Discussion on Customer Loyalty and Psychological Strategy Mechanism in New Media Advertising Era

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Abstract: This paper will examine various types of advertisements in the first chapter, including traditional advertisements such as print media, broadcast media, and outdoor advertising, as well as digital advertisements including social media ads, search engine ads, and influencer marketing regarding aspects of audience reach, message delivering, the establishment of brand awareness(benefits) and also advertising costs, the measure of ROI, and consumer skepticism(costs). The second chapter highlights how effective advertising boosts sales and revenue by affecting purchasing decisions and fostering customer loyalty, which ultimately leads to sustained profitability. It also discusses the role of advertising in enhancing brand equity and loyalty by strengthening consumer perceptions of a brand's quality and credibility. The final chapter delves into the underlying psychological and strategic mechanisms of advertising, explaining how it leverages emotional appeals, social proof, and cognitive biases to influence consumer behavior. Additionally, it covers how advertising establishes brand positioning, differentiates products in the marketplace, and shapes consumer perceptions and buying habits.

Keywords: Advertising; Media; Loyalty; Strategic Mechanism

1. Introduction

Advertising, by its core, is defined as the dissemination of information through paid media channels, where the content is provided by a sponsoring entity(Ilyas and Nayan). At the early stages of a business, promotion plays a pivotal role in making the public aware of the business. Whether the business operates online or offline, attracting customers is crucial for success and growth. Advertising serves as the primary means to reach these customers, which underscores its significance for businesses (Kotler). In today's competitive marketplace, companies invest significant resources in advertising to increase brand awareness, drive sales, and establish a strong market presence. It can be executed through various media such as television, newspapers, radio, banners, brochures, websites, etc., each having distinct advantages and limitations. Understanding the different types of advertisements is thus essential for marketers to create effective advertising strategies.

2. Diverse forms of advertisements: strengths and defects

2.1 The Classification of Advertisements

The pervasiveness of advertisements is overt. One readily observes that ads of all forms have permeated our everyday lives long ago; from the nuanced insertions in social media feeds to the countless glaring billboards inlaying the city skyline, these promotional messages harness the power of commercial discourse and brand narratives, imperceptibly shaping consumers' opinions, preferences and behaviors. Acknowledging their ubiquity evinces their significance as not mere commercial endeavors but also as potent tools that influence consumer well-being [1].

The spectrum of advertisements encompasses diverse forms, which enables distinct ways of categorization. For example, in the article "The Study on the Influence of Different Types of Advertisement on Chinese Consumers", Bao Xin Zhu and Hyunsuk Suh(2019) split advertising schemes into general-model and cross-model brackets to understand their impacts on consumers' perceived utility and enjoyment. In this dissertation, I would like to broadly classify advertisements into two categories — traditional and digital, to be divided further into more precise methodologies and mediums of dissemination. Traditional advertisements are the initial forms of ads, comprising domains of print media, broadcast media, and outdoor advertising. While digital advertisements

exemplify the evolutionary trajectory of marketing strategies, leveraging the expansive reach as well as targeting and interactive capabilities of online platforms. Digital advertisements are mostly visible on social media, search engines, and influencer marketing. Regardless of the format, each type of advertisement bears its upsides and downsides, and grasping these factors is of great importance for advertisers in selecting and implementing marketing strategies to promote their products, as well as understanding the influence of different forms of ads on consumers' purchasing decisions.

2.1.1 Traditional Advertisements: Cost and Benefits

Many believe that traditional advertisements have become an obsolescence in this digital era. This is valid to a certain degree, however, it should not be overlooked that global expenditure on the print advertisement market is surmised to reach up to 46.23 billion USD in 2024; the US Government is predicted to devote 10 billion USD in this field the same year. Undeniably, traditional advertisements still hold significant value within today's advertising landscape.

2.1.1.1 Print Media

Printed advertisements are disseminated through channels such as newspapers, magazines, leaflets, brochures, direct mail, etc.

Advantages of print media

One of the key advantages of print advertising is its cost-effectiveness, especially for local businesses aiming to reach a regional audience. Unlike digital ads, which may require continuous investment to maintain visibility, print ads often offer a longer shelf life. A magazine or newspaper can remain in circulation for weeks, increasing the likelihood of exposure. Another advantage of print advertisements is their credibility. Studies show that consumers tend to trust print media more than digital formats, particularly because traditional print sources, like newspapers, are often viewed as more reliable and authoritative in delivering information. According to a 2016 MarketingSherpa survey, 82% of U.S. internet users trust print ads when making a purchase decision, which is higher than any other advertising medium, including search ads (61%) and online pop-ups [2].

Disadvantages of print media

However, print advertising is not without its drawbacks. One of the major challenges is the declining readership and circulation of public publications, particularly with the rise of digital platforms[3]. As readers increasingly turn to online sources for news and information, print media faces difficulties in sustaining a large, engaged audience. Moreover, tracking the effectiveness of print ads in driving conversions is inherently more difficult compared to digital ads, which allow for real-time analytics and precise targeting. Lastly, print media is considered less accessible in today's fast-paced, digital-driven society, where consumers expect instant, on-demand content. The slow decline of print publications also places this medium somewhat "against the trend" of modern advertising strategies.

2.1.1.2 Broadcast Media

Broadcast media, a form of mass media advertising, utilizes radio and television to communicate promotional content: commercial or radio spots, infomercials, live reads, infomercials, sponsorships, etc.

Advantages of broadcast media

Primarily, broadcast media allows a wide reach of demographics, particularly during high-viewership periods such as prime-time television slots and popular radio shows. For example, Nielsen data consistently shows that television remains a dominant medium, reaching over 90% of U.S. adults weekly, and prime-time viewing further amplifies this reach by concentrating viewership during specific hours . Similarly, radio continues to be a powerful medium, reaching 92% of Americans each week according to the Radio Advertising Bureau.

Additionally, the coordination of visual and auditorial components enables captivating storytelling that resonates emotionally, facilitating the memorability and effectiveness of the promotion. Broadcast media also leverages the opportunity of frequent and repeated exposure, which aids in solidifying brand messages and bolstering consumer recognition over time. Repetition plays a crucial role in advertising effectiveness by ensuring that the audience is reminded of the brand now and then, which may influence purchasing decisions. Research by the Journal of Advertising Research supports the idea that repeated exposure to advertising boosts consumer awareness and brand recall.

Disadvantages of broadcast media

The high production costs associated with

creating TV commercials or radio spots can be prohibitive, especially for smaller businesses. These costs include everything from hiring talent and production crews to securing prime airtime, making it a significant investment that not all companies can afford. Despite its diverse reach, broadcast media ads face the problem of audience fragmentation due to the rise of streaming services and digital radio. With the proliferation of platforms like Netflix, Spotify, and Pandora, audiences are no longer confined to traditional broadcast schedules. This shift has diluted the traditional broadcast audience, making it more challenging to capture a broad viewership consistently.

2.1.1.3 Outdoor Advertising

Outdoor advertising, such as billboards, bus shelters, and transit ads, is a prominent marketing medium due to its extensive visibility in high-traffic areas.

Advantages of outdoor advertising

One of the primary advantages of outdoor advertising is the ability to reach a large, diverse audience by being strategically placed in areas like highways, city centers, and public transportation hubs, where thousands of people pass daily. Additionally, outdoor advertisements provide 24/7 brand exposure, making them continuously visible to passersby without interruptions, which can help establish strong brand recognition over time (Bergemann and Bonatti).

Disadvantages of outdoor advertising

Unlike digital advertising, outdoor advertising lacks the capacity for interactive engagement and does not allow for precise audience targeting or tracking of consumer interactions. This inability to focus on specific demographics or measure immediate response can hinder its effectiveness in certain campaigns. Moreover, outdoor ads are vulnerable to environmental factors, such as weather conditions, which may obstruct visibility or damage displays, reducing their impact. Despite these challenges, outdoor advertising remains a valuable tool for building widespread brand awareness, particularly when used in conjunction with other advertising strategies.

2.2 Digital Advertisements: Cost and Benefits

2.2.1 Social Media Advertising

Advantages

Social media advertising has become one of the most effective tools for marketers due to its precise targeting capabilities. Advertisers can tailor ads based on users' demographics, interests, behaviors, and even purchasing history, allowing for highly personalized campaigns. Moreover, social media platforms encourage interaction through likes, comments, and shares, which helps brands engage with their audience and generate organic reach. Real-time analytics provided by these platforms allow advertisers to track ad performance and optimize campaigns for better results.

Disadvantages

However, there are notable disadvantages to social media advertising. One of the primary challenges is ad fatigue, where users become overwhelmed by the sheer volume of advertisements, leading to diminishing returns. Privacy concerns have also grown as platforms collect vast amounts of data for ad targeting, raising ethical issues. Additionally, the rise of ad blockers and the competitive nature of social media feeds make it increasingly difficult for brands to stand out.

2.2.2 Search Engine Advertising

Advantages

Search engine advertising, particularly pay-per-click ads, offers businesses the advantage of targeting potential customers based on their search queries. This intent-driven approach allows advertisers to position their ads at the top of search engine results pages , increasing visibility and the likelihood of clicks . The PPC model is cost-effective, as advertisers only pay when users click on their ads, making it easier to measure the return on investment .

Disadvantages

However, rising competition for popular keywords has driven up the cost-per-click in many industries, making it more expensive for businesses to maintain a presence in search engine advertising [4]. Additionally, the limited space available for ad copy on SERPs constrains advertisers' ability to communicate detailed messages . Lastly, ad placement is heavily influenced by search engine algorithms and quality scores, which can be challenging to manage and optimize consistently.

2.2.3 Influencer Marketing Advantages

Influencer marketing leverages the credibility and trust that influencers have built with their audiences to promote products or services. This form of marketing enables brands to reach niche communities with high engagement, as influencers often share authentic and personalized endorsements[5].

Additionally, influencer partnerships allow for creative storytelling and collaborations that resonate with followers, making the marketing

message more impactful. Indeed, the research finding of Schouten et al. (2020) highlights the benefits of employing influencers as endorsers compared to traditional celebrities, emphasizing the crucial roles of similarity, recognition, and credibility in the effectiveness in this process.
Disadvantages
Nevertheless, measuring the effectiveness of influencer campaigns in terms of direct sales conversions remains a challenge for many brands. Moreover, there is a risk of influencer controversies or public scandals that could harm the brand's reputation. The studies by De Veirman et al. suggest that partnering with influencers with a large follower base may not be the most effective marketing strategy for promoting niche or differentiated products. This approach can diminish the perceived uniqueness of the brand, leading to a potential decline in consumer attitudes toward the brand. Finally, negotiating influencer contracts can be complex, with costs varying widely depending on the influencer's reach and level of engagement, adding to the uncertainty around campaign outcomes.

3. Profits Generation Through Various Forms of Advertising

3.1 Increased Sales and Revenue
Effective advertising plays a crucial role in driving sales and revenue by influencing consumer purchasing decisions and creating demand for products or services. Advertisements, when strategically designed, target potential buyers by addressing their needs and desires, thereby converting them into customers.
Research suggests that advertising is directly correlated with sales growth, especially when brands capitalize on the emotional and rational appeal to consumers . Studies show that companies that invest significantly in advertising often witness a corresponding increase in revenue, particularly if the campaigns resonate with their target audience.proposed that expenses on advertisements, through various psychological appeals, alter the consumer's subjective evaluation of the product, increasing its perceived value. As a result, the product's marginal utility rises, shifting the demand curve upwards. This persuasion leads consumers to purchase more at the current price, maintain the same quantity at a higher price, or even buy a greater quantity at a higher price.
Moreover, effective advertisements promote not only immediate conversions but also long-term customer engagement. By maintaining visibility in consumers' minds through consistent ad exposure,

brands can foster repeat purchases. This contributes to a more stable revenue stream. For instance, digital advertising platforms such as Google Ads and Facebook Ads allow companies to track key metrics like click-through rates and conversion rates, helping businesses adjust their campaigns for optimal revenue generation. Additionally, programmatic advertising, which automates the buying and selling of digital ad space through software and algorithms, has become a critical tool in digital marketing due to its efficiency and scale . By streamlining ad placement, it ensures consistent visibility across platforms, helping brands stay top-of-mind with consumers. Its data-driven nature allows for precision targeting, ensuring the right audience is consistently reached, further enhancing customer loyalty and retention.

3.2 Brand Equity and Loyalty
In addition to immediate financial returns, advertising plays a pivotal role in building brand equity, which refers to the value a brand adds to its products or services. Brand equity is developed through consistent messaging that reinforces a company's image, values, and credibility in the marketplace. High brand equity translates into customer trust, perceived quality, and strong differentiation from competitors.
Advertising serves as a vehicle for establishing emotional connections with consumers, which can translate into higher brand loyalty. The strength of a customer's emotional bond with a brand is shaped by the degree of personal engagement and enthusiasm cultivated through their interactions, which can be achieved by effective promotions. For instance, Apple emphasizes creativity, innovation, and a minimalist aesthetic in its advertisements, presenting its products not just as functional devices but as tools that enable personal expression and a creative lifestyle. Apple's "Think Different" campaign is a prime example, celebrating iconic figures such as Albert Einstein and Martin Luther King Jr. to associate the brand with revolutionary thinking and innovation. This strategy not only encourages repeat purchases but also inspires customers to become vocal supporters of the brand, promoting it passionately within their social networks. According to Keller and [6], brand equity has a direct impact on consumer loyalty and their willingness to advocate for a brand. Engaging advertising also fosters word-of-mouth marketing (WOM), one of the oldest and most powerful communication tools, which further increases brand visibility without additional costs. Many companies have utilized the combination of

advertising and WOM to maximize impact. For instance, Unilever's Dove "Real Women, Real Curves" campaign successfully generated WOM by encouraging women to engage in online conversations about beauty standards and share their personal experiences and thoughts, thereby amplifying the campaign's reach through organic discussions.

4. Psychological Drivers of Advertising: Influencing Consumer Behavior and Brand Differentiation

4.1 Psychological Influence

Advertising campaigns frequently utilize psychological principles to impact consumer decision-making, capitalizing on emotional appeals, social proof, and cognitive biases. Emotional appeals are designed to evoke strong emotions—such as joy, fear, or aspiration—which helps establish a personal connection between consumers and the brand. For example, ads leveraging happiness or nostalgia can evoke positive emotions, making the consumer more likely to purchase the product. Emotional engagement can drive purchase decisions, especially for products linked with identity or lifestyle.

Studies on social proof and consumer behavior show that witnessing others approve or purchase a product significantly enhances the likelihood of consumer adoption. Cialdini's principle of social proof explains that people are more inclined to follow the behavior of others, especially in situations of uncertainty. This is particularly effective in advertising when consumers are presented with testimonials, celebrity endorsements, or statistics that demonstrate widespread usage of a product. A study by reinforces this, showing that user reviews and peer recommendations increase trust, thus raising conversion rates. Social proof can also manifest through "herd behavior," where consumers mimic the actions of others, perceiving it as a sign of a product's quality.

Cognitive biases also play a significant role in shaping how advertisements are perceived. research on behavioral economics highlights the "anchoring" effect, where consumers rely heavily on the first piece of information they encounter, such as a high price, when making decisions. This bias affects the consumer's judgment of subsequent information, altering their perception of a product's value. For instance, if an advertisement prominently displays a higher price initially (e.g. through price comparisons or crossed-out prices), it can make subsequent prices seem like better deals, thus driving purchase intent. Additionally, studies by [7] demonstrate that the anchoring bias in advertising can be utilized to make premium products appear more valuable, thereby increasing consumers' willingness to pay higher prices.

4.2 Brand Positioning and Differentiation

Brand positioning is vital in differentiating a company from its competitors, and advertising serves as a powerful tool to establish and reinforce this positioning. Through strategic messaging, advertising communicates a brand's unique selling propositions , highlighting key attributes such as innovation, product quality, or emotional resonance. Successful campaigns differentiate brands by linking their products to core values that resonate with their target audience. For example, Dove's "Real Beauty" campaign repositioned the brand by focusing on self-acceptance and challenging societal beauty standards, which distinguished it from other personal care brands that typically emphasize aesthetic perfection. This type of brand positioning is not only about selling a product but also about creating an emotional bond with consumers by aligning the brand with a deeper cultural narrative.

In highly competitive and saturated markets, maintaining differentiation through effective advertising becomes even more critical. Consistent messaging helps reinforce a brand's distinct identity, fostering customer loyalty and long-term engagement. This is especially true when advertising consistently communicates a brand's value over time, building significant brand equity. posits that brand equity, developed through consistent and well-executed advertising strategies, is fundamental to establishing consumer trust and long-term credibility. This credibility allows brands to command higher prices and cultivate customer loyalty. For instance, the luxury brand Chanel has sustained its premium image through advertising campaigns that consistently emphasize exclusivity, craftsmanship, and timelessness. By maintaining this narrative over the years, Chanel has not only differentiated itself in the highly competitive luxury fashion market but also maintained a customer base willing to pay premium prices for its products, thus reinforcing its brand equity. Brands that can maintain a clear, distinct message over time are more likely to command higher consumer loyalty, further cementing their competitive advantage in the market.

4.3 Consumer Behavior and Decision-Making

Understanding consumer behavior is foundational to crafting successful advertising strategies. Advertisers utilize consumer insights—such as motivations, preferences, and purchasing patterns—to design campaigns that resonate with target audiences. Consumer behavior theories, like Maslow's Hierarchy of Needs, offer a framework for understanding how advertisements appeal to basic needs and more abstract needs (like self-actualization and status). Advertisements that address different layers of consumer needs tend to be more effective in influencing both immediate and long-term buying behavior. For instance, ads that emphasize safety features (such as insurance or healthcare products) appeal to basic needs, whereas luxury brands may target self-esteem or self-actualization by promoting exclusivity and success .

Cognitive and affective responses also play a key role in how consumers engage with advertisements. Cognitive responses pertain to how ads inform consumers about product features, benefits, and usage, thus educating them about their options and encouraging informed decision-making. For example, informational ads, such as those for technology products, tend to emphasize detailed product specifications to shape rational consumer choices. Affective responses, however, tap into the emotional dimensions of consumer behavior.Advertisements that evoke positive emotions such as happiness, nostalgia, or excitement can influence purchasing decisions by fostering an emotional connection with the brand. Studies have shown that emotionally charged advertisements are more likely to enhance brand loyalty and consumer satisfaction . Furthermore, repeated exposure to advertisements has been proven to reinforce brand recall, which increases the likelihood of consumer purchase over time.

Additionally, research in consumer psychology demonstrates the importance of emotional resonance. Advertisements that successfully invoke feelings such as pride, comfort, or joy tend to foster long-term brand loyalty. For example, Coca-Cola's "Open Happiness" campaign used positive emotional cues to strengthen the brand's association with joy and togetherness, ultimately enhancing consumer loyalty. Research indicates that this emotional connection can influence not only immediate impulse purchases but also sustained consumer engagement with the brand.

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