

## Impact of Covert Marketing on Consumer Buying Behavior

### RAJA IRFAN SABIR

Assistant Professor; Department of Management Sciences  
COMSATS Institute of Information Technology, Sahiwal, Pakistan.  
E-mail: [irfansabir@ciitsahiwal.edu.pk](mailto:irfansabir@ciitsahiwal.edu.pk)  
Tel: +92-321-9396618

### MUHAMMAD ARSLAN SARWAR

Lecturer; Faculty of Management & Administrative Sciences, University of Gujrat, Gujrat, Pakistan

### MUHAMMAD IQBAL RANA

MS Scholar; Department of Management Sciences  
COMSATS Institute of Information Technology Sahiwal, Pakistan

### SALMAN ZULFIQAR

Lecturer; Department of Management Sciences  
COMSATS Institute of Information Technology, Sahiwal, Pakistan

### NAEEM AKHTAR

MS Scholar; Department of Management Sciences  
COMSATS Institute of Information Technology Sahiwal, Pakistan

### HUSSNAIN KAMIL

MS Scholar; Department of Management Sciences  
COMSATS Institute of Information Technology Sahiwal, Pakistan

### *Abstract*

*The Advertising world has become competitive and more complex; requiring advertisers, marketers and producers to use different modern communication techniques. The modern advertising techniques include online advertising, covert advertising, indirect advertising, social service advertising, celebrity advertising, in-store advertising, and digital out of home advertising. The purpose of this paper is to investigate the impact of Covert Marketing on Consumer Buying Behavior in the Context of Pakistan. Quantitative research method was used and data was collected through survey research method by using adapted questionnaire. A sample of 1000 valid questionnaires was collected from major cities of Pakistan. Results show that the instrument is reliable to measure the constructs. Correlation analysis shows a positive relationship between independent and dependent variable. Regression analysis showed that Covert Marketing Brand awareness and Brand recall are responsible for significant change in consumer buying behavior whereas Covert Marketing Brand recognition is not responsible for any significant change in Consumer Buying Behavior.*

**Key Words:** *Covert Marketing, Brand Awareness, Brand Recognition, Brand Recall, Buying Behavior.*

### Introduction

Consumer is the back bone of every business and it plays a vital role in sustainability of organizations. Marketers and researchers study consumer behavior in order to identify current demand, market gap and

future trends of market. Every business activity starts and ends with consumers. Consumption of products and services is the core activity of consumer buying behavior and during the consumption process consumer has to make some decisions (Haghshenas et.al , 2013). There can be many factors which can influence the consumer buying behavior. Environment is responsible for a significant change in consumer buying behavior (Haracz, 2013). Consumers change their responses according to their role or products' role (D'Astous & Chartier, 2000). Different Motives motivate and stimulate the consumer internally where as incentives motivate the consumer externally (Hasslinger, Hodzic, & Obazo, 2013).

Different mediums of advertisements are available in the market to convey message. The main categories of advertisements are three: Magazines and fliers, outdoor advertising, radio and television advertising (Gsmore, 2011). Covert Marketing is also used as a popular tool for marketing and advertising. (Hackley et al. 2008) define it as "Covert marketing is the practice of placing brands in the scene of entertainment media i.e. movies, TV programs, news, radio programs, games, songs and stage plays with the point of view of marketing".

We can say that "Covert Marketing is a method of advertising in which celebrity endorsed the company's brands indirectly so that consumer absorb the message in a very sophisticatedly".

Covert marketing has a good source of awareness, freedom of choice, subtleness, blatantly and show real world of consumption in the movies which lead the consumers to purchase that product (Huan & Audrey, 2012). Therefore, Marketers and advertisers have to create innovation in advertisement techniques or use novel ways of promotion to influence consumers' minds in unfamiliar ways (Kiran, Majumdar, & Kishore, 2012). Different brand owners are using covert marketing for brand awareness, recognition and recall which influence consumer buying behavior affectively.

## Problem Statement

Previous researches/literature shows that traditional advertisement is not very much effective technique in order to influence consumer buying behavior. It endorses the need to investigate the impact of modern techniques of advertisement in more detail to find the solution. By considering the different problematic aspects, research problem was formulated:

"What is the impact of Covert Marketing on consumer buying behavior in Pakistan?"

## Research Objectives

In spite of its significance, covert marketing has been less used and has not been that much researched in Pakistan. This research study aims to investigate the impact of covert marketing of different products on consumer buying behavior in Pakistani Context. Secondly, to give a guideline for the local producers of the products and service that how they can make their brands internationally recognized with small budget. Following research objectives have been developed in order to fulfill the purpose of study:

- To investigate the impact of Covert Marketing brand awareness on consumer buying behavior
- To investigate the impact of Covert Marketing brand recognition on consumer buying behavior
- To investigate the impact of Covert Marketing brand recall on consumer buying behavior

## Literature Review

(Redondo, 2012) examined the effect of visible exposure of products in creating brand recognition by placing them in games. He launched three versions of games on websites. In which one has high degree of exposure of products, second has low degree of product placement exposure whereas third one has no

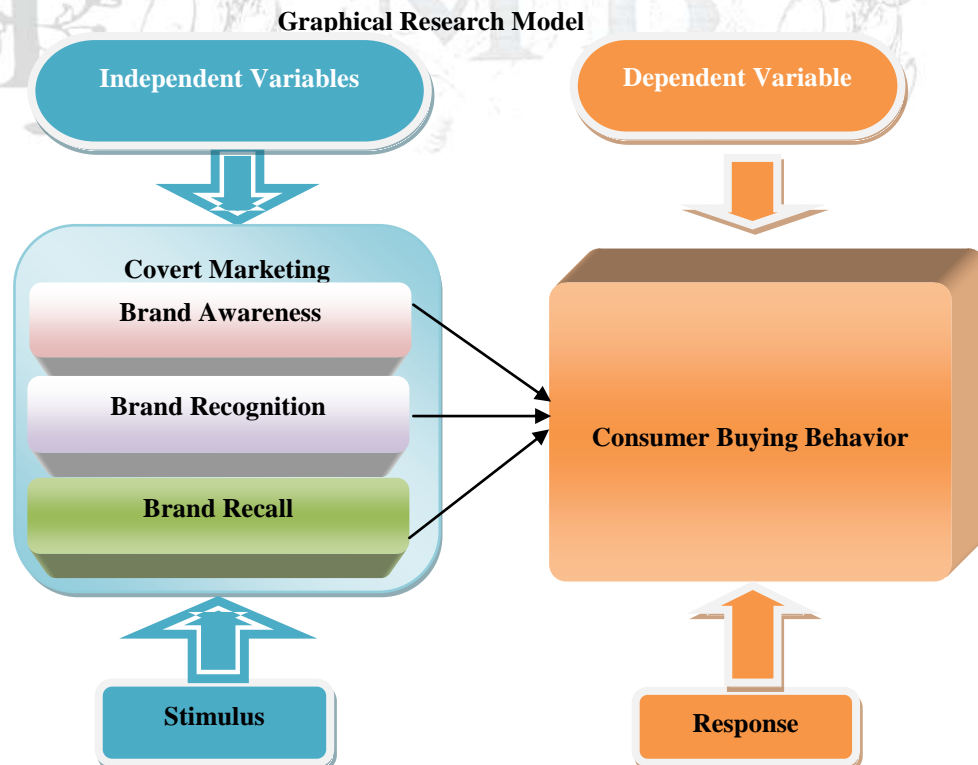
placement of products at all. He found that high degree of exposure version has positive brand recognition impact on users where as low degree exposure of product placement has low impact on users whereas no placement of products version has no impact over consumer in creating brand awareness and recognition. (Lee, Sung, & Greg, 2011) examined the perception of students about product placement. This exploratory research was conducted in USA and Korea. The Korean students felt that product placement is not an ethical activity. Korean students favored government rules regarding product placement whereas USA students favored placement of product in movies, TV shows and music. Similarly, (Lord & Gupta, 2010) reviewed the previous researches to examine the acceptability of product placement and its influence on buying behavior of B2B consumers. The results showed that product placement is a positive and acceptable approach in creating brand recognition and brand recall for B2B consumer in their purchasing of products and services.

Barn (2009) explored the impact of products placement in movie industry of India. He found that product placement is a better and a persuasive source of brand recognition. The results of (Craig-Lees, Scott, & Wong, 2008) show that brand awareness and brand recall have positive impact on consumers of Australians and Americans. The results of this study varified the previous results of research in US in 1995 and 2003.

(Astous & Séguin, 1999) determined the impact of product placement on consumer perception. They took four factors in their experimental study (1) types of placement (2) sponsor's image (3) type of TV program and (4) sponsor's program congruity. According to their findings overall product placement plays a persuasive role in influencing consumer purchase.

**Theoretical Framework**

Advertisement stimulates the consumers' needs through brands awareness which organize the behavior through brand recognition and brand recall and results in the form of purchasing. But this response/result can be different according to the capability of each consumer (Jacoby, 2002). After reviewing the literature and different theories, following model was developed:



## Development of Hypotheses

After reviewing the above literature following hypotheses have been formulated:

**H1:** There is positive relationship between Covert Marketing brand awareness and consumer buying behavior.

**H2:** There is positive relationship between Covert Marketing brand recognition and consumer buying behavior.

**H3:** There is positive relationship between Covert Marketing brand recall and consumer buying behavior.

## Research Methodology

The main purpose of this study was to measure the impact of covert marketing on consumer purchase behavior in Pakistani Context. For that purpose the most suitable approach was quantitative to test the existing theory about product placement in Pakistan by collecting data from a large number of people.

### Data Collection Methods

Data was collected by both primary and secondary sources. The primary data was collected through self administered questionnaires where as secondary data was extracted from previous researches. Survey based research method actually provides a systematic, impartial, representative, theory-based, quantitative, self-monitoring, contemporary and replicable approach for data collection (Fellegi, 2012).

### Sample Size and Sampling Technique

As discussed earlier that people have little knowledge about covert marketing in Pakistan. It was difficult to use probability sampling therefore non probability sampling technique was used in order to collect data from big cities of Pakistan (Islamabad, Lahore, Faisalabad, Sahiwal and Karachi). Sample size was 1000 which is more than minimum range of survey in order to generalize the results. 959 questionnaires were entered into software for analysis. Five-point Likert scale was used to measure the response level.

## Results and Discussions

SPSS software was used for data analyses and interpretations of results.

### Descriptive Statistics

Descriptive statistics show the sample space, range, minimum values, maximum values, mean values and the values of standard deviation of demographic variables.

Table 1

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Age of the participants	959	4.00	1.00	5.00	1.6882	.76713	.588
Gender	959	1.00	1.00	2.00	1.4953	.50024	.250
Family income	959	3.00	1.00	4.00	2.6006	.92181	.850
Education of the participants	959	3.00	2.00	5.00	3.1898	.82083	.674
Location	959	6.00	1.00	7.00	5.0918	2.24908	5.058
Occupation	959	1.00	1.00	2.00	1.3347	.47214	.223
Valid N (listwise)	959						

## Correlations

### Hypothesis 1

**H1:** There is positive relationship between Covert Marketing brand awareness and consumer buying behavior.

Table 2

	Consumer Buying Behavior	Brand Awareness
Pearson Correlation	1	0.603**
Consumer Buying Behavior Sig. (2-tailed)		0.000
N	959	959
Pearson Correlation	0.603**	1
Brand Awareness Sig. (2-tailed)	0.000	
N	959	959
**. Correlation is significant at the 0.01 level (2-tailed).		

The above Table show the correlation between consumer buying behavior and Brand Awareness through covert marketing which are positively correlated ( $r=0.603, p=0.000$ ). The table value show that there is positive and moderate relation between two variables so H1 is accepted with this statement that relation has been existed.

### Hypothesis 2

**H2:** There is positive relationship between Covert Marketing brand recognition and consumer buying behavior.

Table 3

	Consumer Buying Behavior	Brand Recognition
Pearson Correlation	1	0.459**
Consumer Buying Behavior Sig. (2-tailed)		0.000
N	959	959
Pearson Correlation	0.459**	1
Brand Recognition Sig. (2-tailed)	0.000	
N	959	959
**. Correlation is significant at the 0.01 level (2-tailed).		

**H3:** There is positive relationship between Covert Marketing brand recall and consumer buying behavior.

Table 4

	Consumer Buying Behavior	Brand Recall
Pearson Correlation	1	0.674**
Consumer Buying Behavior Sig. (2-tailed)		0.000
N	959	959
Pearson Correlation	0.674**	1
Brand Recall Sig. (2-tailed)	0.000	
N	959	959
**. Correlation is significant at the 0.01 level (2-tailed).		

The table values show that there is positive and significant relation between two variables so H3 is accepted that positive relation has been existed between two variables.

### Model Summary

Table 5

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.603 <sup>a</sup>	.364	.363	.50648	
2	.611 <sup>b</sup>	.374	.373	.50281	
3	.737 <sup>c</sup>	.544	.542	.42944	1.733

a. Predictors: (Constant), Brand Awareness  
 b. Predictors: (Constant), Brand Awareness, Brand Recognition  
 c. Predictors: (Constant), Brand Awareness, Brand Recognition, Brand Recall  
 d. Dependent Variable: Consumer Buying Behavior

In above table multiple correlation coefficients is R, its value is 0.737, where as the value of R square is 0.542 as in the above model there are more than one variable so we consider the value of adjusted R square. The value of Adjusted R Square showed the ratio of interdependence. The value of adjusted R square is 0.542 of independent variables which are multiply by 100. That means 54% of the variance in the dependent variable can be predicted from independent variables.

Table 6 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.898	.118		7.626	.000		
1 Brand Awareness	.741	.032	.603	23.407	.000	1.000	1.000
2 (Constant)	.762	.122		6.244	.000		
2 Brand Awareness	.642	.041	.522	15.786	.000	.599	1.671
2 Brand Recognition	.138	.036	.128	3.877	.000	.599	1.671
3 (Constant)	.502	.105		4.770	.000		
3 Brand Awareness	.404	.037	.329	10.939	.000	.529	1.891
3 Brand Recognition	.039	.031	.036	1.249	.000	.581	1.721
3 Brand Recall	.423	.022	.488	18.856	.000	.712	1.404

a. Dependent Variable: Consumer\_Buying\_Behavior

### Regression Line

The main objective of regression is to construct the regression equation so that to find out the impact of independent variable on dependent variable. From the above table following equation can be formulated.

$$S = \alpha + \beta_1(BA) + \beta_2(BR) + \beta_3(BRC) + E$$

After putting the values the equation comes as:

$$\text{Consumer Buying Behavior} = 0.502 + 0.404(BA) + 0.039(BR) + 0.423(BRC) + E$$

The significant levels of brand awareness and brand recall are 0.000 respectively. The values show that the predictor is statistically significant at less than five percent level of significance so we accept H1, H2 and H3.

### Conclusion and Recommendations

It is well recognized in previous studies that covert marketing creates brand equity and shapes attitude of the consumers. The main purpose of this study was to explore the impact of brand awareness, brand recognition and brand recall through covert marketing in entertainment media and its impact on consumer buying behavior. According to the findings, the proposed research model was found to be correct. It was found that there is positive relationship between Covert Marketing Brand awareness, Brand recognition, Brand recall and Consumer Buying Behavior. Regression analysis show that Covert Marketing Brand awareness is responsible for positive and moderate change in consumer buying behavior where as Covert Marketing brand recall is responsible for positive and significant change in consumer buying behavior. Statistical findings show that brand recognition is not responsible for any significant change in consumer purchase decision but it does not mean that there is no relation between them. The findings of the study verify the previous results of different researches that covert marketing has positive impact on consumer buying behavior. Most of the previous researchers have used qualitative approach to develop a theory that covert marketing has positive impact on consumer purchase decision which was testified through this study in Pakistani context. Covert marketing is an innovative technique to promote brands in the market. It communicates indirectly and captures consumers' attention without teasing and interrupting them during entertainment. Therefore it's becoming more and more favorite technique for advertisers and marketers in all over the world. It can provide a cool and sophisticated source of information about products and services, practical implementation of the products, results, cultural and social values. According to the results of this study it has found that covert marketing is responsible for 54.2% change in consumer buying behavior which is a significant change. Therefore marketers, advertisers and producers can use this technique in order to get their desire results.

### References

- Astous, A. D., & Séguin, N. (1999). Consumer reactions to product placement strategies in television sponsorship. *European Journal of Marketing* , 896 - 910.
- Barn, S. (2009). Product placement in Bollywood movies. *Marketing Intelligence & Planning* , 976 - 980.
- Craig-Lees, M., Scott, J., & Wong, R. (2008). Perceptions of product placement practice across Australian and US practitioners. *Emerald Article* , 521 - 538.
- D'Astous, A., & Chartier, F. (2000). A study of factors affecting consumer evaluations and memories of product placements in movies. *Journal of Current Issues and Research in Advertising* , 31-41
- Furajji, F., Łatuszyńska, M., & W, A. (2012). An Empirical Study of the Factors influencing Consumer Behaviour in the Electric Appliances Market. *Contemporary Economics* , 76-86.
- Gsmoore. (2011, 10 6). *Traditional Advertising vs. Product Placement* . Retrieved 11 13, 2013, from <http://gsmoore1.wordpress.com/2011/10/06/traditional-advertising-vs-product-placement>
- Gupta, P. B., & Lord, K. R. (2010). Product Placement in Movies: The Effect of Prominence and Mode on Audience Recall. *Journal of Current Issues and Research in Advertising* , 47-59.
- Haracz, M. (2013). *Refrence Group influence on my consumer behavior*. Retrieved 11 4, 2013, from Erupting mind: <http://www.eruptingmind.com/reference-group-influence-on-my-consumer-behaviour>

- Hasslinger, A., Hodzic, S., & Obazo, C. (2013). *Consumer Behaviour in Online Shopping*. Retrieved 4 12, 2013, from Kristiansand University, Department of Business Studies.
- Haghshenas, L., Abedi, A., Ghorbani, E., Kamali, A., & Mohammadnaser, H. (2013). Review consumer behavior and factors affecting on purchasing decisions. *Singaporean journal of business economics, and management studies* , 17-24.
- Hackley, C., Tiwusakul, R. A., & Preuss, L. (2008). An ethical evaluation of product placement :A deceptive practice? *Business Ethics: A European Review*, Vol. 17, No. 2 , 109-120.
- Handlin, A. (2012). *The Molty Fool*. Retrieved 01 29, 2013, from wiki.fool.com: [http://wiki.fool.com/Advantages\\_and\\_Disadvantages\\_of\\_Building\\_Brand\\_Equity](http://wiki.fool.com/Advantages_and_Disadvantages_of_Building_Brand_Equity)
- Huan, C., & Audrey, D. (2012). College-aged young consumers' interpretations of product placement in social games. *Emerald Group Publishing Limited* , 1-23.
- Jacoby, J. (2002). Stimulus-Organism-Response Reconsidered: An Evolutionary Step in Modeling (Consumer) Behavior. *Journal Of Consumer Psychology* , 51-57.
- Kiran, V., Majumdar, M., & Kishore, K. (2012). Innovation in In-Store Promotions: Effects on Consumer Purchase Decision. *European Journal of Business and Management* , 36-44.
- Lee, M., & Faber, R. J. (2007). Effects of Product Placement in On-Line Games on Brand Memory: A Perspective of the Limited-Capacity Model of Attention. *Journal of Advertising* , 75-90.
- Redondo, I. (2012). The effectiveness of casual advergemes on adolescents' brand attitudes. *European Journal of Marketing* , 1671-1688.

