

EFFECTIVE MARKETING STRATEGIES ON CONSUMER BEHAVIOR AS A KEY SUCCESS FACTOR IN E-MARKETING

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Abstract

Emergence of IT in business applications has brought about significant evolution in today's market as well as formation of E-markets. Consumer demand from E-markets has created new opportunities for various economic businesses. Utilizing such opportunities requires accurate conception of consumer behavior paradigm and application of proper marketing strategies. Local markets have also undergone such evolutions. Existing of foreign competitors in Iranian household appliances and their experiences in application of such technologies has necessitated investigation of this issue. Hence, considering importance and position of household appliances and its industry in Iran, influence of consumer behavior in E-markets and E-marketing strategy has been investigated in the present study so that provide us with identification of consumer behavior paradigm in internet driven markets (E-markets) and related marketing strategies in addition to clarification of relationship between these two factors. In the same way appropriate marketing strategies could be selected. There are two approaches as database theorization and quantitative-descriptive surveying have been utilized here in order to meet such objective.

Key words: E-marketing, Consumer Behavior, Marketing Strategies, Appliances

Introduction

In today's world with the arrival of new information and communication technologies the complexity of competition has increased, hence the competitive aspects of the use of new technologies is essential for our local institutes, in Order to get an appropriate share of the local markets. It is important to note that consumers of domestic market have been changed drastically. Institutes should with complete understanding of consumer behavior patterns, make use of a good E-marketing strategy. With the arrival of the information age, reaching a knowledge-based economy has been considered by many governments. In the knowledge-based economy new strategic and marketing roles rapidly spread. This is due to the many changes taking place in the business environment. With changes in the economy due to technological advances Value creation opportunities will be changed or new opportunities for creating value will be generated. Many organizations to identify and exploit these advantages, seek to analyze the behavior of their customers on the web so that they can achieve the benefits of information and communications through this understanding, an advantage some have called it knowledge-based asset. (Sirvastava et al, 2001)

Therefore, in investigations the traditional assumptions of the value creation, business structure, decisions about methods, strategies, and tactics should be reviewed and evaluated. Based on the understanding of this new environment, new opportunities for value creation

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would be created. Unique role of marketing in creating and exploiting new opportunities is obvious. **(Robinson and Cynthia, 2002)**

Hence, this study seeks to model consumer behavioral patterns in internet driven markets in order that institutions be able to use appropriate marketing strategies according with behavior of consumers.

Theoretical Principle of Research

1. The Expression

Although Internet marketing experience is quite young and new in Iran, but review of the work done in Iran shows that large organizations are working on the household appliances industry and has done a lot of works to use Internet marketing opportunities. Thus, considering the experience of this field that exists in Iran and government policies based on expanding use of information technology, the future use of the Internet, particularly in the areas of trade and marketing will be faster; Therefore institutes needs new models to underpin their marketing system based on the new concepts Occurring in virtual areas.

2. Objectives

The main goal of this research is to identify the marketing strategies in E-markets with a consumer behavior approach. Secondary objectives of this study can be defined as follows:

- Identifying patterns of consumer behavior in E-markets of household appliance industry in Iran.
- Identifying marketing strategies in E-markets.
- Definition of marketing strategies in E-markets according to consumer behavior in Iran model and presenting a model in this regard.
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3. The Research Literature

The place of consumer behavior in the field of marketing strategies is obvious because E-marketing strategy always pass from consumer behavior channel. On the other hand, knowing the consumer is the key component in the design of marketing strategies.

(Hawkins et al, 2006)

The relationship between marketing strategies and consumer behavior can be presented in Figure 1:

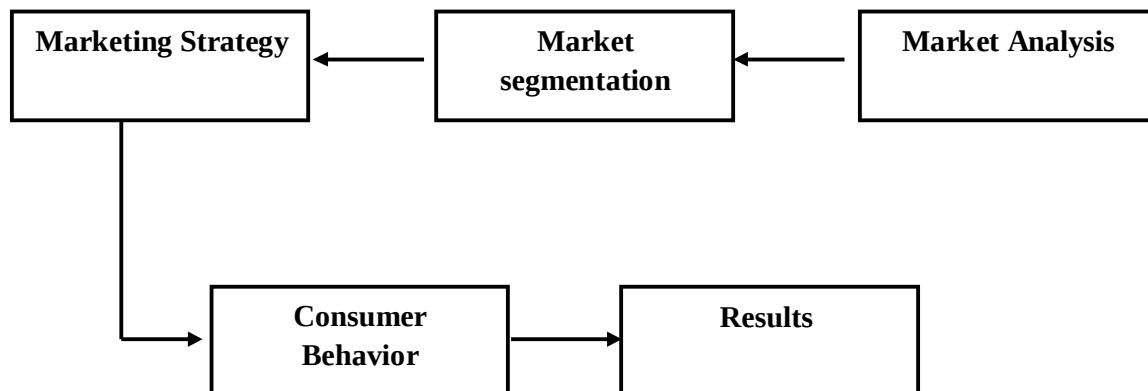


Fig.1: Affect of Consumer Behavior on Marketing Strategies

Source: Jones, 2006

However, in views of Postmodernism, it is believed that consumer behavior is predictable **(Bareham, 2004).**

However, one of the main concerns of researchers in this field has been modeling the subject of consumer behavior. Analysis of consumer behavior is the key to the success of market because only with a good understanding of consumer behavior we can design and implement marketing strategies and appropriate marketing mix(**Jones & Leonard ,2008**);therefore, this research seeks to answer the question that regarding the consumer behavior in E-markets, which marketing strategies should be used? The answer to this question requires an answer to a few sub questions: How is consumer behavior in E-markets? What marketing strategies exist for E-markets? How can classify and categorize marketing strategies? Regarding consumer behavior, how should marketing strategies is selected?

Models that have been presented so far about marketing strategies have had different approaches. For example, Porter (**1985**) has had very attention to competitive environment institutes faced with. According to this model, the strategic decisions of the company are the result of market selection or by assistance of market forces which are determined by competitors, customers, suppliers, or buyers. Resource-based theory of the firm has an introspective approach in the strategic marketing. The emphasis here is on the content and composition of tangible and intangible assets of the firm.

MIT 90 model is another model consistent with the environment. Under this model, the company is most successful if its organization has Greater compliance with its environment and market. Despite the fact that there has been an attempt to develop marketing strategies based on customer behavior, But approaches offered, have been out of context of consumer behavior. On the other hand, many studies done in the area of consumer behavior, have been entered into the fields of psychology and sociology in such a way that Sometimes some of the theories and models presented in the areas of consumer behavior have been away from main body of the marketing. (**Lynch & de Chernatony, 2004**)

Hence, marketers have to create a link between studies of consumer behavior and marketing strategic. Therefore, this study will try to establish this link to use the concepts of consumer behavior in the areas of strategic marketing, further.

Three E-marketing strategies can be defined in the household appliances industry are:

- 1) Trade-oriented
- 2) Cooperative
- 3) Intelligent

Each of these strategies will be described separately according to the research literature:

1) Trade-Oriented E-marketing Strategy: in this strategy, institutes have passive approach towards the market. The purpose of applying information technology in the marketing processes is that using this type of technology can reduce their operating costs. In other words, this strategy has largely cost-oriented approach.

2) Cooperative E-marketing Strategy: this marketing strategy in a view includes several main dimensions: establishing loyalty by building a recognized brand, mutual and Long-term relationships with clients and Relationship based on the understanding.

3) Intelligent E-marketing Strategy: This strategy can be considered as the most complex type of strategy because implementing this strategy not only requires interaction with customers but also, it needs to design developed informational marketing systems.

Three behavioral patterns of consumers in the household appliances industry are:

- 1) **Sentimental Consumers:** This group of consumers in their purchasing decisions primarily act based on emotional analysis and specific consuming values.
- 2) **Reasonable Consumers:** This group of consumers in their purchasing decisions primarily act based on rational analysis and rational values.
- 3) **Intelligent Consumers:** This group of consumers in their purchasing decisions act very complicated and In addition to considering the emotional and rational values, they also have their own specific characteristics.

The Relationship between E-marketing Strategy and Consumer Behavior

Considering the nature of E-marketing strategies and consumer behavior, the relationship between strategies and consumer behavior can be defined as follows:

1	2	3
Intelligent E-marketing Strategy	Trade-Oriented E-marketing Strategy	Cooperative E-marketing Strategy

Fig.2: E-marketing Strategies for each type of Behavior

It should be noted that the described relationship is more complex than what is shown above.

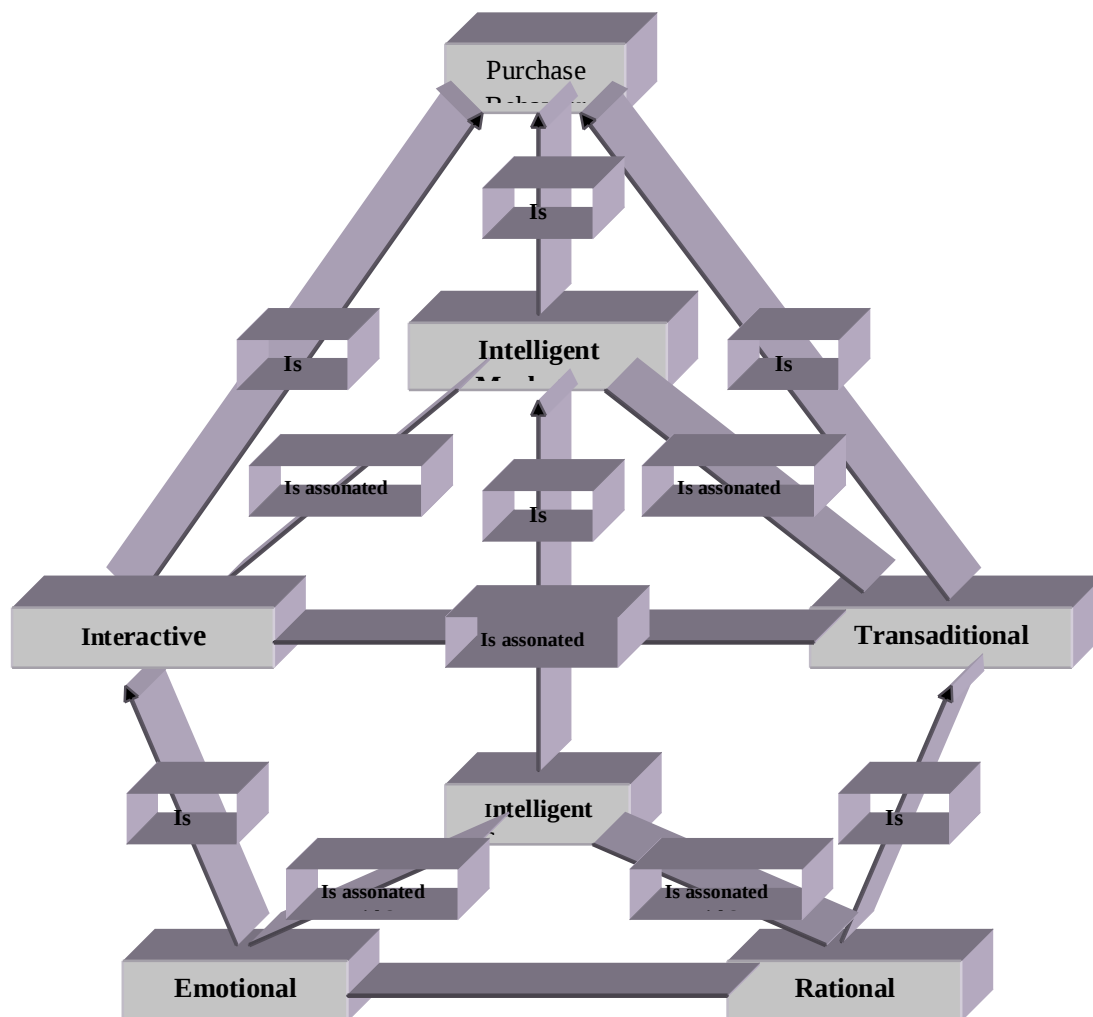


Fig.3: Network diagram of the relationship between

E-marketing Strategies and Consumer Behavior

As you can see in Figure 3, there are other relationships between these variables which are defined in an "association" form. The purpose of defining this relationship in network diagram of Atlas TI software is to show that there is also an overlapping between each of these behavior patterns. In fact, it shows that there is no exact boundary between each of the variables.

4. Research Methodology

To answer the research questions two research methods have been used: First, using qualitative research method, we tried to extract behavior patterns of consumers as well as designing other types of E-marketing strategies in internet driven markets (E-markets); Thus, consumers in E-markets and manufacturers of house appliances have been interviewed and Qualitative data from the interviews have been analyzed by using the Grounded Theory and by Atlas TI software.

In the second step, the extracted models were analyzed by collecting quantitative and field data. To do this, we used SPSS-15 software. In this stage, various statistical approaches were used such as hierarchical cluster analysis, diagnostic analysis, partial correlation, stratified regression and CHAID and CART algorithm.

This research is conducted in three separate phases, which are as follows:

The first phase is performed by Grounded Theory. In this stage, the source of supplying data will be mainly based on library studies and also interviewing with clients and marketing managers of companies producing home appliances.

In the second phase, field studies were carried out so that the relationship between patterns of behavior and strategic marketing in E-markets is examined.

In third phase, according to the relations between patterns of strategic marketing in E-markets and patterns of consumer behavior, E-marketing strategies will be defined.

The Results

The findings of this research can be divided into the following sections:

1. Findings of the qualitative data analysis: This analysis is presented in two separate sections, including the analysis of consumer behavior and E-marketing strategies.
2. Findings of the quantitative data analysis.

In summary, each of these findings will be discussed.

1. Findings of the Qualitative Data Analysis

As noted above, qualitative data has been analyzed by using Grounded Theory. This information includes consumer behavior data and E-marketing strategies data.

a. The Analysis of Consumer Behavior

After analyzing data of consumer behavior in E-markets, 101 codes were obtained. After coding qualitative data, the analysis of code repetition was performed. As can be seen below figure, the analysis shows that this repetition has reached its least possible.

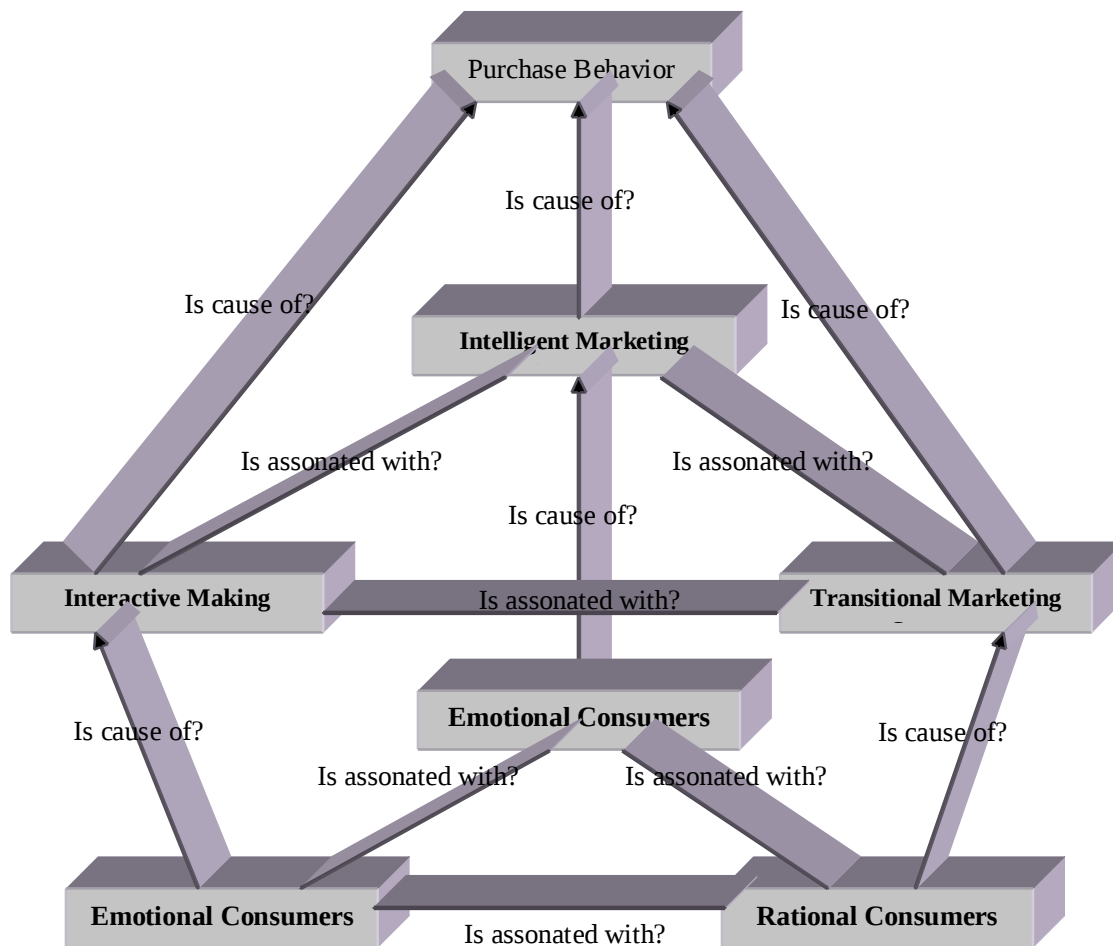


Fig.4: Related network diagram for E-marketing Strategies and Consumer Behavior

Due to the high number of codes related to consumer behavior, it was tried to define the relationship between each concepts by using networking method so that with defined relations between each of concepts (like symmetric, asymmetric and transitive relations), consumer behavior patterns in E-markets of household appliance industry could be extracted.

b. The Analysis of E-marketing Strategies

97 codes were obtained from analyzing qualitative data of E-marketing strategies. The code repetition analysis shows that this repetition has reached its least possible.

Due to the high number of codes related to consumer behavior, it was tried to define the relationship between each concepts by using networking method so that with

defined relations between each of concepts (like symmetric, asymmetric and transitive relations), main marketing strategies in E-markets of household appliance industry could be extracted

c. Summary of Qualitative Data Analysis

After extracting the codes of consumer behavior and marketing strategies in E-markets, according to the nature of the sub-codes of marketing strategies and consumer behavior, the relationship between consumer behavior in E-markets and marketing strategies were extracted. (Figure 5)

Therefore, these results show that consumers of household appliance market can be categorized into three categories: sentimental, rational, and intelligent consumers. Institutes to respond to behavioral differences between groups of consumers should use different marketing strategies. These strategies, according to consumer behaviors, should be cooperative, trade-oriented, and intelligent respectively. This model can help institutes active in Iran's household appliances market to design their own marketing packages (Pricing, advertising and promotion, distribution channels and product) in a way that be consistent with the needs of customers.

2. Findings of the Quantitative Data Analysis

After qualitative data analysis and extraction of consumer behavior patterns and E-marketing strategies patterns, a questionnaire was designed to test the designed model more accurately by collecting quantitative data. The following statistical methods were used to analyze quantitative data: Descriptive Analysis, inferential analysis, Cluster Analysis, Diagnostic Analysis, Correlation Analysis, Partial correlation and stratified regression, CHAID and CART algorithms. In continue, the results of Cluster analysis will be simply described in three parts, including consumer behavior, E-marketing strategies and the relationship between them.

a. The Analysis of Consumer Behavior

Cluster analysis of household appliances consumer behavior in E-markets shows that Based on the behavioral patterns of rational, sentimental and intelligent, consumers can be divided into four clusters. The results of this analysis show that 11.5 percent of household appliances consumers are in the first cluster. Consumers in this cluster are those whose rational buying behaviors are more dominant than the other behaviors.

35.9% of consumers are in the second cluster. Consumers in this cluster are those whose rational buying behaviors are high as well as their sentimental behaviors.

Consumers, who are in the third cluster, have high rational and intelligent buying behavior and in the fourth group, are consumers whose three features of behavior are equally important. Results of Diagnostic test of consumers' behavior also show that 98.3 percent of them are predicted correctly.

b. The Analysis of E-marketing Strategies

This analysis shows that based on three cooperative, trade-oriented and intelligent E-marketing strategies, consumers can be divided into four clusters: In the first cluster, consumers prefer trade-oriented strategy; cooperative and intelligent strategies are less important for them. The second cluster is in the same situation

but the intensity of trade-oriented strategy is much more in the third cluster, importance of all three strategies are nearly the same, although the cooperative strategy is dominant. The interesting thing is that in these clusters, intelligent strategy does not have much importance. Study of the number of members in each cluster also shows that Main studied samples (46 percent) are in the first cluster and 31% in the second one.

Results of Diagnostic test of consumers' preferences in E-marketing strategies show that 100% of the cluster members in the three clusters have been correctly predicted (**Fig.5**).

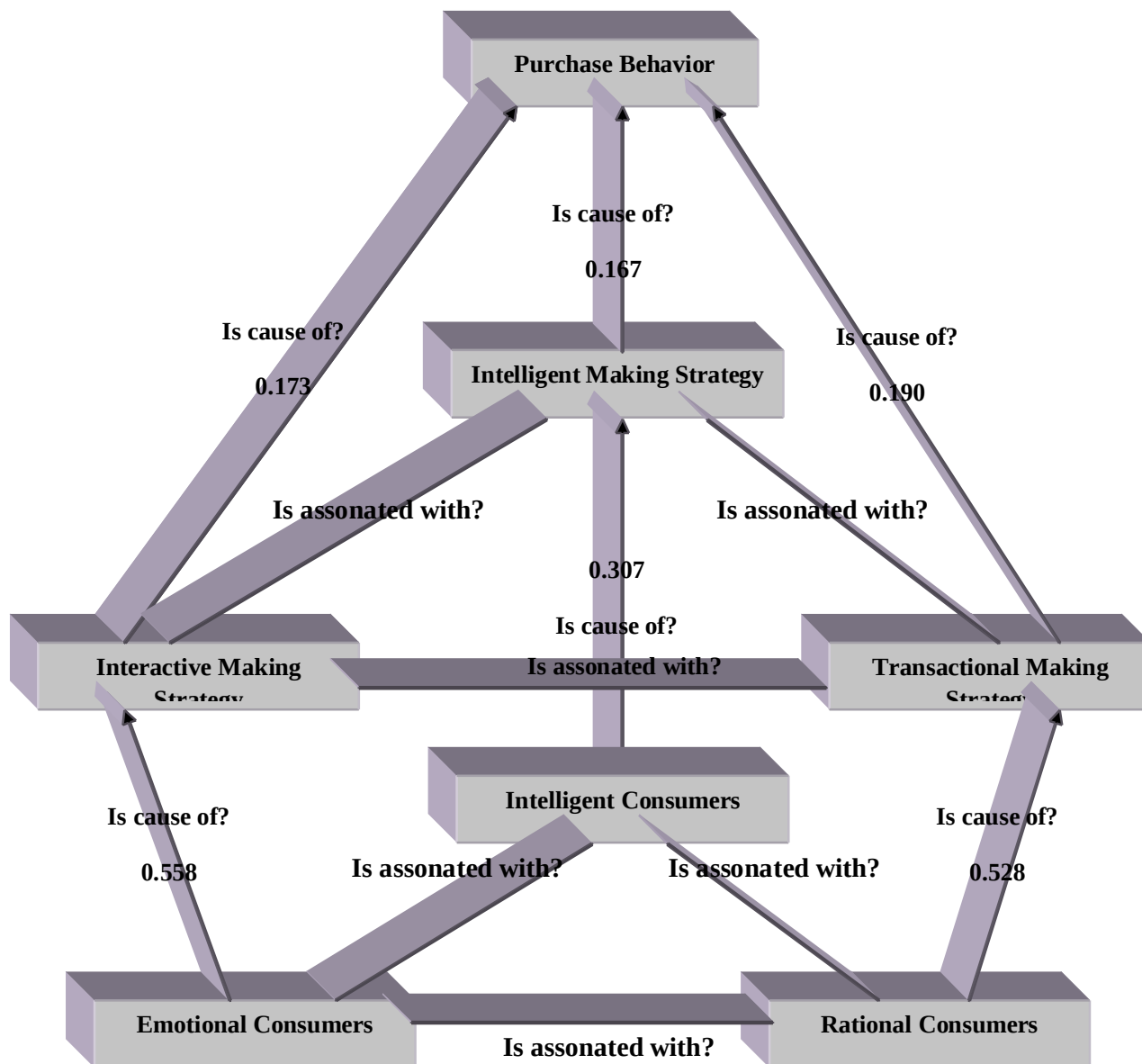


Fig.5: Quantitative Analysis of Relationship between Consumer Behavior and E-marketing Strategies
The result of Quantitative Analysis

The results of the stratified regression also confirm these results. Here to prevent a repetition of contents, it is avoided.

The results of CHAID and CART algorithms also confirm these results. It shows that rational behavior pattern is the most important factor in predicting the preferred trade-oriented E-marketing strategy. Analysis of cooperative E-marketing strategy also shows that the most important factor in selecting this strategy is sentimental behavior pattern but about intelligent E-marketing strategy, this result is not obtained. This means, according to the designed model, the most important factor for this strategy, should be intelligent behavioral pattern, while CHAID algorithm does not approve it.

Chart 1 shows the importance of each behavior pattern in predicting preference of trade-oriented E-marketing strategy. As can be seen, rational behavioral pattern is the most important pattern:

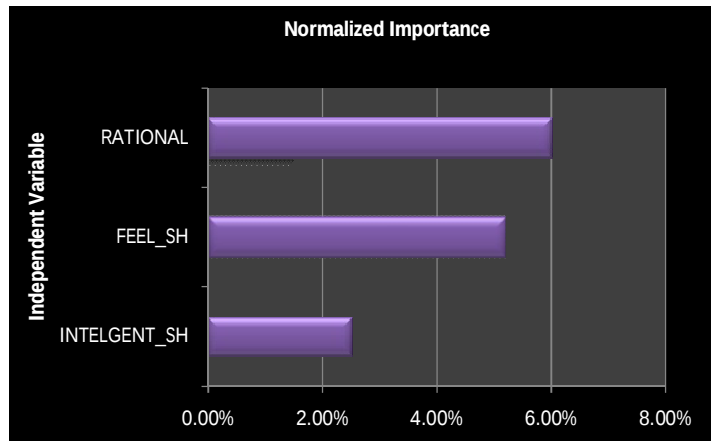
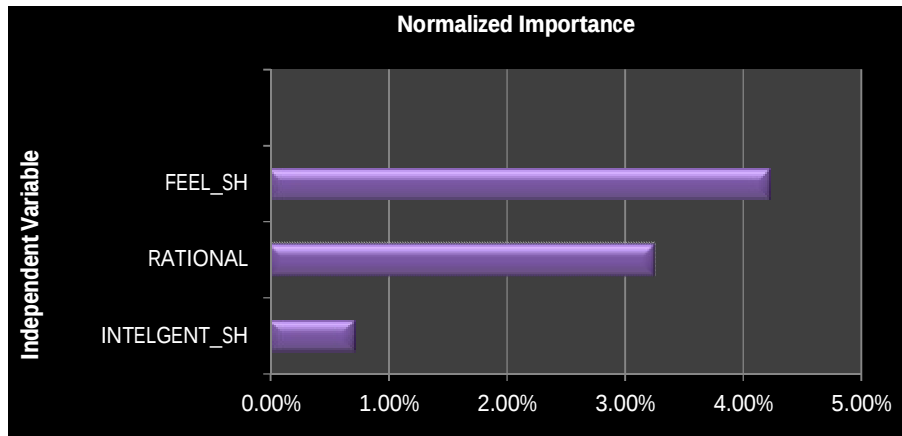


Chart 1: Importance of each Behavior patterns in Predicting preference of Trade-Oriented E-marketing Strategy

Chart 2 shows the importance of each behavior pattern in predicting preference of Cooperative E-marketing strategy. As can be seen, sentimental behavioral pattern is the most

important



pattern:

Chart 2: Importance of each Behavior patterns in Predicting preference of Cooperative E-marketing Strategy

Discussion and Conclusion

As mentioned earlier, there are three major categories that can be defined as the household appliances industry E-marketing strategies: Trade-oriented, rational and intelligent.

The strategies have been mentioned and investigated in books and numerous articles. According to them, this research can be described as follows:

1) Trade-Oriented E-marketing Strategy: in this strategy, institutes have passive approach towards the market. The purpose of applying information technology in the marketing processes is that using this type of technology can reduce their operating costs. In other words, this strategy has largely cost-oriented approach.

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Importance of this research's findings can be divided into two categories:

1) Importance of Research in Research Methods: In this study we have tried using both quantitative and qualitative research methods take advantage of these methods and also, the limitations of each of them reach the minimum.

2) Importance of the Substantive Findings: Importance of findings in this way was divided into three parts:

a) Consumer Behavior:

Consumer behavior in E-markets has little been studied.

Modeling the nature of consumer behavior in E-markets as has little been investigated.

Literature review of research on intelligent behavioral pattern (advanced client) shows that although this concept is a familiar concept, but fewer researchers have been operated and even measured this behavioral pattern.

b) E-marketing Strategies

Despite that, many studies have been done about E-marketing strategies; However, Fewer researchers have modeled a variety of E-marketing strategies. VIBER and BIOTECHNOLOGY Models are such modeled E-marketing strategies. However, it should also be noted that in the biotechnology model, strategies are taken into account from the view of e-maturity angle.

c) Relationship between Consumer Behavior & E-marketing Strategy

This research has been attempted to establish compatibility between consumer behavior and E-marketing strategy.

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