

New developments in marketing communications and consumer behavior

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Abstract

In this special issue of the *Journal of Business Research*, some new developments in marketing communication and consumer behavior will be sketched. The developments pertain to price communication, consumer information processing and attitude change, brand loyalty, memory for radio advertisements with the help of mnemonic devices, and the impact of sales promotion on store choice. The five papers of this special issue were selected from the papers presented at the second International Seminar on Marketing Communications and Consumer Behavior, held at La Londe les Maures, France, June 3–6, 1997. © 2001 Elsevier Science Inc. All rights reserved.

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1. Introduction

The end of this millennium is a time of considerable change. People living in earlier periods may have experienced similar feelings but this time, some real changes will affect marketing management. Many markets are saturated leading to increasing competition between brands and more product differentiation. Large segments of consumers request high-quality products and services and individualized relationships with service providers. They want more value for the same price or even for a lower price.

Social and technological developments create new options and possibilities for consumers and for marketing management, e.g., keeping track of individual customer data and individual customizing. At the same time, these developments may make traditional mass marketing approaches obsolete. Technological and social trends interact. In general, technological developments are successful if they fit into social developments and trends.

The consequences of these trends for marketing management are related to distribution, pricing, retention marketing and marketing communication. Changes in marketing communication are needed to accommodate these trends and developments. Actually, marketing communication may

encompass the other marketing-mix elements of product, price, and distribution.

2. Distribution

The distribution of goods and services faces market saturation as well. Retailers have to rethink their position on the value chain. Direct marketing and selling through the Internet may disintermediate retailers. If it becomes easier for consumers to buy books with Amazon.com, booksellers with expensive stores will have a problem. Other retailers add enough value with their pre-selection of product assortments or with additional services to ascertain their place in the value chain.

Anyway, in order to keep customers and to increase their turnover, retailers develop programs to increase customer loyalty. These approaches are short-term and long-term oriented. Stamp saving, affinity and club programs have a long-term perspective. Store promotions are more short-term oriented and aimed to attract customers and increase turnover. Volle (1998) investigated the short-term effects of store promotions such as weekly flyers, radio and outdoor advertising, on grocery store choice. However, his study shows that these store promotions have a weak effect. Store choice is mainly driven by long-term factors such as store loyalty. However, sales promotions may be instrumental in informing loyal customers about the assort-

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ment and thus reinforce their loyalty with information, price discounts and premiums. Volle did not find an effect of domain-specific variables such as shopping involvement, attitude toward the purchase of products on promotion, and search for promotional information. Store loyalty, however, played a 'moderating' role in the effect of promotional offers on store choice.

3. Retention marketing

Retention marketing is the managerial approach to focus on retaining present customers rather than just attracting new customers (Christopher et al., 1991). Customer loyalty and relationships are thus becoming more important issues in such an approach than just transactions and repeat purchasing (Vavra, 1992; Dick and Basu, 1994; Zikmund and d'Amico, 1995). Volle (1998) did include customer loyalty in his study on store choice.

Odin et al. (1998) studied the concept of consumer brand loyalty. Repeat purchasing behavior of a brand may be based on brand loyalty or just on inertia to look for other brands. Brand loyalty is the conviction or attitude that the selected brand is in some ways the best brand to buy, in terms of superiority over other brands or best value for money. Brand loyalty is not just based on inertia.

Repeat purchasing behavior is only based on brand loyalty if a high level of brand sensitivity is present. Only if consumers evaluated the available brands and made a deliberate choice for one of these brands, brand loyalty is present. Brand loyalty is then an attitude, expressed in repeat buying behavior. Otherwise, repeat purchasing is inertia to stay with the present brand. Odin et al. (1998) developed a scale to measure brand loyalty and tested the reliability and validity of this scale.

4. Pricing

Pricing strategies of firms could be based on consumer information processing and ranges of price acceptability. Prices could also be based on the prices of competing products in a given market. Chandrashekar (1998) examines how the number and type of internal reference prices of running shoes affect the process of evaluating retail prices. This is strongly affected by consumer involvement in the product category. Types of reference prices include the fair price, the reservation price, the lowest observed price, and the normal price. Consumers seem to use these different reference prices in a non-unitized way, i.e., each of these reference prices has a direct effect on the perception of offer value, and thus on value for money, attractiveness of the deal, and willingness to buy.

Managers may use different strategies for consumers with low and with high involvement. For low-involvement consumers, firms should attempt to raise the fair and/or

normal price. For high-involvement consumers, firms should attempt to raise the reservation price. In general, from a firm's perspective, prices should be set to maximize consumers' perceptions of product value.

Note that sales promotions (Volle, 1998) constitute a type of temporary pricing strategy to promote sales and attract new customers.

5. Marketing communications

Marketing communications and sales promotions are not only used to attract new customers but now more and more to reinforce and to retain loyal customers. In both cases, it is important to study the processing and effects of marketing communication under different conditions and for different segments of consumers.

Chebat et al. (1998) study the impact of advertisements with open or closed conclusions. It is expected that consumers under high-involvement conditions will pay more attention to the advertising, process the information in a deeper way, be able to draw their own conclusions, and thus prefer open conclusions in the advertisement. However, Chebat et al. found the opposite in their study. Consumers under low-involvement conditions reach deeper levels of information processing, and thus more positive attitudes. Involvement is not a simple construct; it contains many different dimensions, e.g., perceived risk. Each of these dimensions may lead to different effects, and prior knowledge on the topic of advertising also determines information processing. It is concluded in this study that consumers reach deeper levels of information processing under low involvement when they have prior knowledge and perceive low risk of the product or service.

The results of the study by Chebat et al. confirm some aspects of the Elaboration Likelihood Model, i.e., the effect of open vs. closed conclusions as a 'cue' with an effect under a low-involvement condition. The results run counter to the hypothesis that under high involvement, the level of information processing will be deeper.

Smith and Phillips (1998) study age differences in memory for radio advertisements. Actually, they did not find age differences in recognition and recall, both immediately after the exposure and 7 days later. However, they found differences for rhyming mnemonics (memory aids). A rhyming version of the radio advertisements was better recognized and recalled than a non-rhyming version for all age groups.

6. Conclusions

For this special issue, the best papers of the international research seminar on marketing communications and consumer behavior were selected. These papers show recent developments in several areas, such as store choice, sales

promotion, brand loyalty, consumer evaluation of retail prices, effects of advertising with open vs. closed conclusions, and memory effects of rhyming mnemonics. Many more topics were covered at the seminar, but it is impossible to represent all these topics in this special issue.

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