

IMPACT OF INTERNAL AND EXTERNAL PROMOTIONAL VARIABLES ON CONSUMER BUYING BEHAVIOR IN AN EMERGING ECONOMY – AN EMPIRICAL STUDY

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Abstract

The purpose of the study is to investigate the impact of promotional and the word-of-mouth variables on consumer buying behaviour in the fast-emerging economy of the Sultanate of Oman with a population of 4.6 million including about 2.0 million expatriates. From our study it emerges that, all the promotion-mix variables have a significant impact over the consumer buying and decision making behaviour, but surprisingly there are no takers for the word of mouth variables. The advertising, internet, direct marketing and others have more impact, and sales promotions and external variables have less impact. The study helps firms and public authorities to seek excellent strategies in deciding the best product promotions and also to achieve the Omani government goal of 81 per cent of non-oil GDP by 2020.

Keywords: *Promotion mix variables, external variables (word of mouth), consumer buying behavior, mobile communication services, construct analysis*

Introduction

In today's competitive world, consumers receive billions of pieces of information from umpteen sources related to buying different products and services. The 'tonnes' of information tends to create a lot of confusion in the minds of consumers, (Sakkthivel, 2010; Amponsah and Ahmed, 2017). Companies spend billions of dollars in businesses to design effective business promotional-mix strategies to reach measures, and influence target consumers to buy their products and services. Although there are many

businesses efforts to reach the target consumers, there may also be some external forces influencing consumer buying and decision making towards given products and services. The said forces may be called the word-of-mouth factors such as the influences of friends and relatives, bosses, elders of the family and clan, role models, etc. To counter this, the companies tend to use different promotional measures, such as advertising, sales promotion, direct marketing, corporate communications, internet and

such in order to reach and influence the target consumers.

It's imperative to study the influence of the aforesaid promotional measures strategies on consumer buying behaviour in order to identify the degree to which the aforesaid variables impact the consumer buying behaviour. Hence, this study sets itself to identify and select the major promotional and non-promotional variables that influence the consumers' business or demand behaviour in respect of mobile communication services in the emerging market economy of the Sultanate of Oman.

The promotion mix variables are: advertising, sales promotion, direct marketing, internet, etc., which are internal to the firm. The non-promotional external variables are: word-of-mouth, opinion/reference groups, boss, elders, role models etc. Customer care is used in the study as the direct marketing variable, as customer care is used to reach the consumers in the market selected for the study. Excluded are corporate communications (public relations) as the said variables are not effectively used by the companies in the market selected for the study. Thus, promotion mix variables are: advertising, sales promotion, direct marketing (customer care) and internet. A model is built on these variables for the purpose of this study, and for further research on the problem. This modest exercise is significant by itself and as a contribution to marketing theory from an Arab perspective. The study is organized around: Introduction, Literature Review, Objectives and Methodology, Data and Analysis, Implications, Limitations, and Further Research.

Literature review

Numerous studies have been held to understand the role of promotion in influencing consumer market buying behavior. However, these studies do not

include all the variables that have been selected for this study in order for it to identify and build a model of variables that would demonstrate an impact on consumer buying behavior. Also, none of the studies has attempted to identify the degree of impact of the variables on the consumer buying behavior. Hence, the problem defined for the study is to identify and bridge the gaps from the earlier studies, in order to provide a comprehensive model of the variables that would have an impact on consumer buying behavior. The exercise is conducted in the Arab Sultanate of Oman, with a sample of 55 customers from the place of Sur.

A study by Nicolas et al. (2020) explores the development of consumer behavior research trends that show high-frequency keywords at different time periods using the bibliometric methods to analyze publications between 1990 and 2017. The study shows the evolution of keywords to reveal emerging topics which includes "advertising," "consumer behavior," "trust," "innovation," and "customer satisfaction."

Peter and Olson (2005) discuss the role of Marketing strategy as a set of stimuli that is integrated via a differing mix of strategies such as product, price, place/distribution and promotion intended to enhance consumer buying of one's goods and services. Boone and Kurtz (2003) argue that Marketing is the process of planning and executing the conception, pricing, promotion and distribution of goods and services in order to create and maintain relationship that will satisfy the customers and the companies' alike. It's successful sale of goods and services through various devices such as advertisement is evident in a big way, starting with appealing to the present and prospective customers. One has to advertise one's own virtues and bring them to the greater public notice and attention. In addition, Vitale et al. (2010), through a study, have found that

the marketing concept is the part of the promotion mix which is vital to reach, attract and influence the target consumers in order to help the companies achieve their strategic goals.

Promotion means marketers talk to the existing customers and potential buyers to convey a message about the organization, product or some other element of the marketing mix, such as the new low price being offered during a sale period. Promotion is taking very innovative forms, for example, marketing today is picking up product brand ambassadors, who are using very innovative ways to convey the product qualities and virtues, price and other incentives for an aspiring consumer public (Ahmed and Kumar, 2016).

Product promotion is the communication to build and maintain relationships by informing and persuading one or more audiences to view an organization more positively and to accept its products. It is needless to say that promotion mixes are getting expanded from simple salesmanship to say, gifts, prizes, buy now and pay later, home free deliveries, and so on. Chitty and Barker (2005) explain the role of Sales promotion, which is often simply referred to as 'promotion' is incentive used by a manufacturer to encourage distributors, such as wholesalers, retailers or other channel members and consumer to buy a brand. It is business to business promotion which starts the chain of marketing going further to business and consumer.

Lindgern and Shimp (1996), highlight the role of personal selling as a form of person to person communication in which a salesperson works with prospective buyers and attempts to influence their purchases in the direction of his or her company's products or services. The degree to which personal selling is used by a company in its promotional mix depends on the product, selling costs, customers' needs and customers'

locations. Celebrity endorsement of a brand has a direct impact on purchase intention (Singh and Banerjee, 2019). Kim and Jin (2019) explored the collaborative consumption motivations for consumer goods and identified the different dimensions for it.

Lou and Yuan (2018) study is based on the influence of social media on marketing decisions which is found to be quite substantial. The sway of social media in opinion formation regarding trustworthiness of brands is found to be considerable. The study is based on a survey of social media users, suggesting its authenticity. Maslowska et al. (2020) through a sample study of 74 on-liners tell us that online reviews can play a significant role in the consumer decision-making processes and uses eye tracking to investigate how consumers attend to product pages. The results show product-related information is most important for the consumers, who also spend time on review-related information, particularly the review text and reviewer information.

Zwanka and Bluff's, (2020) study the potential impact of the COVID-19 pandemic on global consumer traits, buying patterns, global interconnectedness and psychographic behavior, and other marketing activities by birth segments. Baby Boomers, Millennials, Centennials, show a long-term behavioral shifts due to the COVID-19 pandemic and the resulting shifts in consumer behavior in all countries. This is one of numerous studies that have been done to identify the influence of group influences such as of peer groups, opinion or reference groups, on consumer buying behavior (Solomon, 2016; Philip and Ashworth, 2020). There are studies to understand the role of marketing information on consumer buying behavior that might have been conveyed to the target consumers through different promotion mixes and external – word-of-mouth variables (McDonald and Sharp, 2000; Burnett,

2003; Tulay, 2003; Girard and Dion, 2010); Kircher and Postlewaite, 2008; Kurtz, 2008; Peter and Olson, 2005; Ahmed, 2013 & 2017; Khenfer, et al. 2020).

Of special interest is Sakkthivel and Sriram (2011) Omani study on acumen and risk-taking behavior of Omani entrepreneurs, which is an interesting study. Another revealing study of Sakkthivel (2011a) is on the influence of the external and internal factor on the marketing behavior of consumers in respect of consumer durables in a developing economy in Oman with \$79.3 billion GDP and \$16,424 per capital (World Bank, 2020).

The Arab region is a distinct socio-economic-cultural region, which is an economic ascendancy (Ahmed and Rafiuddin, 2018). As such the extensive region's principalities like Oman appears to offer a good testing grounded for modern multi-variable marketing theory, adding to it an interesting Arab dimension. Omani's are expected to be discerning or differentiating consumers. A sample study is made of the problem under investigation with 58 consumers from whom variables-influence data was collected. The study is expected to give insight into

the factors of consumer demand, not only in the Sultanate of Oman, but also the vast and Arab world in general, which occupies a strategic place in consumer marketing.

Objectives and methodology

To know the impact of promotional and non-promotional factors of demand in Omani mobile marketing, to find out the relative weightage of the factors of demand and to suggest a suitable marketing strategy for mobile marketing or variables in mobile marketing in the Sultanate of Oman.

- H1: There is a significant impact of promotional mix strategies on consumer buying behavior towards mobile communication services
- H2: There is a significant impact of External - Word of Mouth (influence of peer groups, opinion groups etc.) on consumer buying behavior towards mobile communication services.

3.1 Research Model

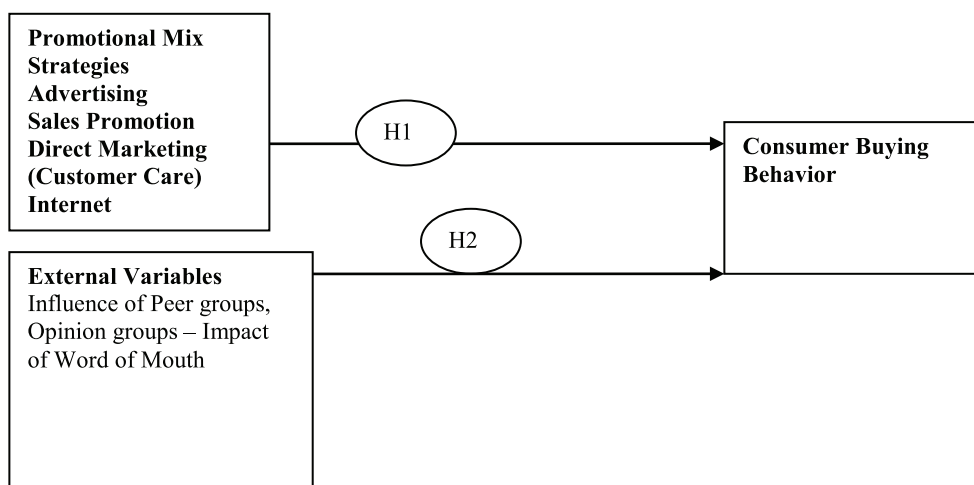


FIG 1: RESEARCH MODEL

3.2 Methodology

The study uses the exploratory and causal research design as it explores and intends to identify the impact of promotional mix variables of advertising, sales promotion, direct marketing customer care, internet etc., variables and external variables of influence of peer groups, opinion groups – word of mouth on consumer buying behavior towards mobile communication services.

The study was conducted in Sur, Sultanate of Oman which represents the target population selected for the study. The study was conducted among students,

Sakkthivel and Sriram, 2011; Sakkthivel, 2011) to identify the high to low impact of the selected variables on consumer buying behavior towards mobile communication services. Cronbach Alpha Reliability Analysis is conducted to test the validity of the collection of the instrument data which produced a .699 response.

Results

4.1 Identification of the impact of significant impact of promotional mix strategies on consumer buying behavior towards mobile communication services

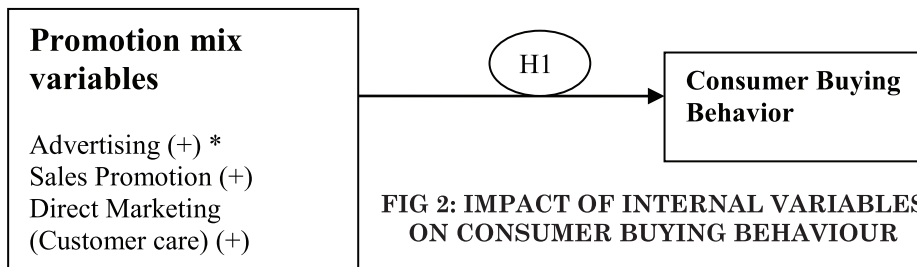


FIG 2: IMPACT OF INTERNAL VARIABLES ON CONSUMER BUYING BEHAVIOUR

employees (private and govt.), businessmen etc. The quota sampling technique has been used to collect primary data from the target respondents. The primary data was collected from 58 respondents (N= 58) who had been selected for the analysis. A structured questionnaire was used to collect the response from the target respondents. The questionnaire consisted of 5-point Likert scale responses (strongly agree.... strongly disagree). It was used to identify the impact of the promotion mix (advertising, sales promotion, direct marketing (customer care) internet etc.) variables and external variables (influence of peer groups, opinion groups – word of mouth) on consumer buying behavior towards mobile communication services. A T-Test is used to test the hypotheses and construct analysis (Sakkthivel, 2010;

*+/- denotes the positive or negative impact of the variables

One sample T-Test (2- tailed, 95% confidence interval at 57df), held to identify the impact of promotion-mix variables such as: advertising, sales promotion, direct marketing (customer care), and internet on consumer buying behavior of mobile communication services. This revealed the promotion-mix variables as follows: advertising (p<0.05), sales promotion (p<0.05), direct marketing (customer care) (p<0.05), and internet (p<0.05) are found to have first a positive (+) impact on consumer buying and decision making behaviour towards buying mobile communication services. The results in Fig-2 portray the impact of promotion-mix variables on consumer, buying and decision making behaviour, upholding

H1.

4.2 Identification of impact of External – Word of Mouth (influence of peer groups, opinion groups etc.) variables on consumer buying behavior towards mobile communication services

Fig 3: External Variables Impact on Consumer buying behaviour of mobile phones

One sample T-Test (2- tailed, 95%

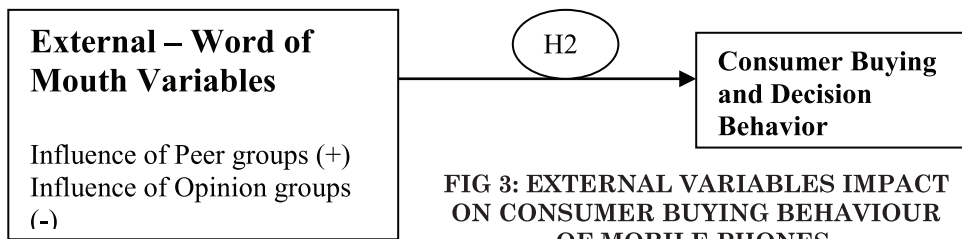


FIG 3: EXTERNAL VARIABLES IMPACT ON CONSUMER BUYING BEHAVIOUR OF MOBILE PHONES

confidence interval at 57df) held to identify the impact of external – word of mouth (influence of peer groups, reference groups consumer buying behavior towards mobile communication services influence of peer groups (p<0.05) is found to have a significant impact on consumer buying and decision making behaviour, whereas the influence of reference groups (p>0.05) has no significant impact over consumer buying and decision making behaviour towards mobile communication services. It is evident from the results that the consumers are influenced by peer groups, however, reference groups found to elicit no influence. Thus, the results of the external variables are mixed, being positioned in respect of peer groups, but negative (-) concerning opinion groups, meaning mobile services consumers are, by and large, independent or self-dependent in their decision making.

Degrees of influence

It is imperative to understand the degrees of influence of the promotion-mix variables and external – word of mouth varia-

bles on consumer buying and decision-making behaviour, which would provide a much-needed cue to the corporates to focus on the variables that would have high to low impact on consumer decision making. This information would help the companies to design effective promotion mix strategies, in order to reach the target consumers and influence them to make their buying decisions. Construct analysis (Sakkthivel and Sriram, 2011; Sakkthivel, 2011) is made

use of to identify the high impact to low impact promotion mix and external – word of mouth variables on consumer buying and decision-making behaviour towards mobile communication services in high mobile use concerning the Sultanate of Oman.

The construct analysis is done by summing up the total scores of all the variables taken to identify the impact of consumer buying behaviour and identify the mean value by dividing by total number of samples selected for the study. The sum of the mean values of all the variables pertaining to a particular construct is divided by the no. of variables pertaining to that construct viz. advertising.

$$f(PMEi) = \left[\sum Cj / Cn \right] \left[\sum_{i=1}^n Si / n \right]$$

4.3 CONSTRUCT ANALYSIS MODEL

(PMEi) = Impact of Promotion Mix and External – Word of Mouth Variables on Consumer buying behavior

Si = Agreement level score of the respondents towards the influence of promotion mix and external – word of mouth variables

Cj = Sum of Constructs score

Cn = No. of constructs taken

The above model produces result of the constructs that have high to low impact values ‘i’ denotes the agreement level score, ‘j’ denotes the sum of constructs scores, and ‘n’ denotes the number of respondents and number of constructs taken for the study and analysis. The number of questions asked is grouped into constructs such as marketing information variables. These scores are arrived at from the constructs in terms of mean values which are interpreted from the highest to the lowest values, and given ranks as 1,2,3...n. The highest score denotes the highest impact on consumer buying behavior and so on. The sum of the mean values of constructs has been divided by the number of constructs selected for the study and the mean value arrived at was considered the midpoint. The mean values of the constructs above the mid-point are high impact variables,

and vice versa. Accordingly, advertising (c=3.96) secures 1st rank, followed by Internet (c=3.86), Direct Marketing (Customer care) (c=3.76), Sales Promotion (c=3.72) ranking 2, 3 & 4. The External - Word of Mouth variables (c=3.33) Ranked 5th in influencing consumer buying behavior towards mobile communication services.

In order to identify the high to low impact promotion-mix and external – word of mouth variables on consumer buying behavior, the sum of the mean values of constructs is divided by the number of constructs (advertising, sales promotion, direct marketing (customer care), internet, word of mouth variables) selected for the study, and the mid-point arrived at is (mv=3.72). The mid-point or mid value is an indicator to identify the high and low impact promotion-mix and word of mouth variables on consumer buying behavior towards using mobile communication services in Sur, in the Arab ic country of Oman, which is a member of GCC which is kin to an Arab Common Market. It is evident from the given results that the consumers are primarily influenced by advertising, internet, and direct marketing (customer care), whilst making decisions regarding mobile communication services.

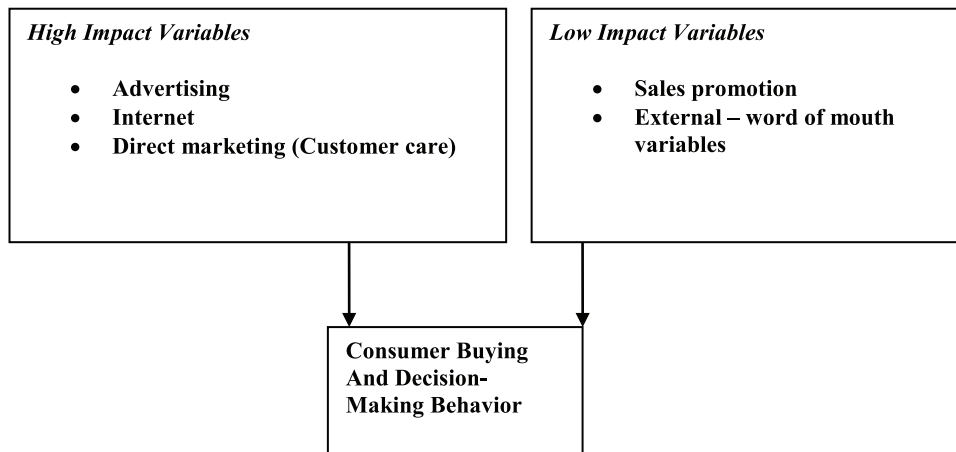


FIG 4: MODELLING OF HIGH AND LOW IMPACT PROMOTION MIX VARIABLES ON CONSUMER BUYING AND DECISION-MAKING BEHAVIOUR

5. Conclusion and Managerial Implications

The study unearths the promotion-mix and word-of-mouth variables which have significant impact on consumer buying behavior towards various mobile communication services in Sur city of Oman, for which the exercise, which is the first of its kind, has good tidings because all advertising tools are proved to be good promotional tools. But it was surprising to notice that only few takers for peer group buying advices in mobile purchasing. This finding is not in line with, for example Solomon et al. 1999). Surprisingly, the influence of opinion groups is negative (-).

The aforesaid results provide a much needed cue to the managers on the impact of the promotion mix and external word-of-mouth variables of consumer buying behavior which, however, is of different degrees. The managers could understand the degrees of influence of the different variables on consumer buying behavior and act accordingly. There are high and low impacts promotional and word-of-mouth variables, which provide a holistic view of marketing to help the marketing managers design effective mix strategies to reach and influence target consumers using mobile communication services in Oman. In Oman, mobile use is quite wide spread, and presently, advertisement is not a mobile phone promotional measure. Advertising is making mobile products and services known through print and electronic mediums and other means. Then there is the internet as another promotional tool, with the net having made forays into every household through smart phones. These results are consistent with the results of the previous research studies of (Lindgem and Shimp 1996; Chitty and Barker, 2005; Kurtz, 2008; Lou and Yuan, 2018). In sum, there

are five avenues of marketing mobile phone services in the Sultanate of Oman, namely: advertisement, net sales promotion, direct marketing, customer care, and informed peer group in the descending order of importance.

6. Limitations and Future Research

The study of mobile phone marketing in the Sur city of Oman is influenced by promotional and non-promotional factors bringing out some interesting and valid outcomes. It has, however, limitations of time, data, sample, space or region. It is needless to say that the dynamics of marketing change over time and space, products and services, sample, etc., which call for further research on the problem of demand determinants.

The researchers, for example, could not include indirect information variables in the study, which would have provided a comprehensive view of the problem. There are gender class, income, age, locational (Rural-Urban), educational angles to the problem, which could be the areas of research on the problem.

For example, do Brand Ambassadors sway the demand for goods and services? It is an interesting topic of future research on the problem. Thus, the field is wide open for any amount of future research. The future researchers may also attempt to test the impact of marketing information variables, individually, on consumer buying behavior, which may provide a comprehensive view.

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