



Social Network Analysis on Marketing Intelligence
Adoption Towards Retail Consumer Inclinations
and Buying Behaviour

P Divakar

EasyChair preprints are intended for rapid dissemination of research results and are integrated with the rest of EasyChair.

December 7, 2021

SOCIAL NETWORK ANALYSIS ON MARKETING INTELLIGENCE ADOPTION TOWARDS RETAIL CONSUMER INCLINATIONS AND BUYING BEHAVIOUR

Divakar.P

Research Scholar

Vellore Institute of Technology, Chennai

ABSTRACT

The purpose of this paper is to examine influence of past environmental attitudes, social and personal environmental norms, social influence, and green self-identity on consumers' buying behavior. The article aims to explore hybrid consumption behaviour as an emergent consumption pattern on fast moving consumer goods (FMCG) that may make conventional consumer stereotypes outdated. Purpose – The present study aims to investigate the impact of perceived quality, brand extension incongruity, involvement and perceived risk on consumer attitude towards brand extension across three product types, namely, FMCG, durable goods and service (FDS) sectors. More importantly, the study seeks to explore the importance of involvement profile comprising relevance, pleasure, sign-value, risk importance and risk probability and perceived risk facets (financial, psychological and performance) in acceptance of brand extension across FDS.

Keywords: Marketing Intelligence Adoption, Consumer Inclinations, Buying Behaviour

INTRODUCTION

A new phenomenon in consumer behaviour has potentially significant implications for the marketing of both consumer goods and services. Specifically, we address the emergence of the hybrid consumer, a consumer type that does not fit into any particular market segment defined in traditional marketing literature. The hybrid consumer buys cheaper generics and low-end brands on some purchase occasions, and then on other occasions trades up to premium, high-end brands and happily pays for them. None of these consumers' behaviours fit pre-specified consumer segmentation criteria, such that would buy products and brands designed for any specific target group. Accordingly, we may need to rethink the process of segmentation. Moreover, goods can also be categorised based on their durability and risk associated with them such as FMCG and consumer durables. Consumers have little problem in understanding FMCG products, such as soap, toothpaste and shampoo, as these products are associated with day-to-day consumption.

FMCG products are bought with a larger frequency, which allows consumers to develop expertise in their purchase. On the other hand, durable goods, such as TV, refrigerator and microwave ovens, are associated with huge investment and are purchased once in many years. Consumers are not always fully competent or knowledgeable about these products. Hence, purchase decisions for durable products are made after much deliberation (feature comparison). Based on the above, we assume that consumer evaluation of brand extension would vary across FMCG, durable goods and services. The present study aims to empirically test the differences in consumer evaluation between brand extensions for FMCG, durables and services (henceforth jointly called FDS) (Hem et al., 2003). Similarly, the impact of perceived risk on brand extension evaluation (Hem et al., 2003; Grønhaug et al., 2002; Nijssen et al., 1995) is investigated in the present study by considering various dimensions of risk: financial, social, psychological, time and performance risk.

REVIEW OF LITERATURE

Many factors, including fit as the central one, influence consumer evaluation of brand extensions: the quality of the parent brand, the fit between the parent and extension categories and the interaction of the two (Aaker and Keller, 1990); the perceived quality of the brand (Bottomley and Doyle, 1996; Nijssen and Hartman, 1994; Sunde and Brodie, 1993); product feature similarity and brand concept consistency (Park et al., 1991); brand affect and category similarity (Boush et al., 1987). Studies adopting the schema incongruity theory (Meyers-Levy et al., 1994) to the context of brand extensions indicate the following factors that influence brand evaluation: positive mood essentially influences extensions that are considered as moderately similar (Barone et al., 2000); customer relationship and brand positioning affect the acceptance of brand extensions (Davis and Halligan, 2002); brand ownership status (Fu et al., 2009), brand category personality fit (Batra et al., 2010) and consumer knowledge affect brand extension evaluation (Hem and Iversen, 2009).

Perceived quality on fmcg products

Brand quality is used as a mechanism to judge the new extension (Aaker and Keller, 1990). Perceived quality is a judgment about the global excellence or superiority of a product offering (Zeithaml, 1988). Past research shows that consumers' evaluation of brand extension largely depends on the perceived quality judgment of the original brand (Sunde and Brodie, 1993; Bottomley and Doyle, 1996; Hem et al., 2003). Highly reputed brands should be considered as great risk reliever and so encourage more positive evaluations than brands perceived as less reputed ones (Hem et al., 2003). This notion is true for all product types and particularly for services because less accessible information or tangible cues are available to consumers to evaluate the services as compared to goods (Murray, 1991). This scarcity increases reliance on service provider's image to evaluate new extensions (van Riel et al., 2001; van Riel and

Ouwersloot, 2005). Further, services are intangible in nature, therefore more difficult to evaluate before purchase (Zeithaml, 1981). Consequently, consumers rely heavily on overall brand image of the service provider. Conversely, goods being high on search attributes, a consumer can collect more information about quality through visual inspection and thus the importance of inferences based on brand image may be reduced (Hem et al., 2003). Research also suggests that the importance of the effects of brand extensions is greater for experience goods than search goods (Smith and Park, 1992; van Riel et al., 2001). Vořlckner et al. (2010) provided evidence for parent brand quality as a dominant success driver compared to the perceived fit in the service context.

When consumers perceive a high “fit” between a brand and its extended product category, they transfer the positive affect associated with the brand to the new extension (Aaker and Keller, 1990; Bottomley and Holden, 2001; Broniarczyk and Alba, 1994; Kalamas et al., 2006; Park et al., 1991; Vořlckner and Sattler, 2006). Based on Mandler’s (1982) theory, an alternative view suggests that extensions that are moderately incongruent with the parent brand are evaluated in a more favourable manner than congruent and extremely incongruent extensions (Jung and Tey, 2010; Maoz and Tybout, 2002; Meyers-Levy et al., 1994; Srivastava and Sharma, 2011a, b). Mandler (1982) contended that congruity (perfect match) between the product and the activated product-category schema does not require cognitive processing for resolution and easily assimilates into the existing cognitive structure, which results in a mild favourable response based on familiarity. By contrast, extreme incongruity (mismatch) requires much more cognitive elaboration for resolution and, therefore, either remains unresolved or can be resolved when people make deep changes in their existing cognitive structure. Unresolved extreme incongruity generates the feeling of frustration, helplessness and negative affect and hence may lead to low evaluation (Mandler, 1982).

Consumers’ involvement on fmcg products

The present study adopts the multidimensional approach of Laurent and Kapferer (1985) and defines consumer involvement in terms of relevance, pleasure, sign-value, risk importance and risk probability. Laurent and Kapferer (1985) suggested that this approach provides the full picture of the relationship between the consumer and the product and the involvement dimensions are very important in determining consumers’ attitude towards brand extension (Srivastava and Sharma, 2011a, b). This is because conditions associated with involvement generally include the perceived importance of negative consequences, the hedonic value of the object and the expression of one’s own personality or self, which are very critical to a purchase decision (Kapferer and Laurent, 1985a; Laurent and Kapferer, 1985). Research suggests that involvement in the extension category affects the intention to buy a brand extension in a positive way (Hansen and Hem, 2004). Consumers with high involvement are more venturesome and more willing to try new brands than consumers with low involvement. Moreover, the level of involvement enables consumers to pick up news on additional brands. Thus, we argue that the potential consumers who are involved in and who have a perceived importance for actual product

are more likely to buy the extended brand. In the present context, if the extended product is relevant for consumers and brings more pleasure for them, they are more likely to try new brand extensions. Research suggests that the differential nature of services can trigger a high level of involvement before purchase compared to acquisition of goods (Gabbott and Hogg, 1994; Bateson and Hoffman, 1999). Laroche et al. (2004) also indicate that the three main characteristics of services, human resources participation in the service production, consumer participation and the associated intangibility, produce a higher level of involvement compared to goods. Consumers' involvement in the extension category has a positive effect on attitude towards brand extension. The effect would be greater for services than for consumer durables and FMCG.

Consumers' Perceived risk on fmcg products

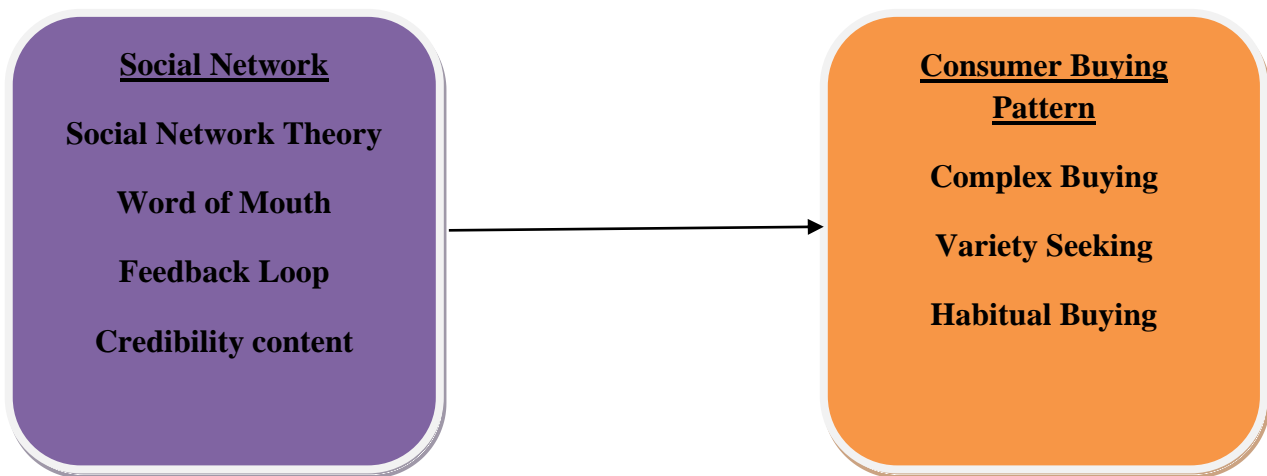
The concept of perceived risk is defined in terms of uncertainty and adverse consequences of buying a product (or service) (Dowling and Staelin, 1994). Brand extension strategies offer new alternatives to consumers but also influence their perception of risk. A recognized brand is considered as a means of coping with perceived risk (Cox, 1967; Roselius, 1973). Past research suggests a relationship between perceived risk associated with extension category and consumer evaluation of brand extension (Hem et al., 2003). However, very few studies have investigated different types of risks such as physical, time, performance, financial, psychological and social risk for brand extension strategies (DeVecchio and Smith, 2005). Existing research suggests that different types of risk exist (Jacoby and Kaplan, 1972; Havlena and DeSarbo, 1991; Murray and Schlacter, 1990), and the importance of each varies across product categories (Kaplan et al., 1974). Thus, we assume that consumers' evaluation of brand extension should be sensitive to the degree and type of risk associated with the extension category. Zeithaml (1981) suggests that the level of perceived risk would be higher for consumers purchasing services as opposed to physical goods because services are intangible, non-standardized and usually sold without guarantees or warranties. Thus, the amount and quality of comprehensible information for consumers is diminished and the level of perceived risk is anticipated to be increased (Cox, 1967; Murray and Schlacter, 1990). Because of intangibility and high experience qualities, services are selected on the basis of less pre-purchase information which may involve high financial, performance and psychological risks compared to goods (Murray and Schlacter, 1990). Based on this, we assume that consumers will perceive high risk for service brand extensions and there should be more reliance on parent brand (risk reliever).

Role of social network

Internet, and generally the web world, has become the most powerful and effective tool for consumers, societies, businesses and corporations with accessible information, social networks and improved communication (Kucuk and Krishnamurthy, 2007; Shabbir et al., 2016). The social network is defined as a binding tool which binds millions of individuals from all across the world on one platform. Few well-known examples are Facebook, Twitter, MySpace, Youtube,

LinkedIn, Instagram, blogs and much more for communicating and exchanging information (Kozinets, 2002; Ellison et al., 2007; Sin et al., 2012). Golden (2011) describes the social media sites as dynamic tools that facilitate online relationships. They are convenient for consumers in terms of the low cost or free marketing, their user-friendly nature and direct and easy contact (Kaplan and Haenlein, 2010). This advantage is being exploited by entrepreneurs in deciding which channel to choose to promote and which is the most cost effective one.

CONCEPTUAL FRAMEWORK



CONCLUSION

The Internet, and generally the web world, has become the most powerful and effective tool for consumers, societies, businesses and corporations with accessible information, social networks and improved communication (Kucuk and Krishnamurthy, 2007; Shabbir et al., 2016). The aim of this research was to investigate the impact of social network on consumers' buying decision behavior, whether positive or negative. The awareness of social media sites among the consumer is growing quite rapidly. People tend to surf for every little information they acquire which became a reason to investigate how the social media influence consumers' buying decision behavior. Quality perception of the parent brand, involvement with extension category, perceived risk and incongruity of extension with the parent brand are influencing factors in forming attitude towards brand extensions. These factors had significant differential effects on consumer evaluation of brand extensions across FDS product types. These results are at variance with the findings of van Riel et al. (2001) and Hem et al. (2003), which reveal perceived quality as the most stable variable across goods and services. On the contrary, our results suggest that

consumers use quality of the parent brand as a more important cue to evaluate service brand extension than FMCG and durable brand extensions. With few search attributes, and their inherent characteristics (intangibility and experiential nature), making decisions about services is much more complex than goods. In that case, the consumer has to rely on the provider's image to make decisions. Present results support this view and add further information on evaluation of brand extensions across FMCG, durables and services.

REFERENCES

Hameed, S. S., Madhavan, S., & Arumugam, T(2020). Is Consumer Behaviour Varying Towards Low And High Involvement Products Even Sports Celebrity Endorsed?.*International Journal of Scientific and Technology Research*, 2020, 9(3), pp. 4848-4852

Anuradha., Arumugam, T., Jan, N.A., [Subramani, A.K.](#)(2019). Social media addiction, culture code and mediation effect of mindfulness: A structural equation modelling access, *International Journal of Recent Technology and Engineering*, 2019, 8(2 Special Issue 3), pp. 1097-1102.

Thangaraja, A. (2018), The Role of Culture Code in Acceptance of internet of things (IoT) among fmcgconsumerS: a positivist approach.*Sadakath : A Research Bulletin*.

A.Thangaraja (2016). The Indispensability of Information Technology in Marketing Intelligence System: A Conceptual Approach, *International Journal for Scientific Research & Development*, Vol. 4, Issue 06

Dr.Ravi P, Thangaraja A (2014).Marketing Intelligence System among Supermarkets In Tirunelveli City: An Empirical Study, *International Journal of Current Research* Vol. 6, Issue, 05, pp.6668-6670

DelVecchio, D. and Smith, D.C. (2005), "Brand-extension price premiums: the effects of perceived fit and extension product category risk", *Journal of the Academy of Marketing Science*, Vol. 33 No. 2, pp. 184-196.

Batra, R., Lenk, P. and Wedel, M. (2010), "Brand extension strategy planning: empirical estimation of brand-category personality fit and atypicality", *Journal of Marketing Research*, Vol. XLVII, pp. 335-347.

Ahmad, N., Vveinhardt, J. and Ahmed, R.R. (2014), "Impact of word of mouth on consumer buying decision", *European Journal of Business and Management*, Vol. 6 No. 31, pp. 394-403.

Alsubagh, H. (2015), "The impact of social networks on consumers' behaviors", *International Journal of Business and Social Science*, Vol. 6 No. 1, pp. 209-216.

Canziani, B., Welsh, D., Dana, L.P. and Ramadani, V. (2020), "Claiming a family brand identity: the semiotics of website storytelling", *Canadian Journal of Administrative Sciences*, doi: 10.1002/ cjas.1543

Frederick, H., Maritz, A. and Mayal, M. (2012), "Testing a practice-based theory of entrepreneurial marketing and social media", *Australian Centre for Entrepreneurship Research*

Exchange (ACERE) and DIANA International Conference, Fremantle, Western Australia, 31 Jan–3 Feb 2012.

Golden, M. (2011), *Social Media Strategies for Professionals and Their Firms: The Guide to Establishing Credibility and Accelerating Relationships*, John Wiley and Sons, New Jersey, NJ.

Hajli, N. (2014), “A study of the impact of social media on consumers”, *International Journal of Market Research*, Vol. 56 No. 3, pp. 387-404.

Hanna, R., Rohm, A. and Crittenden, V. (2011), “We’re all connected: the power of the social media ecosystem. business horizons”, Vol. 54 No. 4, pp. 265-273.

Hawkins, D.I. and Mothersbaugh, D.L. (2010), *Consumer Behavior: Building Marketing Strategy*, 11th ed., McGraw-Hill Irwin, New York, NY.

Heinonen, K. (2011), “Consumer activity in social media: managerial approaches to consumers’ social behavior”, *Journal of Consumer Behaviour*, Vol. 10 No. 6, pp. 356-364.

Kietzmann, J.H., Hermkens, K., McCarthy, I.P. and Silvestre, B.S. (2011), “Social media? Get serious! Understanding the functional building blocks of social media”, *Business Horizons*, Vol. 54, pp. 241-251.

Krause, J., Croft, D.P. and James, R. (2007), “Social network theory in the behavioural sciences: potential applications”, *Behavioral Ecology and Sociobiology*, Vol. 62, pp. 15-27.

Lee, E. (2013), *Impacts of Social Media on Consumer Behavior– Decision Making Process*, Bachelor’s Thesis, Turku University of Applied Sciences, Turku, pp. 1-77.

Miller, R. and Lammas, N. (2010), “Social media and its implications for viral marketing”, *AsiaPacific Public Relations Journal*, Vol. 11, pp. 1-9.

Olanrewaju, A.S.T., Hossain, M.A., Whiteside, N. and Mercieca, P. (2020), “Social media and entrepreneurship research: a literature review”, *International Journal of Information Management*, Vol. 50, pp. 90-110.

Rasouli, S. and Timmermans, H.J.P. (2016), “Influence of social networks on latent choice of electric cars : a mixed logit specification using experimental design data”, *Networks and Spatial Economics*, Vol. 16 No. 1, pp. 99-130.

Smith, T. (2009), “The social media revolution”, *International Journal of Market Research*, Vol. 51 No. 4, pp. 559-561.