An Optimization Model for Mapping Organization and Consumer Preferences for Internet Information Channels

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ABSTRACT

The evolution of information technology has resulted in increasingly fragmented digital media and multiple information channels. Organizations can develop comprehensive insights into consumer behavior and preferences by evaluating customers’ perceptions of the various Internet channels that are available. Such insights can be used to identify which information channels can be employed to effectively reach and communicate with a target market and, thus, to optimize marketing strategies. This paper commences with a comprehensive literature review of existing research on consumer information search patterns and strategies, with a particular focus on Internet channels. The literature review is employed to develop a set of criterion by which consumer search preferences can be better understood. This criterion is subsequently used to develop an optimization model for organization that can effectively align marketing practices with customers’ search processes and preferences during their pre-purchase information search.

KEYWORDS

Consumer Preferences, Decision Making, Internet Information Channels, Modelling, Optimization, Organization Preferences

1. INTRODUCTION

Media facilitates the process by which messages are communicated from a sender to the target recipient. There are multiple channels by which these messages can be delivered. In addition to increasing the reach of the messages and the markets they can access, these channels also add value to consumers during the purchase process. The Internet allows customers to access, evaluate, and screen vast amounts of information (Kiang et al., 2000; Peterson & Merino, 2003). In addition, it allows marketers to deliver highly targeted material that is aligned with customers’ preferences and
requirements. Existing research indicates that, during the buying process, buyers advance through five stages: need recognition, pre-purchase, evaluation of alternatives, purchase, and post-purchase (David, 2001; Grewal & Levy, 2013). Digital media channels provide marketers and business organizations with an opportunity to connect with potential consumers as they search for a product or service online (Jarvis & McElroy, 2004; Kelley et al., 2015; Saunders, 2004; Soberman, 2005). Many consumers base purchase decisions on two sources of information: a) an internal information search of their long-term memory and b) an external information search (Crotts, 1999). When contemplating purchasing a product or service, users will typically commence their search by considering the knowledge and information about that offering that they already possess. They will then extend their search to an external information search if they deem the information they hold internally to be insufficient. This research paper focuses on the latter research approach, that based on external information search channels. It examines the external channels that e-commerce consumers employ when researching products. These channels consist of a) personal (seeking advice from friends or relatives via social media channels), b) marketer-dominated (consulting brochures that are sent via email, online advertisements, or media), c) neutral (discussion forums and information blogs that are intended for public viewing), and d) experiential sources (online demo of products through review websites) (Crotts, 1999). In combination, these various sources of information can be viewed as Internet marketing channels.

During the pre-purchase stage of research, consumers actively search for information or insights about products and will typically be concerned with the attributes of the products they are interested in buying (Johnson et al., 2013). During this research, they may consult several different sources of information, and this makes it very difficult for markets to identify appropriate marketing strategies. While existing research has attempted to reduce the complexity of developing effective information channel strategies through extricating rules from existing databases (Elafi et al., 2004) or through assessing traffic patterns in order to develop optimization strategies (Chang & Tsai, 2009) but there is no proven approach to selecting the most effective channel for marketing purposes.

Existing research has paid significant attention to customer satisfaction after purchase (Kumar et al., 2013; Oliver, 2014). Of the existing research that is available in this domain, many studies have revealed that customer perceptions of the evaluation process can ultimately impact their post-purchase satisfaction. Furthermore, the level of satisfaction with the evaluation process acts independently of timeframe (Giese & Cote, 2000). The extent to which a consumer is satisfied with their pre-purchase information search can also have a direct impact on their decision as to whether or not to purchase a product. For this reason, some theorists have invested significant effort in gaining insights into what factors impact a customer’s satisfaction with their pre-purchase research experiences.

In today’s competitive global society, products and services are becoming increasingly similar. One method by which organizations attempt to differentiate their offerings from that of their competitors and, therefore, gain a competitive advantage, is through customer service (Brynjolfsson & Smith, 2000; Fetherstonhaugh, 2009). High-quality customer service can also enhance customer loyalty and, for this reason, it has become a key focus of many marketers (Huang & Dubinsky, 2014; Yoo et al., 2013). However, the relationship between a firm and the customer may start to form long before that consumer actually makes a purchase. In fact, a customer’s level of satisfaction with their pre-purchase information search can directly influence their perceptions of an organization and their ultimate loyalty (Parvatiyar & Sheth, 2001). While existing studies have examined consumer’s search for information online through examining aspects such as the factors that influence their search decisions (Maity, Hsu, & Pelton, 2012) and how markets can be segmented according to the search strategies that various consumers employ (Shim, Eastlick, & Lotz, 2004), there remains a distinct gap in understanding relating to how consumer preferences can be mapped to information and marketing channels. In
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