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**INFLUENCE OF ADVERTISING INCENTIVES ON CONSUMERS
IN THE DIGITAL ENVIRONMENT (RUSSIAN EXPERIENCE)**

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Abstract

The article provides an analysis of the evolution of consumer behavior in terms of various scientific approaches. The main factors affecting consumer choice are highlighted. Based on a review of theoretical works in the field of consumer behavior, the main approaches to the classification of factors of consumer preferences are identified and their main groups are identified: economical, sociological, psychological, marketing. It is noted that these approaches relate mainly to consumer behavior in an offline environment, which limits the possibility of their use in modern conditions. In this connection, the authors separately pay attention to the factors of consumer behavior in the online environment, give approaches to their classification and assess the possibilities of using advertising and neuromarketing incentives for consumers. The main directions of changing the behavior of modern consumers in online advertising are identified. The authors conducted a marketing study of 400 respondents in order to identify the main advertising incentives aimed at changing consumer behavior in a digitalized society. The main questions of the questionnaire concerned making purchases through modern digital technologies (online); features of consumer behavior in aggregators / marketplaces, mobile applications and instant messengers; consumer perceptions of online advertising; the impact of social networks on consumer behavior. As a result, conclusions are drawn about the peculiarities of the relationship of various consumer groups to advertising incentives in the digital environment.

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Keywords: Consumer behavior, marketing, buying decision, model, factors, Internet.



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1. Introduction

The concept of consumer behavior is one of the fundamental concepts in modern economics and marketing. The theory of consumer behavior, the first prerequisites of which appeared in the works of Adam Smith and David Ricardo in the XVIII century, is inseparably connected with the social and psychological spheres, and the general patterns of consumer behavior in a particular market or country affect its economic condition and development.

2. Problem Statement

From the economic point of view, consumer behaviour can be considered as a set of actions related to the acquisition, disposal and consumption of goods and services, which also includes the process of making a purchase decision, factors influencing the decision and the reaction to the acquisition. From the marketing point of view, it is a section that examines the patterns of consumer behaviour, the process of making a purchase decision, the impact of advertising on that decision, the response to the product or service purchased and other factors related to these aspects. In addition, an understanding of the basic principles of consumer behavioral theory allows us to answer such questions as: "How does the consumer's decision form?", "What are the factors that can influence the decision-making process?" and "What does happen in the consumer's mind?"

Consumer behaviour theory has led to the creation of many models of consumer behaviour. These models describe the response to the marketing stimuli, as well as a simulated image of an individual as a person and as a consumer of the products he or she purchases to meet his or her needs. There are different classifications and groups of such models: economic groups (socio-economic, economic-mathematical and organizational-economic), simulation models (physical and analogue), psychological models (gestalt models, behavioral, cognitive, socio-psychological and economic-psychological), experimental models (single-factor and multi-factor) and a matrix of consumer behavioral patterns that allows manufacturers to identify typical consumer behavioral patterns and, later on, to correct their strategies taking these patterns into account or to form new ones (Kotlyarov, 2012).

Factors influencing consumer behaviour have also been classified and described in various scientific works. The analysis of fundamental basic works in marketing sphere has shown (Lambin, 1993; Kotler & Gary, 2016; O' Shaughnessy, 1988) that there are three directions to study the mechanism of consumer behaviour formation: the analysis of consumers' individual characteristics, the incentives of external environment and the marketing complex.

The following methods of collecting information about consumers are used: statistical analysis, questionnaires, telephone interviews, observation, focus groups, experiment (including neurotechnology), method of expert evaluations.

There are several key individual (internal) factors of consumer behavior that influence the behavior of the end user when making a purchase:

- physiological characteristics of the consumer;
- education and occupation of the consumer;
- internal consumer culture,

- consumer's psychological characteristics
- consumer's income.

The external environment factors that form consumer preferences include: macroeconomic, political, social and geographical factors.

Marketing impact factors include: product management, marketing communications, pricing and product distribution policy.

The following approaches are distinguished when considering factors of consumer preference: economic, sociological, psychological, marketing (Table 01).

Table 01. Approaches to the classification of consumer preferences

Name of the approach	Description of the approach
Economic approach	Based on the assumption that the consumer is rational and guided by the rules of maximizing utility. Following consumer preference factors are analyzed: <ul style="list-style-type: none">- consumer's income level;- price of the product;- characteristics of the product;- the ability to replace one product with another.
Sociological approach	Based on the assumption that the main role in consumer behaviour is played by the social environment to which the consumer belongs or wants to belong. Following consumer preference factors are analyzed: <ul style="list-style-type: none">- social factors;- cultural factors.
Psychological approach	Based on the assumption that the main role in consumer behaviour is played by the consumer's inner qualities. Following consumer preference factors are analyzed: <ul style="list-style-type: none">- psychological characteristics of the consumer;- type of personality;- the consumer's life experience.
Marketing approach	Based on the fact that consumer preferences are influenced by a set of factors: <ul style="list-style-type: none">- individual customer characteristics;- marketing impact;- external environment, taking into account the economic, political, social and geographical aspects of environmental impact.

When it comes to analyzing consumer preference factors, the model of consumer behavior, developed by Ph. Kotler is the most commonly used. In this model the factors, which encourage the consumer to make a purchase, are included. Among them are the elements of marketing complex and environmental factors: economic, scientific-technical, political and cultural factors. By influencing the consciousness of consumers ("black box"), this set of factors forms consumer behavior.

Developing ideas of Ph. Kotler, Russian and foreign authors enhance and supplement the classification offered by Kotler and Gary (2016). Thus, Russian scientists Dibb and Simkin (2008) distinguish 3 groups of consumer preferences factors: personal, psychological and social. It should be

noted that Dibb and Simkin (2008) distinguish cultural factors into a separate group, considering them within the block of social factors (Table 02). Eriashvili, Howard, and Tsytkin (2005) distinguish additional factors that form consumer preferences in their classification – economic and political.. Blackwell, Miniard and Engel (2006) believe that the behavior of consumers is more influenced by the external environment (ethnos, culture, family, social status, reference groups) than by individual differences (gender, age, income, psychological characteristics of the consumer, knowledge, attitudes, etc.).

Alyoshina (2009) considers factors of external influence and internal (personal, individual) factors of consumer behavior. She categorizes social status, reference groups and households as external factors. Internal factors include: processes of perception and handling of information for making purchase decisions, process of consumer education, motivation, personality and emotions, life style, as well as knowledge and attitude of the consumer to the product.

We can see that some authors have divided all factors of consumer behavior into two groups: external factors and factors of internal influence (individual characteristics). But the points of view concerning the content of the selected groups are different. The second group of authors have a different approach to the classification of these factors. They subdivide all factors into three or four groups and most often analyze personal, psychological, social and cultural factors. Only Eriashvili, Howard and Tsytkin (2005) highlight economic and political factors of consumer behavior.

Thus, the classification of factors forming consumer preferences, considered in the marketing theory, is based on their participation in the process of making consumer decisions and division into three groups: internal factors characterizing individual characteristics of consumers, external factors (macroeconomic, political, social, geographical) and factors of marketing complex. These classifications are mainly used to describe the so-called behavior during "offline shopping", and it is necessary to point out that the classification of factors influencing consumer "offline behavior" begin to become outdated. The growing turnover of e-commerce is changing the paradigm of consumption and affecting consumer culture more and more. That is why in modern world consumer behavior should be considered as a part of digital economy, which affects the majority of consumers.

2.1. Consumer influence factors in modern advertising

Speaking of modern advertising, it should be taken into account that most of it is distributed through the Internet. This is more or less relevant for all formats: advertising videos and pictures/banners, blogger adverts, social media, various sites, partner programs. Even flyers are less printed on paper now: it is enough to show special electronic picture, message or code. In this regard, the peculiarities of consumer behavior have also changed, as well as the ways of influencing their decisions.

Firstly, triggers (external stimuli that evoke consumers' emotions, experiencing which they perform unconscious actions) have changed. According to Fogg's behavioural model (Fogg, 2019), triggers are one of the three components that have the greatest impact on consumer behaviour. If at least one of the three components is missing, it will be difficult to make a decision. It is often the triggers that have the last word in making the purchase decision. Triggers as a phenomenon, together with the influence of consumer emotions and experience on purchasing decisions, were widely studied in the

works of Weiner (1980), Van Kleef (2009). Studies on how to overcome the impact of triggers on consumers also should be mentioned (Chen & Pham, 2018).

However, a different view of the problem was required. That is why during the last couple of decades such a section of marketing as neuromarketing (which studies the impact of incentives on consumer behavior) has been actively developing. It is neuromarketing that has proved that it is impossible to stick to the constant rationality and efficiency of the consumer, as there are huge numbers of triggers that affect him from the outside. The consumer is exposed to their influence with high frequency and usually cannot resist them. Neuromarketing touched upon the issue of consumer behavior both online and offline and revealed the peculiarities of consumer's perception of factors such as color (product packaging, branded color combinations, company logos, interior design), sound (in commercials, in offices), texture (of product, of packaging), smell (in office, product smell) and taste (especially relevant for the food and restaurant business). The consumer's reaction to the factors listed above is devoted to the section of marketing science called "sensory marketing". Due to the popularity of sensory marketing in the 2010s, many well-known brands began to develop "neuromarketing strategies" (i.e. Singapore Airlines, Carlo Pazolini, Jimmy Choo and others), focusing on how the perception of color, sound and smell affects consumer behavior.

Returning to the triggers in e-commerce: for e-commerce as a separate direction special algorithms of consumer influence were developed. Special attention should be paid to the conditions of online purchase of goods/services and phrases found in online advertising: these are triggers for buying or returning to the site/application of the company. Factors such as availability of free and fast delivery, a site with simple navigation, a wide range of online payment options, ability to pay with coupons and affiliate program points, as well as ability to pick up the purchase increase the loyalty of the modern "online consumer" (See Fig. 01).

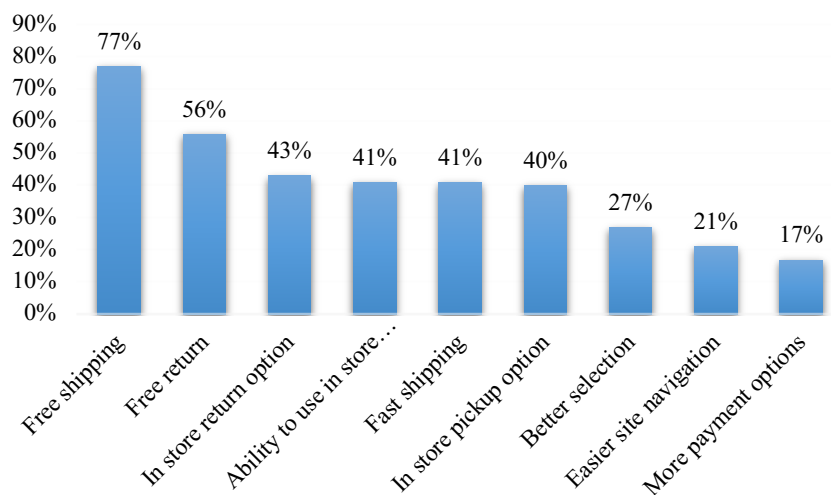


Figure 01. Trigger conditions that encourage modern consumers to buy or to be interested in the company's products/services

Considering the factors influencing consumer behaviour it should be mentioned that with the development of e-commerce the standard classification mentioned above has become outdated. In this

regard, modern scientists started to examine and create classifications of advertising incentives specific for consumers in the digital environment.

Thus, below (see Table 02) there is a classification of factors influencing consumer behaviour during online shopping, based on Joseph Bucko's research. The level of factor importance was assigned by the respondents. The "most important" factors were those that were rated from 1 to 2.22, and the "additional" factors were rated from 2.23 to 4.

Table 02. Approaches to the classification of consumer preferences

The most important factors	Additional factors
<ul style="list-style-type: none"> - Price - Payment methods - Ability to compare prices with offline stores - Product reviews - Discounts and special offers - Delivery time - Detailed product description - Availability of product photos - Seller reviews - Delivery availability - Free shipping - Pre-purchase service - Easily navigation of the website/mobile application 	<ul style="list-style-type: none"> - Limited quantity of good/service - The offer is limited in time - Insurance - Website/mobile application design - Store position in the search engine - Website optimization for mobile devices - Acceptable terms and conditions - Acceptable delivery terms - Website activity - Activity of the company in social networks - Number of subscribers in social networks - Company's country of origin

All of the above trends suggest that the factors influencing consumer behaviour have undergone strong changes due to the digitalization of trade and the migration of consumers and companies to the online environment. There are many new factors that influence consumers' decisions, as well as new classifications of these factors; the channels of interaction between consumers and companies have changed and new marketing directions have appeared. The restructuring of relations between consumer and seller, caused by the development of digital economy, is now in its most active phase.

2.2. Features of the modern online-consumer

All the points considered in the previous paragraph are a consequence of the fact that firms strive to adapt to consumers, who have changed their behavioral characteristics. It is difficult to work with a modern online-consumer, he is selective and tends to avoid unnecessary information flows.

Millennials, also known as Generation Y, are people born between 1985 and 2003 (according to other sources, between 1983 and 2000) and possessing a certain set of priorities and values. Among their peculiarities are high emotionality, rapid adaptation to technological innovations, aiming on getting a quick reward and attempting to find something interesting in any routine work. Millennials prefer to get information in an entertaining form, to move with the times, to be active, periodically change hobbies and field of activity and feel themselves unique. At the same time, millennials are more difficult to persuade to make expensive status purchases, they tend not to trust the information they receive and protect

themselves from its oversupply, they spend less than their parents (generation X and baby boomers), they may not consider a well-known brand as a sign of quality and are often adherents of innovations.

It is the millennials – the overwhelming majority of Internet consumers - that are now in the focus of large companies. Companies strive to become more technologically advanced, individualize their approach to customers and find new creative approaches to advertising. At the same time, companies should not forget about older generations, which often fall out of their sight of those fully focused on digitalization.

3. Research Questions

1. To identify the peculiarities of consumer behavior during making purchases through modern digital technologies (online-purchases);

2. To identify the peculiarities of consumer behavior in aggregators/marketplaces, mobile applications and messengers;

3. To identify the main characteristics' of Internet advertising degree of influence that determine consumer behavior in digital environment (including the financial market);

4. To identify the main characteristics' of marketing in social networks degree of influence that determine consumer behavior in digital environment (including the financial market).

4. Purpose of the Study

Marketing research to identify advertising incentives that are aimed at changing consumer behavior in a digital society has been conducted by the authors.

The research part consisted of four stages:

1. Analysis of scientific-methodological sources on the research topic (Russian and foreign literature).

2. Preparation of the research program.

3. Development and "piloting" of research tools.

4. Field stage of the research (organization and conduct of the Internet survey).

5. Statistical treatment of data.

6. Analysis and interpretation of results, formulation of conclusions.

The object of the study were the residents of Moscow over the age of 18.

The research focused on advertising incentives that determine consumer behavior in the conditions of society digitalization.

The aim of the research was to study the degree of influence of various advertising incentives on consumer behavior in the conditions of digitalization.

Tasks:

1. To identify the peculiarities of consumer behavior during making purchases through modern digital technologies (online-purchases);

2. To identify the peculiarities of consumer behavior in aggregators/marketplaces, mobile applications and messengers;

3. To identify the main characteristics' of Internet advertising degree of influence that determine consumer behavior in digital environment (including the financial market);

4. To identify the main characteristics' of marketing in social networks degree of influence that determine consumer behavior in digital environment (including the financial market).

5. Research Methods

The marketing research was conducted by using an online questionnaire survey of Moscow residents who were over 18 years old (as the most active part of the population).

The questionnaire contained the following blocks of questions:

1. Block of questions on the peculiarities of consumer behavior during making purchases through modern digital technologies (online-purchases).

2. Block of questions on the peculiarities of consumer behavior in aggregators/marketplaces, mobile applications and messengers.

3. Block of questions on consumer perception of online advertising.

4. Block of questions on the impact of social networks on consumer behavior.

At the stage of choosing the research methodology, it was decided to conduct a questionnaire survey of Moscow residents aged 18 and above with a calculated quota sample. The selection of the sample was determined by a number of social and economic characteristics of the region, indicating the highest level of effective demand and consumer activity of the population.

The choice of the survey method is explained, first of all, by the possibility to cover a significant (representative) volume of respondents in a short period of time. Moreover, the inclusion of open questions in the toolkit allowed to make a number of indicators more detailed.

Calculation of the sample for the survey with a certain volume of the general population is made using the following formula (1):

$$n = (t^2 * \sigma^2 * N) / (N * \Delta^2 + t^2 * \sigma^2), \quad (1)$$

where: n - volume of sample, Δ - value of permissible error in fractions, N - value of general population, t - trust coefficient (credibility criterion), σ - dispersion measure of the investigated feature (characterizes deviation from average values in general population).

The required number of sample units is determined on the basis of the following parameters: the sampling error limit is 0.05 and the confidence factor is 2 for a dispersion equal to 0.5. These parameters provide high reliability of the survey results in 95% of cases with a limit error of $\pm 5\%$.

According to Rosstat, the population of Moscow on 01.01.2018 was 12 506 500 people (Rosstat, 2019). However, the study does not include a survey of residents who have not reached the working age, so it is appropriate to use the data of Rosstat without taking into account this age category when calculating the sample (12 506 500 - 1 878 900 = 10 627 600 people).

Thus, the definition of **the required sample size** in accordance with the above formula, with the target audience of **10 627 600 people in total**, is:

$$n = (22 * 0.25 * 10\,627\,600) / (10\,627\,600 * 0.05^2 + 22 * 0.25) = 400 \text{ respondents}$$

Such volume of the sample is adequate to obtain representative sociological data as a result of the survey.

6. Findings

As a result of the research, the peculiarities of the attitude of different consumer groups towards advertising incentives in the digital environment were revealed, in particular:

1. Most of the Moscow residents do not use aggregator sites when searching for goods/services via the Internet. The rest prefer aggregators with the possibility of comparing prices for goods and services of different companies and a wide range of goods/services. Male respondents separately emphasize the importance of the convenient navigation on the aggregator site.

2. Mobile applications are used as a resource for making purchases by slightly more than a third of respondents. These are mostly senior women with income above average, working in management positions or in the field of intellectual labor. Important in the use of mobile apps by survey respondents were the security of personal data and the absence of technical problems. Male respondents were more interested in the range of features and opportunities, while female respondents were more interested in other mobile application parameters.

3. Messengers (as a channel to communicate with the selling company) are used by more than 40% of Moscow residents surveyed. As a rule, advertising messages of the companies, from which the consumer previously purchased goods/services, are perceived neutrally by the respondents. However, respondents are more interested in information about promotions and discounts.

4. Only half of the respondents pay attention to Internet advertising when searching for goods/services. However, more than a third of respondents who notice the advertising content, find it irritating. According to the survey, advertising with informative text and attractive graphic material will be more attractive for the consumer.

5. At the same time, only every third customer can make a decision to buy a product/service online, based on the advertising they see. Consumer loyalty can be caused by advertising that is relevant to current needs and contains a non-standard story line.

6. The absolute majority of respondents have pages in social networks and are active users of these sites. However, more than half of the respondents have never browsed the pages of selling companies in social networks. Among those who study the content of seller companies in the social network are mainly young women, who spend an average of 15 to 30 minutes on the page. Consumers pay special attention to the detailed description of goods/services and feedback of other buyers presented on the page of the selling company in the social network.

7. Conclusion

Thus, it can be stated that consumers face the variety of factors influencing them in the new digital environment more and more frequently. Advertising incentives in the digital environment have an uneven impact on different age and gender groups of consumers. Moreover, advertising incentives in digital communication channels have not yet reached their maximum impact on consumers. Their influence on consumer choice will grow if the interaction format is more personalized and consumer-friendly.

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