

The Role of Advertising in Decoding the Digital Consumer

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Abstract

The term 'Digital Consumer' refers to any person who purchases goods or avails of any service electronically, via the internet. In recent years, with e-commerce and online businesses on the rise, the study of consumer buying behaviour in the digital context has been of much interest. In the Indian consumer's mind however, there still seem to persist certain psychological barriers against going digital. With this backdrop, more and more businesses are realizing the importance of creative strategies and tools to boost their brand equity, and attempting to create a favourable image in the minds of potential consumers. Advertising is one such vital tool, using which businesses aim to bring about a positive change in the existing mindset of consumers. The author aims to deconstruct the role that advertising plays in order to enable companies and brands to understand and remove existing mental blocks, capture a larger consumer base, and convert existing 'offline' consumers into digital consumers.

Relevance of the study

With online shopping seeing a rise world over, and more and more customers preferring the digital route to shop for their product and service needs, it is vital to study the psychological aspects of digital consumers. For online businesses to create a good brand image, a sound

understanding of digital consumers' buying behaviour and their psychological barriers to online shopping is necessary. This would enable the businesses to make use of advertisements that would pointedly target these aspects, and convert more offline consumers into digital consumers. Hence, this study would enable such businesses to perform better, and use advertising techniques more effectively to get, keep and grow digital consumers.

Objectives

This paper entitled 'The Role of Advertising in Decoding the Digital Consumer', seeks to address the objectives outlined as follows:

- To study the growth of digital consumers and factors affecting the same, particularly in the Indian context.
- To analyze the differences, if any, between consumer buying behaviour in today's digital era and conventional consumer buying behaviour.
- To understand the psychological barriers of prospective digital consumers in India.
- To explore the role of advertising as a tool in getting, keeping and growing digital consumers.
- To study the impact of advertising strategies in creating a favourable brand image, using the case study technique.

Research methodology

In this review paper, an extensive analysis of existing relevant literature has been undertaken, with a largely theoretical perspective, in order to study advertising as a tool to influence prospective digital consumers. The conclusions enlisted were arrived at after a detailed

descriptive analysis, with the internet serving as the source of secondary data. The literature reviewed consisted of journal articles, newspaper reports, excerpts from books, blog articles, company reports, and official websites of the brands in the case study analyses.

Introduction

The term 'Digital Consumer' refers to any person who purchases goods or avails of any service electronically, via the internet. For the context of this paper, 'digital consumer' is used in a wide sense and thus it includes but is not limited to ordering physical products via an online platform, booking tickets of various services (airplane and train tickets, movie tickets, booking doctor's appointments online etc.), and purchasing and downloading electronic books, songs, movies.

There has been a rapid increase in e-commerce and internet use in India. A joint study by ASSOCHAM and Grant Thornton indicated that the number of online shoppers was expected to increase from 20 million in 2013 to 40 million in 2016. (Indo-Asian News Service, 2015). The percentage of Indians who are digital consumers indicates the 'digital buyer penetration' in India. According to surveys conducted by Statista, the digital buyer penetration in India is expected to increase from 43.8% in 2016 to 64.4% in 2019. (Refer to Figure 1) (Digital buyer penetration in India from 2014 to 2019). Studies indicate that e-commerce sector is expected to increase exponentially over the next three years. (Maheshwari, 2016).

Factors leading to growth of digital consumers in India

There are several factors or drivers which have led to (and continue to result in) growth in digital consumer base in India, out of which the major ones are:

- Globalization: With the world becoming increasingly flat and with a global convergence in the way businesses and consumers operate, the online interface has seen a meteoric rise in the past few years.
- Technological factors: Increased access to and use of internet has naturally enabled consumers to visit e-commerce and online services websites. Another technological factor is the increase in use of mobile phones. It has encouraged consumers to shop ‘on the go’. With the launch of easy to use apps by many online businesses, it has been observed that mobile consumers make unplanned purchases on impulse – something that marketers can use to their benefit. (Hazan, 2015)
- Convenience factors: The ease of use that comes with shopping online has led to an increase in digital consumer base over time.

Buying Behaviour of Digital Consumers

There are several aspects of consumer buying behaviour that have been studied in the context of the digital consumer, and some of these aspects may not exist for ‘offline’ consumers. Goodridge analyzed six types of digital consumer – basic digital consumers, retail scouts, brand scouts, digitally driven segment, calculated shoppers, and external shoppers. (Goodridge, 2013)

The major determinants which help marketers decode digital consumers are as follows:

- Consumer attitude and intention – A digital consumer may shop online due to utilitarian motivations (that is they shop to solve some problem) or hedonic motivations (that is for fun, fantasy, and enjoyment). (Hirschman & Holbrook, 1982). Babin et al pointed out that for the former category of consumers, shopping was more of an “errand”. (Babin, Darden, & Griffin, 1994)

- Demographics such as the consumer's age, gender, education and income level. (Burke, 2002)
- Personality traits – Over the years, researchers studying consumer behaviour have highlighted personality traits that would be relevant in the context of digital consumers. “Self efficacy” refers to a person's perception of their ability and resources to perform a given task effectively. In the context of digital consumers, this could imply their use of the available technology (computer, mobile application, internet use). “Expertise” is another personality trait which is required for digital consumers to shop online. Another relevant personality trait is the “need for interaction” with other human beings such as salespersons while shopping. Consumers with high need for interaction would therefore prefer physical stores rather than go digital. (Monuwe, Dellaert, & Ruyter , 2004)
- Situational aspects – certain aspects such as the attractiveness of a brick and mortar alternative, time pressure on the consumer, geographical distance could all affect digital consumer's buying behaviour. These would differ from person to person.
- Product related factors – certain product categories lend themselves more to the online shopping model than do others. Examples would include standardized and familiar goods, as well as products that require sensitivity and the consumer may not prefer buying from a brick-and-mortar store. (Grewal, Iyer, & Levy, 2002)
- Previous experience of digital consumer – If a consumer's prior experience of shopping online has been pleasant, he/she would be more likely to remain a digital consumer. However, a negative past experience would be likely to convert the digital consumer to an offline consumer. (Monuwe, Dellaert, & Ruyter , 2004)

Steven Manicom observed certain differences in the buying behaviour of digital consumers when compared with their offline counterparts are:

- Digital consumers do not just compare brands with their competitors, but rather all the different brand elements of the brands they consume. Elements such as quality, customer satisfaction, service are compared.
- Digital consumers place great importance on ease of service, and are quick to complaint on online forums if this is not satisfied.
- Word of mouth, especially on social media and online platforms, is thus very important in the context of digital consumers and can make or break a brand.
- Digital consumers are more likely to be brand switchers. Brand loyalty tends to take a backseat, and instead various brand elements and features are more important.
- Digital consumers possess more information and knowledge about products and services and make informed purchase decisions. (Manicom , 2015)

Psychological Barriers to going digital: Indian context

India's internet user base is the second largest in the world, after China. Despite this, the percentage of population who are digital consumers is relatively low, when compared with other countries such as US or France. (IANS, 2014)

This apparent discrepancy could be better understood in the light of psychological factors and mental barriers that may be preventing more Indian consumers from going digital. From the factors affecting digital consumers' buying behaviour, it can be surmised that some of the perceptual blocks that consumers face while shopping online are:

- Lack of trust (Lee & Turban, 2001)

- Product characteristics – uncertainty about product quality, especially in Indian context where counterfeiting is still rampant and rip-offs of brands are common.
- Uncertainty of shopping online in case of non-standardized or customized products and services.
- Security concerns – such as for online payment.
- Consumers may have a high “need for interaction” factor, and hence may be averse to using a keyboard and mouse to facilitate shopping, rather than salespersons.
- Concerns related to use of technology – Many consumers in India do not have access to internet and computers and even those who do may have apprehensions regarding the same.
- Privacy concerns – as digital consumers have their online purchase preferences and information recorded. (Shinghal & Shekhawat, 2015)
- Image concerns – Gifts purchased through online portals do not seem impressive enough to consumers who may be image conscious and perceive online shopping negatively. Myntra, in its latest ad campaigns attempts to address these concerns (see case study section). (Ramnath, 2016)

Therefore more and more online retail stores and brands, particularly in the Indian context are introducing convenient features such as cash on delivery, possibility of trying on clothing items, good refund, replace and return policies, quality assurances and warranties. Aboobaker highlighted that studying digital consumer buying behaviour and their motivating factors would enable online portals to cater to consumers’ psychological and infrastructural needs better. (Aboobaker, 2014)

The Role of Advertising in creating a Favourable Brand Image

Marketing guru Philip Kotler defines advertising as: “Advertising is any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor”. Essentially, advertising serves the vital purpose of communicating a business’s essential information and persuasive messages to consumers or prospective consumers.

In the context of online shopping, advertising is a vital tool for any online business since it persuades offline consumers to become digital consumers. It does so by creating a positive brand image, and by creating a strong positive attitude in the minds of consumers (or potential consumers). In certain cases, a good ad can even overcome an already existing negative attitude towards the business or brand, and convert that into a neutral or favourable attitude.

In the book “Brand Equity and Advertising: Advertising’s Role in Building Strong Brands” (2009), the authors emphasize that advertising creates an enhanced brand image, and hence is an important factor for increasing a business’s brand equity. Feelings and emotions induced by advertisements are well recalled by consumers. (Aaker & Biel, 2009) Thus, it is crucial that advertisements induce positive feelings which can create memories in consumer’s minds and induce a favourable brand image. At the same time, the content of the advertisement is also important – if some of the blocks relating to going digital are addressed, Indian consumers may get over their fears of shopping online. Effective advertisements could help in overcoming the psychological barriers discussed previously.

Amazing Amazon and the Myntra Mantra: Case study Analyses

Of late, several online portals have been offering attractive terms such as easy returns, good quality products, cash on delivery, to dispel fears of consumers to go digital. (Neogy, 2016)

Two brands which have utilized this approach of using advertising as a tool to overcome psychological barriers, and to enhance their brand image, particularly in the Indian context are Amazon (a foreign company that entered the Indian E-commerce space) and Myntra (an Indian company).

AMAZON

Amazon was founded in July 1994 by Jeff Bezos, who aspired for it to be “Earth's most customer centric company... a place where people can come to find and discover anything they might want to buy online.” (As written in the company's vision statement). Bezos had decided to name his company “Amazon” because of the reason that it represented a place that was “exotic and different”, and that his store should be the online equivalent of the Amazon River - the “biggest” in the world. (Byers, 2006) From being a seller of books in its initial stages, Amazon has evolved over the years into a diverse marketplace – inching closer to its founder's vision.

Amazon forayed into the Indian E-commerce space in 2013, and according to industry estimates, it now holds 21-24% market share in the industry, making it the second largest online marketplace after Flipkart. (Chanchani, 2016) Some of the factors working in its favour as highlighted in an online report (Bhasin, 2015) are:

- Customer oriented approach and good Customer Relationship Management (CRM) practices.

- Cost leadership
- Efficiency in operations - strategic alliances with suppliers and logistic providers
- GLOCAL strategy i.e. “Go Global and Act Local” that enables Amazon to create a strong market position and hold its own against domestic competitors.
- Acquisitions of local firms such as “Zappos.com”, “Junglee.com”, “imdb.com” in India, has proven to be a good strategic step.

Amazon India’s advertising and positioning focuses on building a connect with Indian audiences. The company realizes that advertising is a vital tool to transform consumer attitudes towards online shopping, and to build a strong brand image so that more consumers are encouraged to go digital.

Amazon’s television advertisement campaigns in India have thus made use of phrases such as:

- “Aur Dikhao” – a typical phrase used by Indian consumers when they want the retailer to show them more variety in the products they are looking for. This fits in well with the positioning Amazon wishes to create for itself – the online portal offering maximum choices.
- “Kya Pehenu” – “What should I wear?” a question consumers ask themselves every day, and that Amazon seeks to answer through its online fashion offerings.
- “Apni Dukaan” – a phrase consumers use when they rely on a shop and are familiar with it.
- The new “Mom be a girl again” campaign attempts to form an emotional connect with Indian viewers. The socio-cultural context of India places a strong emphasis on the

mother and child bond, and Amazon seems to be highlighting this as well as the role of women. (ETBrandEquity, 2016)

Moreover, the ads themselves typically feature people from all age groups and cultures, for better mass appeal and targeting.

Amazon India spokesperson said that the advertisement campaigns feature “easy returns and access to genuine products that essentially build customers' trust and confidence in shopping on Amazon.in”.

(Gupta & Gupta, 2016)

MYNTRA

Myntra is an Indian fashion online portal, that was founded in 2007 by Mukesh Bansal, Ashutosh Lawania and Vineet Saxena – graduates from the Indian Institute of Technology. The brand’s initial focus was on personalized gift items, which later shifted to online apparel retail. In May 2014, Myntra merged with Flipkart to compete against Amazon in the online space, as well as several offline retailers.

Flipkart (and Myntra) were the market leaders in the online retail space in India, as of March 2016. (Chanchani, 2016) Myntra won the title of "India’s Most Admired & Valuable Power Brand Award 2016" at the 7th Annual India Leadership Conclave & Indian Affairs Business Leadership Awards 2016.

Myntra’s 2016 advertisement campaign with the tagline - ‘Try Myntra. You’ll love it.’ , aims to dispel the psychological barrier that consumers have about going digital – clothing items purchased through e-retailing portals as gifts don’t seem impressive or ‘good’ enough. The

Executive Creative Director of Taproot Denstu said that the brand had a problem – people were purchasing online, but had certain fears when it came to buying clothes online. (Neogy, 2016) This campaign specifically targets these 80 million “offline consumers”, who have such inhibitions and hence do not become Myntra’s digital consumers for fashion related purchases. (Ramnath, 2016)

To tackle further common psychological fears, Myntra also tries to provide a good customer experience with policies such as alteration, exchange, ‘Try and Buy’, and ‘quality check at doorstep for returns’. (Ganguly & Shrivastava, 2016)

Thus, Myntra effectively employs good advertising strategies coupled with customer oriented policies and offers, in order to ensure a favourable brand image. This works in its favour to convert more offline consumers into digital consumers.

Key findings of the study

- A sound understanding of and extensive research into the psychology of prospective digital consumers is a necessity if brands wish to survive in today’s rapidly growing digital era.
- Digital consumers differ in their buying behaviour, needs and expectations when compared with traditional “offline” consumers. Marketers must note these changing consumer preferences if they wish to successfully engage with digital consumers.
- By analyzing case studies, it can be surmised that advertising plays a vital role in persuading consumers to go digital, and it is a tool that can be used to break through psychological prejudices against being a digital consumer.

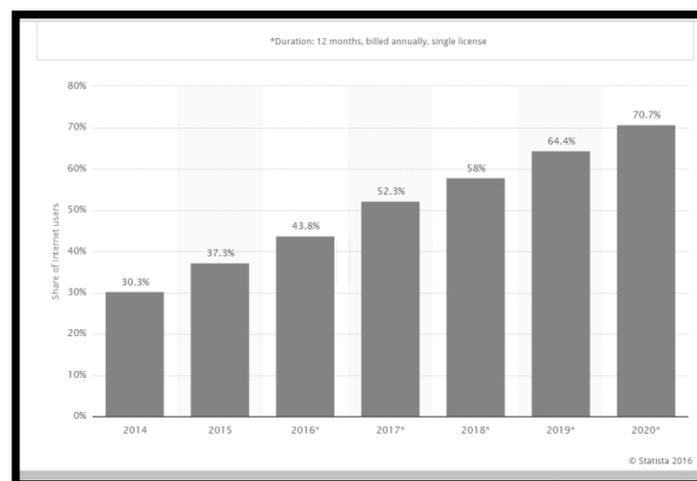
- Advertising that takes into account cultural and social factors, has been seen to successfully influence its target audience, and create a favourable brand image.

Implications of the study

Since this paper presents a conceptual framework to understand the psychological processes and consumer buying behaviour of digital consumers, future researchers can attempt to undertake a quantitative analysis of the same. Marketers and businesses would benefit from a sound understanding of digital consumers' buying behaviour. This would enable them to tailor their advertising in order to increase and sustain brand equity. It is apparent that existing e-retailing giants understand the power of good advertising that keeps in mind the socio cultural background of the target audience, as well as their typical buying behaviour. Advertising is a vital tool for these brands to dispel myths and overcome psychological barriers about online shopping, it helps them build brand equity, and when used in tandem with good customer-oriented policies, encourages more offline consumers to go the digital way.

Figure 1: Bar graph indicating current and expected digital market penetration in India.

(Digital buyer penetration in India from 2014 to 2019)



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