

Customer Involvement in Emerging and Developed Markets as a Marketing Innovation

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Abstract: This study focuses on the study of innovation in marketing strategies on increasing customers interest in well-known companies. Special attention is paid to the description of how the concepts of customer involvement through increased brand loyalty and rewards participants. Define five main concepts of customer involvement phenomenon: ego involvement, commitment, communication involvement, purchase importance, response involvement. Customer involvement is closely connected to the consumer behavior which in its turn depends on the level of the development of the market. That is why in the framework of this research, we investigated the notion of the customer involvement in both the emerging and developed markets. The developed markets consumers are taking active part in the changes on the market by the changing in the way they buy, purchase and consume goods and what is more in the reasons why they do buy things. These changes bring new opportunities for companies and new businesses. In this study, we consider the differences in consumer behavior. Customer involvement stands for different theories, methods, techniques that companies use to involve and engage clients in development of new products and services.

Key words: Marketing innovation, customer involvement, brand loyalty, justification of value proposition, competition across different product categories, reaction on rational and contextual advertising

INTRODUCTION

Now a days, we can see a rising interest in studying of customer involvement problem in studies dedicated to consumer research studies. However, there are still several misunderstandings and confusions in definition of this phenomenon. Generally, there can be noted five concepts that describe the notion of customer involvement (Muncy and Hunt, 1984):

- Ego involvement
- Commitment
- Communication involvement
- Purchase importance
- Response involvement

Firstly, the question of customer involvement started to be observed in the psychology researchs (Sherif and Cantril, 1997) and later in the literature concerning the questions of consumer behavior (Krugman, 1965). Then due to development of consumer decision process theory

the interest in research of customer involvement started to rise dramatically. Kassarijian develops in his research an idea that people who make a purchase are not always interested in being involved in the buying process (Kassarijian, 1971). Another two researchers, Olshavsky and Granbois (1974) continue to explain the low level of customer involvement and argue that decision process can never occur even when it is the first purchase. The same idea is seen in the studies of Assael (1998), Engel and Blackwell that describe the problem and reasons of low involvement in purchase decisions. What is more, the customer involvement question can be regarded as one of the key elements of consumer behavior studies.

However, there is still no common agreement on the definition of the nature of customer involvement in the academic world as well as there is no clear statement on the concept of the involvement.

After observing and studying of literature dedicated to the consumer involvement problem, we can see the reasons for these misunderstandings. The word “involvement” is used in academic literature in different

senses and contexts. That is why, we can state that there can be seen different concepts that describe the notion of customer involvement.

Muncy and Hunt (1984) define five main concepts of customer involvement phenomenon: ego involvement, commitment, communication involvement, purchase importance, response involvement

MATERIALS AND METHODS

In this study, we use the role and place of formulating innovation marketing strategies of customer involvement. The key approaches include the systems approach which have been actively used by Russian and foreign researchers as well as methods (retrospective, scientific abstraction, comparative analysis) to develop innovation marketing strategies for customer involvement. The research is based on materials and data prepared under Russian Science Foundation grant no. 14-28-00065 and published sources. The integrated use of the materials and sources will help fulfill the stated objectives.

RESULTS AND DISCUSSION

An analysis of concepts of marketing strategies showed that it is necessary to use new innovative strategies. The role of the customer in the innovation process, its involvement and interest in the success of the company. Thanks to the involvement of customers in the companies' activities we see a change in relations between clients and sellers. Clients are no longer just consumers of products and services, they become business partners, co-designers and co-creators. Moreover, companies try to attract their clients at all stages of the value chain.

Assessment of the kind of marketing innovations allows to determine the nature of the ongoing changes in emerging markets. Marketing innovations necessary to strike a balance between institutional self-regulatory mechanisms on the markets. Among the special incentives that the company can offer its customers is considered main of the most effective:

- Confirm
- Discount
- Special offers
- Financial benefits
- Individual services
- Personalised products

Let's describe each of the concepts in a more detailed way.

Ego involvement: The concept of ego involvement was firstly proposed in the researches of Sherif and Cantril (1947). The main idea is that the level of involvement is positively related to the degree to which product or service is connected to the system of values of a person who makes a purchase. The example of ego involvement we can see in the research of Haire (1950). A woman chooses coffee (ground or instant) depending on the personal (ego) values of being a good wife and mother.

It means that in the terms of ego involvement concept the consumer involvement can be defined as the level of consumer's value system engagement at the moment of purchase. In other words, we can state that ego involvement can be a source for insights about values of customers (their value systems). Usually such definition of customer involvement is used in analysis of life style and cultural behavior of consumers.

Commitment: The notion of involvement is also regarded as commitment but mostly in psychology. For example, we can see in the research of freedman, the researcher points out that there is no difference between two phenomena (involvement and commitment) and they can be used as the synonyms. However, Lastovica and Gardner (1979), differentiate involvement and commitment. The researchers regard commitment as an essential component of involvement.

We can state that customers are committed to a brand, product or service when they become ego involved to this brand, product or service. So that is why we can see many cases when companies are trying to build a commitment to the brand by building relations between a product and ego values of the person (for example such categories as products for personal hygiene).

Though, even if some theoretical researches show that commitment and involvement are supposed to be the same things, it is better to distinguish these two notions. What is also interesting is that commitment is one of the most researched phenomenon in consumer behavior studies and that is why very often the researchers just use the notion of commitment instead of the notion of involvement as it is more frequently used in the academic literature.

Communication involvement: There are also definitions that connect the notion of involvement with the ability of advertising and other communication tools to make impact on the customer and persuade the person to buy. Krugman (2006) defines involvement as the amount of connections a person has between advertising (or other

means of communication) and his personal life. Krugman points out two main differences between ego involvement and communication involvement.

The first difference is concerning the duration of the involvement phenomenon. Ego involvement appears when a person is involved mainly with an object, beliefs and ideas. In this case, we can talk about permanent involvement. If we consider the notion of involvement in the frames of the communication involvement, here we face the phenomenon that takes place in a particular time (during the communication).

It means that communication involvement starts when the process of communication begins and it ends when the communication is finished. We can notice that the communication involvement appears only when there is existence (or absence) of reaction to some particular advertising (or other communication tools). In the case of the ego involvement, once, it is established, it continues for a long time and appears in different cases and situations.

The second difference is in correlation of involvement with the personal values of the customer. Communication involvement considers the relations with any aspects of the life (even with those that do not correspond to the main values of the person). So, the customer can be involved with communication even if this communication does not have any common points with his/her personal values. However, it is important not to confuse involvement with such notions as interest or attention (Krugman, 1966).

The measure of the communication involvement is important for research in such areas as the media, editorial activities, demographics and socioeconomics where the high level of communicational involvement means the success of advertising or other communication campaigns (Krugman, 1965). Also, the structure characteristics and relationships presented in.

Purchase importance: Two researchers, Howard and Sheth (1968), propose to use the term "purchase importance" in order to describe the notion of involvement. They suggest a variable that can be defined as the level of motives intensity, "it is variously labeled degree of involvement, importance of task and seriousness of consequences.

Other researchers, like Hupfer and Gardner, also define the notion of involvement through the notion of the level of importance of the product category for the consumer. It means that if the purchase is important for the person he will be highly-involved in the purchase decision.

Purchase importance can be related to ego involvement and even can be a result of the ego

involvement as if the product or service is ego-involving, it will have high level of importance for the customer. Though, purchase importance can be increased because of external factors that are not correlated to ego involvement factors. For example such factor as perceived risk can make purchase importance higher. In case of automobile tires the ego involvement can be low but the functional and financial risks are very high so the purchase involvement is supposed to be also high. In general, we can consider that there are two factors that determine purchase importance-ego involvement and level of the risk. Howard and Sheth (1968) state that the level of purchase importance has impact on such varieties as loyalty, awareness and information search (Howard and Sheth, 1999).

Response involvement: The concept of Response Involvement was proposed by Houston and Rothschild (1978). The researchers define involvement as the mix of cognitive and behavioral processes that help to characterize the decision process of the consumer. High level of response involvement will indicate that the person is active, he/she is looking for information about product or service and what is more, the customer is trying to get as much information as possible. Then, the customer tries to optimize his/her choice by analyzing all information that he/she was able to get about the product or service. On the contrary if the level of the response involvement is low, it usually means that the person does not tend to put much effort and time to get the information about the product or service, he/she is just interested in minimizing costs (physical and psychological) for obtaining a product or service.

Response involvement can be defined by two types of factors:

- Internal factors
- External factors

If we talk about internal factors they are usually connected to enduring involvement. In case of external factors, they usually tend to involve situational involvement. The all concepts that were mentioned above are presented in Fig. 1.

Emerging and developed markets-differences in consumer behavior. Customer involvement is closely connected to the consumer behavior which in its turn depends on the level of the development of the market. That is why in the framework of this research we investigated the notion of the customer involvement in both the emerging and developed markets.

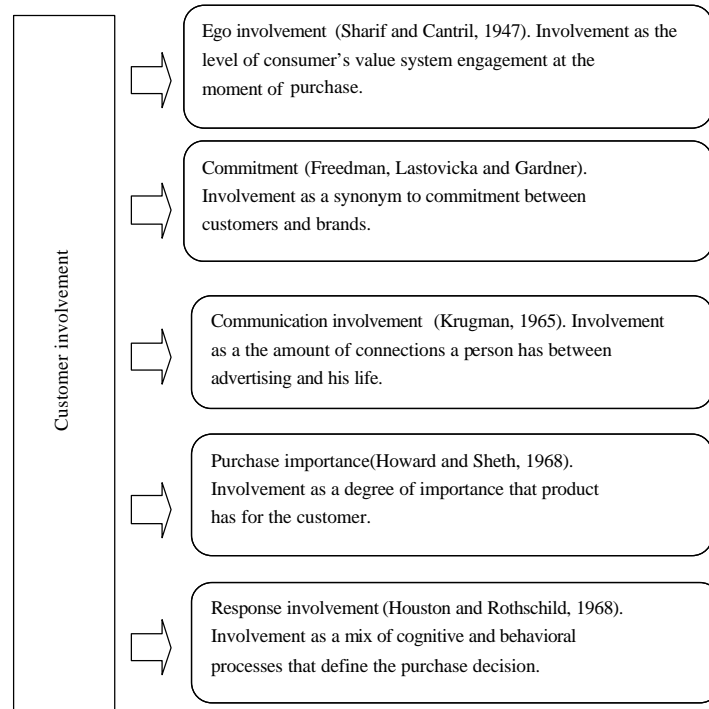


Fig. 1: The main concepts of customer involvement definition

The developed markets consumers are taking active part in the changes on the market by the changing in the way they buy, purchase and consume goods and what is more in the reasons why they do buy things. These changes bring new opportunities for companies and new businesses.

In developed markets consumers participate in the production process, they search for the information about the products and what is more they are always interacting with companies via social media and the Internet leaving comments and suggestions for improvement. According to accenture global consumer behavior survey http://www.huffingtonpost.com/tom-doctoroff/emerging-markets_b_4893113.html (2013) 65% of consumers in developed markets are using the internet to get more information about products, brands and companies and 30% of consumers are leaving feedbacks and comments about goods, brands and companies in social media networks.

In other words, consumers in developed markets tend to be more involved in companies' activities. They are becoming more cooperative and more sensitive to social issues, spend more time and efforts to get relevant information. Among the latest trends on the developed markets are to resist the globalization and support local producers and to pay more attention to sustainable development. These trends show the increasing concerns

and awareness about environmental problems and willingness to be involved in preventing negative impacts on the environment. 32% of developed markets consumers consider the environmental impacts of consuming and purchasing goods and 25% tend to buy already used things.

In emerging market consumer behavior face other trends which are quite different from the trends in developed markets mentioned above. Consumer behavior in the emerging markets is influenced by institutions that are created by the government in order to control the economic and political situation in the state. That is why consumers are not involved too much in the companies' activities. Consumers are also not focused on such questions as sustainable development and social problems. Among the most recent trends in emerging markets, we can name:

- Focus on brands of big corporations
- Justification of value proposition
- Competition across different product categories
- Reaction on rational and contextual advertising

Focus on brands of big corporations. In emerging markets 79% of consumers buy products only because they belong to the brand they trust comparing with 46% of consumers in developed markets. The 53% of emerging

markets consumers believe that it is better to buy well-known brand which belong to the big company because, you can rely on its quality, in developed markets only 28% think so http://www.huffingtonpost.com/tom-doctoroff/emerging-markets_b_4893113.html.

Justification of value proposition: Consumers in emerging markets are very sensitive to price so they are tend to receive the product that is value for money. It means that perceptions to receive high value should be supported by decreasing “out-of-pocket” expenses which is quite a challenging task for the marketing managers.

Competition across different product categories: In emerging markets advertising should be focused on convincing consumers to switch from category of products from another. Take for instance, the market with low coffee consumption. Coffee brands would compete with tea brands and other soft drinks. It means that marketing managers should make customers believe that new category is better and worth to consume then others.

Reaction on rational and contextual advertising. In emerging markets communication shifts towards more rational side then emotional. Consumers pay more attention on technical benefits and tangible assets rather than on intangible ones. That is why effectiveness of in-store activities is extremely important.

Customer involvement; trends: Due to leveraging the feedbacks, creative ideas and insights of clients, companies are trying to target and segment the audience in more accurate way. Now a days, we can say that customer involvement activities are a new way of communicating and interacting with customers in order to use the advantages from their experience and motivation. That helps businesses to come up with data driven decisions in the market.

Among the current customer involvement activities, we can mention co-creation, co-design, user innovation, user manufacturing, living labs. So, these activities help to turn customers into innovators.

This fact explains very clearly the tendency of SMEs and large corporations in interacting with clients. What is more, the advantages that company can get form involving the customers into the company’s activities include the improvement of viability assessments of products enabling companies to increase sales and profits.

Customer involvement activities are usually integrated in a value creation strategy which means that the economic potential of customer involvement is

continuing accelerating. Current studies predict that by 2017 almost the half of consumer goods will gain 75% of their innovation and R&D capabilities from crowd-sourced ideas.

From the business perspectives a key motivation to use customers’ insights is to increase the sales due to personal preferences and level of involvement. What is more, the emergence of sharing and collaborative relationship is reshaping the communication between client and companies’ products. Furthermore, the development of digital tools and crowdsourcing platforms is making the relations between customers and companies more tight enabling them to use relevant customers’ experience. Very often the companies are facing certain barriers that prevent them to implement customer involvement processes. Such barriers can be:

- Difficulties with capital attraction
- Lack of awareness about exciting crowdsourcing platforms
- Misunderstanding of the purpose of innovation
- Legal restrictions

Customer involvement is used to facilitate development of products and services and what is more to increase the adaptation of the market to new products. In the information economy there are structural changes in the consumption of services. A significant portion of consumer expenditure is on information and entertainment services. Services that meet the cultural, communicative and information needs can be characterized as information-rich goods which is manifested in the properties of non-decreasing in consumption, universal access, non-exclusivity of consumption. Feature of these goods is the physical shell that makes the possibility of transmission and delivery of information (paper, electronic storage media, transmission channels, etc.).

Thus, these benefits do not lose their original qualities in the process of multiple usage (e.g., literary research). “Products of culture” refers to “public goods”, in that they have properties characteristic of “private goods” which is manifested in the involvement of consumers in the formation of the value of the product, personalization and customization.

In modern conditions many agencies and organizations compete for the money and free time consumer entertainment, information goods where preferences varied. The formation of preferences of consumers of these goods takes place under the influence of factors, among which the most significant ones appear to be:

- Change the quality of life of the population and the increase of free time which cause the positive dynamics of demand for the products of the entertainment industry and in the sphere of culture
- Development and implementation of new technologies that enable high speed information transmission and overcoming the barriers limiting its distribution
- The transformation of competitive strategies of enterprises and their use of complex instruments of non-price competition, engagement, multi-channel and integrated communications (integration of cultural products, educational products, information and other spheres of life of consumers)
- The philosophy of customer orientation
- Adequacy of marketing information
- Integrated marketing organization
- The efficiency of marketing activities
- The effectiveness of marketing strategies

The value of the product to the consumer associated with the ideas which he perceives and with the possibility of regular contact, the change of the content, availability, low cost. So, currently a number of trends characterizes the changes of preferences in the consumption of cultural products. The main developments include:

- The growth of the service sector, wide application in the field of services of information and communication technologies, computer software and audiovisual technologies.
- The expansion of international trade and global exports of services in the sphere of culture
- The eradication of the national cultural framework, liberalization of market relations and the legal framework
- The increased demand for products with high attractiveness and cultural content
- Technological change, the spread of information technologies, the emergence of new technical formats for the presentation of the product which had an impact on the whole value chain

The researchers note that the characteristics of cultural consumption depend on availability at the enterprise of the sphere of culture to gain access to the immediate consumer and to places of its localization. It can be noted that in big cities cultural life is centralised most of the people are actively involved in cultural life and prefer to spend leisure time in the city centre. Within the district the elderly and children spend their leisure time—they are the main consumers of services of cultural institutions (Evmenov *et al.*, 2015).

The efficiency of interaction with the consumers is determined by complex methods which are based on qualitative assessments that help to determine whether the result corresponds to that objective which was planned at each stage of the interaction. The main components of marketing communications are:

Thus, in conditions of universal accessibility and information richness of their meaning and value takes on a special role in society. It is necessary to investigate the current trends influencing the formation of consumer preferences and consumption patterns of these goods to determine the specificity of the formation of preferences in cultural goods, influence the pattern of consumption of cultural goods marketing tools.

Now a days in the era of the Internet is supposed to be the medium through which companies have an opportunity to ask their customers to test, create and even to carry out difficult and very specific tasks (price checking, designing, modeling, etc.). So with these companies can minimize their costs and can better endorse the market with new products.

Involving the customers more companies can force consumer loyalty and furthermore client pro-activity and as a consequence to reduce the Cost Per user Acquisition (CPA) for new products and services. As a result companies can offer some benefits to their clients to get their involvement and feedback.

Due to customer involvement activities we can see the transformation of the relationship between selling and buying sides (Fig. 2). Clients are becoming no longer just consumers of products and services, they are becoming business partners, co-designers and co-creators.

Companies have different opportunities to build collaborative relationship with their clients. What is more, companies are trying to involve their customers at all stages of the value chain (Fig. 3).

To encourage clients to be involved into the innovation activities companies usually use loyalty programmes which can include incentives, rewards, bonuses that can be additional motivation for customers to participate in the business. So, it can customers and companies to reach a win-win status. Among special additional incentives that companies can offer to their clients the following things can be mentioned:

- Acknowledgements
- Discounts
- Special deals
- Financial rewards
- Customised services
- Personalised products, etc

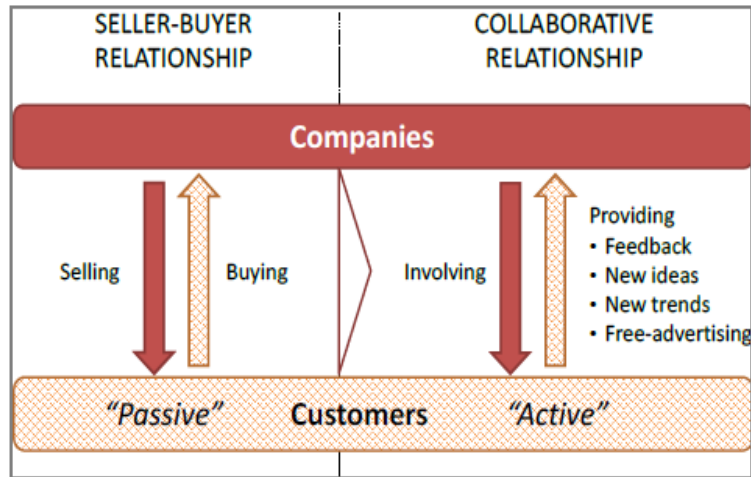


Fig. 2: From seller-buyer relationship to collaborative relationship

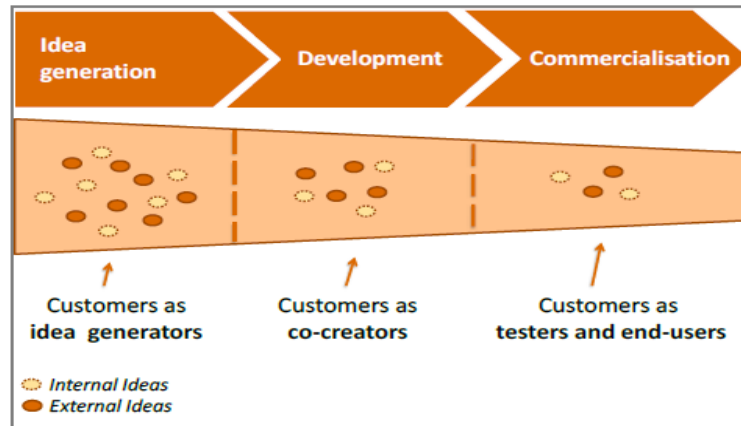


Fig. 3: Customer involvement in innovation process

What is more, social media and other on-line communities are facilitating the communication with customers and increasing networking with clients. Furthermore it becomes much more easy to get feedbacks from customers on products and services. Social media is a powerful tool that help interact with consumers and have influence on their purchase behaviour. Online communities help to develop and increase loyalty towards brand by rewarding the participants for the involvement into the business.

CONCLUSION

The customer involvement can differ and depends on what communication the company uses. For instance, facebook and vkontakte are aimed to be used to develop and increase customer loyalty (customers can simply put "likes").

Twitter is better used to get the feedbacks and opinions. Visual social media like instagram and youtube are used for advertising and co-sharing as customers can download instant pictures in which they are using company's products or services.

It can be considered very interesting that social media is the channel that in average attracts more than 10% of the digital advertising spendings. However, nowadays marketing management faces the lack of effective metrics that can help link advertising activities in the social media channels with the profit indicators. Take for instance, there are very few metrics that can be used to measure the influence of bloggers and other social media activists.

More and more companies need to develop innovative strategies for encouraging customers to be involved in the company's activities. The value that

companies should propose to the customers is supposed to be an enrolment of the clients into incentives activities that can be whether financial incentives or exclusivity in testing of new products or services.

ACKNOWLEDGEMENT

Sources in the study have been research materials prepared under Russian Science Foundation grant No. 14-28-00065.

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