Impact of Covert Marketing on Young Consumers Buying Behavior Special Reference to Fast Food Industry

*Krishanthanie R, **Kennedy F. B

*Research Scholar, Department of Management, Eastern University, Sri Lanka
**Senior Lecturer in Management, Eastern University, Sri Lanka

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Abstract: This study examined the impact of covert marketing on young consumers buying behavior special reference to fast food industry in Batticaloa. Fast food firms in Batticaloa pay novel attitude in promote their products and services through effective promotional medium which is called covert marketing through this covert marketing the firms try to form brand awareness among the consumers via spreading positive WOM and this have adverse effect on their output in terms of sales. They do not see the need of spending part of their budget in advertisement to promote their products and services and influence consumer buying behavior. With great increase in technological advancement, effective promotional way has become extremely important to be able to have competitive advantage, hence the need for this study.

This study adopted a survey research design. It involves collection of data from respondents through questionnaire to test hypotheses for that 300 young consumers were considered as a sample of this study. Multiple regression technique was used to test hypotheses. The research findings show that a significant and positive relationship lie between the independent variables brand awareness, brand recognition and brand recall dependent variable consumer buying behavior. All the independent variables have statistically significant t-ratio and have positive relationship with consumer buying behavior. This result is consistent with the literature. We recommend that for effective promotional technique to take place, the target audience without any interruption must be extensively reached to know their consumption pattern and behavior toward products and services. And that effort should be directed more on IQ related advertising, since consumers patronage are highly induced through their IQ.

Keywords: Covert Marketing, Brand Awareness, Brand Recognition, Brand Recall, Consumer Buying Behavior, Word of Mouth, Buzz.

1. INTRODUCTION

1.1 Introduction

Nowadays consumers are more intelligent and knowledgeable especially young consumers are keen on their purchases. The expectation level of customer is changing because of changing environment, new arrivals, innovations, technological changes and fashion. Fast food industries are encouraging their consumers to seeking innovations. As per this the industry has the huge competition to retain customers since the competitor’s innovative activities.

Because of the huge rivalry which is succeeding in the market with consider to fast food industry, customers are faced with countless alternatives where they have an option to choose from so many local and international brands. Also in the present situation, customers do not naively make their choices because they are well educated and they have access to information. Closer with the expansion of digital technologies, most of these brands have online existence which has made it simple for the customers to realize the accurate information about the menus, offers, prices and differentiate these with other substitutes before making the
purchase decisions. Based on this consumer behavior the organizations followed some unique communication styles to inform about their product and service offerings in order to gain the consumers’ support (Hirunika, Poornima, & Shantha, 2017).

For this communication purpose organizations used several communication methods and channels. Through the organizations’ advertisements consumers got ideas, promotional messages from the organization, offers and information about the particular organization’s product or services. In the market various mediums of advertisements are accessible to convey messages. As the consumer is exposed to more messages every day, this has resulted in insensitivity on the part of customers towards commercial messages. Traditional marketing communication has failed to solve this problem. New models and strategies are needed. Under these conditions a new strategy, covert marketing has emerged (Sukru.M & Basar, 2015).

Covert marketing is coming under unconventional marketing techniques and also its one of the guerilla marketing techniques. Covert Marketing is a new method of marketing, which uses various tactics to secretly market your product or service to your prospective customer. There are two types of Covert Marketing: In the first approach, the customer does not know who is actually selling them the product. In the newest approach, they do not realize they are being ‘sold’ anything (covert_marketing.html). The covert marketing concept has been given different names, such as secret, under the radar, masked, buzz, bait, undercover, stealth, diffusion, ambient, viral, product seeding, roach baiting and hidden marketing (Earley, 2012; M.Sukru & Basar, 2015; Sony.S, 2015; Bhasin, 2020; Iqara Mir, Jessica Nelson, & Jessica Szczechowicz). Organizations are mostly used this technique for generating buzz and word of mouth. CM is needed for an organization when it needs to revitalize and separate its brand from other brands. The Internet is used for this method as companies can pay people to spread positive messages about their product. It is said in the 1980’s vodka companies would hire attractive girls go to various clubs and pubs and ask men to buy them a certain brand of vodka. Also Groupon’s Korea franchise was recently fined for fabricating positive reviews of its products (Earley, 2012). CM techniques are mostly used by those companies with limited advertising budgets and large companies that want to generate buzz for a product ahead of a more traditional marketing campaign (Sony.S, 2015).

1.2 Statement of Problem

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 (Irfan, Iqbal, Salman, Naeem, Hussnain, & Sarwar, 2014). The most important tool in transmitting a message process is advertising. The problems in the usage of this tool are as follows: the increase in the number of critics about advertisement, the consumers having serious doubts as to, a previous feeling of being deceived causes a negative attitude to all other advertisements, and an unconscious reluctance and feeling of discomfort to the brand logo in the consumer persuasion process. In addition, because of excessive advertisement costs, and because more educated consumers can use technological tools in order to avoid the commercial messages sent by firms and find ways to desensitize themselves this has caused firms to look for alternative methods to persuade consumers without disturbing them (Sukru.M & Basar, 2015). Consumers are exposed to innumerable brand communication messages every day through television, radio, and print media. Overwhelmed by the information overload, consumers often create psychological defense mechanisms to avoid most of these messages. With growing skepticism towards advertising, consumers are accustomed in ways that make them actively avoid and consciously perceive only 1% - 2% of the messages. Also consumers are spending more time on the internet and social media, thus becoming less accessible to advertisers via traditional media (Göbel, Meyer, B Ramaseshan, & Bartsch, 2017).

Earlier researches/literature shows that traditional advertisement is not very much successful technique in order to control consumer buying behavior. It supports the need to explore the effect of modern techniques of advertisement in more aspect to find the result or solution. Irfan, Iqbal, Salman, Naeem, Hussnain, & Sarwar (2014) mentioned that 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. Therefore, Marketers and advertisers have to create innovation in advertisement techniques or use novel ways of promotion to influence consumers’ minds in unfamiliar ways. Different brand owners are using covert marketing for brand awareness, recognition and recall which influence consumer buying behavior affectively.

M.Sukru & Basar (2015) mentioned that Covert marketing, which was developed as a result of this search, is a strategy, in which there are no direct verbal and written messages, and the nature of the communication is not explicit to the consumers and it has advantages for the solutions of the problems. By appraising the different complex aspects, research problem was formulated:

“What is the impact of Covert Marketing on young consumers buying behavior in fast food industry?”

1.3 Research Questions

1. What is the level of covert marketing on young consumers buying behavior in fast food industry in Batticaloa?
2. What is the relationship between covert marketing and young consumers buying behavior in fast food industry in Batticaloa?
3. What is the impact of covert marketing on young consumers buying behavior in fast food industry in Batticaloa?

1.4 Research Objectives

1. To identify the level of covert marketing on young consumers buying behavior in fast food industry in Batticaloa.
2. To identify the relationship between covert marketing and young consumers buying behavior in fast food industry in Batticaloa.
3. To determine the impact of covert marketing on young consumers buying behavior in fast food industry in Batticaloa.

2. LITERATURE REVIEW

2.1 Covert Marketing

Covert Marketing is a recent form of marketing, which uses different techniques to secretly market your product or service to your prospective customer (covert_marketing.html). In the literature, Covert Marketing is known by various names, such as secret, under the radar, masked, buzz, bait and hidden marketing. The concept beyond covert marketing is that the identity of the message and/or the sender of the message are not leaked and the message is passed on to the consumer (Sahani, 2018). CM is defined as techniques employed to reach the target audience without the promotional messages being recognized as an advertisement (Pehlivan, Berthon, Hughes, & Paul Berthon, 2015).

An indirect mechanism of marketing products, stealth marketing pivots on creating buzz between the audiences as a whole without granting people perceive that products are literally being marketed to them. It can be done in numerous ways like creating the buzz in the social media platforms where individuals jump into tags, comments and talks regarding the product; product showcases in malls; live audience associations on promotion events and many more. Here, consumers go with the course and by default thrive a keen attentiveness in the commodity. Further, the environment, in which marketing is directed, plays an outstanding role in seeding curiosity in the minds of people about the particular product. Due to the nature of promoting and marketing products, it is also investigated as undercover or guerrilla marketing. Marketers administer stealth marketing tactic to tempt people in great numbers and control them to expand the interest in the commodity. In this specimen, sales are not the priority (Bhasin, 2020).

2.2 Brand Awareness

Brand awareness is a marketing term that expresses the degree of consumer recognition of a product by its name (Kopp, 2020). According to Keller (2003), brand awareness which grasp brand recognition and brand recall performance. Where the consumer
recognizes or point out a brand, using details from memory (Khurram, Qadeer, & Sheeraz, 2018). According to Berry.L (2000) brand awareness is the customer’s capability to identify and recall the brand when presented a cue. Brand awareness influences the decision-making of a consumer about a product. When a consumer is going to buy something, he scans a brand when he does so. If the consumer understands about his brand, he will deliver more chances for buying and he will always make sage economic decisions (Pandjaitan, 2018).

Brand awareness effects consumer decision-making, especially for low-involvement packaged goods. Brands that consumers are familiar with are likely to be encompassed in the consumers’ consideration set. Brand awareness can be employed by consumers as a purchase decision heuristic. Therefore, brand awareness enlarges brand market capabilities (Macdonald & Sharp.M, 2000).

2.3 Brand Recognition

According to Lu & Chang (2014) brand recognition refers to a consumer’s capability to specify a brand when specified the brand name as a clue. It related to consumer capability to prove earlier submission to that brand when given the brand a cue. It needs that consumers can accurately the brand as have been priory notice it and hear from where and how they recognize the brand easily (Memon , Arif, & Farrukh , 2016).

The term brand recognition cites to the capability of consumers to recognize a specific brand by its attributes over another one. Brand recognition is a conception used in advertising and marketing. It is reviewed successful when people are capable to recognize a brand through visual or auditory signs such as logos, slogans, packaging, colors, or jingles rather than being explicitly revealed to a company's name. Firms often conduct market research to decide the triumph of their brand recognition techniques (Kenton, 2018).

Brand recognition is a minimum level of brand awareness where it is significant when a buyer selects a brand at the time of acquisition (Pandjaitan, 2018). Specifically, brand recognition has various benefits over brand awareness, including consumer preference, loyalty and, in some cases, trust. Brand recognition can stem from positive or negative connections. To gain trust and endorsement from consumers, brand recognition should be merged with brand equity (Rouse & Shiao, 2019). Finally brand recognition has a powerful affirmative effect on the actual purchase made by the consumer (Khurram, Qadeer, & Sheeraz, 2018).

2.4 Brand Recall

Brand recall is a part of brand awareness, which along with parameters like brand recognition and top of the mind brand help a brand initiate in the minds of the consumer. Brand Recall is the degree or likelihood of instantly remembering the name of the brand if a product/service or any other kind of brand association comes up (Mba Skool-Study.Learn.Share, 2020). Brand recall is the consumer’s ability to remember a brand when given the product category whilst (Lu & Chang, 2014). Based on MBA Skool-Study.Learn.Share (2020) brand Recall can be aided or unaided. Unaided recall is where a person can recall or remember the name of the brand without any cue or hint. Aided recall on the other hand requires an external cue or hint of this recall.

Brand recall concerns to consumers’ talent to recognize the brand from memory stated the product category, the needs delivered by the level and purchase or use relating to situation (Memon , Arif, & Farrukh , 2016). Bhasin H. (2019) state that brand recall does a pivotal role in acquiring more customers to stick with a particular brand as well as to purchase the brand frequently. When a customer buy a certain product, once the product is deteriorated, instinctively the customer would like to buy from the same brand, as the experience it has provided the customer was enjoy. Also when the brand is out of the market and then it appear again, if the customer once had a nice experience he or she is most probably going to buy it again. If a firm has high brand recall, this would convey there is more possibility that while buying the customer will memorize it more often and would end up purchasing more of the brand (Mba Skool-Study.Learn.Share, 2020).

2.5 Consumer Buying Behavior
In general, buying behavior defined by Kotler (2012) how consumers make their purchase decisions. Consumer Buying Behavior refers to the actions taken (both on and offline) by consumers before buying a product or service (Team, 2020). Consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers’ emotional, mental, and behavioral responses (Radu, 2019). The statement of Priya.N (2019) the term “consumer behavior” mentions to natural practices and judgments that aspect in a customer's purchase. Researchers, businesses and marketers learn consumer behavior to empathize what impact a consumer’s shopping preferences and choice of products and services. Various factors affect consumer behavior, among them economic status, beliefs and values, polish, personality, age and education (Kotler, 2004).

Studying consumer behavior also helps marketers determine how to attend their products in a manner that creates maximum influence on consumers. Understanding consumer buying behavior is the key strategy to capturing their clients, and turns them to purchase from their company (Radu, 2019). Shih, Yu, & Tseng (2015) mentioned that consumer buying behavior is positively impacted by customer satisfaction. Therefore firms need to learn how well satisfy their customers. Discoveries on consumer behaviour are accomplished to improve ways and products that will increase company performance and gross revenue (Priya.N, 2019).

3. CONCEPTUALIZATION AND DEVELOPMENT OF HYPOTHESES

3.1 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
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<tr>
<td>Covert Marketing</td>
<td>Consumer Buying Behavior</td>
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<tr>
<td>Brand Awareness</td>
<td>H1</td>
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<tr>
<td>Brand Recognition</td>
<td>H2</td>
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<td>Brand Recall</td>
<td>H3</td>
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3.2 Development of Hypotheses

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.

4. RESEARCH METHODOLOGY

The main purpose of this study was to measure the impact of covert marketing on young consumer buying behavior in fast food industry in Batticaloa. For that purpose the most suitable approach was quantitative to test the existing theory about covert marketing in Batticaloa by collecting data from a selected number of people.

4.1 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 was used in this study.
4.2 Sample Size and Sampling Technique

As discussed earlier that people have little knowledge about covert marketing in Sri Lanka. It was difficult to use probability sampling therefore non probability sampling technique was used in order to collect data from city of Sri Lanka (Batticaloa). Sample size was 300 which is more than minimum range of survey in order to generalize the results. 300 questionnaires were entered into software for analysis. Five-point Likert scale was used to measure the response level.

5. RESULTS AND DISCUSSIONS

5.1 Results

The study conducted a multiple linear regression analysis to know the strength of relationship between the independent variable of covert marketing on dependent variable of consumer buying behavior. Table 5.33 specifies the correlation coefficient, indicating the strength and direction of the linear relationship between these two variables. According to the results, covert marketing causes 73% variation in consumer buying behavior of consumers in fast food industry in Batticaloa. And Table 5.34 shows coefficient for covert marketing brand awareness, covert marketing brand recognition, covert marketing brand recall and consumer buying behavior. From this the following equation can be formulated.

\[
\text{Consumer Buying Behavior} = 0.503 + 0.111(\text{BA}) + 0.116(\text{BR}) + 0.633(\text{BRC}) + \varepsilon
\]

Based on the equation the value of constant was 0.503 which imply that while other three dimensions remind constant or zero, the consumer buying behavior is 0.503. Hence \( p \)-value of the constant term was considered to be significant (\( p < 0.05 \)). Accordingly, the value of the beta coefficient in BA, BR and BRC were positive. It is evident that there is a positive relationship between the variables. It illustrates that if BA increases by one unit while other variable are constant, the CBB is increases by 0.111, if BA increases by one unit while other variable are constant; the CBB is increases by 0.111, if BR increases by one unit while other variable are constant; the CBB is increases by 0.0.116, if BRC increases by one unit while other variable are constant; the CBB is increases by 0.633.

5.2 Discussions

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

\( H_1 \): There is a positive relationship between covert marketing brand awareness and consumer buying behavior.

The correlation coefficient (\( r \)) value is 0.567 between brand awareness and consumer buying behavior at the 0.01 significance level (2-tailed) is 0.000. It shows that there is a strong positive relationship between brand awareness and consumer buying behavior. And also based on this evidence the null hypothesis of this study is rejected in relation to alternative hypothesis. Hence, the first hypothesis has accepted.

\( H_2 \): There is a positive relationship between covert marketing brand recognition and consumer buying behavior.

The correlation coefficient (\( r \)) value is 0.537 between brand recognition and consumer buying behavior at the 0.01 significance level (2-tailed) is 0.000. It shows that there is a strong positive relationship between brand recognition and consumer buying behavior. And also based on this evidence the null hypothesis of this study is rejected in relation to alternative hypothesis. Hence, the second hypothesis has accepted.

\( H_3 \): There is a positive relationship between covert marketing brand recall and consumer buying behavior.

The correlation coefficient (\( r \)) value is 0.834 between brand recall and consumer buying behavior at the 0.01 significance level (2-tailed) is 0.000. It shows that there is a strong positive relationship between brand recall and consumer buying behavior. And also
based on this evidence the null hypothesis of this study is rejected in relation to alternative hypothesis. Hence, the third hypothesis has accepted.

6. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

The first objective of the study is to identify the level of covert marketing on young consumers buying behavior in fast food industry in Batticaloa. The finding of the study clearly shows that the level between the variables and dimensions. According to the descriptive analysis results, mean value of study variables, based on the decision rule, indicates there is a high level of brand awareness, brand recognition, brand recall and consumer buying behavior in fast food industry in Batticaloa.

The second objective of the study is to identify the relationship between covert marketing and young consumers buying behavior in fast food industry in Batticaloa. Covert marketing measured through three dimensions which are brand awareness, brand recognition and brand recall. Those three dimensions are having strong positive relation to consumer buying behavior in fast food industry in Batticaloa. The finding of the study clearly shows that the covert marketing and consumer buying behavior have strong positive relationship.

The third objective of the study is to determine the impact of covert marketing on young consumers buying behavior in fast food industry in Batticaloa. This show the adjusted R square it gives 0.731, which indicates that 73% variation in the dependent variable is explained by independent variable which means 73% of consumer buying behavior is explained by covert marketing. The results show covert marketing significantly and positively impact on consumer buying behavior in fast food industry in Batticaloa.

6.2 Limitations of the study

While this study provides important insights into covert marketing and its impact on consumer buying behavior in fast food industry, it also has some limitations.

There are very few research are done on covert marketing because people are getting less knowledge about covert marketing so that researchers also did not focus on this factor, but now a day it is the major and famous factor which marketers are using.

The research consider only Batticaloa which focusing only the Manmunai North divisional secretariat it is not consider whole district.

The sample size of the current study was limited to 300 consumers, and in the future research studies, the sample size can be enhance in order to get better result.

The researcher examines only fast food industry in Batticaloa, but the result of the study may applicable to other type of industry such as apparel, footwear, automobile, appliance, tea industry etc.

Each statement is measured with Likert’s scale (1-5) in this study. However, if any study uses scale beyond 5, findings of this study could be further reconfirmed.

The study has considered only young consumers means the age of 15 to 29, the buying behavior may vary among other age category.

6.3 Future Research Direction

Future researchers can be engaged into actions to expand further research by overwhelming the limitation of this study. Hence, the following suggestions are proposed by researcher to improve future research.
Future researchers can enlarge the present study by drawing sample including other districts in Sri Lanka. Future researchers should also try to achieve a larger sample to establish whether general results apply to a larger population sample size. So that findings can be generalized across the whole population of the country. In future, the parallel research may be conducted in various sectors (apparel, appliance, tea, footwear, automobile etc.) of Sri Lanka. That would further tap the researchers to discover new and novel findings. Future researches can adopt all age categories for the research study to measure the covert marketing and consumer buying behavior.

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**Author Biography**

**First Author**

Kishanthini Ramkumar  
Reading for Degree of Bachelor of Business Administration (BBA), Specialization in Marketing Management.  
Eastern University, Sri Lanka.  
E-mail - r.kishanthi4@gmail.com

**Second Author**

Dr. F. B. Kennedy,  
Ph.D., MBA (RJ), BBA (Hons) (EUSL), MAAT  
Senior Lecturer,  
Faculty of Commerce and Management,  
Eastern University, Sri Lanka.  
E-mail – kennedyb@esn.ac.lk

**Correspondence Author**

Dr. F. B. Kennedy  
E-mail – kennedyrathi@gmail.com  
Contact number - 0777116928