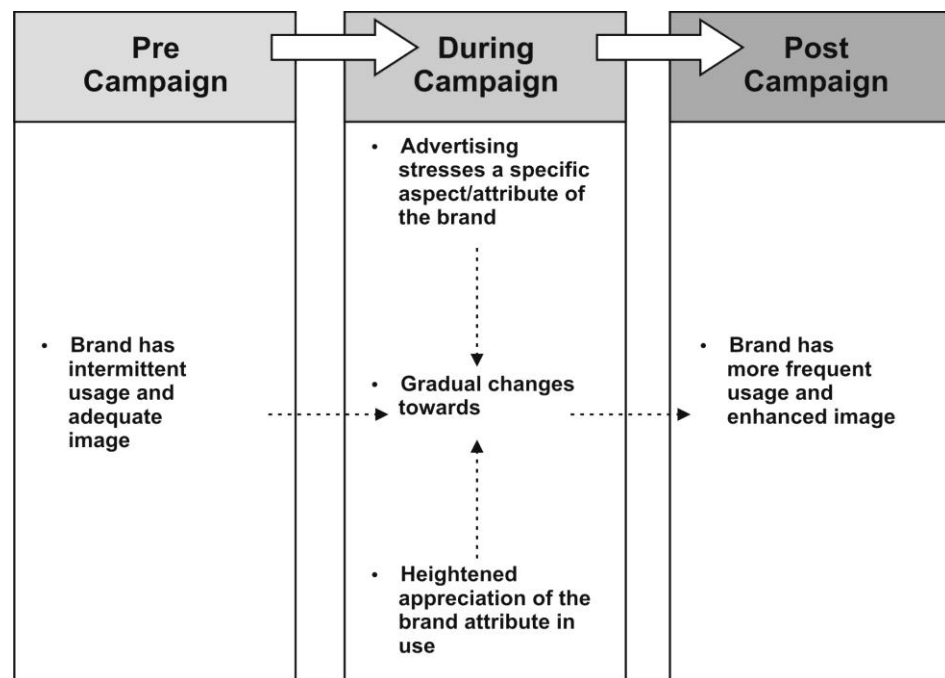
2.4.8 Heightened Appreciation Model

- Heightened appreciation model assumes that important attribute of the product should be identified and highlighted in the advertisement (Fig 2.5).

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- Advertisers should find the strong link between the attribute of the product and the brand.
- Customers should be convinced about the attributes of the product and the benefits derived out of the attribute, otherwise they develop negative image for the product.
- Heightened appreciation model is more successful only when customers develop positive feelings towards product attributes and brand image and at the same customers appreciate the product through increased usage.

Figure 2.5: The Heightened Appreciation Model



Source: George E Belch, Michael A. Belch, Keyoor Purani; *Advertising and Promotion: An Integrated Marketing Communications Perspective*, 12th Edition, McGraw Hill, 2021

- This model is an effective advertising strategy for communicating strong attributes of a product.

Example: Oppo Flaunting its Strong Attributes

Global smart-device brand OPPO launched its F21 Pro series on April 12, 2022, in India. The Sunset Orange variant of the same sports the first fibreglass-leather design. After two years of R&D, OPPO's engineers chose lychee-grain leather due to its durability, plush feel and colour fidelity. It has been subjected thoroughly through various tests thousands of times to ensure the qualities are retained. OPPO marketed the device with a digital 'Flaunt Your Best' campaign which targeted the Gen-Z consumers. The commercials

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focussed mostly on the smartphone's ultra-slim body and industry-first Fibreglass-Leather design. Therefore, this campaign is an excellent example of "Heightened Appreciation Model", which advocates that important features or attributes of a product should be identified and highlighted in the advertisements.

Source: Varun Dhawan flaunts his best features in latest Oppo campaign <https://brandequity.economictimes.indiatimes.com/news/advertising/90841431>, April 14, 2022, accessed on July 10, 2022

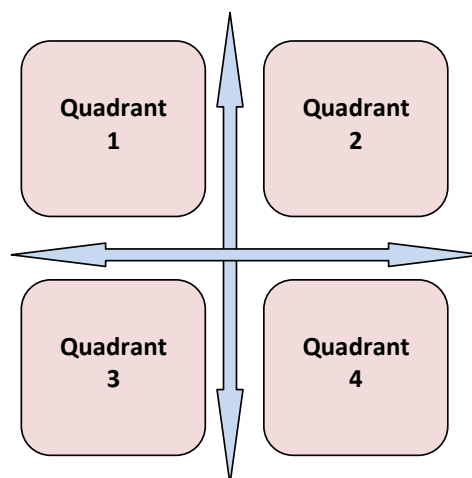
2.4.9 FCB Planning Model

In 1980, Richard Vaughn proposed the FCB model with his associates at Foot Cone and Belding Ad Agency.

- The model integrates traditional response-hierarchy models and high-low involvement models.
- The model develops a matrix with four quadrants based on the 'thinking-feeling dimension' of left-right brain and high-low involvement dimension of customer involvement in purchase decision.
- The model suggests that marketers should study the complete details about the product, customer attitude and customer purchasing behavior to develop advertisement.

The design of advertising is different for high-involvement products and low-involvement products. The ad design also should take into consideration the customers left and right brain because both respond differently. This model also accommodates the sequence of learn, feel and do factors and cognitive, affective and behavior states.

The four quadrants of FCB Matrix based on two dimensions: Customer *Involvement* (High and Low) and Customer *Brain* (left and right i.e. Thinking & Feeling) are:



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- **Quadrant 1:** High Involvement and Thinking = **Informative (Thinker)**
- **Quadrant 2:** High Involvement and Feeling = **Affective (Feeler)**
- Quadrant 3: Low Involvement and Thinking = Habit Formation (Doer)
- Quadrant 4: Low Involvement and Feeling = Self Satisfaction (Reactor)

Informative Ad:

- This quadrant represents high involvement and thinking dimensions.
- Customer makes cost-benefit analysis from an economic perspective.

Products such as automobile, housing, life insurance etc. have to design ads for this quadrant to influence customer with detailed information about the product.

For example, the ad for housing provides important details such as price, location, contact numbers and real estate developers etc. so that the customer can think and take rational decisions.

Affective Ad:

- The second quadrant represents high involvement and feeling dimensions.
- Customer looks for emotional appeal in the product.
- Customer passes through feel-learn-do sequence and is driven by psychological perspective.
- Customer is not much interested in information in spite of being highly involved in the product.

Products such as jewellery, fashion goods, cosmetics have to touch the emotional chord of the customer to influence him/her for a sale.

For example, L'Oreal is a reputed global brand that offers cosmetics for skin and hair and its products are targeted at emotional appeals.

Example: ICICI Prudential campaign appealing to the emotions of people

The *Agar taiyaari sahi ho, toh jeet pakki hai* (Right preparations assure victory) digital campaign featuring Olympic women's boxing medallist and receiver of Arjuna Award in August 2021, Lovlina Borgohain, was launched by ICICI Prudential Life Insurance. Advocating preparedness and planning in life to face its challenges, the brand has set up a microsite showing snippets of Borgohain's story to win a medal in Tokyo. It also allows users to click an AR selfie with her. Chief Marketing Officer Manish Dubey said the campaign highlights the power of life insurance policies in facing uncertainties in an individual's life.

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"For each long-term financial goal to achieve fruition, there is a need for astute planning, appropriate product selection and commitment to stay invested," he said.

Insurance companies normally rely on evoking emotions in their customers, to draw their attention towards their products and services and influence them to purchase a policy.

*Source: Lovlina Borgohain to be face of ICICI Prudential Life Insurance's New Campaign
<https://www.livemint.com/industry/advertising/-11636602197345.html>. November 11, 2021,
accessed on July 10, 2022.*

Habit Formation Ad:

- The third quadrant depicts low involvement and thinking dimensions.
- Customers buy the products regularly without much involvement and thinking.

All the fast moving consumer goods (FMCG), mobile recharge, confectionary etc. come under this quadrant and the customer follows the do-learn-feel order.

For example, Red Label tea encourages customers to use its product as a tradition forever. The ad depicts the 'paramparaon (over generations) dimension' to reinforce habit formation among customers for generations.

Self Satisfaction Ad:

- The fourth quadrant represents the category of products which fall into low involvement and feeling dimension.
- The sequence is do-feel-learn, hence provocative ads are necessary for marketing these products.
- Markets have to entice customers with immediate gratification to drive them for purchase.

The products which are personal in nature such as salon goods, chocolates, soft drinks, cigarettes, fall into this group. Ads either in newspaper or internet or billboards push the customers for purchase if influenced through feelings.

The FCB planning model differentiates ads with different objectives and targets customers based on four dimensions. Ad agencies design advertising campaigns based on rich customer data to fine tune marketing communications mix and meet the right customer with the right message through the right media.

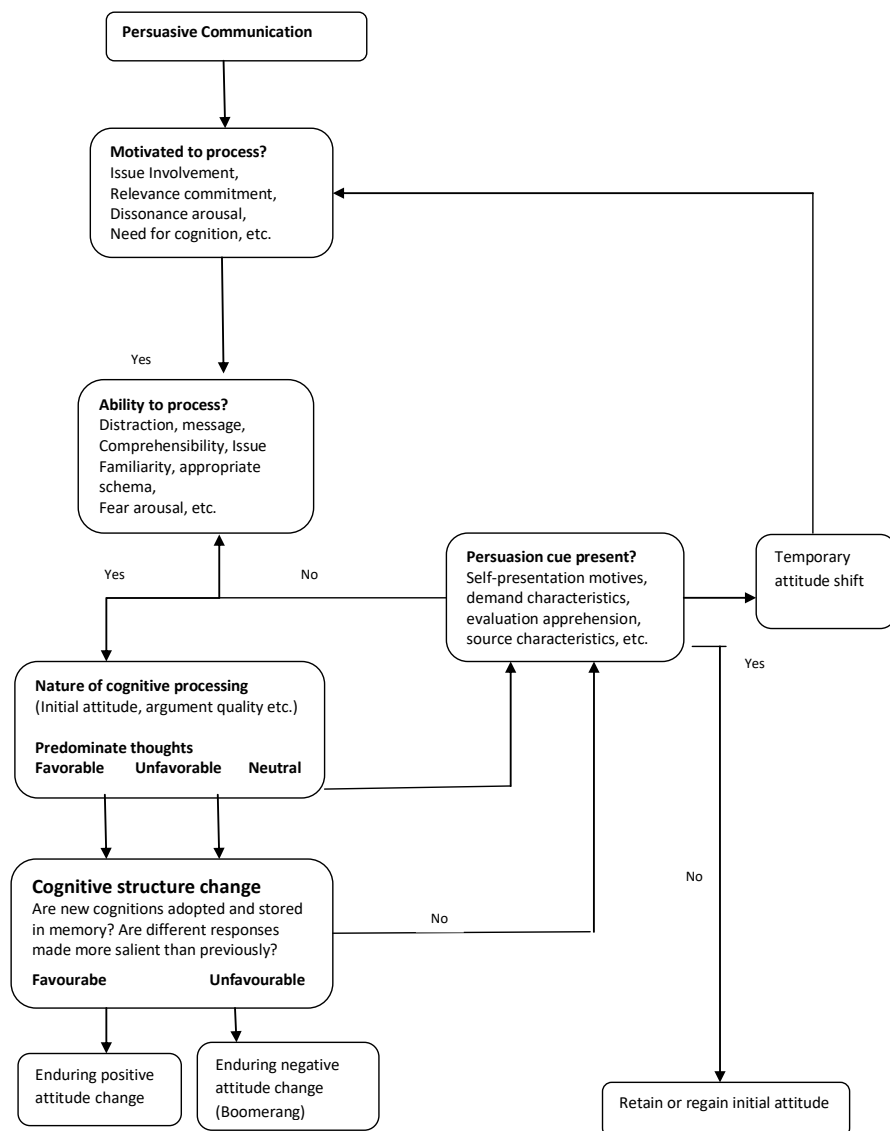
2.4.10 Elaboration Likelihood Model (ELM)

Richard Petty and John Cacioppo have developed a persuasive model to influence attitudes.

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- ELM model proposes that ‘customer attitude change depends on the elaboration of relevant information which happens in response to a persuasive message’.
- High elaboration means high involvement and high processing of information whereas low elaboration means low involvement and passive information processing of the message (Figure 2.6).

Figure 2.6: The Elaboration Likelihood Model of Persuasion



Source: George E Belch, Michael A Belch, Keyoor Purani, *Advertising and Promotion: An Integrated Marketing Communications Perspective*, 12th Edition, McGraw Hill, 2021

In ELM, elaboration likelihood depends on two factors: motivation and ability to process the message.

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Motivation depends on	Ability depends on
<ul style="list-style-type: none"> • Involvement • Relevance • Individual need arousal level 	<ul style="list-style-type: none"> • Knowledge • Intellectual acumen • Opportunity to process the message

ELM says the customer can take either central route to persuasion or peripheral route to persuasion in response to the message.

Central Route to Persuasion	Peripheral Route to Persuasion
<ul style="list-style-type: none"> • High involvement 	<ul style="list-style-type: none"> • Low involvement
<ul style="list-style-type: none"> • Evaluate message based on the quality of arguments 	<ul style="list-style-type: none"> • Evaluate message based on peripheral cues such as jingle, endorser, visuals, reputation
<ul style="list-style-type: none"> • Favorable change in cognitive structure if arguments support. Example, Mahindra Holidays & Resorts India Ltd 	<ul style="list-style-type: none"> • Favorable change in cognitive structure if peripheral cues are likable. Example, Tata Water Plus
<ul style="list-style-type: none"> • Boomerang or negative attitude if arguments are non-supportive 	<ul style="list-style-type: none"> • Boomerang or negative attitude if peripheral cues are non attractive or non creative

ELM considers attitude formation through peripheral cues as short-lived, hence reminder advertising should be used continuously to maintain the favorable attitude. Low involvement products have to use peripheral cues creatively to influence customer choice and retain customer loyalty.

Example: Akshay Kumar Creating Awareness about Covid-19 Self-Test Kits

Pune based Mylab Discovery Solutions which has a presence across fields like diagnostics, food safety, agriculture etc. launched India's first SARS CoV-2 self-test kit, or CoviSelf in June 2021. It aimed to ease pressure of testing labs and reduce time taken to give results. Actor Akshay Kumar was signed as its brand ambassador and he played a critical role in educating the public about the products and hence equipped them to battle the pandemic, the company said. They found him to be the perfect motivator and have succeeded in spreading awareness in people while accomplishing acceptance and preference.

Source: Biotech firm Mylab signs Akshay Kumar as brand ambassador.

<https://www.livemint.com/companies/news/-11623482162411.html>, June 12, 2021, accessed on 20/07/22

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Comparative summary of all the marketing communications models are depicted in the following table.

Table 2.2: Summary of all the Marketing Communications Models

S. No.	Name of the Model	Attributes/Customer Movement
1	AIDAS Model	Attention-Interest-Desire-Action-Satisfaction
2	Lavidge and Steiner Model	Awareness-Knowledge-Liking-Preference-Conviction-Purchase
3	DAGMAR Model	Awareness-Comprehension-Conviction-Action
4	CAPP Model	Unawareness-Awareness-Acceptance-Preference-Brand Bought Last-Brand Satisfaction
5	Model by Joyce	Continuous interaction among three areas: Advertising, Purchasing Behavior and Customer Attitude
6	Alternative Responsive Hierarchies	Three models are distinguished based on two dimensions: Perceived product differentiation and Product involvement
6.1	Standard Learning Model	Cognitive (learn)-Affective (feel)-Behavior (do)
6.2	Low-Involvement Model	Cognitive (learn)-Behavior (do)-Affective (feel)
6.3	Dissonance/Attribution Model	Behavior(do)-Cognitive (learn)-Affective (feel)
7	Heightened Appreciation Model	Important attribute of the product is identified and highlighted in the advertisement
8	The FCB Planning Model	Matrix with four quadrants based on the 'thinking-feeling dimension of left-right brain' and 'high-low dimension of customer involvement' in purchase decision
8.1	Informative (Thinker)	Learn-Feel-Do
8.2	Affective (Feeler)	Feel-Learn-Do

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S. No.	Name of the Model	Attributes/Customer Movement
8.3	Habit Formation (Doer)	Do-Learn-Feel
8.4	Self Satisfaction (Reactor)	Do-Feel-Learn
9	Elaboration Likelihood Model (ELM)	<p>Customer attitude change depends on the elaboration of relevant information which happens in response to a persuasive message.</p> <p>Customers take two routes to persuasion in response to the message.</p> <ul style="list-style-type: none">• Central route to persuasion• Peripheral route to persuasion

Source: ICFAI Research Center

Check Your Progress-2

6. Model by Joyce does not have the following feature.
 - a. Customer attitude
 - b. Competitor profile
 - c. Advertising
 - d. Purchasing behavior
7. Match the following.
 - A. Standard learning model
 - B. Dissonance/Attribution Model
 - C. Low-Involvement model
 1. Learn
 2. 2. Feel
 3. 3. Do
 - a. A: 123
 - b. B: 213
 - c. C: 321
 - d. A: 132

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8. What is the significant feature of the Heightened Appreciation model?
 - a. Important attribute is highlighted
 - b. Music is highlighted
 - c. Media is highlighted
 - d. Competitor is highlighted
 9. Match the following features of FCB planning model.
 - A. Quadrant 1
 - B. Quadrant 2
 - C. Quadrant 3
 - D. Quadrant 4
 1. Informative Ad
 2. Affective Ad
 3. Habit Formation Ad
 4. Self-Satisfaction Ad
 - a. A1, B2, C3, D4
 - b. A2, B3, C4, D1
 - c. A3, B2, C3, D1
 - d. A4, B1, C2, D3
 10. Elaboration likelihood model takes which route to persuade customer?
 1. Central route
 2. Middle route
 3. Peripheral route
 4. Main route
 - a. 1,2
 - b. 2,3
 - c. 3,4
 - d. 1,3
-

2.5 Summary

- This unit has introduced various marketing communications models to understand the process of marketing communications. The first model is the 'black box model' that shows the relationship between stimulus and response with various external influencing factors. Response-hierarchy models are discussed based on the sequence of cognitive, affective and behavior states in that order.
- The AIDAS model proposes that the customer passes through five stages such as 'attention, interest, desire, action and satisfaction'. Customer passes through six stages in Lavidge and Steiner model such as 'awareness, knowledge, liking, preference, conviction and purchase'. The DAGMAR

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model suggests four stages as 'awareness, comprehension, conviction and action'. CAPP planning model discusses the demand profile of customers with six stages such as 'unawareness-awareness-acceptance-preference-brand bought last-brand satisfaction'. The sequence of three states 'cognitive, affective and behavior' is questioned by many researchers and provide alternative response models.

- The Joyce model is based on three interrelationships among 'advertising, purchasing and attitude'. The Alternative Response Hierarchies have proposed three models such as 'learning model, dissonance model and low-involvement model', which are based on two dimensions: involvement and product differentiation. The Heightened Appreciation model emphasizes the 'distinctive attribute' of a brand for advertising strategy. The FCB model proposes four quadrant models based on high and low involvement versus thinking and feeling. The Elaboration likelihood model persuades customers through two routes: central route to persuasion and peripheral route to persuasion.

2.6 Glossary

Affective behavior: Affective behavior It refers to the emotional state of a person such as interest, attitude, desire, and evaluation. Affective state is a feeling state of customer hence termed as feel factor.

AIDAS model: The successive five stages a customer undergoes in marketing communications process such as attention, interest, desire, action, and satisfaction.

Black Box model: It is a stimulus response model of marketing communications where the customer's mind is thought of as an impregnable black box and only the inputs and outputs are measured.

Brand awareness: Brand awareness is the ability of a prospective customer to recall a brand from a product category

Cognitive behavior: Cognitive behavior refers to various learning effects such as attention, awareness, knowledge, perception and comprehension. Cognitive state is a learning state of the customer, hence termed as learn factor.

Conative behavior (Behavior): The conative component refers to the motivation or action stage of a person like action, sale, intension, behavior, and purchase. Behavior (conative) state is a doing state of the customer, hence termed as do factor.

DAGMAR Model: 'Defining Advertising Goals for Measured Advertising Results', abbreviated as DAGMAR, suggests that achievement of a hierarchy-of-communication objectives leads to actual purchase.

Demographics: Segmenting population based on age, income, education etc. into homogeneous groups.

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Elaboration likelihood model: A model that identifies two processes by which communication leads to persuasion: central and peripheral routes

Persuasion: Persuasion is defined as an act intended to bring about a change in consumer's beliefs, attitudes and behavior towards the brand.

Hierarchy of effects (response) model: A model which assumes that the customer passes through a sequence of steps from awareness, interest, evaluation, trial, to action.

Jingle: Songs or a music about a product or company which accompany the advertising theme.

Low-involvement hierarchy: A response hierarchy whereby a message recipient is viewed as passing from cognition to behavior to attitude change.

Psychographics: Dividing the product on the basis of personality and/or lifestyle.

2.7 Self Assessment Test

1. Explain the evolution of marketing communications models.
2. What is AIDAS model? Explain the model with an example.
3. Discuss the features of Lavidge and Steiner model.
4. What is DAGMAR model? Explain the features of DAGMAR model.
5. Discuss alternative-response-hierarchies models with suitable examples.
6. Explain the four quadrants of FCB planning model.
7. Distinguish between central route to persuasion and peripheral route to persuasion.

2.8 Suggested Reading/ References

1. George E. Belch, Michael A. Belch, Keyoor Purani, *Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition*, McGraw Hill, 2021
2. Michael Branding, *Social Media Marketing*, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, *Advertising and IMC: Principles and Practice, 11th Edition*, Pearson Education, 2021
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5. Manendra Mohan, *Advertising Management – Concept and Cases*, McGraw Hill Education, 1st edition, 2017

2.9 Answers to Check Your Progress Questions

1. (a) Advertisement

Black box has stimulus as one of the components which has two areas such as advertisements and external factors. The response is in the form of opinions, attitudes and behavior. The block box does information processing and decision making processing.

2. (b) A1, B5, C3, B2, C4

In AIDAS model attention is cognitive, interest and desire is affective and action and satisfaction are behavior states.

3. (c) Lavidge and Steiner model

The Lavidge and Steiner model has six stages such as ‘awareness, knowledge, liking, preference, conviction and purchase’.

4. (c) Defining Advertising Goals for Measured Advertising Results

DAGMAR stands for Defining Advertising Goals for Measured Advertising Results.

5. (c) 6 stages

The six stages of CAPP model are ‘unawareness, awareness, acceptance, preference, brand bought last and brand satisfaction’.

6. (b) Competitor profile

Model by Joyce has three dimensions such as ‘customer attitude, advertising, and purchasing behavior’.

7. (a) A: 123

The Standard learning model follows learn-feel-do order, the dissonance/attribution model follows do-feel-learn order, and the low-involvement model follows learn-do-feel order.

8. (a) Important attribute is highlighted

The heightened appreciation model identifies the important attribute and highlights it as USP.

9. (a) A1, B2, C3, D4

The FCB planning model has four quadrants such as ‘quadrant 1 with Informative ad, quadrant 2 with Affective Ad, quadrant 3 with Habit Formation Ad, and quadrant 4 with Self-Satisfaction Ad’.

10. (d) 1,3

The Elaboration Likelihood model takes central route and peripheral route to persuade the customer for behavior change.

Unit 3

Consumer Buying Behavior

Structure

- 3.1 Introduction
- 3.2 Objectives
- 3.3 Definition
- 3.4 Customer buying process
- 3.5 Problem recognition
- 3.6 Information search
- 3.7 Alternative evaluation
- 3.8 Purchase decision
- 3.9 Postpurchase behavior
- 3.10 Summary
- 3.11 Glossary
- 3.12 Self-Assessment Test
- 3.13 Suggested Reading/Reference Material
- 3.14 Answers to Check Your Progress Questions

3.1 Introduction

“We don’t want to push our ideas on to customers, we simply want to make what they want”.

– Laura Ashley

Successful marketers are the ones who understand their customers better than their competitors and offer what they want.

Maslow’s needs hierarchy shows that needs evolve as the consumer passes through various stages of his life. Marketers have to know how and why consumers’ needs develop, what they are, and how they satisfy those needs with the use of product or service. Marketers study consumer behavior in an attempt to understand factors that influence purchase decisions. Marketers develop marketing communications strategies based on analyzing the relationship between the customers and the products/services. Many disciplines, like psychology, sociology, anthropology, neuroscience etc. have been used to understand consumer purchasing motives. The motives for purchasing, attitudes, and lifestyles need to be understood before crafting effective marketing communications strategies.

Consumer Buying Behavior

Consumer behavior can be defined as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and wants.

3.2 Objectives

After studying this unit, you should be able to:

- Understand the importance of consumer behavior for developing marketing communications programs
- Analyze various stages of consumer decision making process for purchasing a product
- Recognize the influence of internal psychological factors on purchasing decision
- Understand the influence of external factors on purchase decision
- Analyze customer learning theories in response to marketing communications

3.3 Definition

Consumer behavior can be defined as ‘the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Understanding why and how consumers arrive at a particular purchase decision can help marketing communicators to design effective communication campaigns. These campaigns attempt to understand the decision-making processes of buyers, both individual and group.

Consumer behavior refers to: “The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.”

– Schiffman and Kanuk

3.4 Customer Buying Process

Marketers need to understand a few questions of consumer buying process in terms of who, what, when, where, how, and why customers buy a product. The reasons for purchase also vary among different types of customers. For example, purchase decision may be influenced by the personality or lifestyle of the consumer.

Though some buying decisions do not involve much deliberation on the part of consumers, most buying decisions involve a series of steps:

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- Problem recognition
- Information search
- Alternative evaluation
- Purchase decision, and
- Post purchase evaluation.

A basic conceptual model of consumer buying process incorporates various stages in consumer decision process. It is important to understand what happens at various stages of this model and how marketing communication can be used to influence decision making. It is also important to understand various psychological processes consumers undergo while moving through various stages of consumer buying process. The influence of various internal psychological processes at each stage, such as motivation, perception, attitudes, integration, and learning processes have to be thoroughly explored before designing marketing communications programs for target group.

In this unit, we study each stage of buying decision and how internal psychological processes influence what happens at each phase of consumer buying process. We also discuss how marketing communication can influence each stage to drive the consumer for an action.

3.5 Problem Recognition

The first stage in the consumer buying process is *problem recognition* which occurs when the consumer perceives any deprivation or problem in his present state and hence takes steps towards purchasing a product or solve a problem. Problem recognition is caused according to Engell, Kollat, and Blackwell, “when a consumer recognizes a difference of sufficient magnitude between what is perceived as the desired state of affairs and what is perceived as the actual state of affairs”. A discrepancy exists between what the consumer wants the situation to be like and what the situation is really like. A problem does not always imply a negative state, sometimes it may be the attainment of a more positive situation.

Example: Dettol making Hand Hygiene, A Fun Experience

The COVID-19 outbreak has increased the importance of following correct hand hygiene behaviour. However, as it was very challenging to make kids properly wash their hands, Dettol Foaming Handwash was introduced. Its goal is clear in their campaign thought “Haath dhone ka karega mann because now hand washing is fun”. New Dettol foam addresses the growing concern parents face in getting their children to wash their hands. This kind of Dissonance creation strategy encourages customers to try a new version of the products.

Source: Dettol latest foaming handwash range is aimed at making hand hygiene a fun experience. <https://www.businessinsider.in/advertising/brands/article//articleshow/86806849.cms>, October 06, 2021, accessed on July 01, 2022.

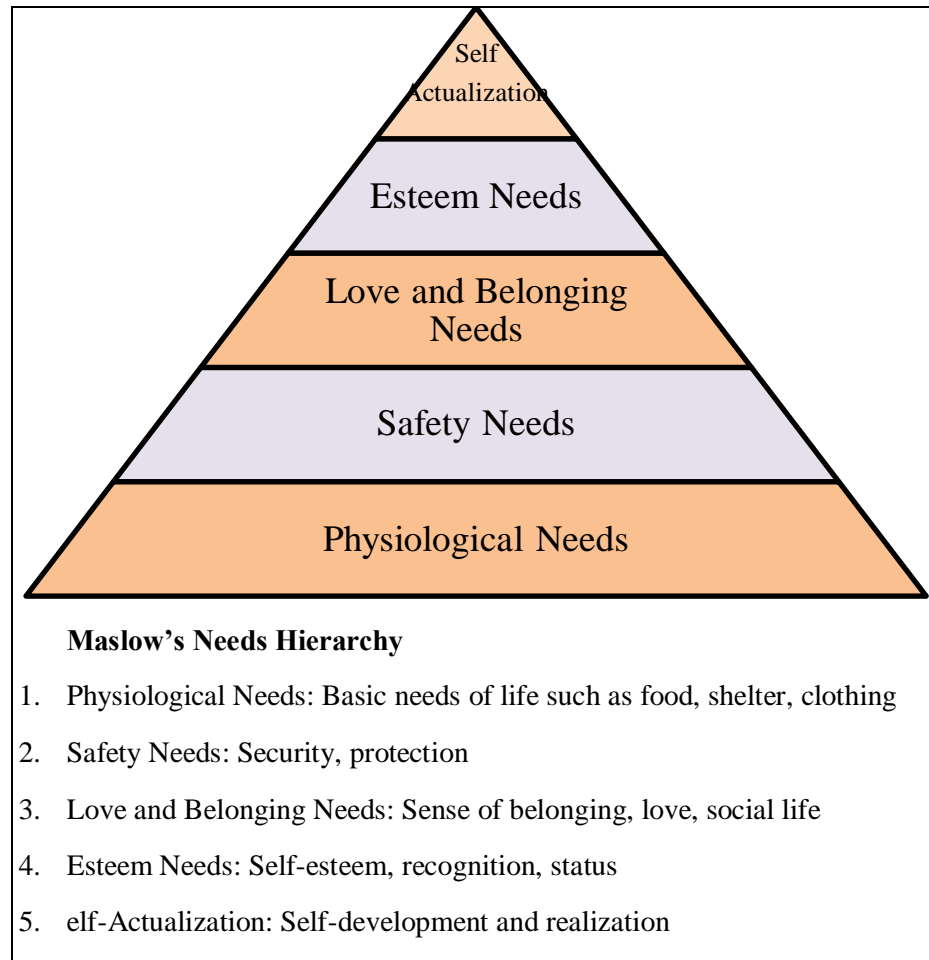
Triggers for Problem Recognition

- **Change in Present State:** Customers' change in present situation may force them to buy new products. When a person marries, he starts a new family that demands all of a sudden new products viz. household goods, cloths, gifts, travel, furniture etc. Even the occasion of marriage itself demands more products. Wedding malls are one-stop shop for brides and grooms to be, which offer everything under one roof. Wedding Souk mall in New Delhi, India, provides all the clothing necessary for marriage occasion.
- **Advertisement:** When a customer is exposed to an ad, his need may be aroused which drives him to buy the product. Customer may find a need for a 'helmet' to protect his head while driving after exposed to an ad.
- **Promotion:** If an employee gets a promotion, he may be interested to take a membership in a club such as 'Delhi Golf Club in New Delhi', to enhance his social prestige. Today it has become a meeting point of Delhi elite to host tournaments and Cups.
- **New Product:** When innovative products are introduced in the market such as smart phones, audience recognizes a need to own the product. Apple has already started talking about 'iPhone7' to be introduced in 2014 to entice customers.
- **Comparative Products:** When customer notices a better product than the present one, he may switch the present brand and purchase a new one. Advertisers go for comparative advertising to induce customers to switch brands and promote superior features. The automobiles, Hyundai Eon and Maruti Alto, are compared to show the superiority of one over the other.
- **Dissonance creation:** Companies induce dissatisfaction with the existing product among customers to try a new version of the product. Annapurna Atta-farm fresh has introduced another version Annapurna Atta- healthy multigrain to target high-end customers. Pillsbury and Aashirvad Atta have also introduced many versions of wheat flour.

Motivation behind Problem Recognition: The recognition of need differs among consumers which are based on their inner motives. Abraham Maslow proposed 'needs-hierarchy' theory with five levels as a pyramid to study human motivation (Exhibit 3.1). The theory says that lower-order needs have to be met before the satisfaction of higher-order needs. The lowest levels of the pyramid are made up of the most basic needs, while the more complex needs are located at the top of the pyramid.\

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Exhibit 3.1: Maslow's Needs Hierarchy



3.6 Information Search

Problem recognition takes the customer to the next stage of customer buying process i.e. information search. Information can be searched either from internal sources or from external sources. Internal sources include information retrieved by the customer from his memory, pertaining to his previous experiences of buying the product/service. External sources include personal and non-personal sources.

External Sources

- *Personal sources:* Friends, family, neighbors, colleagues etc.
- *Marketer-dominant sources:* Dealers, salespeople, point-of-purchase displays, retailers, advertising, websites, etc.

Contd.

Consumer Buying Behavior

- *Public sources*: Mass media, Consumer-rating organizations etc.
 - *Experimental sources*: Product-trial, observation, using the product, handling and examining, etc.
 - *Social media*: Facebook, Twitter, Instagram, Blogs
- **Each source is different in influencing customers. The influence of source also differs based on product category, country of origin, age of the customer etc.**

Based on information search, the customer knows about competing products and their attributes. Customers may not be aware of the total brands in a category called as '*total set*' but through information search they arrive at '*awareness set*'. Based on the preliminary criteria, customers consider only few brands out of awareness set, known as '*consideration set*'. Customers gather some more information to make '*choice set*' where the brands contend with each other for choice. Customers have to make a final decision out of it.

Example: LIC Tying Up with Policybazaar.com

Life Insurance Corporation (LIC), has tied up with insurance aggregator Policybazaar.com for distribution of its products. Policybazaar.com, the flagship platform of PB Fintech, is the largest online insurance marketplace in the country which distributes products of 51 insurance companies, which include life, general, and standalone health insurance companies. This is LIC's first association with an insurance aggregator, and otherwise relies heavily on its large agency force of 1.33 million agents for distributing its products.

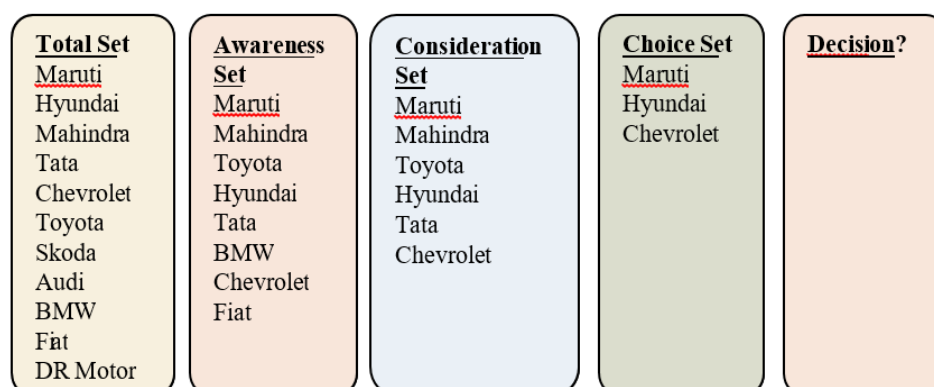
Policybazaar.com said that their association with LIC helps them expand their existing range of term and investment products to consumers. "This affiliation aims at facilitating seamless digital distribution of life insurance products across the nation", the company said. Sarbvir Singh, CEO, Policybazaar.com said, "With this alliance, our strategic objective is to expand our reach, especially in the smaller cities to ensure financial inclusion and social security. LIC has spearheaded the life insurance segment in the country and so this alliance will provide an amplified reach to people."

Tie-ups with this kind of market dominant dealers help marketers in influencing their customers at the stage information search, to a greater extent.

Source: LIC ties up with Policybazaar for distribution of its products. https://www.business-standard.com/article/companies/-122020301550_1.html, February 03, 2022, accessed on July 01, 2022.

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Figure 3.1: Successive Stages in Information Search for Automobile Companies



Source: ICFAI Research Center

The awareness set, consideration set, choice set of each customer is different. Companies have to use marketing and advertising strategies to get their products fall into awareness set, consideration set and choice set. The companies have to identify the competitors in the 'choice set' to develop value proposition to influence customer. For example, Maruti-Suzuki, Hyundai and Tata Motors automobile companies in the 'choice set' have to study each other to craft appropriate marketing strategies to win the customer. Companies also have to study information sources of customers so as to meet and influence them effectively.

Evoked, Inert and Inept Set

- The choice set is also known as 'evoked set' from which the consumer wanted to select one.
- Inept set is the set of brands which consumers may reject due to bad impressions, due to bad experience or negative publicity.
- Inert set is the set of brands regarding which the consumer has neutral feelings due to lack of proper information.

Role of Perception in Information Search: Perception is the process by which customers select, organize, and interpret information to create a meaningful picture of the world. Perception depends on the individual's internal factors such as beliefs, experiences, needs, expectations etc.

For example, the latest Dove ad campaign 'Real Beauty Sketches' compares two sketches: distorted image of a girl's inner-self and her friend's perception about her. The picture on the right-side fits with the audience perception and the image on the left-side is the self-distorted picture caused by her low self-esteem.

Subliminal Perception: Selective attention, distortion and retention are deliberate processes where customer involves consciously with the advertisement. Researchers say that customers can be influenced sub-consciously if appeals are used tactically in the advertisements. Subliminal perception means influencing the customer's sub-conscious mind without their conscious awareness. Psychologists also agree that customers perceive things without active participation in the advertisement. Many of the ads and brand logos promote subliminal messages.

3.7 Alternative Evaluation

How does the consumer evaluate various brands that occupied 'choice set' in the earlier stage? The consumer does not follow a single model for all buying situations. The choice set or 'evoked set' varies from one consumer to another and largely depends on consumer time and energy to evaluate alternatives. Advertisers and marketers have to make sure that their brands are included in the choice set.

Alternative evaluation process can be both subjective and objective. In majority of situations consumers' *evaluative criteria* is based on rational analysis. Consumers treat a product as a bundle of attributes which satisfy their needs. Consumers make cost-benefit analysis while comparing alternatives. Through experiences, customers develop *attitudes* and *beliefs* which in turn influence evaluative criteria and purchase behavior. A belief is a descriptive thought that a customer holds about something. Attitude shapes the frame of mind of a customer who displays a consistent behavior towards a product either liking or disliking.

Role of Attitude in Alternative Evaluation: It is very difficult to change the attitude of customers, but it is possible with right marketing strategies. Attitude represents customer's overall feelings toward an object. Attitudes are important to marketers because they reveal customer evaluation criteria.

"Attitudes are learned predispositions to respond to an object"

– Gordon Allport

Marketers use advertisements and promotions to create favourable attitudes towards new products, reinforce positive attitude towards existing products, and change negative attitude of non-users to buy the products. Marketers are using *multiattribute attitude models* to understand customer attitude and product evaluation criteria.

Multiattribute Attitude Models: The customer forms an attitude towards a product based on attribute evaluation criteria, where each product consists of bundle of attributes. According to this model, customers have beliefs about

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specific brand attributes and attach various ratings to these attributes. An attitude can be rated based on weightage of attribute aggregation as follows.

Where A_B = Attitude toward a brand

B_i = Belief about the brand's performance on attribute 'i'

E_i = Importance attached to attribute 'i'

n = Number of attributes considered

Assume from Fig 3.2, one of the customers has narrowed down his choice set to 'three' automobiles: Maruti Alto, Hyundai Eon, and Chevrolet Spark. The attributes of three automobiles: Alto, Eon, and Spark are compared in the following table:

Customers have beliefs (B_i) about various attributes of each automobile. Based on the importance given to each brand attribute (E_i), the weighted average of each brand is calculated to arrive at the final brand.

For example, a customer attaches different priorities (E_i) to multiple attributes of an automobile such as 50% to price, 20% to fuel economy, 20% to engine capacity, and 10% to physical dimensions. And customer's belief about each attribute (B_i) of three automobiles is rated on a scale of 0-10. For example, a customer may have positive belief about *Alto* price structure, hence he may rate it at 9, and he may have negative belief about *Spark* price structure, hence he may rate it at 2. The customer may have neutral belief about *Eon* price structure hence he may give a rating of 5. The weighted average speaks about the attitude of the customer towards a particular brand. The weighted average of each brand is the perceived value of a particular brand. The algebraic sum of all the attributes and their importance is the final brand choice.

Marketers can design communication and promotional strategies based on customer evaluation Criteria to change attitude.

Attitude Change Strategies

- *Innovate the brand with new attributes*: Lifebuoy soap changed into Lifebuoy Herbal, Lifebuoy Total
- *Change customers' perception about attributes*: Tata Nano with Quality check campaign
- *Draw attention to attributes neglected by the customers*: Cadbury's Gems is for all age groups campaign

- *Change beliefs about competitors' brands:* Pepsodent toothpaste kills germs better than Colgate campaign
- *Change buyer's value system:* Egg is vegetarian campaign

Check Your Progress -1

1. What is the correct sequence of consumer buying process?
 1. Problem recognition
 2. Information search
 3. Purchase decision
 4. Postpurchase behavior
 5. Alternative evaluation
 - a. 1,2,3,4,5
 - b. 2,3,4,5,1
 - c. 1, 2, 5,3, 4
 - d. 5,1,2,3,4
2. Which of the following can be a source of problem recognition?
 - a. Change in present state
 - b. Dissonance creation
 - c. New product ad
 - d. All the above
3. In which of the following processes, the customers' sub-conscious mind is influenced without their conscious awareness?
 - a. Selective Motivation
 - b. Selective attention
 - c. Subliminal perception
 - d. Selective encouragement
4. Multiattribute Attitude Models are used in which stage of consumer buying process?
 - a. Problem recognition
 - b. Information search
 - c. Purchase decision
 - d. Alternative evaluation

3.8 Purchase Decision

Customer develops purchase intention to buy a particular product after evaluating various alternative brands. A purchase intention is not the same as an actual purchase decision. Customers have to make a few more decisions to implement purchase intention. The customer considers five sub-decisions such as which type

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of product to buy (*brand*), where to buy (*dealer*), how much to buy (*quantity*), when to buy (*timing*), and how to buy (*payment method*) in purchase decision.

The time gap between purchase intention and actual purchase decision vary based on the type of product. For high-involvement and complex purchases such as automobiles, housing, furniture, the time gap is the maximum. For low-involvement and routine products such as Fast Moving Consumer Goods (FMCG) i.e. soaps, tea, vegetables, other household goods, the time gap is less. Brand loyalty minimizes the time gap to the lowest because all decisions are programmed.

Customers exhibit four types of buying behaviors based on brand differentiation and involvement in purchase decision.

Four Types of Consumer Buying Behaviours

- **Habitual Buying Behavior:** Consumers display low involvement and find little differences among brands. Consumers do not form any strong attachment with the brand but go by familiarity. Reminder advertisement can influence customers to prefer a brand. Example, Soap or toothpaste
- **Dissonance Reducing Buying Behavior:** This behavior occurs when the consumer is highly involved but sees little difference among brands. Example, Business Suits. Consumers experience dissonance noticing all brands look equally good
- **Complex Buying Behavior:** Buying situations characterized by high customer involvement and significant brand differences. It involves huge risks and huge financial investment. Consumers exhibit complex buying behavior while purchasing car or house.
- **Variety Seeking Behavior:** Buying situation where there is low involvement and high brand differences. Consumers do brand switching for the sake of change or different taste. Pizza Hut customers may prefer Dominos for different taste.

Sometimes consumers take ‘mental shortcuts’ called *heuristics* or rules of thumb in the buying decision. Purchase decisions often made in-store are almost simultaneous. Customer purchase decisions are highly adaptive to specific environmental situations such as in-store. Packaging, POP, coupons and premiums etc. also influence at the time of purchase. Customers *combine* information about various brands to arrive at a decision. Consumers use the *integration processes*, where product knowledge, meanings, and beliefs are combined to evaluate various alternatives. Integration process focuses on the different types of *simplified decision rules* consumers’ use for purchase decision.

Consumer Buying Behavior

Influence of Other Factors: In spite of consumers' evaluation of various alternatives, there are other factors which come in the way of purchase decision. Factors such as *unanticipated situational factors*, *external environmental factors*, *perceived risks* and *reference groups* may influence purchase decision.

- Unanticipated situational factors such as loss of job, postponement of purchase for unforeseen reason, or liquidity crunch may influence purchase decision in the negative.
- External environmental factors such as government taxes, global meltdown, competitor's promotions etc.
- Perceived risks such as psychological risk, time risk, and social risk may modify purchase decision.
- Reference groups such as family, friends, and colleagues may alter the consumer's purchase decision.

Example: Costco Gold Star Membership through Groupon

Costco promised and delivered huge savings to its customers on groceries and gas, in June 2022. Through its members-only access, it offered discounts to customers on a wider assortment of its offerings. It gave a limited period offer on its annual Goldstar membership to Costco shoppers. The membership was made available through Groupon for \$60 for which the shopper got a \$40 Costco shop card and \$40 off on next Costco online order. This meant the shopper gets more than the membership fee he paid. Coupons are good promotional tools to impact purchase decisions of customers.

Source: This annual Costco membership deal includes \$80 towards purchases—shop Groupon now <https://www.usatoday.com/story/money/reviewed/2022/06/03/costco-membership-deal-groupon/7501338001/>, June 3, 2022, Retrieved on October 13, 2022.

3.9 Postpurchase Behavior

The consumer decision process continues even after purchase of the product. After the purchase, the consumer may experience dissatisfaction after using the product, or get to know favorable things about competitive brands. The customer may experience satisfaction if it meets his expectations otherwise he may become dissatisfied. The postpurchase evaluation process is important for future purchase. Marketers have to reinforce customer judgment as positive with marketing communications and help him feel good about his purchase. If the customer develops dissatisfaction towards the brand, he eliminates the brand from his *choice set* in his future purchases. It also changes the recommendations he makes to others considering purchase.

Sometimes customers develop a postpurchase doubt after making a difficult purchase choice. If the product is a high involvement one, he may display

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cognitive dissonance immediately after actual purchase. Consumers may also experience dissonance prior to making a purchase and repurchase.

Cognitive Dissonance

Cognitive dissonance is a state of unease which exists in the consumer's mind after buying a product or service.

A consumer buys a car and then thinks he has paid too much for it. He develops a doubt whether the purchase decision was right or wrong. Consumers experiencing cognitive dissonance may use a number of strategies to reduce dissonance. They look for reassurance and opinion from others to confirm whether their purchase decision was right or look for information that supports their choice. Consumers become more attentive to advertisements of their brand. Companies have to positively reinforce customer decision as correct with post purchase communications. Few companies send follow-up letters and provide toll-free numbers to be in touch with the customer even after the purchase. Some companies extend warranty and guarantees to ensure customer satisfaction.

The customer may spread negative word about the product among his friends if the product does not perform well. If the customer is satisfied with the brand, he may act as a brand ambassador and recommend it to his friends and relatives.

Learning in the Purchase Behavior: The customer changes his behavior based on his experience with the product. Learning is directly connected with the action and purchase action influences his behavior and learning. Examining the consumer learning process will provide insights into how a consumer evaluates choices and arrives at a purchase decision. Researchers believe that learning process happens through the interplay of stimuli, cues, drives, responses and reinforcement.

Example: Return Policies to Reduce Cognitive Dissonance

Marketers intend to reassure purchasers, to tell them that they have done the right thing in buying the particular product. To reduce the customer's cognitive dissonance, companies use various strategies, and 100% money back guarantee is one such strategy. Here is an example that explains how return policies can backfire in some product.

The present e-book return policy of Amazon permits people to return a book within a week on the basis of "accidental book order". However, this time period is ample for a section of readers to finish the book and return it - utilising Amazon as a digital library. If an e-book is returned, the royalties paid to the author when it is purchased is revoked, causing authors to end up with negative balances after they have been paid by Kindle Direct Publishing. Therefore,

Contd.

self-published authors are protesting against the return policy as it allows readers to “steal” from them. Marketers intend to reassure purchasers, to tell them that they have done the right thing in buying the particular product. To reduce the customer’s cognitive dissonance, companies use various strategies, and 100% money back guarantee is one such strategy. Here is an example that explains how return policies can backfire in some product.

The present e-book return policy of Amazon permits people to return a book within a week on the basis of “accidental book order”. However, this time period is ample for a section of readers to finish the book and return it - utilising Amazon as a digital library. If an e-book is returned, the royalties paid to the author when it is purchased is revoked, causing authors to end up with negative balances after they have been paid by Kindle Direct Publishing. Therefore, self-published authors are protesting against the return policy as it allows readers to “steal” from them.

Source: Amazon Kindle ebook return policy <https://www.npr.org/2022/06/27/1107109243/amazon-kindle-ebook-return-policy>, June 27, 2022, accessed on July 4, 2022.

Check Your Progress-2

5. Complex buying behavior has which of the following features?
 - a. High involvement, low brand difference
 - b. High involvement, high brand difference
 - c. Low involvement, low brand difference
 - d. Low involvement, high brand difference
 6. Cognitive dissonance occurs at which stage of consumer buying process?
 - a. Information search
 - b. Purchase decision
 - c. Postpurchase behavior
 - d. Alternative evaluation
 7. Which of the following consumer buying behavior is applied while purchasing a car?
 - a. Complex buying behavior
 - b. Variety seeking behavior
 - c. Dissonance reducing buying behavior
 - d. Habitual buying behavior
-

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3.10 Summary

- This unit discusses the importance of consumer buying behavior for marketers to design promotional strategies. Consumer buying behavior is seen as a process with five stages. The model with five stages of consumer buying process is problem recognition, information search, alternative evaluation, purchase decision, and postpurchase behavior. The internal psychological processes at each stage of buying process are also discussed.
- In the first stage, problem recognition happens when the consumer finds that there is a discrepancy between the actual state of affairs and desired state of affairs. Marketers have to identify customer motivation to create a product to fill the customer need. In the second stage, customers search for information that provides solutions for their need. The customer looks for internal and external sources and based on his perception, gathers information about various products which meets his need. In the third stage, the customer evaluates the various alternatives based on his selection criteria. The selection criteria shortlists a set of choices based on his attitude towards each product. Companies can understand customer attitude based on multiattribute models. In the fourth stage, the customer actually buys a product with his choice of brand, dealer, and quantity. In the final stage, customers have postpurchase experience. If the experience is doubtful, the customer falls into cognitive dissonance. This negative experience can be reduced by reassurance campaigns and providing guarantee after sales.
- The study of consumer buying behavior is to influence the customer to identify a need and provide a solution with a product to fill the identified need.

3.11 Glossary

Attitude: Attitude is a learned predisposition, feeling, or conviction to react towards an object or class of objects in either a favorable or unfavorable manner in a more or less consistent or characteristic way.

Consumer behavior: Consumer behavior can be defined as the process that involves acquiring, consuming, and disposing of goods, services, experiences and ideas by consumers, so as to satisfy their needs.

Cognitive dissonance: Cognitive dissonance refers to doubts in the mind of the consumer whether the purchase decision was right or wrong.

Evoked set: The choice set is also known as 'evoked set' from which consumer wanted to select one.

Inept set: Inept set is the set of brands which consumers may reject due to bad impressions or bad experience or negative publicity.

Consumer Buying Behavior

Inert set: Inert set is the set of brands regarding which the consumer has neutral feelings due to lack of proper information.

Multi-attribute model: Multi-attribute model measures the attitudes of the consumer in terms of consumer beliefs towards key attributes of a brand or product. This model provides information about attitudinal structure and the framework for predicting consumer behavior.

Problem recognition: Problem recognition happens when a consumer recognizes discrepancy between what is perceived as the desired state of affairs and what is perceived as the actual state of affairs. The difference between two components regarding a particular need results in problem recognition.

Perception: Perception can be defined as the process by which people select, organize, and interpret information to form a meaningful picture of the world.

Subliminal advertising: Subliminal advertising involves exposing customers to brand names, product pictures, or other things to stimulate their senses, when they are not consciously aware of it.

3.12 Self-Assessment Exercise

1. Explain the various stages of customer buying process with examples.
2. How does consumer recognize a need?
3. What are the various sources customers use in their information search?
4. Customers exhibit four types of buying behaviors based on brand differentiation and involvement in purchase decision. Explain.
5. Explain multiattribute attitude model with a suitable example.
6. What is cognitive dissonance? How do you reduce cognitive dissonance in a customer?

3.13 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
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5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

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3.14 Answers to Check Your Progress Questions

1. (c) 1, 2, 5,3, 4

The correct sequence of consumer buying process is: Problem recognition, Information search, Alternative evaluation, Purchase decision, and Postpurchase behavior.

2. (d) All of the above

The source of problem recognition are many such as change in present state, advertisements, new products, dissonance creation, comparative products, promotion etc.

3. (c) Subliminal perception

In subliminal perception process, the customers' sub-conscious mind is influenced without their conscious awareness.

4. (d) Alternative evaluation

Multiattribute Attitude Models are used in 'alternative evaluation' stage of consumer buying process.

5. (b) High involvement, high brand difference

In complex buying behavior, customer involvement is very high and finds high differences between brands. For example, automobile or house.

6. (c) Postpurchase behavior

Cognitive dissonance occurs at postpurchase behavior stage of consumer buying process. It is a state of unease which exists in the consumer's mind after buying a product or service.

7. (a) Complex buying behavior

Consumers exhibit four types of buying behavior based on brand differentiation and involvement in purchase decision viz. complex buying behavior, variety seeking buying behavior, dissonance reducing buying behavior and habitual buying behavior.

Marketing Communications

Course Components

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