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Crowdsourcing Platforms: Users' Experience Exposed

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Abstract

Crowdsourcing is one of many ways that companies use to access a wide and varied range of resources that combined can generate superior performance. Our exploration tries to answer the question of how can a platform be effectively designed to attract and stimulate participant's engagement. To address this inquiry, we selected two crowdsourcing platforms and compared the users' experience from six perspectives: attractiveness, usability, accuracy, conversion, interaction and copyright protection. The subjects were asked to perform some predefined tasks on the selected platforms. Their behavior was recorded using an eye-tracking device, which offered information about eye positions and movements during tasks. Visual behavior records were enriched with talk aloud protocols. This additional research method was used to understand subjects' expectations, feelings and reasoning while executing the required tasks. After analyzing users' experience from proposed perspectives, what seems to matter mostly when choosing a crowdsourcing platform, is – first of all - the platform's design and secondly their own website navigation skills. Crowdsourcing platforms may attract or lose potential contributors with different capabilities just by modifying their website templates, by means of how information is presented. Nevertheless, a single website template could not satisfy all needs. Therefore, different abilities a user might have will influence him to select a crowdsourcing platform that match their way of thinking.

Keywords: Eye-tracking, crowdsourcing, talk aloud, design, neuromarketing.

JEL classification: M31, C91, D83, O31.

1. Introduction

Over the last thirty years, the companies source of sustainable competitive advantage were considered to be the resources it had. To guarantee success, these resources had to be valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991). Unfortunately, the acquisition of such resources is extremely expensive, so competing with ordinary resources is still a viable strategy. But how can ordinary resources provide a sustainable competitive advantage? The emergence of new business models that leverage a vast pool of ordinary resources is the answer (Fréry et al., 2015). For instance, crowdsourcing is one of the ways that companies can use to access a wide and varied range of resources that combined can generate superior performance. Therefore, it is important to understand how this process works, what the critical elements of this system are and how it can be improved.

The term crowdsourcing was for the first time used ten years ago and defined as "the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call" (Howe, 2006).

Crowdsourcing is a process that must be planned, organized and coordinated in order to work (Lee et al., 2015). To organize and manage it, we must understand which are the system's components and their main features influencing the final outcome. The four elements of crowdsourcing are: (1) the organization/crowdsourcer that initiates the process, (2) the crowd,

(3) the task and (4) the platform (Hosseini et al., 2015). The platform is a key element of this process. Choosing an appropriate IT structure that will stimulate and facilitate crowd engagement is of major interest (Prpić et al., 2015). Special attention should be paid to this component because experience shows that technical implementation of a platform to derive useful output is challenging (Bojin et al., 2011). It was proven that if the platform can improve usability, sociability and enhance user's experience, individuals are more motivated to participate (Zhao and Zhu, 2014).

Our research seeks to answer this question: how can a platform be effectively designed to attract and stimulate participants' engagement? To address this question, we focused on two crowdsourcing platforms and compared the users' experience with both of them.

2. Literature review

Crowdsourcing platforms connect creative people with entrepreneurs, businesses and anyone who needs great work to be done in a timely manner (Green et al., 2014). As more and more companies are choosing to solve their current problems by turning to people outside the firm, a new intermediation market emerged, formed by crowdsourcing platforms (Franklin and Higgins, 2014).

Because it needs to integrate all the elements of crowdsourcing – the crowdsourcer, the task and the crowd – platform's design must contain four types of functionalities: crowdsourcer related interactions (provide enrolment, authentication, task broadcast, assistance, time negotiation, price negotiation, result verification, feedback loops), task-related facilities (aggregate results, hide results from others, store history of completed tasks, provide quality/quantity threshold), crowd-related interactions (provide enrolment, authentication, skill declaration, task assignment, assistance, result submission, feedback loops) and platform related facilities (manage platform misuse, provide ease of use, attraction, interaction and payment mechanism) (Hosseini et al., 2015).

Most crowdsourcing platforms are designed for specific areas (Green et al., 2013) and the ways in which tasks are selected or rewarded are similar (Wu et al., 2015). Therefore, the question is how these platforms are chosen and used by the crowd.

Methods to analyze websites attractiveness and design have been developed since the advent of the Internet. These methods range from simple to ones that are far more complex. For instance, such an investigation can start with analytical data provided by services like Google Analytics (Google, 2016), which evaluate the number of page visits, the bounce rate, session duration, links to the most frequently accessed information, etc.

Then there are software that monitor the cursor movements on the screen and the time spent on specific elements of website (Hotjar, 2014). The assumption is that users watch the cursor on screen, or in other words, where the cursor is placed at that point the users are looking on. Although in general users eye are following the cursor, there are times - and not few – when the cursor is positioned on a particular item and the users are looking at a completely different part of the website.

The heat maps generated by these types of software applications are intensely colored on the menu area or the links on a page. This is because users position the cursor on the menu while reading the page. After reading the information on that page, users choose either to click on that menu and go further or to perform another action as a result of processing and understanding the text on that page. Thus, the maps generated by such applications have a high degree of bias.

A more advanced method of analysis, which is used by neurosciences (Venkatraman et al., 2015) and neuromarketing, is following and monitoring the actual eye movements on a web page (Duchowski, 2007).

To analyze accurately the eye movements, eye-tracking devices were developed in early 90s, when such studies were initiated (Benel et al., 1991). Experts have continuously improved the algorithms, methods of image processing and analysis methods (Talukder et al., 2004, Feusner and Lukoff, 2008, Chynal and Sobecki, 2010, Murawski, 2010, Murawski and Ieee, 2010, Pelz et al., 2011, Nauge et al., 2012, Seix et al., 2012, Hua et al., 2014, Hessels et al., 2015). With the advance of technology, eye-tracking data were more accurately collected and this method began to be used in various area such as: **IT** (Gajewski et al., 2005, t Hart et al., 2009); **education and training** (Le Meur et al., 2004, Chen et al., 2015, Georges et al., 2015); **medicine** (Talukder et al., 2004, van Reekum et al., 2006, Timberlake et al., 2008, Bradley et al., 2016); **linguistics** (Sedivy, 2010, Stites et al., 2010); **consumer behavior** (Basep and Banep, 2010); **marketing research** (Constantinescu, 2016, Daugherty and Hoffman, 2017) and **economics** (Lahey and Oxley, 2016).

Eye-tracking devices help us do more complex and accurate analyses, due to their capability of measuring eye movements, blinking, fixations, saccadations and pupil dilatations. Fixations are times when the eyes are standing still and closely monitor a specific area, while saccadations are rapid movements between fixations.

It is known that eye movement (Pelz et al., 2011) is influenced by the emotions associated with cognitive processes. Thus, the blinking counts and the degree of pupil dilation are associated with a high emotional intensity experienced by a subject. Experts interpret in different ways, the variation of number of fixations, fixation time and the distance between successive fixations.

For instance, some evidence suggests that while taking a glance at a website page, a higher number of fixations demonstrate the need for more processing time or troubles in understanding the content (Poole and Ball, 2006). If users are spending a long time looking at a particular area before making an action, maybe the information in that area is confounding.

On the other hand, longer fixation interval, or groups of fixations, may show more prominent interest and engagement with the objective (Poole and Ball, 2006, Galesic et al., 2008). The number of fixations is also used to find out if a design is more efficient than the other (Bojko, 2006). A recent research focused on websites design revealed that the sections most intensely observed are search tools area, the main menus area and home page (Weichbroth et al., 2016). Backward saccades, when eyes are returning to the previous point, may signal misunderstanding or a more elevated information processing (Mitzner et al., 2010, Olmsted-Hawala et al., 2013). Regression can be utilized to assess the level of clarity: if the text is more intelligible, fewer reversions there will be (Poole and Ball, 2006). A good user experience is encountered when a user does not invest a lot of energy in searching, finding, assessing, and utilizing the needed information.

A problem with eye-tracking devices was - and still is - how to reduce calibration errors (Vaissie et al., 1999, Nystrom et al., 2013), in order to increase the reliability of the results about the visual perception of subjects (Pelz et al., 2000). Calibration depends very much on the points chosen for this operation (Vaissie and Rolland, 2000) and the ratio between the distance and position of the user to these reference points (Goni et al., 2004).

In conclusion, besides providing the information and tools to achieve the task, crowdsourcing platforms should also offer an enjoyable browsing experience. Companies that develop and manage such platforms, hire specialists to create an appealing site design. Some companies have even designed their platforms using the crowdsourcing community. Thus, the users themselves create their work environment suited to their own needs, which will hopefully lead to a higher efficiency.

3. Research methodology

As we have mentioned earlier, our investigation tries to answer the following question: how can a platform be adequately designed to attract and stimulate participant's engagement? To fulfill our purpose, we conducted an experiment in which we used a binocular video-based, head-mounted eye tracker, which recorded participants' eye movements during this research.

The methodology used is summarized as follows:

(1) We searched and identified, using Google search engine, several free access crowdsourcing platforms (no payment fee for registration or access). All those platforms offered similar projects for the crowd such as product and package design, naming and branding, corporate identity design.

(2) Of all platforms found, we chose two platforms. The first platform has the website design done by a specialized agency while the second platform website design was realized by crowdsourcing.

(3) Subjects selected for the experiment were young students aged between 20 and 25 years old. We decided to focus on these respondents, as they should be prepared for the jobs of the future. We are today at the beginning of the Fourth Industrial Revolution and technological changes such as crowdsourcing, the sharing economy and peer-to-peer platforms represent already a reality (World Economic Forum, 2016). During the experiment, we have investigated 29 participants.

(4) We defined six attributes relevant for the assessment and selection of a crowdsourcing platform. These attributes were attractiveness, usability, accuracy, conversion, interaction and copyright protection. Every attribute was transformed into a working task, which must be completed on both platforms. To tackle the learning process, subjects were asked to perform the tasks alternately on the two platforms. The first task on platform A, then on platform B, the second task on platform B, afterwards on platform A, continuing until all the six tasks were finished. There was no time limit for completing the tasks and each participant worked in its own rhythm.

(5) During the experiment, subjects wore a pair of glasses that tracked the eye movements while navigating the crowdsourcing platforms. The system used was the SMI (SensoMotoric Instruments) Eye Tracking Glasses 2, which contain a binocular video-based, head-mounted eye tracker (SMI Eye-Link II System) with two mini cameras that tracked participants' eye movements.

(6) To fully understand subjects experience throughout the experiment, they were asked to say aloud what they are thinking during the execution of tasks. In fact talk aloud protocol is a technique often associated with eye-tracking devices (Cooke et al., 2005). Moreover, at the end of each task participants were asked to briefly comment the actions made on both platforms. Following their comments, both platforms have been evaluated on a 1 to 7 scale for each attribute.

(7) The instruments used in this experiment have the following technical specifications: Eye Tracking Glasses for binocular vision at a Sample Rate of 120 frames per second; Primary Monitor resolution: Full HD 1920 x 1080 at 60 Hz Image Aspect Ratio 16: 9 and 24 inch size monitor. The recorded data were processed with SMI BeGaze ™, behavioral and gaze analysis software for eye tracking data from SensoMotoric Instruments. The Behavioral and Gaze Analysis (SMI BeGaze™) software version used, was SMI BeGaze 3.6.52, IDF Version 10. The operating system of the computer was Windows 10 (x64), and the web browser used was Mozilla Firefox 49.0a1 (x64) version.

(8) For each participant, eye tracking device calibration was done before the start of the experiment. Eye Tracking Glasses system calibration is the process that establishes a link between the position of the eye in the camera and a specific gaze point in space, the so-called

point of regard (POR). The calibration also sets the plane in space where eye movements are focused. On the desktop of the computer used in the experiment, five points of interest were placed: one in the middle of the screen and the others in the four corners of the monitor. Desktop background was set to solid black color and the points of regard was made by colorful red pictograms. During calibration, the participants were asked primarily to look on the centered pictogram and secondly to look subsequently at the pictograms placed on the corners of the screen. The participants fixed these pictograms and the position of the eye was noted by the system. Using these reference points, the system creates a mapping function that relates all eye positions to points in the calibration area (for our experiment, the screen of the computer). The accuracy of gaze data was directly related to the success of the calibration process.

(9) Three participants were used for the preparation and pre-testing of the experiment. Out of the remaining 26 participants, 11 cases (42.3 %) were excluded due to calibration errors or recording problems, and 15 cases (57.7 %) remained for analysis. There were 4 men and 11 women.

(10) The experiments lasted between 20 and 35 minutes with an average time of 25 minutes, and were digitally recorded.

(11) Collected data was analyzed with SMI BeGaze software, which is a qualitative analysis tool. Core functionalities are single video analysis using gaze replay and scan paths as well as support for retrospective think aloud protocol, annotation of important events and export options for video and raw data.

4. Findings

The result showed that platforms web design decisively influence subjects' preferences. Even if some tasks could not be completed on a site, if that site had a more pleasing design it received a higher grade. In most cases, attention has focused more on the aesthetic elements than on the information itself. Subjects were paying more attention to beautiful decor than to synthetic construction or logical display of information. Although it was found that a learning process occurred, and subjects learnt how to accomplish the task when is executed on the second site, still the page layout is heavily influencing the navigation experience and the final evaluation. Moreover, finding relevant information was easier for the website that placed it in the middle of the page, but this did not influence the final score given by respondents. This shows that is not enough for users to easily find and accomplish what they have to do, but such activities should also give them pleasure. Unconsciously they are influenced to pay more attention and give more credibility to information, which is presented in an attractive manner.

The predisposition to look at the central point of a PC screen was noticed by numerous authors. Vision scientists have researched the main fixation disposition impact and have given various explanations, running from the idea that the middle is an accommodating area from which to begin oculomotor investigation, to explanations that individuals tend to recalibrate the eyeballs in their sockets after each upside and downside movement (Tatler, 2007). Our research supports what other studies (Sutcliffe and Namoun, 2012) found, that websites with more sophisticated graphical layouts, animations and images are dominating attention. On the other hand, on austere (without ornaments) and logically structured websites the focus concentrates only on the salient elements.

Participants browsing abilities are also very important in evaluating a website navigation experience. This can be seen from how the six attributes are evaluated (see Figure 1). The first task to accomplish (attractiveness) was first performed on site A and then site B. The order was changed, and the second task (usability) was first performed on site B and then site A. Continuing, the third task (accuracy) was first done on site B and then site A. The fourth task (conversion) was executed on site A and then site B. The fifth one (interaction) was first

performed on site A and site B and finally, the last one, (copyright protection) was done first on site B and then site A.

Changing the order of the sites has been used to avoid the learning process. If the order was fixed (e.g.: always site A, then site B), we assumed that the second site will receive a higher grade for each attribute investigated, because the subjects will learn how to performed the task and could do it more easily on the second site. However, something unexpected happened: the first site evaluated (does not matter if it was A or B) got always a higher score. This could mean that users have set the first assessment, when the attention was at peak, as a standard. The second evaluation was unconsciously conditioned by the first one and each time received a lower score.

Regarding sites assessment, Figure 1 shows the average grades given to each site and the standard deviation from the mean. The results show very small deviations for *conversion* and *interaction*, while the talk aloud activities were more intense on these subjects. Conversely, the highest mean deviations were registered for *accuracy* and *copyright protection* tasks during which shorter talk aloud periods were recorded while browsing the sites.

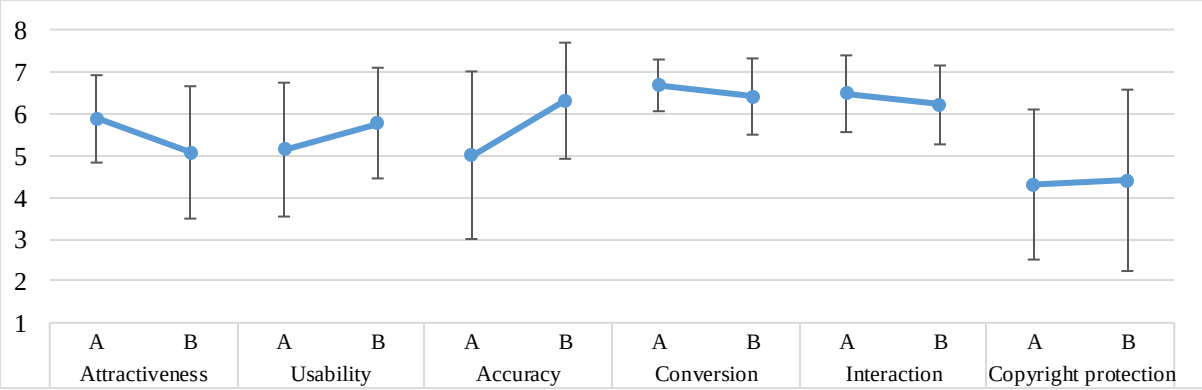

Figure1: Assessment of the six attributes transformed to working tasks.

Besides subjective evaluations, our research used more objective indicators such as number of fixations, saccades and blinks. Considering the number of fixations, some tasks generated more fixations than others did, this variable being correlated with task difficulty. Besides that, more fixations are recorded at first site examined, which confirms that the users - when they do not know what to expect- look more closely and often on the material investigated to see all the details. When examining the second site, already knowing what to do/find based on the learning effect, attention is not directed so much to all the details, but only to essential elements that can lead to solving the task received. Focus increases with practice and ability to identify what is needed to complete the assigned task.

Table 1 summarizes the results - with a 97.3% tracking ratio (degree to which the device correctly recorded eye movement) – for all participants. On average, there were 4491 fixations, 4116 saccades and 330 blinks within 25.4 minutes.

Observing how the tasks were performed, we identified significant differences between subjects in terms of Internet navigation skills and approaches. For instance, some of them focused mainly on images, graphs and flowcharts (arrows, wizards or small presentation aids such as "how to") while others insisted more on the descriptive parts of the websites (text instructions, details). Based on this, we can divide the participants into two groups: design oriented („classical") users and purpose oriented („modern") users. The first group prefers to find the necessary information in a classical way, using menus and links available on pages, while the second group prefer to use dynamic site search options.

Participant	Gender	Tracking ratio (%)	Duration (min)	Fixation count	Saccade count	Blink count	User type
Participant 1	Female	98.6	33.4	6427	6101	319	classical
Participant 2	Female	98.8	24.5	4868	4590	267	classical
Participant 3	Female	98.6	24.2	4177	3861	252	classical
Participant 4	Female	94.0	20.5	2220	1728	484	modern
Participant 5	Female	92.4	31.1	4421	3504	729	modern
Participant 6	Female	99.9	29.1	5835	5605	209	classical
Participant 7	Male	95.4	21.2	3589	3169	364	classical
Participant 8	Female	98.7	23.0	4602	4356	245	classical
Participant 9	Female	90.2	21.0	3476	3119	339	classical
Participant 10	Female	98.5	20.4	4127	3836	280	modern
Participant 11	Female	98.6	21.4	3252	2889	314	classical
Participant 12	Female	99.2	22.0	3863	3515	333	classical
Participant 13	Male	100.0	29.5	5114	4996	103	modern
Participant 14	Male	99.3	35.1	6120	5557	419	modern
Participant 15	Male	98.4	31.2	5287	4924	299	modern
Global (average)	**-**	**97.3**	**25.4**	**4491**	**4116**	**330**	**-**

Table 1: Globally eye-tracking metrics for all of the participants.

Analyzing the talk aloud records, we found the following:

For the first activity (**attractiveness**), subjects had to identify what jobs/projects are offered by the two sites and to make a first impression about how the information is presented. Both sites were previously unknown to participants. The overall conclusion is that all participants were able to realize what is going on each site and identify the main categories of jobs that were offered to contributors. The general impression was that a website was more attractive (from an aesthetic point of view) while the other one was better structured. Classical users stayed more on images and menus, while modern users looked mainly on search areas and information filtering zones. Among the ideas arising during the discussion are worth noting:

- *„Website A has a better presentation (with pictures) while on website B information is more synthetically";*
- *"Site B is simpler and more structured, but I like website A";*
- *"Site A, from my point of view, is more friendly and site B is more compact, with a simpler interface";*
- *"Site B is more organized, although site A is more attractive";*
- *"It's hard to find something on site A. It is built in a modern style; the white background creates the illusion that is it made on the whole screen, even if it is not. In contrast, site B is smaller, the information is presented only in the middle";*
- *"Site A had suggestive texts";*
- *"Site B is more restrictive in terms of projects, site A has a wider range of jobs";*
- *"Site B is very ugly and very crowded and very mixed and I can't find what I need";*
- *"On website B, I cannot realized what it is about as easy as I can on site A. I like more site A. Site B is more professional / business while site A is more creative";*
- *"Site A is very well arranged and it's interactive, it's well organized, although I had some difficulties to understand how I should navigate. Site B is very well organized; you can find immediately what you need".*

For the second activity (**usability**) participants had to search for more details on the websites and to choose an open job/project, according to their own skills. Thus, we have tested how easy it is to use the navigation tools and to make a selection. During this task, both classical and modern users looked more on the descriptive text and taglines. When images popped-up, there were many fixations with a longer fixation time on logos and frequent comebacks on titles. Site

A, which has a more attractive design as previously seen, captured the attention of the participants more time, since they were distracted by the decor. On site B, which is more schematic, the activity was carried out in a much shorter time and site B was therefore awarded with a higher score. The following comments are relevant:

- *"Site A is more suited to companies and not to the crowd";*
- *"Site B is more accessible. You can realize how desirable a project is, based on the number of participants and the number of loaded versions";*
- *"Here (Site A) are more interesting ideas than the other side (Site B)";*
- *"Site A is better divided into areas";*
- *"I saw the description and I liked it. I want to learn to make info graphics. Site B is ok as brief and all the rest, while site A does not give you many details ...there are more images";*
- *"I struggled a bit to figure out [how to navigate]on site A";*
- *"On-site A, which is nicer, I had to scroll down the page to see the offers, which is not very good ... and I don't think either I can use criteria to filter offers".*

For the third activity (**accuracy**), participants were asked to find out how much money they will gain if they choose to perform one of the projects available. It was tested the level of accuracy, fairness and transparency of the information provided by the two crowdsourcing platforms, but also how motivating the reward is, based on remuneration-workload ratio. During this task the participants had to navigate deeper on each site, searching for additional information and clicking more links and menus. They did not focus on any particular item. The following ideas were revealed during discussions:

- *"When you look for more information is easier to find them in a tabular format (site B)... beyond (site A) is nicer, but you easily forget what you saw";*
- *"One site offers specific information (site B) while the other one (site A) ... it's useless to have better IT if you can't provide easily the desired information";*
- *"On site B, I immediately found the information";*
- *"It's good to be transparent - no login information required ... on the other hand if you are a member, it's better for reticent people, it offers them a higher sense of security".*

For the fourth activity (**conversion**), we analyzed how easy it was to transform an anonymous user into a member of a community. Subjects were thus asked to create a user account on each of the two-crowdsourcing platforms. The task was successfully completed on both sites, users were identifying immediately the menu or links that should be used. Information requested was brief, and the subjects introduced it quickly. It should be noted that the two sites were pretty similar, in terms of positioning (upper right corner) and content (the input fields). Only modern users identified the link to the newly created profile and realized that further details can be filled in to complete the profile. The respondents stated:

- *"It was very easy on site A and also very easy on site B";*
- *"It's very simple, right here in the corner";*
- *"I find it very important your data to be secured";*
- *"Easy for both sites";*
- *"It was not difficult";*
- *"... [the sign in section – a. n.] was more visible on the website A".*

For the fifth activity (**interaction**) subjects had to explore and evaluate the available interaction tools which connect users with companies, users with the crowdsourcing platform administrator, and users between them (forum, blog, FAQ, how-to, additional assistance). For this task, subjects looked for and insisted on two-three options before deciding to click on a link/menu or another one. Classical users immediately identified the icons for links leading to

online social platforms (Facebook, Tweeter, etc.), while modern users searched first the links to discussion forums and blogs and then the search box. Among the ideas arising during the discussion are worth mentioning:

- *"It is very interesting to look at what others have done, to see which projects your competitors won";*
- *"On website B you can find information more easily while on website A you can connect more easily with others";*
- *"I found it very quickly on site B and a little harder on site A";*
- *"On website A, I found it faster because it was written upfront, on site B I had to search more";*
- *"It was quite hidden";*
- *"There is a keyword and it's easy to spot";*
- *"On website B, was easy to find. On website A, after that I found it difficult, now I don't remember where it is".*

For the sixth activity (**copyright protection**), subjects were asked to look for information about how their creative work is protected. In completing the last task, participants followed the links at the bottom of each website analyzed. From the opened pages, they read carefully several paragraphs before making the decision which page to access next. The respondents declared:

- *"It tells you clearly what is allowed and what is not";*
- *"I cannot find the section where the information should be. It's hard on site B ... it must be somewhere on website A. Rather difficult ...hard to find on both sites and the names are concealed";*
- *"I do not really figure out where it is, I mean there is a lot of information on site A and pretty similar. Things are very similar but not exactly, what I seek, even on site B... I cannot realize. If I'll spend more than 20-30 minutes I would probably find it";*
- *"It was easy to find, but maybe if they rearrange the titles and subtitles it would be even easier";*
- *"I cannot find on site B. I cannot find on website A either";*
- *"I can't find anything"; "I do not see anything here";*
- *"Very hard to get this information";*
- *"The information was hidden";*
- *"It is hard to find information on both sites";*
- *"This information should be more visible, it should be put upfront".*

Overall, participants ranked website A - which has an attractive design - as the most performant one, based on all attributes. This was quite a surprise because – for instance - out of 15 subjects only 2 people were able to identify the full list of all categories and jobs available, and only one of the two, managed to navigate successfully in this list to finalize the task.

Right from the start, some subjects did not follow the available primary navigation route, and this affected their navigation experience. They tend to ignore the primary menu and the links that lead to the main information needed to explore the site. Moreover, the subjects lose the logic behind the site diagram or the sorts of data and elements that the site is presenting. Investigated participants were not able to comprehend all sorts of data available on the sites.

The subjects' general impression was that both sites were designed for companies (the crowdsourcers) rather than the crowd. Those who manage the crowdsourcing platforms seem to pay more attention on attracting as many companies and put in the second position the needs and desires of the crowd.

5. Conclusions

Understanding how contributors think and act is the basis for optimizing crowdsourcing platforms, so that they can offer a user-friendly working environment. In our study, we used an eye-tracking device and complemented visual behavior records with talk aloud protocols and a final assessment to fully understand users experience while browsing and working on such platforms. Following the analysis and interpretation of recorded data, we found that some platform's attributes are more important than others are. For instance, attributes that are more important for users, generate more fixations than less important ones. Thus **conversion, interaction and attractiveness** were highly appreciated**,** and these attributes are first to consider in choosing a crowdsourcing platform. **Accuracy, usability and copyright protection**, are less important and are used only to solve ties in cases when the first attributes are having the same rankings. Though it seems surprising this ranking, we must not forget that subjects are part of Generation Y. Even if the results are sometimes contradictory, it is generally considered that members of this generation are hedonistic (Aruna and Santhi, 2015) trustful and tolerant (Furlow, 2011), group oriented and digitally connected (Dawn and Thomas, 2013). Therefore, they seek primarily an attractive design, which will make the experience enjoyable, easy to find, transparent information, and a high degree of interactivity with other participants (contributors, companies, platform administrators). How are they rewarded and if and how their creative work is protected, are secondary concerns.

In addition, a higher number of fixations is recorded for difficult tasks and for the first site examined, when the user had to perform a new task. The novelty or uncertainty makes subjects to examine more carefully the material investigated to identify all relevant elements. Repeating the same task on a new ground (the second site) based on the learning effect decreased alert level and makes attention to no longer be directed towards identifying new elements, but only to retrieve the elements previously found. Thus, by repeating an action, the number of fixations decreases and the exposure time increases.

The analyzed subjects were heavily influenced by platforms design and based on this, they found easier or harder the information needed to accomplish the task. Respondents shifted their attention to the identification of differences between sites regarding the design and not the content.

Although they looked exactly at what was needed to do the task, they were not able to see / understand what they were looking at, because the setting diverted their attention from the information. The main conclusion is that a platform should present the informational content in an attractive way, but without exaggeration, otherwise the users will be attracted and distracted by the beauty of decorative design elements.

On the other hand, since it's easy to ignore information if not presented attractively, we should not oversimplify platform's design. An agreeable websites inspires also a high degree of trust in the services and information available to users.

It seems that finding the right balance between an oversimplified design and a visually appealing one, is the key in attracting and retaining contributors to a crowdsourcing platform.

6. Limitations and future researches

The first limitation consists in the number of indicators evaluated. Besides Fixation count (Visual Intake count), Saccade count and Blink count, presented in Table 1, the eye-tracking device could registers more detailed information such as Visual Intake Frequency (ms); Visual Intake Dispersion (px); Saccade Frequency (ms); Saccade Duration Dispersion (ms), Saccade Amplitude, Saccade Velocity, Saccade Latency (ms), Blink Frequency, Blink Duration (ms) and Scanpath Length (px). These metrics could bring more clarification about users experience and could clearly enhance the analysis. Additional software is needed to do an analysis from

which supplementary results may be obtained that can lead to some degree of generalization. Lack of additional software, does not allowed us to analyze the data quantitatively (only qualitatively), and thus we couldn't derived conclusions at group level. For instance, even if we recorded data on each individual respondent, we couldn't aggregate it to generate thermal maps.

The number of subjects studied gives the second limitation. Although other researchers have used a few cases in conducting experiments with eye-tracking equipment - 10 cases (Cooke et al., 2005), 11 cases (Habuchi et al., 2008), or 12 cases (Hughes et al., 2003) - we consider that only 15 cases may lead us to less objective conclusions. In future studies we intend to increase the group of subjects, taking into account the unexpectedly high rate of calibration errors (42.3%).

Another limitation is related to the simultaneous use of eye-tracking and talk aloud method, issue also raised by other researchers (Bergstrom and Schall, 2014). Following the results of our study, a strong recommendation is to refine the conversation guide or to define the tasks to be performed so that subjects will speak more easily while executing the assignments. A minimized interaction with experiment's moderator is advisable, thus limiting the times when the subject shifts it's attention from the task to the moderator which can alter the total number of fixations, saccadations and blinking.

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The social influence of users' emotional expression on the acceptance of information systems by peer users

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In memory of Ofek Feinblit who inspired this work.

Abstract
Information systems have crucial functions in a modern organization. Yet, for such technologies to fulfil their goals, they must be accepted and used by the employees in their organizations. Present models explaining acceptance and use of technology are somewhat limited due to their strong focus on the cognitive and behavioral factors influencing user adoption of information systems, while mostly ignoring affective factors that are likely to play an important role in this process. Research that does consider affective factors typically focuses on the affective reactions of users of the systems and how these influence aspects such as system acceptance. Recently, psychological research has established the crucial role of emotions and other affective states in basic human functioning. In particular, psychological research has stressed the important social function of emotions by indicating how the emotion of one individual may affect others. This study examined the effect on one user's emotional expressions, emitted in response to his or her experience of assimilating a new information system, on peer observers who are also about to be exposed to the new system and intend to use it. Specifically, the research examined the effect of anger and shame versus emotional neutrality, expressed by users of a new information system on peer observers who also are about to be exposed to the new system in aspects of positive and negative emotions, perceived performance expectancy, perceived effort expectancy, the observer's expectation that important others think he should use the system and observer's intentions to use the IS. In two different studies, participants, students from university of Haifa, were asked to carry out a search task in the university search system after being exposed to emotions such as anger and shame, expressed by early users who used the same system. The participants were asked to answer questionnaires checking the impact of the exposure to the emotions on their perception of the information systems. In the first study, emotion exposure was implemented by observing the earlier user's answers to questions about his feelings after using the information system, exhibited on a computer screen. In the second study, before committing the search task, participants watched a short film explaining the study procedure, and were exposed to actors playing earlier users, expressing their feelings after using the new information system.
The results show that exposure to emotions expressed by peer users have an impact on the observer and his perception of the Information System and intentions to use it. This study opens a window to further research in the context of emotions-Information Systems relationships and has potential implications for Information system adoption in organizations.

Keywords: information system adoption, anger, sham, social influence, negative emotions.

JEL classification: O32, O35.

1. Introduction

Information systems (henceforth, IS) serve functions in modern organizations and can improve individual and organizational performance. Yet, to achieve these goals, they must be accepted and used by employees in organizations. Previous research documented the existence of a gap between the development of new technology and the ability to get workers to use it (Davis et al., 1992, Ackoff, 1967, Ginzberg, 1981, Markus and Keil, 1994). Accordingly, understanding

the factors determining information technology adoption in the workplace is highly important. Different models attempting to explain the factors that determine users' acceptance of IS were developed. For example, the Technology Acceptance Model (TAM) suggested by Davis (1989), and its extensions, the TAM2 (Venkatesh and Davis, 2000) and the Unified Theory of Acceptance and Use of Technology, UTAUT, (UTAUT, Venkatesh et al., 2003). These models offer a significant understanding of the factors that predict successful adoption of IS by users. However, they are somewhat limited due to their focus on cognitive and behavioral factors while ignoring affective factors that are likely to play an important role in this process (Sun and Zhang, 2006, Zorn, 2002).

In response to this limitation, our research focuses on the effect that emotions expressed by peers of a prospective user have on this user's attitude and reaction to the first encounter with the system. Indeed, one factor that was found to be of significant importance in determining users' acceptance of a new IS is related to how others in their surroundings react to the system and think about it (Taylor and Todd, 1995, Venkatesh and Davis, 2000, Lucas and Spitler, 1999).

Research of emotions in the field of information systems, is focused on a users' emotions caused by their interaction with the system and the effects of these emotions on adoption of a new system. In general, this line of research has shown that these emotions significantly affect system adoption. However, the emotions experienced by users may not only determine their own adoption of a given system, but that of others who witness their experience and emotional reaction to the system. The possibility that observing a peer user's emotional expressions, triggered by system use, affects the observer's acceptance of the system has not been explored before. Yet, observing other's emotions has been shown to play an important role in shaping observers' behaviors and judgments (e.g., Hareli et al., 2013). Testing such a mechanism in the context of IS adoption is the focus of the present research.

Users of a new IS often experience anger (Zorn, 2002, Allen et al., 2000, Hassenzahl et al., 2000, Brave and Nass, 2002, Pinsonneault, 2005) and shame. (Bagozzi and Dholakia, 2002, Perlusz, 2004, Diaz and Loraas, 2009, Loraas, 2005). Relying on these findings, the present research examined the effect of anger and shame expressed by users of a new information system on peer observers who also are about to use the new system.

In two studies, participants were asked to conduct a search task using the university search system after ostensibly accidentally witnessing emotions expressed by users who used the same system before them. Participants answered questions checking the impact the exposure to the different emotions had on their perception of the IS. Measures were taken from previous research and included the dimensions known to predict users' acceptance of the system. Specifically, we measured, perceived performance expectancy, perceived effort expectancy, and perceived opinions' of important others about the system (Venkatesh et al., (2003).

2. Hypotheses

Observing emotions expressed by others affects observers' emotions and judgments (Hareli & Rafaeli 2008;(Van Kleef, 2009)). Based on this idea, the following hypotheses were tested:

(1) Observing peer users reacting with anger will evoke more negative feelings towards the system, compared to observing peers reacting with shame or with a neutral emotion. This expectation is based on the fact that anger reflects a blame of an external factor for the undesirable situation (Ortony et al., 1988, Lazarus, 1991, Frijda, 1986), unlike shame which reflects an internal cause for an undesirable situation (Lindsay-Hartz et al., 1995, Weiner, 1985, Roseman et al., 1990), or neutrality which does not provide any specific information about the experience with the system.

(2) Observing peer users reacting with anger will negatively affect observers' perceived performance expectancy compared to observing peers reacting with shame or with a neutral emotion.
(3) Observing peer users reacting with anger will positively affect observers' perceived effort expectancy compared to observing a peer reacting with shame or a neutral emotion.
(4) Observing peer users reacting with anger will reduce the observers' expectation that "important others" think they should use the system, compared to observing a peer reacting shame or neutral emotion.
(5) Observing peer users' emotions will not have a direct effect on observers' intentions to use the IS. However, it will affect observers' intention to use the IS, mediated by performance expectancy, effort expectancy and observers' expectation that "important others" think they should use the system.

3. Study 1

3.1. Method

3.1.1. Participants

A total 99 Haifa university BA students (54 men, 45 woman) with a mean age of 28 years *(SD = 7.95, Min = 19, Max = 72)* were invited by advertising on notice board to participate in this research. 63 were Hebrew mother tongue speakers, 23 Arabic mother tongue speakers and 13 other mother tongue languages speakers.

3.1.2. Procedure

Participants were asked to seat in a separate cubical and wait for the experimenter. While waiting, facing the computer, they could see the computer screen on which ostensibly the answers of the previous participant to the question how did you feel about the system appeared. Answers were "angry", "ashamed" or "calm". After giving the participant sufficient time to see the answer, they were asked to execute a specific search task on the library's literature search system.

3.1.3. Depended measures

Participants were asked to rate, on the scale 1- " do not agree " to 7 – "agree to a large extent" a series of questions about the perceived performance expectancy, perceived effort expectancy, the observer's expectation that important others think he should use the system and observer's future intentions to use the IS. In addition they were asked to rate their emotions using the Positive and Negative Affect Schedule (PANAS) (Watson &Clark,1994).
To ensure that participants saw the emotional reaction of the previous participant, the last question asked explicitly if they took note of the emotion reported by the previous participant.

3.2. Results and discussion

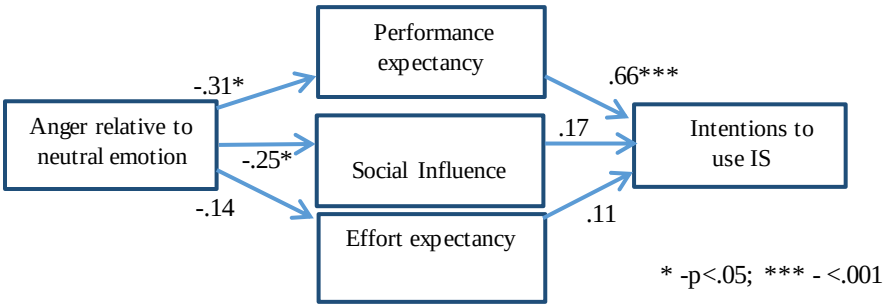
In order to examine hypotheses 1 to 4 a series of 3 (Peer emotion) one-way ANOVA's were conducted. A significant effect emerged for negative feelings, $F(2, 96) = 3.09$, $p = .05$, $\eta 2 = .061$, but not for positive feelings, $F(2, 96) = .94$, $p = .396$, $\eta 2 = .019$. As shown in the upper row of Table 1, exposure to peer anger produced more negative feelings relative to exposure to shame or a neutral emotion.

Condition	Peer emotion	Neutral emotion	Shame	anger
Negative emotion	*SD*	0.49	0.63	0.95
	M	1.44_a	1.55_b	1.872_a
Positive emotion	*SD*	0.85	0.63	0.69
	M	2.65	2.74	2.67
performance expectancy	*SD*	1.085	1.5	1.62
	M	5.15_b	5.05_a	4.27_a
Social influence	*SD*	1.29	1.4	1.24
	M	4.84	4.73	4.19
Intentions to use	*SD*	1.26	1.49	1.94
	M	5.26_b	5.37_b	4.36_a

Subscripts based on LSD tests at p<.05 numbers with different subscripts differ.
For PA & NA The different between shame and anger is marginally significant, *p*=.06.

Table 1. Observers' reactions averages and SD as function of peers' emotions – experiment 1.

For perceived performance expectancy a significant effect was found for peer emotions, $F(2, 96) = 3.54$, $p = .03$, $\eta^2 = .68$, such that exposure to anger and shame decreased perceived performance relative to peer's neutral emotion (Table 1). No significant effect was found for perceived effort expectancy, $F(2, 96) = .67$, $p = .51$, $\eta^2 = .01$, and for the observer's expectation that "important others" think he should use the system, $F(2, 96) = 2.09$, $p = .13$, $\eta^2 = .04$.
For user's future intention to use to IS a significant effect emerged for peer emotions, $F(2, 96) = 3.83$, $p = .025$, $\eta^2 = .07$, such that anger reduced the intention to use the system relative to both shame and neutral reactions who were rated similarly (Table 1).
A series of path analyses was conducted to test if performance expectancy, effort expectancy and observer's expectation that "important others" think he should use the system observing peer users' emotions mediated the effect of peer emotions on observers' intentions to use the IS. In two separate analyses, the emotions reaction (i.e., anger and shame) were dummy coded as 1 and the neutral emotion as 0 and the direct and indirect effect of the contrast between the two on the dependent variables was assessed (see Figure. 1).Using the IS on user future intentions to use the IS is mediated by performance expectancy. Exposure to shame or neutral emotion had no significant effect.



χ2(1)=.12, p=.912; CFI=1.000. RMSEA <.001;

Figure 1. Path analyses for anger effect relate to neutral emotion

The results indicated that emotions reacted by peers affect new IS users. In general, observers report negative emotions evoked after observing anger reacted by peers after experiencing new IS. This result matches the hypotheses and previous findings that anger reflects an external reason to an undesirable situation to the peer user. The observer learns that the reason to the

peer's performance expectancy of the IS is based on the IS. At the same time, the IS is perceived as less useful when the observer is exposed to peer's anger and shame. Observing peer's anger also reduces the observer's intentions to use the IS relative to shame and neutral emotion.

4. Study 2

The goal of Study was to replicate our finding from Study 1 using videos depicting peers users' emotional reactions rather than just written responses.

4.1. Method

4.1.1. Participants

A total 160 Haifa university BA students (76 men, 84 woman) with a mean age 25 years (*SD = 2.94*, *Min = 19*, *Max =37*) were invited by advertising on notice board to participate in this research. 137 were Hebrew mother tongue speakers, 13 Arabic mother tongue speakers and 10 other mother tongue languages speakers.

4.1.2. Procedure

Participants were asked to conduct a search task using the university library's search system after watching a short video presented as meant to explain the procedure. As part of the video, actors who played the role of participants were seen as reporting that they felt shame, anger or neutrality in response to their experience with the new information system.

After giving participants sufficient time to see the answer, they were asked to execute a specific search task on the library's literature search system.

After conducting the search task, participants answered questions assessing the impact of exposure to peers' emotions on their emotions and perception of the IS.

4.1.3. Depended measures

The same measures as in study 1 were used. In addition, to ensure that the participant saw the emotional reaction of the previous participant, the last question asked explicitly if they took note of the emotion reported by the previous participant.

4.2. Results and discussion

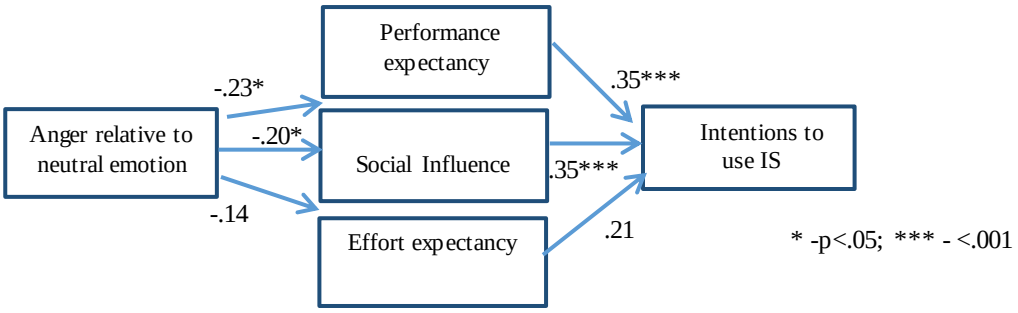
In order to examine hypotheses 1 to 4 a series of 3 (Peer emotion) one-way ANOVA's were conducted. No significant effect was found for positive emotions, $F(2,154) = 359$, $p = .699$, $\eta^2 = .005$, nor negative emotions, $F(2,154) = .539$, $p = .58$, $\eta 2 = .007$.

Condition	Peer emotion	Neutral emotion	Shame	anger
Positive emotion	*SD*	0.74	0.81	0.75
	M	3.22	3.1	3.17
Negative emotions	*SD*	0.65	0.64	0.87
	M	4.49	4.37	4.36
performance expectancy	*SD*	1.11	1.17	1.5
	M	5.15_a	4.66_b	4.53_b
Social influence	*SD*	1.2	1.2	1.18
	M	4.87_a	4.47_b	4.39_b
Intentions to use	*SD*	1.14	1.3	1.74
	M	5.76_a	5.38_{ab}	5.04_a

Subscripts based on LSD tests at p<.05 numbers with different subscripts differ.

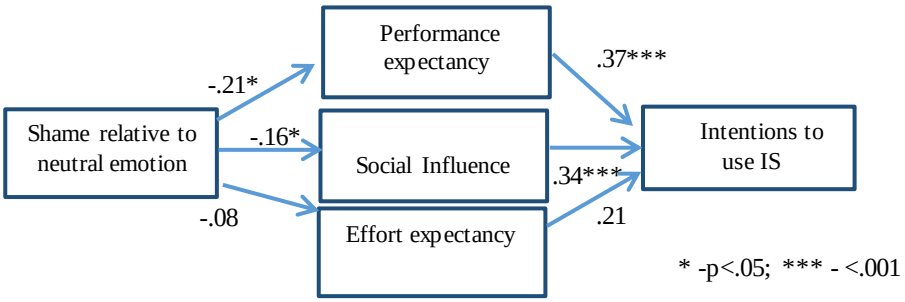
Table 2. Observers' reactions averages and SD as function of peers' emotions – experiment 2.

For perceived performance expectancy a significant effect was found for peer emotions relative to neutral emotion, $F(2,154) = 3.32$, $p = .04$, $\eta^2 = .04$, such as exposure to anger and shame reduced the level of perceived performance expectancy relative to peer's neutral emotion.
No significant effect was found for perceived effort expectancy, $F(2,154) = .744$, $p = .47$, $\eta^2 = .01$, and for the observer's expectation that "important others" think he should use the system, $F(2, 154) = 2.40$, $p = .09$, $\eta^2 = .03$.
The results in the context of observer's expectation that "important others" think they should use the system were marginally significant but in the expected direction. Specifically, seeing a peer user reacting neutrally increased the observer's perception that significant others expected the user to use the IS relative to users who saw a reaction of shame or anger.
For future intentions to use the IS a significant effect was found for peer anger relative to shame and neutral emotion, $F(2,154) = 3.16$, $p = .045$, $\eta^2 = .04$,such as exposure to anger reduced the level of intensions to use the IS relative to neutral emotion, while did not have any effect relative to exposure to shame.
A set of path analyses similar to the ones conducted for Study 1, found that significant effect exposure to anger and shame, independently, relative to exposure to neutral emotion decreased the observer's future intentions to use the IS. The results also showed that the effect of exposure to anger reacted by peer users after using the IS on the observer's future intentions to use the IS is significantly mediated by social influence and not by performance expectancy, nonetheless the results showed that the effect of exposure to shame reacted by peer users after using the IS on the observer's future intentions to use the IS is significantly mediated by performance expectancy. No significant effect emerged for exposure to neutral emotion. (Figure 2-3).



$\chi2(1)=.12$, p=.326; CFI=1.000. RMSEA<.001;

Figure 2. Path analyses for anger effect relate to neutral emotion



RMSEA<.001; $\chi2(1)=.0$, p=.985 ,CFI=1.00.

Figure 3. Path analyses for shame effect relate to neutral emotion

5. General Discussion

Both studies show, as predicted, that exposure to emotions expressed by peer users have an impact on observers' perception of the IS performance and expectations of the social environment to use the new IS. However, in both studies there was no significant evidence that exposure to emotions have any effect on effort expectancy needed to use the IS. This findings could be explained in the fact that only results of participants who succeed in the task where analyzed. Naturally, participant who succeed in the task is more focused on himself and tends to find the IS easy to operate.

Unlike expected, not only anger but also shame affected users' expectations concerning the performance of the system and intentions of using it.

Thus, apparently, exposure to any negative emotion expressed by peer users, have this effect on users. These findings are especially interesting and could have implicative applications for organization who are about to adopt new IS because of the fact that despite the participant's success in the task, exposure to negative emotions reduced his future intentions to use the IS. This may lead organizations to reduce exposure of new IS users to peers who used the new IS before them.

In spite of the encouragement one can draw from the findings they are not free of limitations. The main limitation is the correlation between classic expressions of anger and shame in real life and the way the expression of those emotions was displayed in our study.

This research has contributes to our understanding of the important role that the social influence of emotions has for the adoption of new information systems in organizations. In particular, it stresses the effect of negative emotions on user's intentions to use new systems. This study opens a window to further research into the social function of emotions in adoption of new IS in organizations.

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Overview on the Technological Development and Particularities of Industry Services Development

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Abstract
The role of technological development in sustaining the competitive advantage, as also the effect of the technical progress in developing the demand of services for undertakings manufacturing products are underlined in the concepts of technological development and industry services development. Technological development assumes reducing production costs, differentiating the services and increasing the quality and it influences the provider's pricing policy. It is shown that a technological change will not automatically lead to a competitive advantage unless it meets opportunity conditions in relation with sustaining the competitive advantage.
Other matters refers to the development of commercial services due to the expansion of modern technologies on operation automation, the computer treatment of the data and communications development, such as: the development of the provider's communications with the customers, the introduction of individualized marketing, increasing the number of served customers, increasing the quality of delivered products, improving the efficiency of the contact personnel and others.

Keywords: competitive advantage, differentiation, technology, technical progress, benchmarking research.

JEL classification: O330.

1. Introduction

In the developed economies, the third sector of services presents the most accelerated development and represents the context in which a new branch of economy is defined – service economy.
The differentiation of services and costs represent important factors of the competitive advantage. The reduction of costs on the value chain allows to set out an attractive price, and the differentiation allows a good adequacy of the service in relation to the customer's expectations. (Porter, 2001)
The technology is involved in these two factors, the technological developments being able to lead to the reduction (rationalization) of costs and to the diversification of products and services starting with the express and implied expectations of the customers.

2. Overview on technology and the competitive advantage

Technology influences the competitive advantage if it holds a significant role in determining the relative position of cost or bidder's differentiation. In order to have an effect upon costs, the technology will have to influence the cost components within the value chain or to provide uniqueness to certain activities in such chain. On the other hand, technology influences the competitive advantage by over-ranked factors, such as: scale economy and new interdependence relations with synergist effects. These factors will influence, on their turn, on other ways, the cost and uniqueness. (Kotler, 1998)
Because the technology of an organisation is often placed in a relation of interdependence with the technology of a company's buyers, the technological change made by the buyer may influence the competitive advantage as well as the technological change produced inside the organisation. (Cojocaru, Cheikh, 2007)

3. The main conditions of opportunity of a technological change

The technological change initiated by an organisation providing services will lead to a sustainable competitive advantage under the following main conditions:

- the technological change by itself will reduce the cost or amplify the differentiation, and the company's competitive advantage will be sustainable;
- the technological change moves the driving forces of cost or uniqueness in the favour of the organisation;
- obtaining "first innovator" advantages asides the ones inherent to the introduced technology;
- the technological change improves the overall structure of the branch;
- the technological change will have to be protected, as possible, from imitation.

The technological changes not confirming such conditions will not lead to an improvement in the organisation's competitive position, even if it might represent a remarkable technological achievement. (Cojocaru, Cheikh, 2007)

4. Particularities on the technical progress and industry services

One of the trends leading to the emergence of services consists in the technological development of production, in increasing the automation in parallel with diversifying the sorts of products. Such a trend is sustained by: (a) the new possibilities to automate the production, based on the emergence of programmable machines with digital command and (b) the miniaturization trend.

The second trend (b) is represented by the progress of communication technology accompanied by the progress in miniaturizing the systems of transducers (sensors) and command elements. These progresses also lead to some new possibilities of mechanization and automation of some support activities, other than the ones of transforming the so-called raw material and end products, activities such as handling, inter-phase storage and logistics (transfer and positioning transport). (Sundbo, 2006)

At least two main causes leading to the emergence and automation of service activities in industry are identified, if we only refer to the effective structures, the manufacturing one, i.e.: increasing the structural complexity of the manufacturing installations, accompanied by increasing the output of such installations; increasing the requirements of assortment flexibility of the output, due to increasing the product demand (production volume) simultaneously with increasing the product diversification (the number of sort-dimensions of the products). (Ozawa, 2010)

5. Simple technology, advanced technology and the emergence of certain support services

The way that various types of services accompanying the manufacturing (production) are generated when it it based on advanced technologies can be explained by comparing two production scenarios, one based on a simple (basic) technology and the other based on advanced technologies. Such scenarios allow us to highlight the activities required by production, work division, leaving from the necessary knowledge to render the activity, as also the necessary knowledge to execute partial activities. The scenario of simple (basic) production is shown in figure 1, and figure 2 shows the scenario of advanced production.

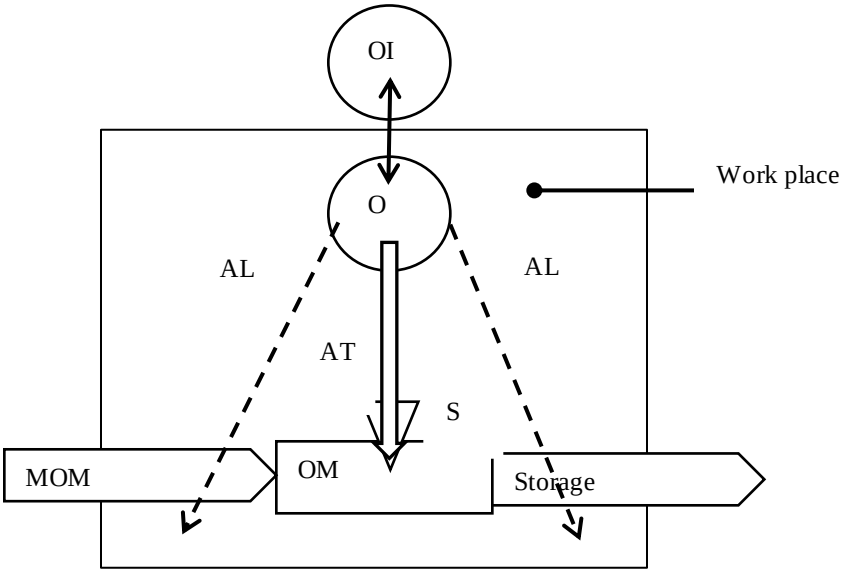

Figure . Operator's activities in the manual production scenario
Source: Cojocaru and Cheikh, 2007, p. 54
Legend: OI - hierarchic operator; O - execution operator; OM - work subject; S - tool; AL - logistic activities; AT - transformation activities; MOM - the assembly of work subjects.

a) The operator's activities in case of simple production
In this scenario, the operator (O) renders the following main activities: it receives the assignment and the necessary information to fulfil it as a drawing or model; it identifies the work subject (PL); it positions the material for first operation; it chooses the tool and prepares it for work; it achieves the first operation as a live drive (it uses its own power to change the shape); it checks (assesses, measures) the performance of the first operation; it changes the position of the work subject for the second operation; it handles fixing devices (as applicable); it renders the second operation; it continues to render the operations and the measurements; it fulfils the last operation; it measures the end result; it removes the processed work subject from the post; it removes the waste; it puts the used tools in the related location; it reports that the assignment is done.
The operator is capable of rendering the full range of basic operations based on its qualification and experience. None of the operations it performs is usually exceeding its level of knowledge (engineering competence). In some cases, it can refer to the hierarchic superior to obtain additional information.
b) Necessary activities to achieve production in the advanced-technology scenario
In this scenario, there is an advanced technological installation between the operators and the work subject, with a high level of automation and increased technological flexibility. Usually, such an installation contains:

- A man-machine communication model set out as a control panel which allows: to programme the installation for various assignments; to find the condition of certain parameters; to troubleshoot some malfunction conditions; to show the malfunctioning causes; to obtain reports on the fulfilment of the assignment.
- An automatic command module for reconfiguring the machine. This module, by leaving from the information about the job, selects and connects the modules of the installation to be involved in the assignment.
- A command module for the work processes per each module. This module controls the

movement of the tools and their working speed.

- A module ensuring the control of the transforming accuracy.
- A module rendering intra-process logistic operations, such as positioning the work subject in posts, handling the work subject between posts, disposing the waste from each post.
- A module in charge with tool logistics. This module allows to extract the tools from the tool storage, to change the tools in the working modules.
- A power module to supply utilities to all the work modules. This module ensures the distribution of electricity, air and hydraulic power to all the work modules from the installation.

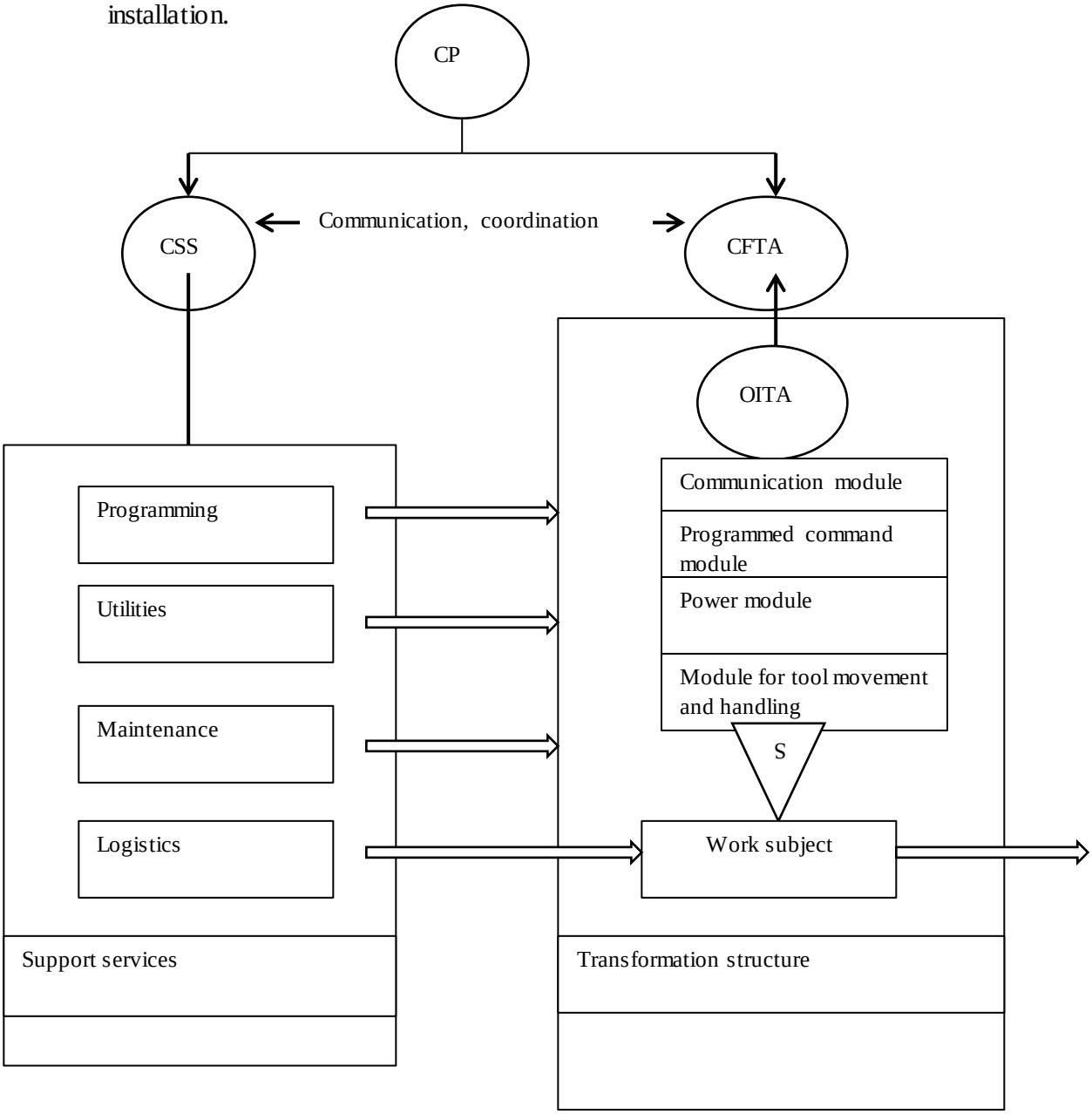

Figure 2. The emergence of support services in the manufacturing scenario with advanced technology
Source: Cojocaru and Cheikh, 2007, p. 57
Legend: CP - production management; CSS = support services coordinator; CFTA - coordinator of advanced-technology manufacturing; OITA - operator of advanced-technology plant; MLA - automated working machine; S - tool.

b1) Scenario's features

- The necessary information to process the work subjects is drafted outside the plant and is not related with the operator handling the plant. It is developed on specialised components of the organisation (research-development units) and are transformed in digital command programmes of the plant (engineering software).
- The necessary energy to fulfil the assignment is obtained from outside the job, it being ensured by special components of the organisation.
- The supply with work subjects is made from outside the work place by a special logistic structure existing in organisations.
- The plant maintenance is provided by special units of the organisation's structure from outside the work place.

b2) The tasks of the advanced-technology plant operator (OITA)

Unlike the case of the operator from the simple production scenario, in this scenario the operator may not have all the necessary knowledge to ensure the operation and availability of the plant it operates.

The scenario allows a clear presence of dichotomy between the execution operations undertaken by the operator and the plant and the support operations making possible the execution without participating directly in the transformation of the work subject. The support activities are "services" for the basic activity (execution). The model shows the inter-conditioning between the execution and the support activities. (Lall, 1992)

The high capacity, in qualitative and quantitative terms, of a technologically-advanced plant, can only be valued provided that the delivery of the support services meets a series of requirements, such as the ones related to quality and promptness. The deficiencies of the support services lead to reducing the availability of the technological plant, with serious economic effects, considering the important costs of such a plant. (Maxwell, 2006)

c) The expansion of the functions and content of the services for special manufacturing firms

The previous analysis was centred on the way that the support services are generated within the manufacturing structure (execution). This analysis allows us to highlight only a part of the necessary services for an organisation under the modern economy. A widened systematization of the services, currently adopted in an undertaking, is shown in table 1.

It. no.	Production stage	Services used
1	Before production	• research-development • grounding and financing investments • personnel recruitment and selection • training and improvement • supply
2	During production	• financing • resource management • quality control • occupational security • plant maintenance
3	Selling the production	• studying the purchase behaviour • advertising and promotion • business strategies • logistics • distribution channels

It. no.	Production stage	Services used
4	When using the products	• installation • beneficiary's training • advice • leasing • maintenance (servicing)
5	After using the products	• measuring the satisfaction • recycling, waste management

Table 1. Services used by undertakings
Source: Cojocaru and Cheikh, 2007, p. 59

At the organisation's level, from total of production costs, the service costs may represent 70-80%, them becoming dominant costs. The increase of the importance of services in undertakings is also proven by the increase in share of service occupations in the structure of employments, irrespective if the organisation operates in the primary, secondary or tertiary sector.

6. New services due to the expansion of modern technologies

The new technologies were used on a large scale in traditional production activities: they represented the essence of industrialization and of the increase in output, due to automation and standardization. (Ioncica, 2008)
Furthermore, they sustained the new missions of production: product quality, fastness in delivery and the flexibility - by adapting to the increasing customization of the offer and by aligning to the diversity of customer demands. In the context of the current economy's evolution, the automation, robotics, the computer treatment of the data can be used in any production activity, both in the industrial and service sector. (Nollet, Haywood-Farmer, 1992)
The main advantages that the new technologies can provide, contributing to improving the results in the service sector, refer to:

- the possibility to focus the organisation's communications with the customers and to practice an individualised marketing;
- the increase of the number of served customers;
- the increase of service quality;
- improvement of the efficacy of the contact personnel;
- increasing the efficacy of the performing personnel (distribution) and co-production (cooperation) with the customer. (Plumb, Ionescu, 2008)

7. Benchmarking research on the features of the manufacturing and service delivery activities

7.1. The bases of the benchmarking analysis between the manufacturing and the service delivery activity

The management of manufacturing activities on tangible products has a solid theoretical base built in time and it has proven its utility. In this context, models were developed to structure the production organisations for the management functions and roles and the assembly of related activities (processes) and operations were identified and characterized.
A benchmark analysis on the manufacturing activity and on the service delivery activity is a way to know, understand and characterize the service delivery activity, if it goes from a series of parameters frequently used to characterize the manufacturing activity.
The research was designed by benchmarking analysis, using 12 typical parameters to define

the organisations of two groups: the group of organisations specialising in manufacturing tangible products and the group of service provider organisations.

7.2. Setting out and selecting the comparison criteria

For the group of service provider organisations, there have been selected organisations for maintenance services, which usually render the service and the beneficiary's place. Such organisations may belong either to the equipment supplier or can be established as independent organisations specialising in industrial services. As far as the parameters used as comparison criteria are concerned, the 12 parameters were selected from a list with 22 basic parameters:

a) the importance factor granted by the organisations' management;
b) the opinions of some researchers;
c) the special literature.

The method. For each parameter, the specific content related to the manufacturing and to the service delivery situation was identified.

The differentiation between the manufacture and the maintenance service delivery activity appears as a specific content for each featuring parameter.

The parameters. For benchmarking, the following 12 parameters were used: (1) structural organisation; (2) general planning of the activity; (3) scheduling the operations; (4) assignment performance duration; (5) duration of the operations within the assignment'; (6) time ranges per operations and working plans; (7) operative surveillance and control; (8) job nature; (9) assessment of individual and group performances; (10) professional development opportunities; (11) participation; (12) retribution.

7.3. The results of the benchmarking research

Table 2 shows the results of the comparative characterization of the activity in an organisation manufacturing products and an organisation providing maintenance services, usually, at the beneficiary's place.

Item No.	Parameter	Product manufacture	Service delivery
1	Structural organisation	• It depends on the series character of the production; • structure under pyramid form	• It depends on the organisation's specialisation on products or groups of similar products; • Structure of "reverse pyramid": - the personnel in contact with the beneficiary represents the first structural level; - all the other functional groups and the management use such personnel
2	The general planning of the activity	• It takes place based on contracts and based on statistics	• It is made based on "service" agreements and statistically based on the analysis of time series corrected with forecast items
3	Scheduling the operations	• Analytical and rigorous, based on technically-grounded regulations	• Analytical and relatively rigorous for deliveries as "servicing" • As a guidance based on the similarity and statistical data for random orders during the annual exercise
4	Assignment performance duration	• It depends on the product complexity and size of the order • Large and very large, for complex products achieved based on order; • medium and small for products made on stock	• It depends on the complexity of the plant to be repair and the failure level; • small and very small for "service" operations • medium and small for repair operations

Item No.	Parameter	Product manufacture	Service delivery
5	The duration of the operation within the assignment	• It depends on the technical level of the working installations and the operator's qualification; • usually small and very small for plants with high level of automation and small or medium for operations made by hand by special personnel	• It particularly depends on the provider's qualification, the material preparation of the repair assignment and the endowment with mechanized work means; • Small, medium
6	Time ranges per operations and working plans	• Determined analytically, in detail and rigorously	• Globally determined, on analytical and statistical bases for repair assignments
7	Surveillance and operative control	• The final conformity control is made by special personnel	• The final control is made by beneficiary, who confirms that the assignment is fulfilled
8	Job nature	• The work of execution under regulated conditions • monotonous, relatively poor in content	• diversified, each intervention having own specifics, requiring adaptive reasoning • the contact with the beneficiary's representative is seen as a possibility to socialize
9	Assessment of individual and group performances	• The performances can be rigorously measures in quantitative and qualitative terms • The progress in achieving the production and quality plans expresses the performance; • Disciplinary evaluation indicators	• Parameters such as: the satisfaction perceived by the beneficiary regarding the quality of the repair and the provider's behaviour; compliance with the time range allocated to the assignment; complying with the costs planned for the assignment; the number of complaints or observations made by the beneficiary; the quality of planning and preparing the assignment
10	Professional development opportunities	• Largely depend on the organisation's policy against the human resource • it requires an organised and planned system for performance development; • usually, the opportunities are low, them occurring when important changes take place in the organisation'; • in some cases, the professional development targets the flexibility of the work force by multiple qualifications	• opportunities of professional development due to the diversity of assignments and to team work; • multiple qualification constitutes an objective of professional development; • the teams see the importance of a good preparation of the assignment and of a good intra-group communication; • the organisation should be concerned with training and improving the personnel in knowing the structure and operation of the plants to be repaired, as also for team work and the behaviour against the beneficiary; • good or medium professional development opportunities
11	Participation	• It depends on the organisation's management style and the opportunities created to stimulate the proposals; • under manufacturing conditions, the execution operators have a relatively limited vision on the other activities • the supervisors and unit managers have a wider vision and if they are motivated,	• the performance of different repair assignments by the same team allows to see some improvement possibilities in the activity by experience transfer, from one case to the other; • after each mission, it is required a mission to highlight the various issues able to improve the performances; • the organisation should stimulate the procurement of improvement proposals and after their analysis, it should be transformed in working procedures • medium and/ or high participation for activity improvement

Item No.	Parameter	Product manufacture	Service delivery
		they can make important proposals • generally low or medium participation	
12	Retribution	• The retribution is made based on results, under the form of individual or global agreement; • For support services, retribution can be made centrally, corrected with the way that the tasks are met or related with the results of the service units	• The team's retribution can be made: - based on the number of assignments and their complexity; - with a percentage from collections; - in accordance with the number of rendered hours and considering the fulfilment of the quality requirements and the costs; - centrally, based on the rate retribution adjusted in addition or by reduction in relation with the individual's contribution brought to the team results

Table 2. The results of the benchmarking research upon the activity of product manufacture and the activity of maintenance services
Source: Author

7.4. Research conclusions

The main conclusions of the research are as follows:

During the achievement of the products, the structural organisation is centred on the work division and the manufacturing processes of the tangible product, and in the case of service delivery, on sustaining the "front" personnel - in contact with the beneficiary from the classic pyramid form (organisations for tangible products) passes to the "reverse pyramid" form (service organisations);

Activity planning and operation scheduling is more rigorously formulated in organisations manufacturing tangible products, than service provider organisations, because they have a higher number of time ranges and work plans, scientifically determined;

In both cases, the assignment performance duration depends on the complexity. Usually, it is higher in manufacturing, which also depends on the batch size. In the case of service delivery, the assignment duration is, usually, small and very small;

Surveillance and operative control are rigorously staged in manufacturing; in such cases, a differentiation applies between the execution personnel and the control personnel. For service delivery, an important role is taken by self-control and final control directly provided by the beneficiary;

The nature of the job is monotonous, repetitive and relatively poor in content for the majority of the personnel in manufacturing organisations and diversified and rich in contacts and content in the case of service deliveries.

The assessment of the performances is achieved by the extent that the production and quality plans are reached, as also by disciplinary indicators in the case of manufacturing and by the satisfaction perceived by beneficiary in regards of service quality and the operators' behaviour in the case of service delivery;

The professional development opportunities are relatively low in the case of manufacturing and high in the case of services due to the different situations concerning the interventions and the contact with the beneficiary's personnel;

The participation of the personnel in the improvement of the activity is relatively low in case of manufacture and it depends on the organisation's management style. In the case of service delivery, the different cases of the assignments allows to obtain suggestions of activity improvement, and in this case the use of such suggestions depends on the management's style;

As far as retribution is concerned, in the case of service deliveries, there is a larger variety of methods than in case of manufacture, and a higher average level of retribution.

8. Conclusions

The management of the organisations providing services should seek the trends leading to the emergence of new services for undertakings as a result of the technological development of production, based on: (a) the new possibilities of automation of the production; (b) the miniaturization trend; (c) the development of process informatics; (d) the emergence of some new types of devices, such as industrial robots. Such trends allow forecasting the occurrence of some new types and combination of services demanded in the scenarios of manufacture with advanced technology. At least four groups of enterprise services will be developed and diversified, namely: (a) services of computer services in assisting manufacture; (b) utility supply services; (c) maintenance services; (d) logistic services.

The benchmarking analysis aimed at determining the particularities of service management in relation with the management of material production.

By this benchmarking research, the general characterization of the activities of the service provider companies was achieved by using 12 parameters with the intent of providing a managerial instrument to guide the service provider organisations. For each parameter, the service provider activity was characterized in comparison with the tangible-product manufacture activity. Among the used parameters, the structural organisation, the general planning of the activity, operation scheduling, assignment duration, time ranges and work plans, the nature of the job, the professional development opportunities, the motivation and others were found.

The benchmarking analysis was a fundamental research leading a significant contribution to a multi-criteria knowledge and understanding upon the service delivery activity.

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Intuition or Marketing Research Information Usefulness In Business Organizations in The Light of Ordinal Regression Analysis

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Abstract
This article refers to theory of decisions investigating the extent of intuition vs. information use by managers and top executives, as two contrasting sources influencing their decisions. In the first part of article, the most significant assumptions underlying theory of decision making processes were described, and then the empirical results regarding the manager's preferences between intuition and information in context of decision behaviors were discussed. The author argues that decision makers in business organizations, in complex situations are more inclined towards the intuitive way of thinking, than analytical and logical reasoning supported by the marketing research information. In particular, top executives due to required effort in reviewing the stats derived from the research, perceive the information as useless in decision making. This preference causes serious problems, because managers unconsciously lose the information potential, simultaneously neglecting the marketing research.
The results of empirical study were collected on the basis of the internet questionnaire survey. The process of choosing the respondents to sample was conducted in Poland with the use of the two techniques: judgmental and snowball sampling. In this process, the data from two social networking sites, i.e. LinkedIn and Golden Line was applied. The final sample size equaled N = 391 and included mainly decision makers in companies.

Key words: marketing research, information, intuition, decisions, managers, top exceutives in companies.

JEL classification: M31.

1. Introduction

In literature, theorists characterizing managerial decision processes usually adopt the normative (rational theory) or descriptive (bounded-rational theory) approach. The former theory roughly demands high skills of managers to optimize choices (Ansoff 1965, Porter 1985). In contrast, in descriptive theory, it is argued that managers are hardly capable of making optimal choices (Cyert & March 1963, Starbuck 1985), since their decisions are largely biased by cognitive limitations, routines, enviromental constraints, etc. Although both approaches seem in the first sight to influence the decision-making process on equal level, as we further prove in the empirical research, managers and top executives declare most of their preferences towards the descriptive form of decision making, instead of making choices based on complete rationality theory. Thus, they are more linked with intuition or some kind of gut-feelings than information which requires logical/analytical thinking or combining facts on the basis of data.
Given the above facts, we need to find three reasonable explanations of such preferences, especially considering the managers behavioral style at decisions. First, human decisions are not well-structured and isolated in the mathematical sense, hence they are never optimal. Decisions are not limited to one or two variables that can be described mathematically. They are also much closer to the sphere of intuition which reflects subjective way of generating alternative source of thinking in supporting the decisions. Second, factors which contribute to the predominance of intuition (instead of information) in the decision making processes, belong to psychological dimension. In practice, it often appears that human being lacks of the self-control, or is unable to capture sequentially elements in decision making process. Third, decision makers, especially top executives, often hesitate to actively participate in the intellectual effort, (e.g., by reading the stats derived from marketing research), not to mention

their systematic and personal involvement in the research programmes. This sort of indulgence is due to the fact, that marketing information always contain some level of bias and randomness, hence putting the whole trust in it, can be for managers troublesome (Tarka 2017). However, believing that information is useless, without making efforts of diagnosing the research results, and without giving chance to choices which might be undertaken on the grounds of information, puts a new light on the matter (Tarka 2017).

In summing up, managers when making the loosely-structured decisions, typically assume guesses and focus only on intuitive and judgemental thinking (Hambrick & Mason 1984, Simon 1987), than informational sources supporting the conscious decisions. These issues become a subject of research and presented by the author empirical results.

2. The rationality and bounded-rationality theory of making decisions

In this section we will briefly characterize two contrasting with each other theories of decision making: rational (logical/analytical) vs. bounded-rational (nonlogical) (March 1978, Rubinstein 1998). The rational process is always proceeded by process of information search, evaluations of possible alternatives and choices. The rational decision is based on relatively fixed preferences and follows the logic of consequence, by which current actions of decision makers are dictated consciously by anticipation of the value associated with future outcomes. In other words, the rationally-oriented decision makers are motivated to maximize their interests, although the theory is silent about what those interests ought to be. This restriction on the meaning of rationality draws us attention to the fact, that rationality does not guarantee that the value-maximizing outcome will be obtained, only that it is the most likely outcome.

Since, the rational approach in making decisions is based on all relevant information about every alternative decision to be made, this concept assumes also that if people fail to meet normative standards, the failure will be caused by biases that might, given sufficient information and learning opportunities, be overcome with an appropriate effort. In other words, it is expected that people (managers) will make sound decisions on the basis of expected utility axioms, revising mathematically probabilities in accord with Bayes' theorem. This approach largely views humans (homo economicus) as "omniscient calculators" (Lupia, McCubbins & Popkin 2000) who can readily perform the cognitive manipulations required to reach a decision given adequate motivation. The question only is, would anyone in business organisations actually know how to do this? Assuming even there exists a decision maker with some "utility register" in the brain (that can easily assign utilities to different outcomes), once there are more than a few outcomes to sustain in mind (where each must be weighed by some subjective probability of occurring), keeping track of the calculations becomes quite challenging. Therefore, managers although theoretically are obliged to seek out relevant information, in reality, when considering the costs of gathering and processing information (Vriend 1996, Gigerenzer & Todd 1999), look for simpler solutions. In practical terms, information search, as well as information processing, is probably the most effortful task, hence it lies outside the realm of most rationality models. Besides that managers, in the course of making decisions, rarely know all alternatives and consider all the outcomes, so they will generally settle for comfortable alternatives that are "good enough" rather than value maximizing.

The concept of „bounded rationality" provides another basis for the managers' decision making. In its view, decisions are biased due to the cognitive disability of human nature in thinking, judgments made, etc. On the other hand, the irrationality of managers in decisions pertains to sphere of emotions and deviates from current actions chosen „rationally". Therefore, in the bounded-rationality theory managers are, by analogy, often compared to computers as the limited information processors, with no motivation nor the ability to make "consequential" calculations as described by rational choice theory (Hastie & Dawes 2001, Gilovich & Griffin

2010). A bounded-rationality theory highlights human limitations on information processing and limitations on information retrieval.

3. The heuristics, biases, intuition vs. information in decision making

A theory of decisions highlighted also numerous heuristics or rules of thumb that individuals may potentially use while making decisions (Hogarth 1980, Hogarth & Makridakis 1981, Tversky & Kahneman 1983, Markus & Zajonc 1985). Mintzberg et al. (1975) even stressed that heuristics lead to significant improvement of decisions due to lack of structure, complexity and predominance of open-endedness that characterizes most of decision processes. Managers who trust and apply heuristics may reduce the complexities of decision situations, although heuristics (which is not often mentioned in literature) lead to some systematic biases in decisions too (Haley & Stumpf 1989, Denes & Epstein 1994). Such biases occur typically when human cognitive abilities are limited, so the biases culminate with the inferior decisions. Haley and Stumpf (1989) categorized them into input and output biases. The input biases appear in case when decision makers selectively rely on data, giving some classes of data more weight than others. On the other hand the output biases occur, when decision-makers are unable to evaluate data at least appropriately. They also supply guesses in the absence of data or pad insufficient data. Given this, heuristics may, or may not, alter the qualities of decision outcomes. If biases result, they stem from inaccurate premises about the data and from inferring processes, however, decision heuristics may lead to biases that affect those premises and inferences processes. These facts let us pose a question of whether managers should trust the heuristics and intuition while making decisions in all, and whether there is any possibility to combine two contrasting spheres (intuition and information) influencing the decision process? In order to find the answer for questions, we need to clarify yet the meaning of intuition, adopting for example, the Western philosophers understanding, which perceives it as the most pure and immediate way of knowing (Wild 1938, Osbeck 2001), as it represents access to divine or inborn knowledge. In the East, many Buddhists viewed intuition as a means of obtaining penetrating knowledge reflecting a "gateway to a wider and richer world" (Guenther 1958, p. 26). While some authors maintain that intuition is a mystical avenue to knowledge (Vaughan 1979, Ferguson 1999), researchers in the areas of management and psychology explain also the intuition through a wide range of phenomena as: heuristics (Tversky & Kahneman 1983; Bazerman 1986), expertise (Prietula & Simon 1989, Blattberg & Hoch 1990), and nonconscious information processing (Epstein 1990, 1994, Lieberman 2000, Kahneman 2003). In general, as Hogarth (2001, p. 14) argued: "intuition can be reached with little apparent effort and without conscious awareness, as it involves little or no conscious deliberation."

The above definition suggests that intuition will not rather lead to increase in precision level of the managers' thinking and simultaneously improvement of their processes of making decisions, as typically enable informational sources derived from the marketing research. Too much belief put in intuition as the powerful remedy in solving decision problems mistakenly leads many managers to undertaking gambling acts with higher level of risk. Given this, it is clear, that information stands in opposite direction to intuition and vice versa. However, information may be a subject of serious criticism too. For instance, too much knowledge, as the result of information accumulation and storage in memory, leads to information overloading and simultaneously causes managers' confusion in decisions (Tarka 2017). Borges, Goldstein, Ortmann and Gigerenzer (1999) once even argued, the strategy of choosing the best alternative from a set of too many alternatives, is more accurate when knowledge is moderate than when knowledge is low or high. Therefore, too much emphasis on the information processing works in favor of intuition.

What is interesting, managers may sometimes process information analytically and sometimes may process information intuitively (Chaiken & Trope 1999). The analytical approach to information processing is more likely when motivation and the ability to process information carefully will be high. On the other hand, the intuitive processing will be more likely when motivation or ability of managers is low (Muthukrishnan & Kardes 2001, Kardes, Muthukrishnan & Pashkevich 2005). In other words, intuition can be of real help for managers in a wide range of critical decisions and can be integral part of successfully completing tasks that involve high complexity and short time horizons (Isenberg 1984, Shirley & Langan-Fox 1996, Hayashi 2001), however, the informational sources can not be excluded either from decision making process, as they play too significant role. Though intuition has something to say, managers need to carefully apply it in decisions and should treat only as supportive source of correcting the decisions based on the previously collected information. Managers and top executives need to find a balance between intuition and information, using both spheres in specific decision situations and the right moments.

4. Methodology of empirical research - data collection

In the process of collecting empirical data, the internet questionnaire survey was used, however, before this measurement instrument was posted on website, it was checked in the offline pilot study (N = 50). Next, to the chosen group of respondents working in enterprises located in the area of Poland (invited to the survey through the two social networking sites: LinkedIn and Golden Line), a direct link to the questionnaire was sent via personal emails. The whole empirical research was conducted between March 1 and August 31 in 2014, and the process of choosing the appropriate respondents to the sample was conducted with the use of two techniques: judgmental and snowball sampling. The last mentioned here technique was particularly useful, for it helped to increase the chance of reaching the specific individuals in the companies such as: owners, managing directors, product managers, etc.

Category	Respondent type	Percent	Employment level in companies conducting marketing research	Percent
Position occupied in the company	Director of Marketing/Sales Department	43	Less than 15 [at least 6]	9
	Product manager	37	From 16 to 99	17
	Co-/Owner, Vice-/Chairman, Managing Director – CEO	20	From 100 to 249	16
	Total	100	From 250 to 499	8
Education level	Master degree	73	Above 499	50
	MBA	27	Total	100
	Total	100		

Table 1. Respondents according to their positions and education, and employment in companies, N = 213

In sum, for 1100 sent invitations by email to the potential respondents - 289 responded. However, after eliminating companies that did not conduct the marketing research projects at all, the size of sample equaled N = 213. As a consequence, other companies, which didn't yet conduct any marketing research, and at the same time didn't meet the requirements of the empirical research, were excluded from further analysis.

The structure of sample included professionals who were in charge of strategic and tactical marketing activities. The sample structure consisted mainly of the respondents responsible for decision-making processes (Table 1), and the structure of companies (concerning their level of employment) included mainly the medium and large firms, based on their marketing research budgets. Managers in such firms tend to have more resources available for the research projects

and have more technically sophisticated research instruments, methods, etc. At the same time, in the process of selecting sampling units, the main focus was on the companies from industries as FMCG, finance and insurance, retail and wholesale, media. The choice of companies from such industries resulted indirectly from their big share of expenditures on research in the marketing budget, where for years the FMCG manufacturers are the leaders.

5. The ordinal regresion models in diagnosis of empirical data

Because responses in the measurement instrument were prepared on the basis of ordinal scale, for their analysis we applied ordinal regression model. According to performed analysis (see Table 2 and Figure 1) we noticed that the data did not meet the assumptions of normality. Both Kolmogorov-Smirnov's and Shapiro-Wilk's tests indicated on large deviations from normality within the measured variables. Therefore variables were verified on the basis of nonparametric principles of measurement. It is worth mentioning that these types of data and measurement scales (The classification of scales, depending on the nature of collected data, and description their relevance to the statistical procedures employed, can be found in Steven's works (1951), who distinguished nominal, ordinal interval and ratio scales.), as well as the class of problems related with them are often encountered in social sciences (McCullagh 1980). For example, in physical sciences the overwhelming proportion of data is essentially of the quantitative nature, while in social sciences (like in marketing, management, psychology, sociology and consumers studies), the qualitative data are more common. The qualitative measurements, whether subjective or objective, typically take values in a limited set of categories which may be on an ordinal or purely nominal scale (Pearson 1913, Plackett 1965). Thus, analytical methods and model which are useful in one discipline can be of little use or interest to researcher in another area.

The applied ordinal regression procedure, allowed for evaluation the importance of particular predictors (factors) in relation to two selected dependent variables of the ordinal nature. Just to remind, in case of ordinal measurement, the linear regression models do not work well because linear regression reflects high sensitiveness to the way we define categories of the dependent variables. In case of ordinal variables, researcher needs an ordering of the response categories. If two adjacent categories are collapsed into one larger category, only a small change will be made, and the models built using the old and new categorizations will be very similar. Any model that is built before combining categories will be different from model that built after. The linear regression models are hence sensitive to the categorization. More importantly, in the ordinal regression, thresholds or constants (corresponding to the intercept in linear regression models) depend only on the category's probability that is predicted. Values of the predictors do not affect the part of the model, and the prediction part of the model depends only on predictors and is independent of the outcome category. Finally, instead of predicting the actual cumulative probabilities, ordinal regression model predicts a function of those values.

Types of tests applied in the analysis				
Variables	Kolmogorov-Smirnov*		Shapiro-Wilk	
	Statistic	Sig.	Statistic	Sig.
Information	0,21	0,00	0,89	0,00
Intuition	0,29	0,00	0,77	0,00

Table 2. Tests of normality of the dependent variables: "Intuition" and "Information", N = 213

Legend: * Lilliefors significance correction.

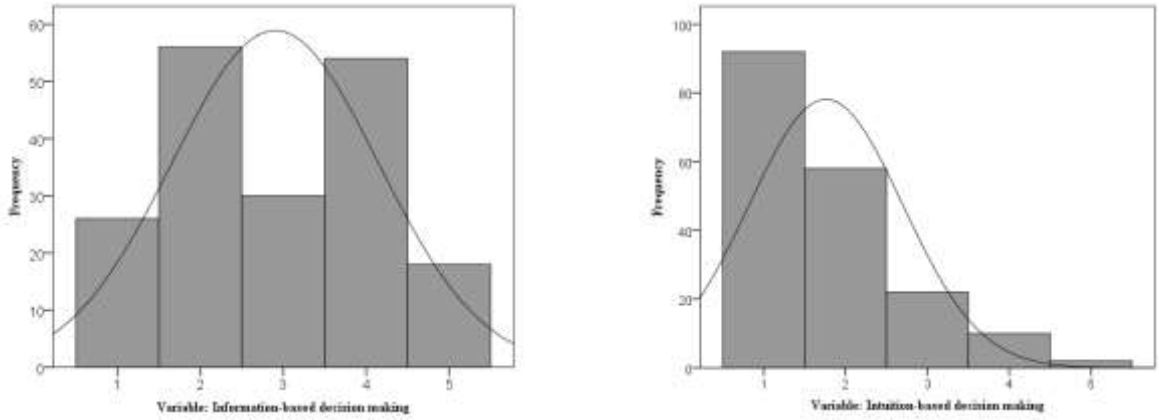

Figure 1. The histograms of dependent variables "Intuition" and "Information" applied in ordinal regression models, N = 213

The process of constructing regression models in the present study was based on several decisions. First, the author defined the tange of dependent variables and then decided which of the predictors to use for location the component of the model. A decision whether to include or not a scale component in regression analysis was a turning point, because the location-only model provides a summary of the data. In the interest of keeping things simple, it is best to start with a location-only model, and further add a scale component only if there is evidence that the location-only model is inadequate for the data. Accepting this methodology, we started initially with a location-only model, and after estimation of the model, we decided if the scale component might be warranted.

The ordinal-dependent variables were expressed in the form of short statements as follows:

1) In the process of making decisions I profit mainly by intuition and gut-feelings ("Intuition" variable); 2) In the process of making decisions I profit by information, derived from marketing research studies ("Information" variable) - where response answers were measured on 5-point Likert scale in agree/disagree format: 1 = I completely agree, 2 = I agree, 3 = I neither agree nor disagree, 4 = I disagree, 5 = I completely disagree.

On the other hand, in choosing predictors, we identified variable: *Formal position occupied by the respondent in the company* (abbrevation - "Position"), measured on three levels: "Director of marketing/sales department", "Product manager", "Co-/Owner, Vice-/Chairman, Managing Director – CEO" and his/her *Education level* ("Education"), measured on two levels respectively: "Master degree" and "MBA degree".

Both regression models contained the same two predictors "Education" and "Position" and one dependent variable ("Intuition" or "Information") interactively positioned in respective model:

$$\text{Model 1: } link_{(\gamma_{ij1})} = \theta - \left[\beta_1 x_{i1} + \beta_2 x_{i2} + \cdots + \beta_p x_{iJ}\right] \quad (1)$$

$$\text{Model 2: } link_{(\gamma_{ij\ 2})} = \theta - \left[\beta_1 x_{i1} + \beta_2 x_{i2} + \cdots + \beta_p x_{iJ}\right] \quad (2)$$

where: $link$- is the link function,

γ_{ij1} - is the cumulative probability of the j-th response category of "Information",

γ_{ij2} - is the cumulative probability of the j-th response category of "Intuition",

θ – is the threshold for the j-th category,

p – is the number of regression coefficients,

$x_{i1} \dots x_{ip}$ – are values of the predictors: "Education" and "Position", for the i-th case,

$\beta_1 \dots \beta_p$ – are regression coefficients.

In the next phase, an appropriate link function, in order to match the structure of the data with the hypothesized models, was selected. The problem is that, in literature one can find at least a

few options which are worth considering (Table 3 with functions – the link function is a transformation of the cumulative probabilities that allows estimation of the model) and there is no clear consensus over the best choice of link function that fits best to the empirical data. And although some of the functions behave similarly, in many instances (particularly the logit, complementary log-log and negative log-log function), there appear situations where choice of link function can break the assumptions of regression model. In some cases where the initial model performs poorly, we need to test alternative link functions in order to see if a better optional model can be constructed with a different option, i.e., a link function.

Function type	Mathematical form	Typical application
Logit	log(x / (1−x))	Evenly distributed categories
Complementary log-log	log(−log(1−x))	Higher categories more probable
Negative log-log	−log(−log(x))	Lower categories more probable
Probit	F−1(x)	Latent variable is normally distributed
Cauchit (inverse Cauchy)	tan(π(x−0,5))	Latent variable has many extreme values

Table 3. Five different types of link functions that can used in ordinal regression models
Source: McCullagh 1980

Regression model with configuration of variables: Position, Education regressing on Intuition*									
Function	Logit			Complementary log-log			Negative log-log		
Model fitting information									
Model	-2 Log Likelihood	Chi-Square	Sig.	-2 Log Likelihood	Chi-Square	Sig.	-2 Log Likelihood	Chi-Square	Sig.
Intercept only	94,13	-	-	63,26	-	-	94,13	-	-
Final	92,33	1,801	0,61	58,82	4,44	0,22	89,79	4,34	0,23
Goodness-of-Fit									
	Chi-Square	df	Sig.	Chi-Square	df	Sig.	Chi-Square	Df	Sig.
Pearson	24,97	17	0,09	16,27	12	0,18	22,65	17	0,16
Regression model with configuration of variables: *Position, Education* regressing on *Information°*									
Function	Logit			Complementary log-log			Negative log-log		
Model fitting function									
Model	-2 Log Likelihood	Chi-Square	Sig.	-2 Log Likelihood	Chi-Square	Sig.	-2 Log Likelihood	Chi-Square	Sig.
Intercept only	63,26	-	-	63,26	-	-	63,26	-	-
Final	56,48	6,77	0,08	58,82	4,44	0,22	56,33	6,93	0,07
Goodness-of-Fit									
	Chi-Square	Df	Sig.	Chi-Square	df	Sig.	Chi-Square	Df	Sig.
Pearson	13,01	12	0,37	16,27	12	0,18	12,55	12	0,40

Table 4. Model-fitting information for both ordinal regression models applied in the empirical study

Approaching now the interpretation of the empirical results, as it can be observed, the variable "Intuiton" has been strongly skewed, showing asymmetry towards two categories: 1 and 2. Thus, for that variable a negative log-log function was applied, as the lower response categories seemed to be more probable. The bulk of cases were located in the lower range of the measurement scale (1 and 2). In contrast, values of variable "Information" were evenly distributed across all response categories, so the variable should be estimated according to a logit function. However, due to analytical comparisons, we will use both functions: negative log-log and logit, as well as complementary log-log function. The results of comparisons were presented in Table 3.

Another aspect of the analysis was the question whether both regression models can provide an adequate fit to data. To answer this question, the model-fitting information (see Table 4) was reexamined on the basis of -2 log-likelihood values for the intercept only in regarding the baseline and final model with the predictors. While the log-likelihood statistics themselves are suspect due to the large number of empty cells in the model, the difference of log-likelihoods may usually be interpreted as chi-square distributed statistics. Therefore, (see Table 4) chi-square represents difference between -2 times the log-likelihood for the intercept-only model and that for the final model within rounding error. Consequently, we could observe no significant values pertaining to chi-square statistics, which may indicate that each model has yielded a significant improvement over the baseline intercept-only model. If we additionally compare the models with different link functions, we will notice that model (which included dependent variable "Intuition"), has obtained a slight improvement in case of negative log-log function and complementary log-log function, as compared to logit function. For example, in case of variable „Intuition", the chi-square statistics for the negative log-log (4,34) and complementary log-log (4,44) functions are larger than that with the complementary logit function (1,80). This suggests that they are much better than logit function.

The output of Table 4 presents also information about the goodness-of-fit (Pearson's chi-square statistic) for both models. This statistic tests whether the observed data are possibly inconsistent with the fitted model. If it is not, that is, if the significance values are large, then we would conclude that data and the model predictions are similar and the model, which is being under investigation, is good. Now, as can be observed, both regression models exceeded the level of p = 0,05 and proved adequacy, although one must admit it, they are still far from perfect configuration.

Finally, Table 5 presents the parameter estimates of both models. This information summarizes the effect of each predictor on dependent variable, and while the interpretation of coefficients in such models is difficult due to the nature of the link function, the relative values of the coefficients for factor levels (independent variables) provide insights into the effects in the model. Hence, a given factor level with a greater coefficient indicates a greater probability of being in one of the outcome (dependent variable) categories. As observed, the significance level of test for the model with variable "Information" estimated by logit function which was regressed by predictor "Position", is greater than 0,05 in two categories: 1 (represented by respondents as: Co-/Owner, Vice-/Chairman, Managing Director – CEO) and 2 (Director of Marleting/Sales Department) suggesting that their contribution to explanation of whether they use information, is due to chance. The same situation repeats with variable "Education", within which category no. 2 (representing managers with MBA level of education) has obtained nonsignificant result. In fact, there were only two categories which displayed significant results of the relationships with "Information" variable, namely: product managers (defined by category with no. 3 of the variable "Position") and respondents with master degree (category no. 1 of variable "Education"). That means, functional managers pay more attention to information and the market research, than their colleagues from higher levels in the company hierarchy.

Regression model with variables *Position* and *Education* regressing on *Information*						Regression model with variables *Position* and *Education* regressing on *Intuition*					
Logit	Variable	Estimate	Std. Error	Wald	Sig.	Negative log-log	Variable	Estimate	Std. Error	Wald	Sig.
Location	Pos. = 1	0,88	0,35	1,16	0,28	Location	Pos. = 1	3,92	0,32	28,35	0,00
	Pos. = 2	0,72	0,38	2,14	0,13		Pos. = 2	3,62	0,36	32,48	0,00
	Pos. = 3	3,41	0,35	29,02	0,00		Pos. = 3	1,10	0,27	7,29	0,02

	Edu. = 1	2,51	0,42	35,74	0,00		Edu. = 1	2,89	0,29	26,09	0,00
	Edu. = 2	0,56	0,36	0,19	0,67		Edu. = 2	3,11	0,42	18,15	0,00

Table 5. Parameter estimates of regression models based on location, contribution of "Position" and "Education" to dependent variables "Intuition" and "Information"

Legend: Categories with their short terms: "Position" defining: Pos.1 = Co-/Owner, Vice-/Chairman, Managing Director – CEO, Pos. 2 = Director of Marleting/Sales Department, Pos. 3 = Product Managers; and "Education" defining: Edu. 1 = Master, Edu. 2 = MBA.

Applying the same class of predictors ("Education" and "Position") in relation to another dependent variable describing "Inuition", as the source of making decisions in business environment, we could notice that all coefficients have obtained positive values. Therefore the probability associated with particular category of "Education" and "Position", of being in one of the lower categories (1 = I completely agree, 2 = I agree) of the outcome variable "Intuition", has increased. Especially, co-/owners, vice-/chairmen, managing directors were more likely to be located in the lower outcome categories, proving their stronger relationships with intuition. For the third group (i.e, product managers) although their relationship with intuition was also important, the parameter estimates were much smaller as compared with parameters in the group of top executives.

In general, the use of intuition vs. information can be seen as critical in differentiating levels, from top executives and board members to lower-level managers (product managers). The last group mentioned here pays more attention on informational sources.

6. Discussion and conclusions

It is a truism to say that all good decisions need constant monitoring and careful analysis, and there is no argument that managers need to acquire a great deal of information about the industry and social environment in which they operate. However, are these assumptions for managers in companies obvious? The results indicate on something different. It appears that decision makers are more inclined towards intuition or gut-feeling than information. The results might be surprising, especially if we consider the large share of intuition in the decision makers' life. To be clear, intuition although cannot be completely excluded from the process of decision making, it cannot also predominate that process since in practice, there are many proofs where only information derived from marketing research can be of real help.

Since, managers pay attention to intuition which prevails over the information, we can infer, it is due to the nature of problems they encounter in their work. For instance, the complexity of decisions and difficult tasks associated with information processing, makes managers to opt for effortless and simplified ways of comprehending the external environment. Perhaps, too much information discourages them from using information to a larger extent. Another argument tells us that decision users make their choices under pressure time (Eisenhardt 1989, Hitt, Keats & DeMarie 1998, Perlow, Okhuysen & Repenning 2002). Given this, intuition helps to reduce the time needed to undertake prompt decisions.

The frequent use of intuition, however, is not a panacea for all the managerial problems, especially it cannot denote a simple replacement over information which delivers objective understanding of the external market conditions surrounding the company. The frequent use of intuition may needlessly facilitate the decision problems at the expense of their accuracy. In fact, biases which are often committed by managers, can be largely avoided with objective information. Although intuition can be practiced in many decision processess, it cannot completely replace information. It can, however, be a real support for the managerial judgments and thinking (the intuition, under certain conditions may indeed facilitate rapid and effective decision making in business organizations). Marketing information contributes to increased

validity of the decisions in its own unique way. Perhaps, managers using partially intuition and information in specific situations, and balancing between these two spheres would behave more reasonably.

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Crowdsourcing and Outsourcing: Friends or Foes?

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Abstract
Crowdsourcing and outsourcing are alternative ways for performing business activities by companies. The purpose of this paper is to explore what type of marketing activities are nowadays outsourced and crowdsourced by enterprises and which is the best way to do it. We used an Internet mediated research approach and analyzed the content of 40 websites – 20 crowdsourcing platforms and 20 outsourcing companies' websites - to understand what activities are crowdsourced and outsourced and how success is defined in both cases. Our results indicate that while crowdsourcing is used to perform specific and more tactical activities, outsourcing is used for more complex and strategic processes. In addition, crowdsourcing is focusing on quality and finding the best solutions while outsourcing is emphasizing optimization, lower costs and relationships. From a managerial perspective, this does not mean that one excludes the other, but that it can complement each other.

Keywords: Crowdsourcing, outsourcing, Internet-mediated research.

JEL classification: M31, M19, L24.

1. Introduction

To generate value, companies need resources and skills to carry out those business activities necessary to survive and thrive in a competitive environment (Wernerfelt, 1984, Teece et al., 1997). Given that their acquisition is often difficult and expensive, companies have developed alternative solutions: making alliances with partner companies in the value chain, assigning activities to third parties through outsourcing and even involving the customers in performing some of them. This process – transferring activities outside to people who are not necessarily company's clients – has expanded with the emergence of Web 2.0 technologies. Thus, activities such as generating new product ideas, finding solutions to problems or even performing chunks of business processes, that previously were performed within the borders of the organization, today are transferred to a crowd of unknown individuals, hence the name crowdsourcing. Unfortunately, the impact of crowdsourcing on marketing activities and solutions has been little investigated so far, even more, we do not really understand why and how open business models that incorporate crowd's participation work (Djelassi and Decoopman, 2013). Crowdsourcing is a relatively young concept, insufficiently researched by academics but extensively explored by companies due to its promising potential. Unlike crowdsourcing, outsourcing has a relatively long history and the factors that influence its success are relatively well known.

Outsourcing is about transferring portions of work to outside suppliers rather than completing it internally. Last year, the value of outsourced services was nearly $90 billion, while the historical peak was reached in 2014 when it reached $105 billion. Outsourcing's history is relatively long, because it appeared as a solution to inefficiency problems faced by large corporations in the late 1970s (Lonsdale and Cox, 2000). During postwar period, the general development strategy was to conglomerate and to integrate horizontally and vertically, in order

to achieve economies of scale and to exercise greater market power. By the end of 1970 and more pronounced at the beginning of 1980, these large and diverse corporations were underperforming. Forced also by a global recession, the strategy has changed in the reverse direction, considering that companies should focus on fewer activities, namely those critical. Support activities, which were considered less important, were initially outsourced, followed later by primary supply chain activities. The main reasons that led to outsourcing remained the same as 20 years ago: reduced costs, improved quality, service and delivery, improved organizational focus, increased flexibility, enabler of change (Fan, 2000, Deloitte Consulting, 2016). However, outsourcing means also risks such as loss of core activities, being leveraged by suppliers, loss of strategic flexibility, suffering interruptions to supply, receiving poor quality of supply, fall in employees' morale, loss of internal coherence, confidentiality leaks and loss of intellectual property rights (Lonsdale and Cox, 2000). To reduce them it is necessary to know how to manage the outsourcing relationship (Kaipia and Turkulainen, 2016). Trust is the key element of this relationship and rely on process integration, flexibility and cultural understanding (Schoenherr et al., 2015).

The purpose of this paper is to understand – by making a comparative analysis of marketing activities that are nowadays outsourced and crowdsourced by companies - which of these activities can be successfully transferred outside and which is the best way to do it.

This paper has the following structure: in the beginning there will be a brief review of the existing literature about crowdsourcing to understand what it is, its benefits and challenges, what is crowd's motivation to participate in this process and which are the main issues involved. In the next sections, we will describe the research methodology followed by results and findings. Finally, conclusions are drawn from the results and managerial implications are discussed.

2. Literature review

The term crowdsourcing was for the first time used ten years ago and defined as "the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call" (Howe, 2006). Although the term is relatively young, this activity has a long history, being mentioned for the first time in 1714, when the British government has organized "The Longitude Prize" offering 20,000 pounds to one who will find a rigorous way to calculate longitude (Nesta, 1714). In business, crowdsourcing is used since 1930s when Volkswagen and Toyota organized competitions to design their own logos, both internally and externally (DesignCrowd, 2016).

Often the term crowdsourcing overlaps with others such as outsourcing, open innovation or problem sourcing, although these concepts are distinct. For example, unlike *outsourcing*, crowdsourcing does not require the existence of a formalized tender process with third parties nor negotiating or signing a contract (Brabham, 2012). Moreover, the initiating company cannot control the quality of solutions required nor can it control the crowd (Bonabeau, 2009). The relationship between the company and the crowd is temporary and ends when the solution is presented.

Unlike *open innovation*, crowdsourcing aims to find solutions to a problem whose parameters are well defined. Besides, open innovation is used rather in software development (Brabham, 2008). This means that key elements of the product such as the source code, is freely available to contributors to collaborate and jointly develop the product. However, developing software-based products does not involve significant fixed costs, which is not valid for all products. Therefore, for other types of products the firm cannot provide - when developing a new product - all the information available to contributors because it wants to protect its intellectual property rights and gain a commercial advantage. Consequently, crowdsourcing seems more convenient

because it separates the crowd's contribution from company's own contribution and specifies in advance how it is rewarded.

Problem-sourcing is rather the reverse of crowdsourcing: the firm has the ability to solve a certain type of problems and the crowd offers ideas of problems that once solved would generate considerable value for the company (Cummings et al., 2013).

Essentially, the crowdsourcing process requires the existence of three elements: a) a problem, assigned to a wide and random audience; b) a crowd which generates shared content/solution on a voluntary basis and c) a platform which facilitates the interactions between the parties involved (Emerald Group Publishing Limited, 2016). Although crowdsourcing is a collective value co-creation process it can take many forms: contest (when a sponsor states the problem and gives an award to the best solution), crowd collaborative communities (external brainstorming-type activities, where participants contribute for free to find solutions) and crowd labor market (match demand and request of specific activities similar to a labor market) (Strategic Direction, 2013).

Regardless of the form it takes, the main applications of crowdsourcing are - beside business field - the academic, research and development, governmental and non-governmental areas (Gupta and Sharma, 2013). Except business applications of crowdsourcing the main uses of crowdsourcing are citizen science (collect and process data for scientific enquiry), public participation (engage citizens in public planning projects, geoweb), citizen journalism (raise the voice against various social evils) (Hossain and Kauranen, 2015, Fritz et al., 2009, Clark and Aide, 2011).

However, the business applications of crowdsourcing are more numerous and range from idea generation, micro tasking (Hossain and Kauranen, 2015), conducting content analysis (Conley and Tosti-Kharas, 2014), product and service development (Hossain and Islam, 2015), scenario planning (Raford, 2015), decision making (Chiu et al., 2014), monitoring and evaluating (Bauer and Gegenhuber, 2015).

The main advantages of using crowdsourcing at the micro level are related to understanding user needs and opportunities (Gupta and Sharma, 2013) timely access to a large and relatively cheap workforce (Hirth et al., 2013), providing superior solutions in terms of quality and quantity compared with traditional approaches (Gupta and Sharma, 2013), improved intelligence and image (Mortara et al., 2013) while at macro level crowdsourcing allows utilization of excess work capacities and rationalize society's resources (Bauer and Gegenhuber, 2015). Nevertheless, the extent to which crowdsourcing practices contribute to value generation is still unclear; for instance merely gathering ideas on new products is not sufficient to generate business value (Dong and Wu, 2015).

But what is the crowd's motivation to engage in such activities? It seems that contributors engagement depends on a mix of intrinsic (the task itself) and extrinsic motivational factors (that bring something in return). Extrinsic motivational factors that stimulate crowd's participation can be grouped into two categories: financial factors (benefits, cash, job opportunities, revenue) and social factors (collaboration, ego, experience, knowledge gathering, networking, peer recognition, power, reputation, status, social bonds) (Clark and Aide, 2011).

Intrinsic motivation is prevalent in open source programming, citizen journalism, citizen science and public participation while extrinsic motivation for example, financial motivation is important in micro tasking labor (Hossain and Kauranen, 2015) and challenge projects and contests (Lee et al., 2015). However, even for participants led by intrinsic motivation, how the task/problem is designed has a significant influence on the cognitive, emotional and physical commitment of participants. Thus, autonomy, task variety, feedback and problem solving features are highly correlated with all three dimensions of commitment (Martinez, 2015).

Although crowdsourcing seems to be an easy and largely available solution to every company, it raises many problems. It has been shown for example that there is a lack of understanding of how the crowd works and the value that it can bring. But more difficult is the process by which the crowd is built – because it rarely pre-exists - the process by which the crowd can be engaged and how it can be capitalized (Prpić et al., 2015). Then there is an imbalance between input and output, crowd's effort (e.g. the number of ideas submitted) and the value generated by it (the number of ideas acquired) (Mortara et al., 2013, Hossain and Islam, 2015). Crowd's payment is a sensitive subject because it is either poorly paid, as is the case in micro tasking or more often is unpaid (Gabriel et al., 2015). In addition, a more sensitive issue in product development is related to intellectual property rights, which is still an important problem (Hossain and Kauranen, 2015).

But beyond these challenges, crowdsourcing is a way to attract and involve additional resources to generate value both for the benefit of the company and the individual and also the community. Therefore, it deserves explored and understood.

3. Research methodology

The *purpose* of this research is to examine trends and patterns regarding crowdsourcing and outsourcing marketing activities. To be more specific, the *research questions* are (1) what type of marketing activities are performed using each approach and (2) what is the value generated by them.

Considering the fact that our research is exploratory, we decided to perform an Internet mediated research and to collect and analyze Internet data. All sorts of online documents exist that could be explored to as raw data: webpages, blogs, news articles, online repositories of photos and videos and social networks which often blur the boundary between "documents" and "interactions" (Hewson, 2014). For our research we decided to use, as *sources of information*, 20 crowdsourcing platforms which offer – among others – marketing services and other 20 websites belonging to companies which provide outsourced marketing services. The crowdsourcing platforms were selected based on a general search conducted using Google search engine. Each platform was analyzed and verified to see if it provides marketing services and in the end the following were selected: CrowdFlower, 99designs, YourEncore, NineSigma, MyStarbucksIdea, IBM InnovationJam, Logomyway, Kaggle, Samasource, Threadless, Chaordix Innovation&Creativity, DesignCrowd, Fiverr, Freelancer, OneSpace, Upwork, Clickworker, Damongo, DesignHill, 199jobs. We discarded platforms that either did not offer marketing services (Innocentive, iStockphoto, Marketocracy, Utest, Dell Ideastorm, Yet2) or those where services were limited and marginal such as collecting contact information about influencers (MicroWorkers, Amazon Mechanical Turk).

Regarding outsourcing companies, the top 20 relevant websites offering outsourced marketing services were selected (Process Flows, KC Associates, Redmill Marketing Associates, Marketing Zen, Grapevine Marketing Agency, CMO Axis Marketing Outsourcing Services, Australian Business Consulting & Solutions, Precision Marketing Group, Marketing Brinn, Outsource Marketing, Matrixmarketing Group, Clarityquest, The Mezzanine Group, KBM Group, Marketstar, The Marketing Pose, OB2B Industrial Marketing and PR, Leadfabric, Wipro, Accenture).

We used as a *research instrument* a powerful software package - NVIVO 11 PLUS - to import and analyze web data from selected sources. We employed as a *research method content analysis* because it allows us for both quantitative and qualitative operations. At the beginning we performed a conceptual analysis by examining the existence and frequency of concepts followed by a relational analysis to explore the relationship between concepts (Writing@CSU, 2016). We developed word clouds based on words frequencies for each type of data source

(crowdsourcing versus outsourcing) and grouped the words into concepts for drawing a conceptual model. Additionally, we used text search queries to understand the context in which specific words were used.

To ensure the validity of research results, we discussed the methodology and findings with practitioners. There was no problem with reliability because there had been no manual coding process in NVIVO, instead it was a problem grouping keywords in the most appropriate concepts. Therefore, each author realized his classification and in the end, we checked if the results were similar. Differences were discussed together and the final version was agreed by consensus. The research was conducted in March-May 2016.

4. Results

As we mentioned earlier, the first step in content analysis was to identify the most frequently used words in crowdsourcing platforms, respectively outsourcing websites. The assumption is that, the words that are mentioned more often, are those which reflect the greatest concerns (Stemler, 2001). Therefore we determined the first 100 words mostly used in crowdsourcing and visualized the information using a word cloud (see Figure 1). Words with less than 3 letters and those which represented companies' names were excluded (Google, Accenture, Onespace, etc.).

Figure 1. Word cloud for top 100 frequent words in crowdsourcing

The figure should be interpreted as follows: words written with larger fonts appear more often that words drafted with smaller ones. The same was done for outsourced activities (see Figure 2):

Figure 2. Word cloud for top 100 frequent words in outsourcing

As we can see, the most important words used in crowdsourcing are quite different compared to outsourcing. Thus, words such as *designs, logos, business, services, marketing, community, data, works, express, card* are the most important words in crowdsourcing, while *markets, services, business, customers, helps, content, managing, website, strategy, digital* are the most important words in outsourcing. Obviously, some words are specific only to one of the domain (crowdsourcing or outsourcing) while others are common to both of them. However, we should notice that, even when the same word is found in both domains, the importance could be much higher in the first one, than in the second one. For instance, community appears in both domains, but this concept is more important in crowdsourcing (the 6th position in the frequency list) than in outsourcing (the 73rd position in the frequency list).

To understand the differences and similarities between crowdsourcing and outsourcing, we further analyzed and grouped words according to their semantic meaning into five categories: Who is doing "something"? What is (s)he doing? With what results? For whom? and How?

Regarding *Who is doing?* we found differences between crowdsourced and outsourced activities. In the first case, the subjects are called *participants, experts, freelancers, teams* and even *community* while in outsourcing the *company* or *agency* is doing something. Thus, there is a much larger linguistic richness to designate subjects (individual or collective) in crowdsourcing, while in outsourcing the company / agency is the main character.

Regarding *What is (s)he doing?* the conclusions seem at first glance unclear. We find that there are specific verbs to each domain: *join, submit, learn* and *write* for crowdsourcing and *deliver, ensure, support, execute, experiment* and *understand* for outsourcing. But there are also many common verbs: *create, design, manage, provide, search* and *research*. To understand whether these verbs are used in the same context, we run a search text query and found that:

- *Create* is used in association with logo, business card, web banner and graphic design in both outsourcing and crowdsourcing. But what is interesting is that in outsourcing, created is also associated with words such as marketing strategy, marketing plan, relationship, delightful customer experience, analytical models, platform, marketing segmentation, best channel. Thus, the scope of this verb considerably extends from the tactical to the strategic level.
- *Design* follows the same pattern. Although it is used in common with logos, website and collaterals, in outsourcing the meaning expands over: design white papers, case studies, direct mail campaigns, user experience and interface, business interactions, strategies. Similarly, design is upgraded from a tactical use to a more strategic approach in outsourcing.
- *Manage* is used in different contexts. In crowdsourcing, the verb is combined with brand or data, while in outsourcing the scope is much larger: manage strategic relationships, manage demand generation programs, complex / fragmented marketing. It seems that outsourced activities are more varied than those crowdsourced.
- *Provide* behaves similarly to manage. If crowdsourcing activities are more limited - provide high quality product, SEO package, on demand access - outsourcing activities are more diverse and complex: provide a holistic view, online marketing strategy, comprehensive analytics framework, database, strategic blueprint, strategic response, complete outsourced sales, customized marketing services and processes, strong operation support, value.
- *Search* has more richer connotations in crowdsourcing than outsourcing. If outsourcing is limited to specific processes and SEO, in crowdsourcing search is associated with product ideas, open innovation resources, technology, keywords, results, relevance.
- *Research* is the only verb that is used entirely similar in both cases: both in crowdsourcing and in outsourcing the market, competitors, customers and the Internet

are researched.

Regarding the outcome of those activities *What are the results?* as long as the verbs used in outsourcing have various meanings, it seems clear that outsourcing generates a more diversified and complex output. So while crowdsourcing "produces" ideas, logos, business cards, banners and graphics, outsourcing "produces" strategy, sales, leads, results, information, insights. Obviously, some results are common such as: solutions, services, product, content or website.

Regarding the direct or indirect beneficiaries of these activities - *For whom?* - in crowdsourcing they are named: clients, customers, company, business. Instead, outsourcing is more refined because it uses additional terms like market, community, industry and audience.

The answer to the question *How?* is highly revealing for the added value of the two approaches. Crowdsourcing is using keywords such as quality, best, free, talent, innovative, professional, and express while outsourcing is focusing on strategic, digital, different, integration, performance, optimization, cost, resources, effectiveness, performance, success and relationship.

All these results were synthesized and presented in the attached figure (see Figure 3).

	CROWDSOURCING	**OUTSOURCING**
WHO	*participants, experts, freelancers, teams community*	*company, agency*
WHAT	*create, design, manage, provide, search, research*	
	join, submit, learn, write	*deliver, ensure, support, execute, experiment, understand*
RESULTS	*solutions, services, product, content, website*	
	ideas, logos, business card, banner, graphics	*strategy, sales, leads, results, information, insights*
FOR WHOM	*clients, customers, company, business*	
		market, community, industry, audience
HOW	*quality, best, free, talent, innovative, professional, express*	*strategic, digital, different, integration, performance, optimization, cost, resources, effectiveness, performance, success, relationship*

Figure 3. Similarities and differences between crowdsourcing and outsourcing

As the analysis revealed so far, although crowdsourcing and outsourcing often perform similar activities and promise the same results, there are also distinct areas in which companies can employ different approaches.

5. Conclusions and recommendations

To deeply understand the value brought by outsourcing and crowdsourcing, the beneficiary company should consider the following:

Outsourcing is done by a company which promises to understand the needs of its customers (outsourcing companies) and based on them will create marketing strategies which will be executed using marketing plans. The company provides customized marketing services to its clients and complete outsourced sales. It performs also simple tasks such as website design and collaterals. It promises to create a delightful customer experience and manage strategic relationships. It guarantees superior performance and success because it is focused on optimization, effectiveness and integration. It can provide also a comprehensive analytics

framework to measure what is happening, as a proof of keeping its promises. In conclusion, outsourcing assumes full management of the marketing process being able to provide comprehensive, complex and effective services. These results support the conclusions of other researches which were investigating the strategic role played by outsourcing (Deloitte Consulting, 2016).

However, what draws our attention is that innovation is missing from outsourced services. Although many beneficiary companies are trying to incorporate innovation into outsourcing agreements, it appears that companies, which are offering outsourced services, are not mentioning and focusing on it. A possible explanation would be that the beneficiary companies still have troubles in defining, tracking, and motivating innovation from their service providers (Deloitte Consulting, 2016). Although it is believed that outsourcing has evolved from an early stage focused on cost-savings, to a second generation stage defined by a strategic relationship, reaching in the end a third generation stage, when companies look to their outsourcing partners to do all of the above and to become sources of innovation (ISS World, 2016), the reality proves that it is still in the second phase of development.

Moreover, the evolution at the third level of development is difficult because it is based on a paradox (Aubert et al., 2015). On one hand, innovation requires freedom of exploration, flexibility and risk taking, favoring a loose agreement while on the other hand outsourcing requires careful, permanent and detailed monitoring, to make sure that promises are kept and objectives achieved, which means a tight contract.

Crowdsourcing instead has a more modest story to tell: a crowd - which is formed by experts, freelancers, talented contributors and sometimes even teams – join together or compete to help you searching for new ideas and solutions. Some of them are also helping you to create logos, business cards and graphic designs to support you managing your brand. They are characterizing their work as being professional, of best quality and innovative. In conclusion, crowdsourcing relies on a collective effort but unfortunately is undertaking punctual, clearly defined and less diversified activities. Their differentiator lies in high quality results.

Considering managerial implications, companies can use either crowdsourcing, outsourcing or both of them. From our analysis, it appears that companies can outsourced not only fragmented marketing activities, but an entire marketing process including both simple and complex activities. The added value lies in streamlining the activities / processes. Instead, crowdsourcing is used mainly for punctual tasks and tactical activities when the quality of results is important. The added value lies in finding the best solutions or marketing ideas.

Summarizing, outsourcing differentiates from crowdsourcing by its positioning - strategic and low costs - while crowdsourcing is tactical and of best quality. Nevertheless, companies should harness the full potential of crowdsourcing. This would mean for example an evolution from a crowd labor approach to building a crowd collaborative communities that could support the company in more complex processes over long periods of time. Only then can we talk about competition between the two approaches.

This study has some limitations. The first one refers to the number of platforms / websites analyzed. It is possible that, if the scope of analysis extends, the top-list of the most frequent words could change. For example, when we initially analyzed 10 crowdsourcing platforms, innovation was in the third position, while when we extended the analysis to 20 platforms, innovation dropped to position thirteen. It is true however, that keyword “design” remained in first position regardless the number of platforms analyzed. By contrast, the top keywords in outsourcing were more stable, regardless of the number of sites analyzed.

The second issue is about how the platforms / websites were selected. If for outsourcing the criterion was straightforward - the first 20 companies websites offering outsourced marketing services - the situation is different for crowdsourcing platforms because there is still no

marketing specialized platforms. Therefore, the existing platforms were scrutinized and we kept only those identified as offering marketing services. Future inquiries might extend the scope of research and use other selection criteria to track the evolution in time of the two phenomena.

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Why Do Customers Use Smartphones for Shopping in Omnichannel Environments? A Conceptual Extension of a Special Relationship Between Customers and Devices

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Abstract
The proliferation of smartphones, tablet computers and mobile internet is influencing the evolution of customer behaviour. Retail and industry are increasingly catering for customers who use more and more technologies within their demand journey. Some suppliers distribute their goods and services, and communicate, in omnichannel systems. Technologies such as quick-response code, near-field communication, augmented reality and beacons provide new opportunities for the incorporation of various phases of the demand process. The internet complements and enables a functional networking of different marketing channels. Technological-trend monitoring is now an important management task, as is the design of omnichannel systems that allow buyers a problem-free shopping experience across multiple marketing channels. Numerous papers and studies focus on customers' acceptance of – and willingness to use – smartphones. But how can different levels of acceptance and willingness be explained? Why do customers see smartphones as playing such an important role in their everyday lives?
The purpose of this conceptual paper is to broaden and deepen the understanding of customer behaviour with regard to smartphones in an omnichannel environment. This paper develops a framework that focusses on the relationship between customers and smartphones in the context of omnichannel systems. Several theoretical approaches – such as the extended self, the extended mind, the digital doppelgänger, actor–network theory and the cyborg assemblage are used to derive hypothetical constructs providing implications for future empirical studies.
We suggest five active roles for smartphones within the relationships with customers: (1) parts of the customers' selves; (2) drivers of cognitive processes; (3) supporters of digital doppelgängers; (4) agents for active impulses; and (5) partners in fusions. We assume that these five roles of smartphones have a positive effect on customers' willingness to use smartphones as shopping companions in bricks-and-mortar retail stores.

Keywords: Omnichannel, Smartphones, Customer Behaviour.

JEL classification: M31.

1. Introduction

The penetration of bricks-and-mortar retail stores with internet options provides omnichannel retailers with important chances to distinguish themselves from competitors. The marketing channels merge into one simultaneous, overall process for customers, meaning that customers can use channels and touchpoints at the same time for different functions alongside the shopping process (e.g., Brynjolfsson et al. 2013; Piotrowicz and Cuthbertson, 2014; Rigby, 2011; Verhoef et al., 2015). Smartphones in particular can facilitate the establishment of new marketing channels (e.g., apps) or link up existing marketing channels (e.g., bricks-and-mortar and web retail stores). Nowadays, many customers have mobile-internet access anywhere and any time. With the proliferation of available apps, the possibilities of smartphone usage also increase. Websites have to be optimised for mobile devices. Apps and mobile websites complement shopping processes. For example, customers use smartphones to make purchases

or to prepare the bricks-and-mortar shopping. They may search for product information, special offers and prices, or local stores. Many suppliers respond to this by developing their own apps or mobile web stores, so introducing new marketing channels into their omnichannel systems. For this reason, omnichannel suppliers wish to understand customers' smartphone-related needs and behaviours. This is particularly relevant to the simultaneous usage of smartphones in bricks-and-mortar retail situations. In this conceptual paper, we focus only on this new and challenging phenomenon for omnichannel retailers. Numerous papers and studies examine customers' acceptance of smartphones (e.g., Agrebi, 2015; Bruner and Kumar, 2005; Jung et al., 2015) or willingness to use smartphones in bricks-and-mortar contexts (e.g., Deloitte Consulting LLP, 2012; Samat, 2014). While the '*if*' of smartphone usage has already been examined, there seems to be an academic gap on the question of '*why*' in omnichannel-related science: that is, the explanation of why customers use their smartphones as often and intensively as they do. This is a matter of fundamental relationship between customer and smartphone, in which the smartphone is much more than simply a passive device. The smartphone becomes an activating partner: social networks can be asked for advice, mobile couponing can stimulate buying desire, and monitored body-data can provide the basis for buying decisions. On all these issues, we look for conceptual frameworks and scientific descriptions of the influence of technology on humans. This conceptual paper adopts sociological descriptions of this relationship in order to derive implications for following empirical studies in customer research. These implications are applied to customers using smartphones in physical stores of omnichannel retailers. Therefore, we create an extended view of the device becoming an activating partner within the relationship towards humans: the impact of smartphones on the shopping process can be regarded as its acting as a shopping companion. If customers shop together with friends or relatives, they feel like shopping companions who give advice on what to buy, and where to buy it. We suggest that this shopping support can also be provided by the smartphone as a kind of technical-but-intimate partner. In order to distinguish the relationship between customers and smartphones, we follow Lupton (2015, p. 7), who argues that it is not necessary to differentiate between hardware and software. Instead, we consider the benefits of smartphones for customers, because we regard software and hardware as service bundles.

This paper discusses several concepts with a focus on the relationship amongst human and things. This can be an extended view of technology inclusion, or a description of technology as an activator of human behaviour. All concepts have to be transferable in order to describe the smartphone as a shopping companion for customers. To enrich this role, Section 2 considers extended-self concept, in the context of creating a smartphone-extended self. According to extended-mind concept, the smartphone can be seen as a driver for cognitive processes. The smartphone-extended mind is addressed in Section 3. Section 4 describes the smartphone as supporter for the digital doppelgänger, while Section 5 examines a customer-smartphone network utilising actor–network theory (ANT). A possible customer-smartphone cyborg is discussed in Section 6. Each section first characterises the theoretical concept and then proceeds to emphasise the implications for the relationship between customers and smartphones. Section 7 shows the results in the form of a framework with five roles of smartphones. The paper ends with a discussion and two main conclusions for customer behaviour (Section 8). From the academic viewpoint, we suggest a broadened view (from passive to activating device) and a deepened understanding (via five different roles) of smartphones in the context of omnichannel retailing. And from the managerial point of view, these considerations may help to design smartphone options that are customer-oriented.

2. The smartphone-extended self

The extended-self concept (Belk, 1988, 2013) is one theoretical explanation clarifying the important role of smartphones in everyday life (Belk, 2014a; Clark, 2011; Clayton et al., 2015). Belk (1988) states that 'knowingly or unknowingly, intentionally or unintentionally, we regard our possessions as parts of ourselves' (p. 1). According to James (1890), he then defines possessions as things we call ours, and says that we are the sums of our possessions. In addition, Belk (1988) reasons that 'the more we believe we possess or are possessed by an object, the more a part of self it becomes' (p. 3). Belk (2013) modifies his concept due to the world's digitalisation, considering five digital dimensions: dematerialisation (becoming attached to digital content), re-embodiment (creating a digital extended self), sharing (interacting socially online at third places), co-construction of self (letting other people influence the extending of individual sense of self) and distributed memory (online communities sharing digital artefacts and developing collective memories around them).

Extending the self with a smartphone could be understood as regarding the device itself – the tangible object – as part of the self. This could be the case, for instance, if a user personalises a smartphone (e.g., with an individual menu, background design or phone case). With the smartphone-extended self, however, we mean being possessed not only by the object itself, but also by the possibilities it offers us: that is, the five digital dimensions developed by Belk (2013).

It could be said that the more that customers become possessed by smartphones in general, the more that they are willing to use specific smartphone options. As a result, our hypothesis is formulated as follows:

> H1: The more closely allied that smartphones become with customers' selves, the more customers are willing to use smartphones as shopping companions in bricks-and-mortar retail stores.

3. The smartphone-extended mind

Clark and Chalmers (1998) advocate the idea of *active externalism* 'based on the active role of the environment in driving cognitive processes' (p. 7). They argue that there is not only a process of problem-solving in human minds: external objects can also function as part of the mind. So human mental states and beliefs may be partly realised 'by structures and processes located outside the human head' (Clark, 2011, p. 76). Furthermore, a distinction between mind and environment is unreasonable, because 'the human organism is linked with an external entity in a two-way interaction, creating a *coupled system* that can be seen as a cognitive system in its own right' (Clark and Chalmers, 1998, p. 9).

Following Clark and Chalmers (1998), smartphones could in some cases be active drivers for customers' cognitive processes. Knowledge can be outsourced into the (mobile) internet, and always available if needed. Translations, calculations or reminders can be carried out in a two-way interaction between smartphones and customers. Sometimes, customers rely on the advice of technological devices unquestioningly. For example, people often follow the instructions given by GPS (e.g., satnavs) without really engaging their cognition. Customers who are used to extending their minds with smartphones are probably more willing to try using their devices in new ways. Transferring these arguments into the context of shopping, we can postulate that within omnichannel environments, all technological devices in general – and smartphones in particular – may drive customers' shopping-related cognitive processes. Therefore, the following research hypothesis is formulated:

> H2: The more that customers' cognitive processes incorporate with smartphones, the more that customers are willing to use smartphones as shopping companions in bricks-and-mortar retail stores.

4. The smartphone as supporter for the digital doppelgänger

Bode and Kristensen (2016) describe quantified self-movement, in which members track their individual physiological data (e.g., heart-rate and weight), personal performance (e.g., running, walking and sleeping) and mental state (e.g., happiness and creativity) in combination with situational and social conditions (e.g., date and weather) (p. 120). The tracking is mostly carried out by smartphones. The more data the device has collected, the more complete the overall picture of a person becomes; the device can provide so many details and so much combined knowledge about a person's body that it knows more about the person than the person does themselves. Haggerty and Ericson (2000) address this phenomenon by providing the concept of a digital double as a disconnected passive and detailed virtual double of a person. Bode and Kristensen (2016), however, describe the *digital doppelgänger*, which is seen as an imaginary potential activating part of the person's self-construct. This concept contains an interrelationship between tracking and self-modification as an ongoing process to enhance quality of life (pp. 122–123).

Customers who let smartphones track personal data in order to create digital doppelgängers of themselves can then access data-based individual purchase recommendations or even advice from smartphones. The smartphone could for instance, become a personal diet consultant. For this reason, we formulate the following hypothesis:

> H3: The more that customers use smartphones for tracking personal shopping-related data, the more they are willing to use smartphones as shopping companions in bricks-and-mortar retail stores.

5. The customer–smartphone network

Bruno Latour (2005) is a main contributor to ANT, which states that within a network, actions are caused not only by human subjects (actors), but also by non-human objects (referred to as 'actants') (p. 71). Latour describes this assumption using the analogy of hotel keys that have bulky and heavy key fobs. He claims that these key fobs (actants) tell the hotel guests to give back the keys before leaving. In other words, the hotel manager loads the message into the key fob (Latour, 1991, p. 105). In general, all actors and actants that are involved in this translation process are combined into a worknet or a network (Latour, 2005, p. 132). Latour's networks exist not as stable systems, but simply as connecting, enduring entities. Instead, these networks are 'rather a metaphor that helps us trace and understand action' (Bajde, 2013, pp. 228–229).

ANT can be used to analyse the interactions inside bricks-and-mortar outlets in a generic way. Inside the store, there are lots of material actants, such as shelves, goods and shopping trolleys. All these actants interact within a network of diverse digital components, such as monitors, scanner tills and even smartphones. These non-human objects again interact with humans (actors), such as sales staff, customers and smartphone users. Thus, this network has many actors and actants. However, we focus on just one actor–actant relationship: that between customers and smartphones embedded in a wider network. Customers may respond to active impulses from smartphones by changing their behaviour. In this process, we exclude the fact that the smartphones' impulses may have been programmed or triggered by humans. First, it matters that the smartphone interfaces with the shopping process actively and appropriately. Special offers or other commercially relevant information could, for instance, be sent to customers' smartphones within stores by beacon technology. We assume that customers who are familiar with reacting to active impulses from smartphones are also more willing to respond to smartphones in other situations. This discussion leads to the following hypothesis:

> H4: The more frequently that customers respond to active impulses from smartphones, the more they are willing to use smartphones as shopping companions in bricks-and-mortar retail stores.

6. The customer–smartphone cyborg

The term '*cyborg*' is derived from '*cyb*ernetic' and '*org*anism', and was created by two medical scientists to describe self-regulating human-machine systems (Clynes and Kline, 1960). While the term was first used in the context of medicine, Haraway (1985) transferred the metaphor to a sociological context, describing the relationship between humans and non-humans. Lupton (2015) then develops the *digital cyborg assemblage* and characterises it as 'the body that is enhanced, augmented or in other ways configured by its use of digital technologies that are worn, carried upon or inserted into the body, continually interacting with these technologies in dynamic ways' (p. 165). Lupton distinguishes her concept as a metaphorical, complex and fluid approach that negates a separation of real and virtual self respectively of people and things (Lupton, 2015, p. 165).

Even Lupton uses the example of bricks-and-mortar retail stores to describe the digital cyborg assemblage as a combination of bodies (e.g., sales staff and customers), technologies (e.g., tills and enterprise resource planning) and identified spaces (e.g., sales areas) (Lupton, 2015, p. 169). But again, we focus on a fusion between customers and smartphones, as Lupton (2015) also points out: 'We are more cyborgs than ever before, with our mobile and wearable technology' (p. 165). Smartphones can be seen as an intermediate step on the way to an actual combination of cybernetics into the body. We assume an emotional and/or functional fusion between customers and smartphones. It could be said that the more closely this fusion evolves, the more that customers are willing to use specific smartphone options. We therefore formulate the following hypothesis:

> H5: The more intensive that smartphone–customer fusions become, the more that customers are willing to use smartphones as shopping companions in bricks-and-mortar retail stores.

7. Results

It could be argued that smartphones are just passive objects that are controlled by humans, and that the relevance of smartphones in everyday life is based on their increasing functional potentialities. However, we point out that humans are involved in smartphone interactions that go beyond a functional and controlled tool-based use and beyond a simple means–end relation for problem-solving tasks. In order to do this, we attribute five active roles to the human–smartphone relationship. Smartphones can be: (1) parts of the customers' selves; (2) drivers of cognitive processes; (3) supporters of digital doppelgängers; (4) agents for active impulses; and (5) partners in fusions. We assume that these five roles have a positive effect on customers' willingness to use smartphones as shopping companions in bricks-and-mortar retail stores. Based on this, we derive the framework shown in Figure 1.

The five roles of smartphones can be illustrated by smartphone apps for weight loss (e.g., Weight Watchers). Chen et al. (2015) have examined the most popular of these, in particular evaluating the different functions of the apps, which we use to illustrate our five roles of smartphones. The hope of losing weight (Beruchashvili et al., 2015) and being part of diet communities can cause emotional attachment to diet programmes in general, and therefore to weight-loss apps; accordingly, these apps can become part of the customer's self (role 1). Furthermore, these apps calculate weight-loss progress and energy intake; in this sense, the smartphone acts as a driver for cognitive processes (role 2). These apps can also track physical activity, flag lapses in dietary-goal adherence and monitor negative thoughts and stress, meaning that the smartphone can also be a supporter of a digital doppelgänger (role 3). Weight-loss apps can remind the user to log meals, and they can recommend servings and ideal levels of specific nutrients (e.g., fat, salt and sugar); thus, the smartphone is an agent for active impulses in order to manage the weight-loss process (role 4). As a result, the smartphone and

the customer become fusion partners in the quest for weight loss (role 5).

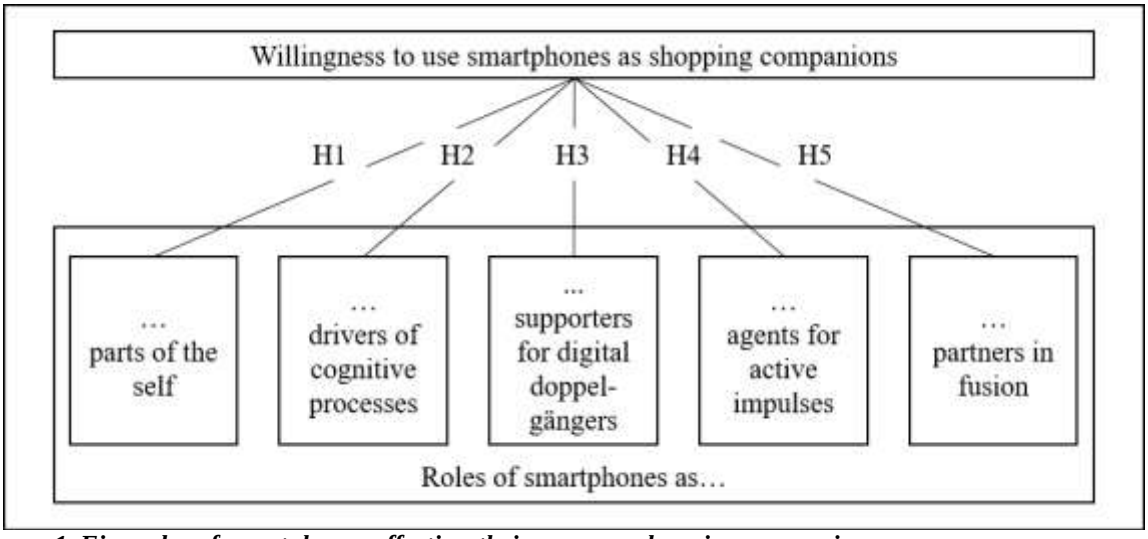

Figure 1. Five roles of smartphones affecting their usage as shopping companions
Source: Own work

These five roles of smartphones, based on theoretical approaches, have similarities and differences. While the extended self and the extended mind are related to only one individual, the digital doppelgänger, the ANT and the cyborg assemblage also relate to multiple individuals. Smartphone integration into the self is emotional, while using smartphones within cognitive processes is more functional. The extended mind and the digital doppelgänger both process data – but, while extending the mind means adding processing power, the digital doppelgänger can be seen more as a collection of personal data. Table 1 summarises these and more detailed differences.

	Extended self	**Extended mind**	**Digital doppelgänger**	**ANT**	**Cyborg assemblage**
Person focus	Individual self	Individual mind	Individual, multiple individuals	Individual, multiple individuals	Individual, multiple individuals
Relationship to smartphones	Emotional	Functional	Functional/ emotional	Functional/ emotional	Functional/ emotional
Relationship of smartphones to humans	Extension	Cognitive incorporation	Quantified self	Behavioural interaction	Fusion
Role of smartphones	Part of self	Driver for cognitive processes	Supporter	Impulse agent	Partner for fusion

Table 1. Summary of differences in theoretical approaches
Source: Own table, based on Belk, 2014b, p. 253

8. Discussion and conclusion

So far, we have deliberately avoided criticising theoretical approaches in order to develop our thoughts as coherently and clearly as possible. We are aware of criticism of each concept, especially ANT. One such example is the work of Bettany (2016), who criticises ANT from a customer-oriented perspective.

Whether objects can be not only impulse-generators, but also dictators of humans' freedom of action, is not answered. Then again it could be argued that objects cannot act or send impulses

to humans at all – and that every action by objects takes place simply because humans have previously arranged this. In this view, smartphones are therefore only apparently autonomous, and any action requires previous human commands. Also, we do not distinguish between different cultural imprints of smartphones. The impact of the extended self, for instance, could be stronger in South Korea, where people have more affinity with smartphones than do those in other nations.

However, our framework could – after empirical examination – contribute to the understanding of the relationship between customers and smartphones. We therefore present arguments to explain why customers attribute such an importance to smartphones in everyday life. The approaches outlined above have scarcely been discussed by practitioners – or are only now being applied to smartphones (e.g., Proner, 2015). Omnichannel retailers can consider the five roles of smartphones as new dimensions in incorporating the demand process within their omnichannel systems. There are cases that cover all five roles, as shown in the example above. But it is also conceivable to establish cases that cover just one or several roles. In this paper, we look only at customers who use smartphones as shopping companions in bricks-and-mortar retail stores. But smartphones can be chosen as companions in other omnichannel situations too. The usage of smartphones can, for instance, accompany the use of catalogues or TV-retailing. Thus, the roles of smartphones that we have introduced here may also be applicable to other channel combinations, as well as explaining other phenomena too.

This conceptual paper is part of a theoretical and empirical project to examine the influence of smartphone usage on customers' overall satisfaction with their shopping experience. In order to examine the different roles of smartphones in future empirical studies, we would consider reducing the research scope in terms of focusing on a specific industry or national market.

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Branding in China – An Institutional and Consumer Perspective

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Abstract
The aim of this paper is to investigate the Chinese branding landscape. First, the strongest Chinese brands are analysed. This analysis offers explanations for typical Chinese brand strategy and establishes current trends in Chinese brand management practice from a corporate perspective. The research includes an empirical study on the motivations of Chinese consumers investigating their preferences of Chinese- over foreign brands. While the discipline of brand management has a relatively short tradition in Chinese boardrooms, the outcomes of Chinese consumer preferences towards their favorite brands are both revealing and unexpected. The paper will conclude with the formulation of four Chinese branding trends that are likely to shape the Chinese branding landscape in the future.

Keywords: Branding, China, Marketing Strategy Consumer Behaviour.

JEL classification: M30.

1. Introduction

The label "Made in China" is foremost associated with cheaply and mass produced goods. This is particularly perceived by consumers in Western markets that have traditionally profited from affordable but generally low quality products made in the Middle Kingdom. Chinese consumers themselves evince less faith in domestic products, often preferring non-Chinese brands. To overcome such negative perceptions of 'brand China' in both domestic and international markets, Chinese companies are obliged to counter these perceptions, primarily by improving product quality (Backelar, 2014). However, the disciplines of "marketing" and "branding" are not yet as entrenched in Chinese boardrooms as they are in their Western counterparts. Brands, brand management practice, and consumer preferences in China differ significantly from more "brand mature" markets such as Europe, the USA, or Japan. To this day, China is seen as a mass consumer market, resulting in a marked paucity of studies of that market from a branding perspective. There are, for instance, no studies that analyses brands and brand management from a consumer perspective, identifying those sectors in which Chinese brands trump the foreign competition and those in which they do not. To understand why Chinese brands are the way they are, what consumers value, and how this plays out would profit Chinese and foreign companies alike.

This paper will first examine the current Chinese branding landscape. It will further describe and explain typical local brand management practice that has shaped Chinese brands over time. The corporate view will be supplemented by a consumer perspective with an investigation into preferences among foreign and Chinese brands. Finally, four Chinese branding trends will be identified and explored to further the discussion of the branding future in the second largest economy in the world.

2. The Chinese Branding Landscape

Few Chinese brands yet play a prominent role on the global stage. Only two Chinese brands make the most recent Interbrand Best Global Brand list. PC-manufacturer Lenovo is a new entrant, ranked at 100, and Huawei, mainly known for its smart phone branch, sits at number 88 (Interbrand, 2015). Overall, the Interbrand ranking is dominated by American brands (56%)

followed by European marks (35%). Brands from the Asia-Pacific region claim only 11% of the top 100 places on the list (ibid). Interbrand also investigates regional markets and composes brand rankings at a national level. In the Interbrand '2014 Best China Brands' report, the internet services giant 'Tencent' claimed the number one spot in the top 50, ranking just above China Mobile (Interbrand, 2014). One striking feature of the Interbrand Chinese brand ranking is that 13 out of the top 20 are companies from the financial services sector. In comparison, the entire Best Global Brands 100 only contains 12 brands from the financial services sector (Interbrand, 2015). The strong representation of financial services brands in China is confirmed in the more recent 'BrandZ™ Top 100 Most Valuable Chinese Brands 2016' ranking, where seven brands from this sector make it into the top 20 (Millward-Brown, 2016). However, the relatively large representation in China with brands from the financial sector is coming under pressure. Shrinking brand values and lower brand value growth of finance brands is currently under way (Interbrand 2014).

Next to the atypical overrepresentation of financial services brands, the Chinese branding landscape offers abundant ground for brands from the technology and e-commerce categories. The combined brand value of Tencent (# 1), Alibaba Group (# 3), and Baidu (# 5) makes up over 30% of the entire brand value of all brands in the BrandZ top 100 brand ranking (Brown, 2016).

Other notable brands in the top 50 BrandZ ranking are Huawei (# 7), Lenovo (# 24), and Haier (# 35). All three brands are very successful locally and have also gained a global presence. Huawei, which has often been coined the 'iPhone killer' currently holds third place in global smartphone sales, trailing only Samsung and Apple (Glenday, 2016, IDC, 2016). Lenovo, which also manufactures smartphones, has become a worldwide household name for PCs and is the world market leader ahead of Hewlett Packard, Dell, and Apple (Huang and Mainelli, 2016). Lenovo CEO Yang Yuanqing has declared branding a key management priority in the company's quest to become and remain a leader in its industry (Kirkland and Orr, 2013). It will be shown in chapter 3, that top management support of branding issues is not the norm in Chinese boardrooms. A focus on brand building has put Haier into a leading position in the home appliances market, both domestically and globally. Like Lenovo, the company puts a high emphasis on the brand and has recently purchased GE Appliances in the US, which marks another major take-over by a Chinese investor (Chang, 2016).

As mentioned above, technology brands take up prominent places in domestic brand rankings. Nonetheless, the success of some of these brands has also been a result of the protectionist policies of the Chinese government towards foreign online companies such as search engines or social media services. For instance, Baidu, the Chinese market-leading search engine is a NASDAQ-listed company and operates like its American counterpart Google, offering many other services such as online travel booking (Qunar), video streaming services, and a smartphone operating system (Baidu Yi) (IT-Times, 2014).

The Alibaba e-commerce platform has become a world-famous brand despite its main focus on the Chinese market. This is partly a result of the well-publicised stock market IPO in 2014 and the charisma of the company's founder Jack Ma. Like some American role models, Ma has reached cult-status, due to his recognition of the importance of putting himself forward as the brand's key ambassador and the industry's thought-leader. In the most recent fiscal year ending in March 2016, the Alibaba Group counted for over 420 million active buyers with total cumulative revenues of 101.14 billion RMB (Statista, 2016a). This is equal to 14.085 billion EUR. Alibaba manages several online e-commerce platforms such as TMALL.COM, Taobao.com, all strong brands in China on their own (Alibaba, 2016b). Alipay is the company's e-wallet payment system and handles over 70% of all Chinese online payment transactions. This makes it the world's largest online payment processor (Osawa et al., 2014). Alibaba Group

has further diversified into entertainment (Alibaba Pictures), online video (Youlu Tudou), and is also a local market leader in cloud computing (AliCloud) (Alibaba, 2016b, Statista, 2016a). Alibaba is publicly traded at the NYSE and its stock majority is owned by Japan's Softbank and America's Yahoo (Zucchi, 2014) (See also chapter 3 on Alibaba's brand architecture).

China's most valuable brand is Tencent, itself another digital giant with a calculated brand value of US$ 82.107 billion (Millward-Brown, 2016). In comparison, Microsoft is valued at US$121.824 billion and Intel at a mere US$18.632 billion (Millward-Brown, 2016b). However, these US tech brands boast global reach and customer bases, whereas Tencent is mostly confined to the Chinese domestic market. The company is also diversified into several online markets, such as instant messaging, social media and online gaming. It also holds a 20% stake in JD.Com (online retailer ranked #15 in the BrandZ Top 100 most valuable Chinese brands 2016). A notable brand in Tencent's product portfolio is WeChat, the very popular Chinese social media app comparable to the WhatsApp instant messaging service owned by Facebook. WeChat had 762 million active users in Q1 2016 (WhatsApp 1 billion at the same time) (Statista, 2016b, Statista, 2016c). WeChat offers far more commercial possibilities than WhatsApp, which mainly focuses on instant messaging. With WeChat, users can pay restaurant bills, play games, and participate in online promotions (Tencent, 2016), by way of a tool that allows brands to target niche users who are likely to shop (Abkowitz, 2016).

The great advantage that digital brands in China possess is the extremely large proportion of the population with access to the internet. At the end of 2015, over 680 million Chinese had online capabilities (Huang, 2016). In 2016, it is expected that over 618 million users will access the internet via their smartphone alone (eMarketer, 2016). This offers great potential for any digital service that can be used on the go. Chinese consumers have embraced digital technologies with particular enthusiasm, making for exponential change and a landscape of ongoing disruption, as evinced by Alipay's mobile payment service and Didi's taxi service (Millward-Brown, 2016, p. 97).

Overall, certain industries are underrepresented in the Chinese branding landscape. For example, automobile brands are rare and their value is relatively low. Interbrand only ranks one brand in their national top 50; Great Wall Motor at #43 (brand value of US$ 499 million) (Interbrand 2014). BrandZ Top 100 ranking already lists three car companies, namely BYD (#46, US$ 1.573), Great Wall Motor (#61, US$ 767 million), and Changan (#99, US$ 245) (Millward-Brown, 2016). Emerging Chinese car brands indicate a growing influence on a domestic market still dominated by foreign automobile brands.

Half of the BrandZ Top 20 is made up of private enterprise companies and half of state-owned enterprises (SOEs) (ibid). Although the majority of revenue for these top 20 brands is mainly gained from domestic sales, some brands are truly international. Lenovo, for example, generates nearly 70% of revenue outside its home base, followed by Huawei (62%), ZTE (50%), and TCL (41%). Some brand heavyweights clearly still focus on the domestic market, with Haier at 12 % foreign sales, Alibaba Group 9%, and the brand value leader Tencent only generating 8% of sales abroad (ibid). To improve the image of the 'Brand China' abroad, the Chinese government initiated the "Go Global" policy in 2000 (Wu et al., 2011). With this initiative, up to 50 Chinese firms were intended to become "globally competitive" companies (Keller et al., 2012). The significance of branding in this context was underlined in 2011 by China's Commerce Minister Chen Deming, who informed the Chinese parliament that the government would "encourage the best firms to acquire or build up overseas operations and to license or acquire famous global brands in order to obtain international recognition and improve the image and competitiveness of Chinese products" (Backaler, 2012).

In summary, the Chinese branding landscape has characteristics that differentiate it from other markets. Although brick and mortar companies with brands in the banking, insurance, and retail

sector are still prevalent, most growth and value is contributed by technology brands and services in the digital sector. Brand growth in China has been driven mainly by the domestic market but Chinese companies may have to look beyond their own borders to compensate for the decelerating home economy.

3. Brand Management in China

Brand management is defined as the design and implementation of marketing programs and activities to build, manage, and measure brand equity (Keller, 2008, p. 38). An important aspect when building brands is the role and visibility of the corporate brand (Kapferer, 2008, pp. 351). Brand architecture is concerned with the way the corporate brand is used for the offerings and whether or not different brand names are used. The extant literature mentions two types of brand architecture: (1) the corporate brand dominant strategy "branded house" and (2) the individual brand dominated strategy "house of brands". A branded house architecture uses one master brand, typically the corporate brand, to give consistency to all offerings (Rajagopal and Sanchez, 2004). The "house of brands" strategy on the other hand is characterized by independent and unconnected brands without a link to the corporate brand (Aaker, 2004, p. 48). In many Asian markets, including China, the branded house strategy is predominant (Kapferer, 2012, p. 323). This strategy has two advantages. First of all, the corporate name can be placed on many disparate products. Secondly, in Asia, "the more powerful a group, the more it is respected" (ibid, p. 324). Putting the corporate name on everything makes the corporation more powerful and respected (ibid). Huawei for example, to most Western consumers known for its mobile phone products, applies the corporate name for all of its services and products as diverse as cloud computing, network solutions, consumer electronics, and IT security (Huawei, 2016). Other notable Chinese brands such as Lenovo, Haier, and Hisense also apply the branded house brand strategy. Although some of Alibaba's main business units do not bear its name, such as Taobao and Tmall, many of the group's brands have an obvious brand name connection with its parent company, e.g. 'Alipay' (mobile payment), 'Aliexpress' (global ecommerce platform), 'Alimama' (marketing technology), 'Aliyun' (cloud services), and even its own news channel 'Alizila' which is dedicated to broadcast news about the Alibaba group (Alibaba, 2016b). All of these Alibaba subsidiary brand names begin with the significant 'Ali'. Figure 1 shows how Alibaba visualises its corporate brand name in its brand logos.

Figure 1. Selected Alibaba Group brands with corporate brand affiliation Favorite Brands
Source Alibaba, 2016a

The use of corporate name dominated brand architectures is expected to continue in China. The same development is still prevalent in other Asian markets such as South Korea and Japan, where companies like Samsung in South Korea and Mitsubishi in Japan spread the corporate name across the board. The cultural dimension of 'bigger is better' will therefore likely

continue to impact the branding culture in China.

4. Chinese Brand Management Culture

The ruling form of corporate brand endorsement in China and many other Asian markets is in stark contrast with the idea of brand differentiation which dominates in Western markets. The FMCG maker Procter & Gamble led the way in insisting on a strategy whereby a brand has to stick to one product and offering (Kapferer, 2012). Even the job description of "brand manager" is known for being coined in the 1930s by Procter & Gamble (Hehman, 1984). The lack of focus on brand differentiation in China and the institutional provisions in Chinese companies have triggered branding scholar David Aaker to argue that most Chinese companies have weak branding (Aaker, 2013). He offers three reasons for the branding deficiencies in China. In his view, branding has not yet fully gained the necessary support from the top management in Chinese companies. Chinese managers still tend to focus on operational matters, costs, and finances and generally do not bring marketing skills to the table. Most importantly, they often lack international experience. The managerial focus on operations complements the second domain of reasons that Aaker identifies, and these include the lack of competition in China and the speed of the economy. Many state-owned enterprises (SOEs) have traditionally not needed to fear competitive behaviour. At the same time many Chinese companies have been busy with producing and distributing their goods just to meet the growing demands of the prospering Chinese consumer. Brand differentiation was simply not an obvious priority in many Chinese industries. Lastly Aaker states that due to the lack of a branding tradition in China, experienced brand managers are rare and this comes along with a lack of branding systems and established branding processes (Aaker, 2013).

Aaker's arguments find eloquent support in the paucity of Chinese brands in Interbrand's Top 100 Global Brand List. As mentioned above, only two Chinese brands have only recently made it onto the list. Yet, several valuable brands lead the way in the Chinese market. These are mainly young brands in the technology sector that show marketing excellence (see e.g. Tencent and Alibaba). Their brand success may lead other companies to invest more professionally in their brands. Furthermore, it may be assumed that with the ongoing rise of household purchasing power, Chinese consumers will become less cost-conscious and more brand-conscious, leading to a consumer-driven pull for desirable Chinese brands. The increased need for brand differentiation will thus come naturally to the attention of top-management. Branding and brand management practices will likely gain momentum.

That Chinese consumers have a preference for Western brands over Chinese brands will be discussed in the next section.

5. Foreign Vs. Domestic Brands – Consumer Preferences

In China, foreign multinationals have been very successful in marketing their brands as Chinese consumers continue to hold foreign brands in high esteem. Best practices have come from many foreign luxury automobile makers such as Audi, Porsche and Lexus, FMCG makers such as Procter & Gamble, or fast food chains like KFC and McDonalds to name a few (George and Anandkumar, 2015).

A survey was conducted in 2014 in Wuhan, China to identify and understand the brand preferences of Chinese consumers for Chinese or foreign brands. Wuhan is the provincial capital of Hubei province with a population of nearly 8 million (Statista, 2015). This specific location was chosen as Wuhan is a second-tier city in China where consumer behaviour is evolving as rapidly as in first-tier markets like Beijing and Shanghai. A sample of 600 young Chinese adults aged 18-25 was surveyed. This age group, also referred to as "Millennials", generally receives much attention from marketers around the world. Most of these young

consumers are digital natives and their spending power seems bound to increase in China. The interviews took place face-to-face where the interviewees were guided through a self-administered questionnaire. Most of the questions were "top of the mind" questions leading to rating scales or frequency calculations. The method was chosen as it best suited a randomly selected area sample. Selected results from the study will be presented and discussed below.
The interviewees were first asked to name their three favourite brands, top of the mind. Table 1 exhibits the results of this question. Apple leads the brand ranking followed by its main rival Samsung. In total five American brands were mentioned with German, Korean, Japanese, and Italian brands also having multiple entries in the ranking. It is remarkable, that no Chinese brand made it into the ranking by the sampled.

Rank	Brand	Industry	Country of origin
1	Apple	Mobile Phones	USA
2	Samsung	Mobile Phones	South Korea
3	Sony	Entertainment	Japan
4	Pizza Hut	Fast Food	USA
5	Adidas	Sports/Athletics	Germany
6	McDonald's	Fast Food	USA
7	Nike	Sports/Athletics	USA
8	KFC	Fast Food	USA
9	Lamborghini	Automobiles	Italy
10	Laneige	Beauty Care	South Korea
11	Lancôme	Beauty Care	France
12	Ferrari	Automobiles	Italy
13	MAC (Apple)	Personal Computers	USA
14	Mercedes Benz	Automobiles	Germany
15	Uniqlo	Apparel	Japan

Table 1. Favorite Brands
Source: (Bakker, 2016)

Respondents were further asked to rate the importance of six factors when purchasing a brand. The scale per item ranged from 5 to 1, with 5 being very important and 1 not important at all. Table 2 summarises the mean value per item.

Item	Mean value
Trust in the brand	4.82
Size of the company	4.1
Quality of the product	4.57
Reliability of the product	4.47
Price	4.16
Image of the brand	4.41

Table 2. Importance Factors when purchasing a brand
Source: own research

For another six factors the interviewees were asked to rate Chinese brands and foreign brands. These factors were quality, brand performance, price-value, trust in the brand, service, and the brand image. In all factors, foreign brands scored significantly higher. In another question, the preference of foreign brands over Chinese brands was indexed. Table 3 summarizes the results with respect to 10 industries or product categories. Overall, the results show that in most categories, foreign brands are favoured. The strongest preference is yielded in foreign automobile brands, which enjoy a preference of 92% over their Chinese rivals. Foreign brands

are also largely preferred in the mobile phone sector (84%), watches (84%), and airlines (75%). Soft drinks are nearly at par with only a small margin in favour of foreign brands (51%-49%). These results are surprising given the strong American brands such as Coca-Cola and Pepsi in this category. Chinese consumers still like traditional Chinese flavours in soft drinks that are often tea-based (Euromonitor, 2013). Chinese brands in the soft drink category continue to be popular. The questioned sample only preferred Chinese brands over foreign brands in the refrigirator category with a 53% majority. It can be assumed that this preference is the merit of strong local brands in this category such as Hisense and Haier.

Category	Foreign brand in %	Chinese brand in %
Mobile Phones	84	16
Automobiles	92	8
Apparel	58	42
Sportswear/Athletics	55	45
Soft Drinks	51	49
Personal Computers	66	34
Airlines	75	25
Watches	84	16
TV's	60	40
Refrigerators	47	53

Table 3. Preferences between Foreign and Chinese brands per category
Source: (Bakker, 2016)

The results show that overall foreign brands are mostly preferred by the sample surveyed. Due to the sample characteristics, the results cannot be generalised to yield hard data on the preferences of the 'average Chinese consumer'. Nevertheless the results confirm those from other studies in the field. Brand managers of foreign brands should build on creating further trust in their brands and emphasise quality as a key point of differentiation. The country of origin and implied exclusivity should also play a key role in the marketing programs for foreign brands. For certain product categories, entering the Chinese market may be more difficult as the results show. This is the case, for example, in the soft drink and white goods categories. In these instances, incumbent brands could learn from domestic brands as to what Chinese consumers value. In this context it is worth mentioning that foreign brand acquisitions by Chinese investors have been prominent in recent years. Some famous automobile brands such as Volvo, Saab, and Rover changed ownership and were kept alive by Chinese investors. Although struggling, these car brands are still stronger than most Chinese automobile brands, with high customer appeal. Another prominent foreign brand acquisition by a Chinese company was made by Lenovo, which purchased the ThinkPad brand from IBM, helping Lenovo to market leadership (Lenovo, 2004). The purchase of Western brands by Chinese investors remains prevalent. Wherever Chinese companies are lacking know-how or brand appeal, the acquisition of established Western assets will continue.

6. Summary, Conclusion, Limitations and Further Research

This paper examined the Chinese branding landscape and took a further look at the digital brands sector in China. Brand management practice and Chinese branding culture were highlighted and a consumer perspective on preferences towards foreign and domestic brands was researched. From these four areas, four branding trends were developed and are presented below.

- *Chinese Branding Trend #1: Brand Building As a Top-Management Priority*

Leading Chinese brands show the way in making strong and valuable brands. The success of Lenovo, Huawei, and Haier are good examples and strong advocates for the brand management discipline. When markets become more competitive and brand strategy calls for differentiation, brand strategy, as a top-management domain, will gain the attention in many other Chinese boardrooms. Moving past a production and distribution focus, branding will likely be recognised more prolifically by leadership as a competitive advantage in gaining consumer support and loyalty.

- *Chinese Branding Trend #2: More Chinese Global Brands*

Fuelled by government policies and successful Chinese brands abroad, more global brands from China will emerge on the world stage. Although China represents an enormous domestic market, when growth slows down, Chinese companies will have to look beyond their own borders. Then, strong branding will play a key role to overcome the inferior 'Made in China' image to which Western consumers still widely subscribe. With brand building becoming more the norm in Chinese corporate strategy, together with production cost-advantages and technological know-how, Chinese corporations will be fierce competitors on the global brand stage. White-goods products, consumer electronics, digital brands, and smart-phones in particular will likely be internationally branded.

- *Chinese Branding Trend #3: Extension of the Corporate Brand*

As in many other Asian markets, Chinese companies favour a corporate brand strategy. Building large brands and exploiting corporate brand equity appeals to managers and Chinese consumers alike. Similar to South Korean and Japanese corporations, Chinese companies will continue to stretch their corporate brands both into new fields of business and across product lines. This can already be witnessed with digital brand Alibaba, which uses its name across diverse business fields and Huawei, which displays the corporate name on a wide range of consumer products and industry services.

- *Chinese Branding Trend #4: Foreign Brand Appeal and Acquisition On the Rise*

Strong foreign brands are widely preferred by Chinese consumers. This trend will continue as long as foreign brands can keep a preferred spot in the Chinese consumer's imagination. Product categories where quality, trust, and brand image are important will continue to have an advantage over Chinese counterparts. At the same time, foreign brands will continue to fall into Chinese ownership. Access to foreign distribution systems, technology transfers, or prestige of ownership can be key motivators for Chinese companies to hold stakes in foreign brands. Sectors of interest will be in the technology sector, B2B markets, automotive and Western football clubs.

These four branding trends are not exclusive to the Chinese market. Rather, they represent likely outcomes in the four areas broached in this research. That said, domestic and foreign marketers can include these trends in their efforts to build brands for the Chinese market. The former may further consider the branding discipline as a priority in their attempts to capture consumer loyalty in China. The latter can embrace typical Asian branding strategies and get a better understanding of Chinese consumer preferences when reviewing their Chinese marketing strategy.

Although this research provides initial insights into the Chinese branding landscape and possible branding trends, further research using different samples, product categories and research methodologies is necessary to establish the robustness of these findings. Each of the established four Chinese branding trends above would require a separate examination on its own for further substantiation. Moreover, the research focused on China's biggest brands, leaving out second- and third-tier brands that make up a large part of the country's branding landscape. Another interesting area of further research may be found in the rapid development

that marks the Chinese digital sector. Only currently established brands have been highlighted amidst a plethora of nascent and promising brands.

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Making Brand Visible: Advertising Elements Influencing Visual Attention to the Brand

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Abstract
Advertising is a trillion dollar industry, which reveals the importance for each of the company investing in advertising to create effective advertising campaigns in order to make investments profitable. Nevertheless, in todays' intensifying competition creating effective advertising campaigns becomes more and more of a challenge. Even if some elements of advertising are attention-grabbing, this does not guarantee that the brand in the advertisement will be noticed, which in turn leads to reduced advertising effectiveness. Such phenomenon is especially relevant to outdoor advertising. The scientific problem solved by this research is defined by a question: what criteria of outdoor advertising elements influence visual attention to the brand? This study aims to contribute to the advertising theory by determining the specific criteria of advertising elements that influence consumers' visual attention to the brand presented in the outdoor advertisements. To reach the aim of the study, the eye tracking experiment using Tobii Eye Tracking Glasses is provided with the created sample advertisements. Sample advertisements are composed based on the theoretically determined elements of advertising that can influence consumers' visual attention to the brand and on the content analysis of real outdoor advertisements as well as advertising experts' interview. The analysis of the research results revealed that in order to enhance the probability that brand presented in the outdoor advertisement will grab attention, it should be positioned in the left side of the advertisement and the advertisement should contain headline twice as big as body text. Moreover, advertisement should be with dominating textual elements and contain large number of elements. By enhancing the probability that brand presented in the outdoor advertisement will grab attention, the probability of effective advertising increases as well.

Keywords: advertising effectiveness, brand, visual attention, eye tracking.

JEL classification: M31, M37.

1. Introduction

The contemporary information society is facing the problem of information abundance and overload leading to higher consumer selectivity for an informational content they encounter. Accordingly, the competition among businesses for consumer attention is intensifying. It can be argued that only attention grabbing advertisements have a ground to become effective. However, an effective advertising should not only be able to attract consumers' attention, but hold interest to the message exposed, arouse desire to a product advertised and obtain action (Bakar, Desaa and Mustafa, 2015, p. 311). Duffett (2015, p. 520) emphasizes that in order to be appealing, advertisements should be created carefully and be stimulating.

Therefore, it is not enough to attract consumer attention to an advertisement – much more important is to make visible *the brand*. Considering all the measures that help to attract consumer attention to an advertisement as important, the determination of advertising elements that can influence consumers' visual attention to the brand is relevant.Therefore, the determination of the specific criteria of outdoor advertising elements affecting visual attention to the brand, which in turn leads to enhanced probability of creating effective advertising, is

very important. The scientific problem solved by this research is defined by a question: what criteria of outdoor advertising elements influence visual attention to the brand? This study aims to contribute to the advertising theory by determining the specific criteria of advertising elements that influence consumers' visual attention to the brand presented in the outdoor advertisements.

The structure of the paper is as follows. In Section 2 a scientific substantiation for the outdoor advertising elements that influence visual attention to the brand is provided; research methodology is presented in the Section 3. The research results are presented in Section 4; discussion and conclusions are provided in the Section 5.

2. Theoretical substantiation

Getting consumers' attention to an advertisement is often a great challenge for businesses regardless of the medium used (Bakar, Desaa and Mustafa, 2015, p. 311). If considering outdoor advertising as mainly print advertising, it is composed of two main groups of elements: visual and textual (Gisbergen, Ketelaar and Beentjes, 2004; Zubcevic and Luxton, 2011, p. 132). The composition of latter groups of elements in an advertisement is based on the elements of graphic design composing advertising design corresponding to particular principles (Pieters and Wedel, 2004; Clow and Baack, 2007; Wedel and Pieters, 2008). Pieters and Wedel (2004) argue that despite that the primary function of both groups of elements (i.e., visual and textual) is capturing consumers' attention, their impact on attention is different.

The group of *visual elements* (illustration, picture, photograph, product images, or other images) is based on visual appeals, and their primary function is attention grabbing (Cutler, Javalgi, Erramsilli, 1992; Pieters and Wedel, 2004). The research provided by Baumgartner, Esslen and Jancke (2006) revealed that images evoke consumer emotional arousal; moreover, the research by Hughes, et al. (2003) found that pictures in advertising are perceived as a proof for consumer's choice.

Considering *textual element* of advertising, the most important are headline-copy and body-copy. Headline-copy is meant to attract consumer's attention first, and the body-copy is often written in smaller font size, is composed of few lines or even paragraphs. Considering the headline-copy, its main purpose is to attract consumer's attention in a most seductive way, because it is often the most visible and distinctive part of all the text in an advertisement, whereas the body-copy is a story of a product or service telling the customer about the benefits and convincing to fulfil a purchase (Blakeman, 2011). Previous research (Pilelienė, Grigaliūnaitė and Bakanauskas, 2015) showed that consumer attention to an advertisement declines according to a principle of the letter 'Z'. Analyzing previous practitioner research, Lepkowska-White, Parsons and Ceylan (2014, p. 314) found that larger font sizes and appropriate colors (e.g., using darker text on a lighter background) makes it easier to read text; moreover, the research provided by Pillai, Katsikeas and Presi (2012) revealed a correlation between the font size and the positive valuation of a product. Moreover, too short text can be not enough convincing and omit the core benefits, and too long advertising text might be viewed as boring.

The composition of visual and textual elements in an advertisement results in advertising *complexity*. According to Pieters, Wedel and Batra (2010) there are two possible points of view to advertising complexity: as a basis for visual attention one emphasizes simplicity and the other stands for complexity. However, the research on the differences in effectiveness of latter compositions (i.e., complex vs. simple) is still scarce.

3. Research organization

Based on the analysis of scientific literature, following specific research hypotheses were

made:

H_1: Visual attention to a brand presented in the outdoor advertisements differs between advertisements where brand is positioned in the left side when compared to the one where brand is positioned in the right side, and when compared to the one where brand is positioned in the centre of the advertisement;

H_2: Visual attention to a brand presented in the outdoor advertisements differs between advertisements containing different font size headlines;

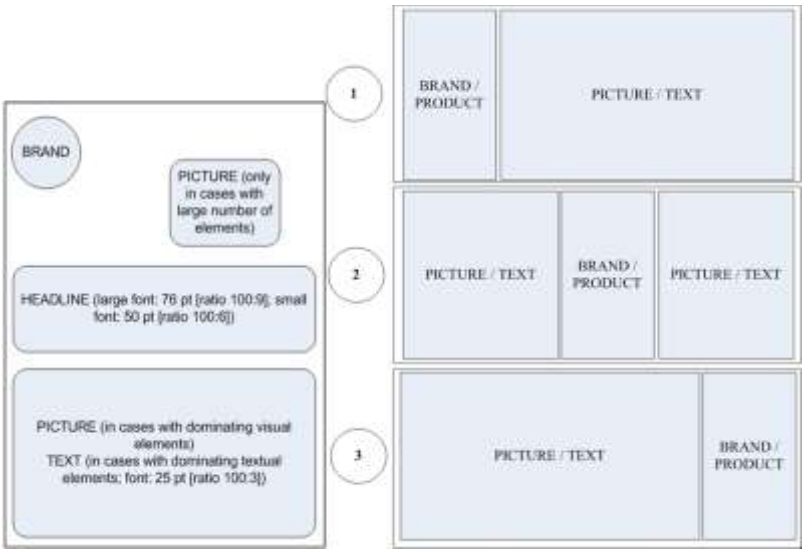
H_3: Visual attention to a brand presented in the outdoor advertisements differs between advertisements with dominating visual elements when compared to the ones with dominating textual elements;

H_{4a}: Visual attention to a brand presented in the outdoor advertisements with dominating textual elements differs between advertisements with large number of elements when compared to the advertisements with small number of elements;

H_{4b}: Visual attention to a brand presented in the outdoor advertisements with dominating visual elements differs between advertisements with large number of elements when compared to the advertisements with small number of elements.

Achieving to substantiate research hypotheses, thus determining the specific criteria of outdoor advertising elements that influence consumers' visual attention to a brand presented in the advertisements, eye tracking experiment was provided. The experiment was conducted using Tobii Eye Tracking Glasses – mobile video-based eye tracker recording monocular gaze data from the right eye at a sampling rate of 30 Hz. This eye tracker had an accuracy of 0.5°. The system had a camera to record a scene video with a resolution of 640x480 pixels; maximum recording angles were 56° of visual angle in horizontal and 40° of visual angle in vertical direction.

For the experiment, sample advertisements were composed based on the theoretically determined elements of advertising that can influence consumers' visual attention to the brand and on the content analysis of real outdoor advertisements as well as advertising experts' interviews. In the all of the sample advertisements different brands of convenience product category were advertised. Composed sample advertisements could be classified into two systems of advertisements' layouts, presented in Figure 1.



a) *b)*

Figure 1. Two systems of advertisements' layouts: a) composition of advertising elements; b) brand position (1 – left; 2 – centre; 3 – right)

As it can be seen, first layout system (a) is designed for the analysis of composition of advertising elements, when the position of a brand is constant (in such a way revealing the effect of different criteria of advertising elements while eliminating the influence of brand position). In latter layout system brand is positioned in the left upper corner, in the right upper corner picture is presented only in the advertisements which contain large number of elements; headline is presented in the middle of the advertisement. Paper size and large headline's font size ratio is 100:9, while paper size and small headline's font size ratio is 100:6. In the bottom of the page, visual element is presented in the advertisements, which have to contain visual elements, and text is presented in the advertisements, which have to contain textual elements (paper size and the font size of body text ratio is 100:3). Consequently, small headline font size and body text font size ratio is 2:1; large headline font size and body text font size ratio is 3:1. The second layout system (b) is designed to reveal only the effect of brand position in the advertisement on visual attention to a brand presented in an advertisement. As it can be seen, in latter case brand / product were presented in three advertisements with three different brand / product positions: left, centre, right; the remaining elements in latter advertisements were the same, in such a way revealing the effect of different brand positions while eliminating the influence of other advertising elements.

All of the advertisements were hung upon the university (*note*: Vytautas Magnus University, Kaunas city centre) wall in a random order. The advertisements' paper size used for the research was A4 (210:297 millimetres), because the participants' walking distance from the advertisements was 1 metre (± 30 centimetres), due to the narrow passing. Accordingly, with the bigger distances the advertisements' paper size respectively has to be bigger in order to capture consumers' attention. Participants looked (or did not look if did not notice) at the advertisements from their own pace. Before the experiment, each of the participants put on the glasses and performed a standard nine point calibration procedure. All of the participants were volunteers and had not been paid for the participation in the eye tracking experiment. The experiment was held in Lithuania, Vytautas Magnus University, February – May, 2016. 30 participants' (26 females) data appropriate for the analysis were obtained. All of the participants were right-handed with normal or normal-to-corrected vision. All of the participants were at the age group of 18-29 years.

For the analysis of eye tracing results Tobii Studio v.3.2.3 software was applied. Total fixation duration (average duration of all fixations within the specific element) and fixation count (average number of times the participants fixated on the specific element) to the brands presented in the advertisements with different criteria were calculated. IBM SPSS Statistics v.20 and XLSTAT 2014 software packages were applied for the statistical analysis of the results obtained from the Tobii Studio v.3.2.3 software.

4. Research results

The analysis of the research results reveals that the brand positioned in the left side of the outdoor advertisement attracts most visual attention, while brand positioned in the centre of the outdoor advertisement attracts least visual attention (see Table 1). Moreover, as it can be seen, the minimal viewing time to the brand when it is positioned in the centre of the outdoor advertisement equals to zero (there were participants who did not notice the brand), while when the brand is positioned in the left or in the right side of the outdoor advertisement, the minimal viewing time is above zero (there were no participants who did not notice the brand in latter positions). Mean fixation count corresponds to the results of mean viewing time: brand positioned in the left side of outdoor advertisement obtained the most fixation times, while brand positioned in the centre of outdoor advertisement obtained the least fixation times. Consequently, it could be stated that brand positioned in the left side of the outdoor

advertisement attracts bigger amount and intensity of visual attention compared to the brand positioned in the right side or the centre of the outdoor advertisement.

Brand position	Min	Max	Median	Mean	S.E.	95 % C.I. on mean		Fixation count (mean)
						Lower bound	Upper bound	
Left	0.170	13.230	4.180	4.797	0.624	3.522	6.073	145.500
Right	0.010	4.140	2.540	2.344	0.281	1.770	2.919	70.900
Centre	0	4.600	2.310	2.001	0.56	1.478	2.525	60.00

Table 1. Descriptive statistics of mean visual attention time (s) to the brand presented in different positions

The visualization of participants' viewing time to the brand presented in different positions (see Figure 2) substantiates the results of mean viewing time: the longest participants' viewing time relates to the brand positioned in the left side of the outdoor advertisement. Nevertheless, the shortest participants' viewing time relates to the brand positioned in the right side of the outdoor advertisement, while the shortest mean viewing time relates to the brand positioned in the centre of the outdoor advertisement.

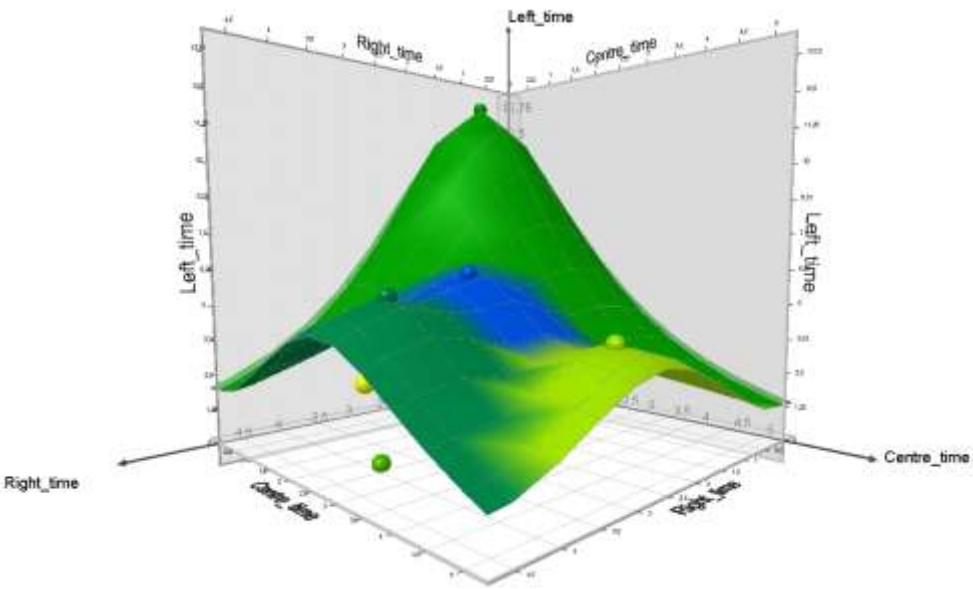


Figure 2. Visualization of viewing time (s) to the brand presented in different positions

The same results are obtained by the visualization of fixation frequency (times) to the brand presented in different positions (see Figure 3). The most participants' fixation times relates to the brand positioned in the left side of the outdoor advertisement. However, the least participants' fixation times relates to the brand positioned in the right side of the outdoor advertisement, while the least mean fixation times relates to the brand positioned in the centre of the outdoor advertisement.

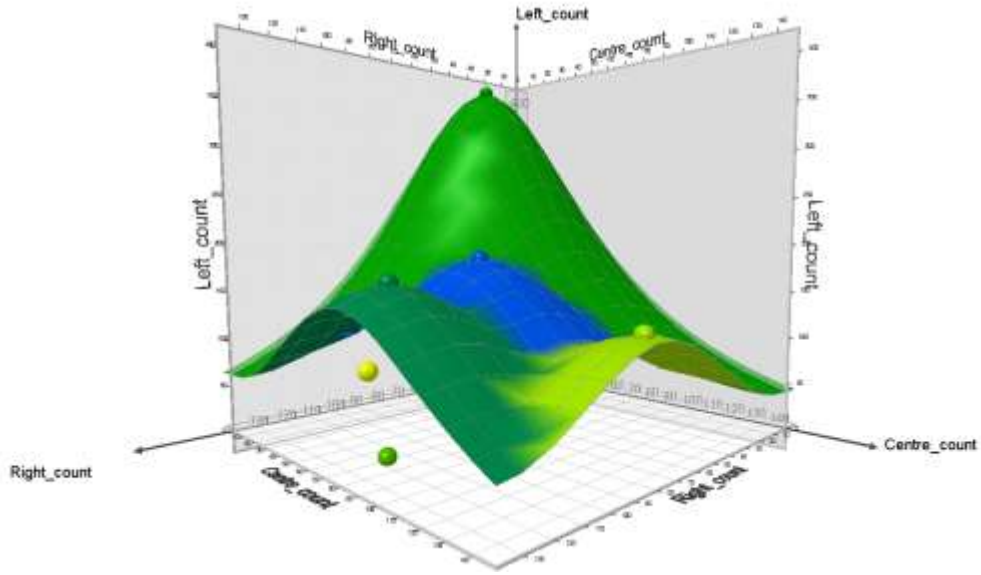


Figure 3. Visualization of fixation frequency (times) to the brand presented in different positions

As the data of eye tracking experiment are non-normally distributed, the Friedman test is applied (three dependent samples) in order to evaluate whether there are significant differences in viewing time to the brand when it is positioned in different sides of the outdoor advertisements. As it is shown in Table 2 below, there are significant differences in viewing time to the brand when it is positioned in different sides of the outdoor advertisements.

Criteria	Value
N	30
Chi-Square	13.067
Df	2
p-value	0.001

Table 2. Friedman Test

To examine where the differences actually occur, Wilcoxon Signed Ranks Test with the Bonferroni adjustment (significance level equals to 0.017) is applied as the Post-Hoc test (see Table 3).

Criteria	Value	
	Z	p-value
Right side – Left side	2.813	0.005
Centre – Left side	3.230	0.001
Centre – Right side	1.906	0.057

Table 3. Wilcoxon Signed Ranks Test

As it can be seen, visual attention to the brand positioned in the left side of the outdoor advertisement is statistically significantly higher than visual attention to the brand positioned in the right side of the outdoor advertisement. Moreover, visual attention to the brand positioned in the left side of the outdoor advertisement is statistically significantly higher than visual attention to the brand positioned in the centre of the outdoor advertisement. Nevertheless, there is no statistically significant difference in visual attention to the brand presented in the right side of the outdoor advertisement and visual attention to the brand presented in the centre of the outdoor advertisement.

Descriptive statistics of mean visual attention time (s) to the brand presented with different criteria of advertising elements is presented in Table 4 below.

Advertising elements	Min	Max	Median	Mean	S.E.	95 % C.I. on mean		Fixation count (mean)
						Lower bound	Upper bound	
Dominating visual	0	2.600	1.230	1.243	0.152	0.931	1.555	37.933
Dominating textual	0	4.160	1.785	1.696	0.249	1.186	2.205	51.867
Large headline	0	2.080	1.300	1.299	0.136	1.020	1.578	39.400
Small headline	0	3.630	1.605	1.960	0.241	1.467	2.453	59.567
Large number of elements, dominating textual	0	2.500	1.055	1.160	0.174	0.803	1.516	35.433
Small number of elements, dominating textual	0	1.660	0.340	0.607	0.121	0.360	0.854	18.967
Large number of elements, dominating visual	0	2.170	0.570	0.814	0.132	0.543	1.084	24.700
Small number of elements, dominating visual	0	1.370	0.380	0.433	0.077	0.275	0.591	13.367

Table 4. Descriptive statistics of mean visual attention time (s) to the brand

As it can be seen, a brand presented in the advertisement with dominating textual elements attracts more visual attention than a brand presented in the advertisement with dominating visual elements. A brand presented in an advertisement with small headline (twice as body text) attracts more visual attention than a brand presented in an advertisement with large headline (three times as body text). Moreover, a brand presented in an advertisement with large number of elements with dominating either textual or visual elements attracts more visual attention than a brand presented in an advertisement with small number of elements with dominating either textual or visual elements.

Wilcoxon Signed Ranks Test is applied in order to evaluate the differences between two dependent samples (see Table 5). As it can be seen, a brand presented in an advertisement with dominating textual elements attracts statistically significantly more visual attention than a brand presented in an advertisement with dominating visual elements.

Criteria	Value	
	Z	p-value
Dominating visual – Dominating textual	2.723	0.006
Large headline – Small headline	2.937	0.003
Large number of elements, dominating textual – Small number of elements, dominating textual	2.695	0.007
Large number of elements, dominating visual – Small number of elements, dominating visual	1.691	0.091

Table 5. Wilcoxon Signed Ranks Test

Furthermore, a brand presented in an advertisement with a small headline (twice as body text) attracts statistically significantly more visual attention than a brand presented in an advertisement with a large headline (three times as body text). The occurrence of this phenomenon can be grounded by the assumption that the bigger the headline, the more attention

it grabs and distracts it from the brand. On the other hand, very small headline (the size of the body text) possibly would not attract attention at all; hence the balanced size of the headline has to be found. A brand presented in an advertisement with large number of elements with dominating textual elements attracts statistically significantly more visual attention than a brand presented in an advertisement with small number of elements with dominating textual elements. On the other hand, there is no statistically significant difference in visual attention to a brand presented in an advertisement with a large number of elements with dominating visual elements when compared to a brand presented in an advertisement with a small number of elements with dominating visual elements.

The results of hypotheses testing are summarized and explained in Table 6 below. Only one hypothesis (H4b: visual attention to a brand presented in the outdoor advertisements with dominating visual elements differs between advertisements with large number of elements when compared to the advertisements with small number of elements) is rejected, as there is no statistically significant difference in visual attention to a brand presented in an advertisement with a large number of elements with dominating visual elements when compared to a brand presented in an advertisement with a small number of elements with dominating visual elements. Despite this, a brand presented in the outdoor advertisements with dominating textual elements and containing large number of elements attracts statistically significantly more visual attention than a brand presented in the outdoor advertisements with dominating textual elements and containing small number of elements. Moreover, a brand presented in the outdoor advertisements with dominating visual elements attracts more visual attention when there is large number of elements compared to the small number of elements, even though this difference is statistically non-significant. Consequently, applying large number of elements in the outdoor advertisement can enhance the probability of a brand being noticed.

No.	Hypothesis	Result	Explanation
H1	Visual attention to a brand presented in the outdoor advertisements differs between advertisements where brand is positioned in the left side when compared to the one where brand is positioned in the right side, and when compared to the one where brand is positioned in the centre of the advertisement	Supported	Visual attention to the brand positioned in the left side of outdoor advertisement attracts statistically significantly more visual attention compared to the brand presented in the right side / centre of outdoor advertisement
H2	Visual attention to a brand presented in the outdoor advertisements differs between advertisements containing different font size headlines	Supported	Brand presented in the outdoor advertisements containing small font size headline (twice bigger than body text) attracts statistically significantly more visual attention than brand presented in the outdoor advertisements containing large font size headline
H3	Visual attention to a brand presented in the outdoor advertisements differs between advertisements with dominating visual elements when compared to the ones with dominating textual elements	Supported	Brand presented in the outdoor advertisements with dominating textual elements attracts statistically significantly more visual attention than brand presented in the outdoor advertisements with dominating visual elements
H4a	Visual attention to a brand presented in the outdoor advertisements with dominating textual elements differs between advertisements with large number of elements when compared to the advertisements with small number of elements	Supported	Brand presented in the outdoor advertisements with dominating textual elements and containing large number of elements attracts statistically significantly more visual attention than brand presented in the outdoor advertisements

			with dominating textual elements and containing small number of elements
H4b	Visual attention to a brand presented in the outdoor advertisements with dominating visual elements differs between advertisements with large number of elements when compared to the advertisements with small number of elements	Rejected	Though brand presented in the outdoor advertisements with dominating visual elements attracts more visual attention when there is large number of elements compared to the small number of elements, the difference is statistically non-significant

Table 6. Results of hypotheses testing

Moreover, seeking to enhance the probability of a brand presented in the outdoor advertisement for being noticed, advertisement should contain textual elements, as a brand presented in the outdoor advertisements with dominating textual elements attracts statistically significantly more visual attention than a brand presented in the outdoor advertisements with dominating visual elements; additionally, advertisement should contain small headline (twice as body text), as a brand presented in the outdoor advertisements containing small font size headline (twice bigger than body text) attracts statistically significantly more visual attention than a brand presented in the outdoor advertisements containing large font size headline (three times as the body text). Finally, as visual attention to a brand positioned in the left side of outdoor advertisement attracts statistically significantly more visual attention compared to a brand presented in the right side / centre of outdoor advertisement, brand / product should be positioned in the left side when creating outdoor advertising campaigns.

5. Discussion and conclusions

Outdoor advertising is composed of two main groups of elements: visual and textual. Even though the primary function of both groups of elements is capturing consumers' attention, their impact on attention is different. Moreover, the composition of latter elements in an advertisement results in advertising complexity, which in turn has two possible points of view: as a basis for visual attention one emphasizes simplicity and the other stands for complexity. Consequently, different compositions of visual and textual elements in outdoor advertising lead to different amount of consumers' visual attention to an advertisement and its' elements, of which one and the most important is a brand. Visual attention to a brand becomes an obligatory but insufficient condition to reach outdoor advertising effectiveness. Therefore, analyzing the influence of outdoor advertising elements on visual attention to an advertisement, by ignoring the influence of those elements on the visual attention to a brand, can create misleading results. The analysis of the research results revealed that visual attention to a brand positioned in the left side of outdoor advertisement attracts more visual attention compared to a brand presented in the right side / centre of outdoor advertisement. Of course, latter results are only applicable for the markets where consumers read from left to right, from up to bottom. Thus, when seeking to attract consumers' visual attention to a brand presented in an outdoor advertisement, the brand should be positioned in the left side of the advertisement.

A brand presented in an advertisement with small headline (twice as body text) attracts statistically significantly more visual attention than a brand presented in an advertisement with large headline (three times as body text). The occurrence of this phenomenon can be grounded by the assumption that the bigger the headline, the more attention it grabs and distracts it from the brand. On the other hand, very small headline (the size of the body text) possibly would not attract attention at all; hence the balanced size of the headline can be considered to be twice as big as the body text.

Moreover, a brand presented in the outdoor advertisements with dominating textual elements attracts more visual attention than a brand presented in the outdoor advertisements with dominating visual elements. Considering the fact that visual elements are based on visual

appeals and consumers can engage only in the visual part of the advertisement, thus leaving the brand unnoticed, the conclusion can be made that dominating textual elements in an advertisement lead to the emphasized and thus attention-grabbing brand. In order that those dominating textual elements in an advertisement would lead to the emphasized and thus attention-grabbing brand, there should be a large number of textual elements.

These recommendations of how the outdoor advertising elements affecting visual attention to a brand have to be managed may result in the enhanced probability of effective outdoor advertising campaigns. The analysis of the specific criteria of advertising elements that influence consumers' visual attention to a brand presented in the other mode advertisements becomes the direction for future research.

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Elaboration of the Model for the Assessment of Outdoor Advertising Effectiveness

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Abstract
In today's market economy organizations compete for consumers' attention, because in such information overload there is a high possibility of the advertisement to be not noticed, in which case it has zero probability to become effective. Outdoor advertising presents a unique case in that, unlike advertising in television or magazines, an amount of factors that distract (or can attract) consumers' attention is enormous. The scientific problem solved by this research is defined by a question: what factors affect outdoor advertising effectiveness? This study aims to contribute to the advertising theory by elaborating a model for the assessment of outdoor advertising effectiveness. To reach the aim of the study, the experiment following with questionnaire survey were provided and binary logistic regression analysis was applied for the statistical analysis of the questionnaire survey data. The analysis of the research results revealed that better brand awareness and positive attitude toward the advertisements increase the probability of both unaided and aided advertising recall. Hence, the conclusion was made that brand awareness and attitude toward the advertisement have the enormous effects on outdoor advertising effectiveness. Moreover, the left road side of the advertising placement decreases the probability of both unaided and aided advertising recall. The bigger is the outdoor advertisement, the less likely it is to notice the brand, which in turn leads to lower unaided brand recall probability. However, the size of the outdoor advertisement does not influence aided recall, signifying that for well-known brands the size of the outdoor advertisements is less important, while for less-known brands the smaller size of outdoor advertisements should be chosen. Aiming at generating aided recall, rational outdoor advertising appeal should be preferred to emotional one. Finally, the placement enabling the best outdoor advertising visibility must be thought through in order to make outdoor advertising effective.

Keywords: advertising effectiveness, advertising placement, environmental factors, outdoor advertising.

JEL classification: M31, M37.

1. Introduction

In today's market economy organizations compete for consumers' attention, because in a framework of contemporary information overload there is a high possibility that the advertisement will be not noticed. Based on the popular marketing maxim that "unseen is unsold", it can be argued that in such a case advertisement has a zero probability to become effective. Therefore, finding ways to reach potential customers by grabbing their attention becomes a relevant topic in marketing theory and practice. Organizations often use several advertising channels at a time; this lead to a situation when the measurement of each advertisement effectiveness becomes complicated. However, the assessment of the effectiveness of each advertising channel may help organizations to choose the optimal array of channels for the advertising campaign.

In this research the emphasis is put on outdoor advertising as one of inevitable parts of urban consumer environment. Donthu, Cherian and Bhargava (1993, p.64) emphasize that measurement of outdoor advertising effectiveness is a very challenging task. Moreover, Koeck and Warnaby (2014, p.1402) emphasize that "compared to other forms of marketing

communications activity, outdoor advertising has been relatively neglected by marketing academics". Outdoor advertising entails much more than the ordinary billboard (Jordaan, 2001). This type of advertising presents a unique case in that, unlike advertising in television or magazines, an amount of factors that attract or distract consumers' attention is enormous. However, Rosewarne (2007, p.1) argues that "unlike television, radio, print, internet, cinema, and mail advertising, outdoor advertising cannot be turned off, put away or easily avoided". Therefore, the determination of the factors affecting outdoor advertising effectiveness becomes an important issue. The scientific problem solved by this research is defined by a question: what factors affect outdoor advertising effectiveness? This study aims to contribute to the advertising theory by elaborating a model for the assessment of outdoor advertising effectiveness.

The structure of the paper is as follows. In Section 2 a scientific substantiation for the assessed factors affecting advertising effectiveness is provided; the theoretical model for the assessment of outdoor advertising effectiveness is composed and research methodology is presented in the Section 3. The research results and validated model of outdoor advertising effectiveness is presented in Section 4; discussion and conclusions are provided in the Section 5.

2. Theoretical substantiation

Akören (2015, p.799) defines outdoor advertising as "an advertisement type that can be found frequently as directly proportional with outdoor places". Koeck and Warnaby (2014, p. 1403) suggest using the term *outdoor advertising* to refer to the various forms of advertising which occur within a wider urban environment. It is highly visible, often very large, and placed in heavily trafficked areas in order to attract as many viewers as possible (Rosewarne, 2007). According to Cronin (2010, p.10), as the greatest density of people can be found in cities, the vast majority of outdoor advertising can be observed there. Outdoor advertising makes a significant impact on economics, environment, urban planning, traffic security, heritage and tourism etc. (Suditu, et al., 2016, p. 185).

Cronin (2010, p.13) emphasizes three outdoor advertising-related factors: (1) particular theme (advertisement), (2) certain structures (type of panel), and (3) location's specifics. Latter factors based on their nature can be classified as internal (or ad-related) and external (or condition-related) factors.

2.1. Internal factors

As the factors that contribute to the outdoor campaign effectiveness Donthu, Cherian and Bhargava (1993, p.65) distinguish seven campaign-related factors:

- Purpose (directional, price point, or image);
- Number of concepts/words;
- Key concept to be communicated (price, promotion, image);
- Color;
- Illustration (picture, cartoon, none);
- Quality of the illustration; and
- Product characteristics (high involvement vs. low involvement).

Advertising message related factors (different advertising layouts, visual and textual elements, advertising complexity level) are the ones that marketers can gain advantage from. Since one of the main objectives of advertising is attention grabbing and motivating consumers to purchase advertised product, many researchers have been trying to find out which appeal or advertising strategy work best (Keshari & Jain, 2014, p. 43). According to Davies (1993) the core purpose of emotional appeal is to encourage the consumer to reach for a reward or to avoid the punishment – i.e. to evoke positive or negative emotions, based on the idea that many

consumers make purchase decisions achieving to experience positive feelings. On the other hand, Panda, Panda and Mishra (2013) propose that the rational appeal highlights the value for money (the usability, disposability of the brand, etc.) emphasizing that consumers process information based on logical or/and utilitarian decisions. It can be stated that advertising appeal encompasses such elements of advertising layout as words, key concepts, and illustrations. Previous research revealed that textual elements in outdoor advertising must be laconic and contain clear font, while visual elements must contain contrasting colours in order to attract consumers' attention (Pilelienė, Grigaliūnaitė and Bakanauskas, 2015).

2.2. External factors

The literature analysis shows, the external factors can be divided into structure-related (type of panel) factors and location-related factors.

As the predominant mode of outdoor advertising Koeck and Warnaby (2014, p.1404) suggest 2D advertising as the most fundamental form of outdoor media which is "defined by, attached to, and as such, visually harnessed through, a singular surface". However, many types of 2D advertisements based on their ***structure*** can be found in scientific literature.

Based on the researches of the industry's relationship to urban space, Cronin (2010, p.10) argues that outdoor or out-of-home advertising is oriented towards speaking to the largest possible number of potential consumers and can be classified into roadside billboards, panels in pedestrian zones, advertisements on buses (vehicle decals), in train and underground stations, and on taxis. Rosewarne (2007) extends this list by adding shopfront and window displays, murals on buildings, sandwich boards, and street furniture including:

- public transport shelters (PTSh);
- kiosks;
- public toilets;
- waste bins;
- public bicycle stations;
- phone booths; and
- park benches.

According to Donthu, Cherian and Bhargava (1993, p.65) the selected format of billboards is one of the factors that contribute to the outdoor campaign effectiveness.

Rezvan, Norouzi and Firouzi (2015, p. 96) argue that the ***location*** of an advertisement will affect the probability and frequency of exposure. Donthu, Cherian and Bhargava (1993, p.64) suggest that factors such as length of approach, angle of the structure, position relative to other structures, and speed of travel make up these ratings. The same authors indicate such location related factors as: size of board; type of road; and side of road (right vs. left) (p. 65).

2.3. Other factors

Beside internal and external factors that could contribute to outdoor advertising effectiveness, Donthu, Cherian and Bhargava (1993, p. 65) provide two more groups: respondent (or target market) related factors and synergy with other media related factors.

Respondent-related or personal factors can be characterized by the level of product involvement, involvement with the outdoor advertisement, and attitude toward the advertisement.

Considering the synergy with other media Jordaan (2001) provides six principles to be followed to handle the impact of outdoor advertising properly:

- Competition or snowball principle – adding bigger, higher, brighter, closer to the street advertisement than the one of competitors may cause a snowball effect;
- Encroachment principle – encroaching onto or into the roadway or pedestrian route may

be violent;

- Attachment or domination principle – obtrusive and audacious attempts of an advertisement to dominate the visual scene by taking advantage of prominent elements in a visual setting may destroy both prominent elements and visual setting;
- Imperialistic or ubiquity principle – outdoor advertising wants to be ubiquitous and tries to conquer new territories by entering or filling new spaces;
- Transition principle – the display periods of individual advertisement tend to be relatively short and can therefore not be seen as permanent visual elements;
- Disorder principle – when outdoor advertising is managed insufficiently visual disorder and deterioration will increase with time.

Donthu, Cherian and Bhargava (1993) emphasize that traditional measurement of recall and awareness levels are used to measure effectiveness of outdoor advertising.

3. Research organization

Achieving to determine the elements or factors affecting outdoor advertising effectiveness an experiment was provided. The 4.4 kilometers segment of Kaunas streets with high traffic load and medium advertising density was chosen for the experiment. Given the difficulty of providing the real time field experiment, the street segment was filmed with Canon EOS 600D Digital SLR Camera (with 18mm-55mm and 14mm fixed canon lenses and using Glidecam HD2000 Stabilizer System) from a front right-seat passenger's position driving at the average 40 km/h speed (excluding waiting time at crossings). All the video was composed into 8`48`` .wmv format 8Mbps HD 1080-30p quality film.

The experiment was provided at Vytautas Magnus University in May 2016; 194 undergraduate students (119 women) participated. The participants were divided into smaller groups of 19-20 people to watch the film in an auditorium environment on 4:3 screen. During the watching time, the participants were asked to count the advertisement they notice.

After watching the film a questionnaire survey was provided. The questionnaire was composed of 5 questions, also, the participants had to indicate their gender and the number of advertisements counted. The first question in the questionnaire was provided in order to measure *unaided recall* – it was an open-ended question where participants had to name all the brands that they remembered from the film. The second question of the questionnaire was composed to determine *aided recall* – 6 brands (selected based on the quality of their visibility in the film and characteristics provided in Table 1) which could be observed in the film and 6 brands which were not in the film were provided and the respondent had to indicate the brands that they saw.

Advertised brand No.	Side (1-left; 2-right)	Size (1-gantry; 2-PTSh; 3-Free-stand, 4-Wall-banner; 5-Billboard)	Appeal (1-emotional; 2-rational)	Dominate (1-text; 2-images)	Visibility (1-clear; 2-signs)	Repetition
I	1	3	1	2	1	3
II	2	4	1	2	1	2
III	2	1	2	1	1	2
IV	2	5	1	2	2	1
V	1	2	1	2	2	4
VI	2	3	1	2	1	1

Table 1. Advertisements used in the experiment and their characteristics

Further only 9 (6 from the film and 3 randomly selected) brands were left achieving to shorten the survey duration and simplify the evaluation task for participants. In the 3rd and 4th questions respondents had to indicate their *awareness* and *involvement* with the listed brands in 5-point Likert scale. In the fifth question 11 statements reflecting the *attitude* about each of the nine advertisements (6 from the film and 3 randomly selected brands) were provided to evaluate in a 5-point Likert scale. Respondents had a possibility to skip the evaluation of advertisement they could not remember. Consequently, the hypothesized relations between advertising recall and factors that influence it can be expressed by two equations:

$$(1)\ ln\frac{P\ (unaided\ recall)}{P\ (no\ unaided\ recall)} = C + \beta_1 Brand\ awareness + \beta_2 Involvement + \beta_3 Attitude + \beta_4 Side + \beta_5 Size + \beta_6 Appeal + \beta_7 Dominating\ elements + \beta_8 Visibility + \beta_9 Repetition$$

$$(2)\ ln\frac{P\ (aided\ recall)}{P\ (no\ aided\ recall)} = C + \beta_1 Brand\ awareness + \beta_2 Involvement + \beta_3 Attitude + \beta_4 Side + \beta_5 Size + \beta_6 Appeal + \beta_7 Dominating\ elements + \beta_8 Visibility + \beta_9 Repetition$$

After obtaining the results, 170 respondents' (111 women) answers were admitted as valid. As the dependent variable recall (unaided and aided) was dichotomous, the binary logistic regression was applied for the analysis in order to determine factors that affect outdoor advertising effectiveness. The IBM SPSS Statistics V.20 and XLSTAT 2014 software packages were applied for data analysis.

4. Research results

Regarding the logistic regression analysis in the case of *unaided recall*, two variables – dominating elements and repetition, were eliminated from the analysis due to the multicollinearity. The concordance index value c equals to 0.789, which indicates good predictive power of the model, i.e. model can discriminate between observations at different levels of the outcome (see Figure 1 below).

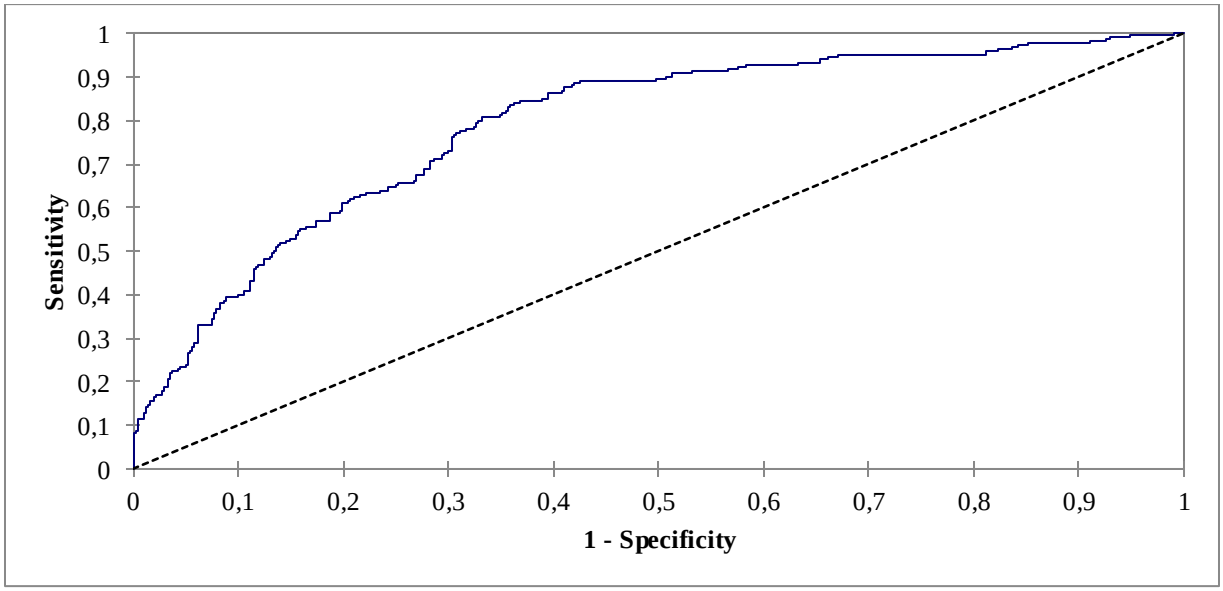

Figure 1. ROC curve (AUC = 0.789)

As it can be seen in Table 2, the Nagelkerke R^2 coefficient equals to 0.329, indicating that latter model is useful in predicting outdoor advertising unaided recall. Moreover, the overall model evaluation reveals that the model provide a good fit to the data as it demonstrates an improvement over the intercept-only model. An improvement is examined by applying three inferential statistical tests: the Likelihood ratio, Score, and Wald. The chi-squared values

generated by latter tests, as well as the p-values associated with those chi-squared tests with 7 degrees of freedom are provided in Table 2 below. The p-values are lower than 0.05, thus including predictor variables results in a statistically significant improvement in the fit of the model. Consequently, the logistic unaided recall model is more effective than the intercept-only model. Nevertheless, the statistical significance of individual regression coefficients, tested using the Wald chi-square statistic, reveals that not all of the hypothesized predictors of unaided recall are statistically significant. As it can be seen, involvement with the brand, advertising appeal, and advertising visibility are not statistically significant predictors of outdoor advertising unaided recall. On the other hand, the higher is the awareness of the advertised brand, the more likely it is that the brand would be recalled. For each point increase on the brand awareness score, the odds of brand being recalled increase 1.571 times. Furthermore, the more positive is the attitude toward the advertisement, the more likely it is that the advertised brand would be recalled. For each point increase on the attitude toward the advertisement, the odds of brand being recalled increase 1.375 times. The size of the outdoor advertisement is negatively related to unaided recall. In other words, the bigger the outdoor advertisement, the less likely it is that unaided brand recall would occur. The assumption could be made, that the bigger is the outdoor advertisement, the less likely it is to notice the brand, which in turn leads to lower unaided brand recall probability. Finally, the odds of the brand being recalled from the outdoor advertisement in the left road side are 0.576 times lower than the odds for the brand presented in the outdoor advertisement placed in the right road side (experiment was performed from the front right-seat passenger's position).

Variables	β	S.E.	Wald	df	Sig.	Exp(β)	95% confidence interval for EXP(β)	
							Lower	Lower
AWARENES	0.452	0.072	39.521	1	0.000	1.571	1.365	1.808
INVOLVEMENT	0.033	0.082	0.160	1	0.689	1.033	0.879	1.215
ATTITUDE	0.319	0.105	9.226	1	0.002	1.375	1.120	1.689
SIDE	-0.551	0.170	10.546	1	0.001	0.576	0.413	0.804
SIZE	-0.370	0.170	4.702	1	0.030	0.691	0.495	0.965
APPEAL	-0.323	0.455	0.504	1	0.478	0.724	0.296	1.767
VISIBILITY	0.281	0.307	0.840	1	0.360	1.325	0.726	2.418
Constant	-1.914	1.027	3.475	1	0.062	0.147	-	-
Nagelkerke R^2 = 0.329								

Overall model evaluation	χ^2	df	p-value
Likelihood ratio test	288.986	7	0.000
Score test	257.964	7	0.000
Wald test	202.457	7	0.000

Table 2. Binary logistic regression analysis results of variable unaided recall

Regarding the logistic regression analysis in the case of *aided recall*, the same two variables – dominating elements and repetition, were eliminated from the analysis due to the multicollinearity. The concordance index value c in this case equals to 0.826, which indicates very good predictive power of the model (see Figure 2 below).

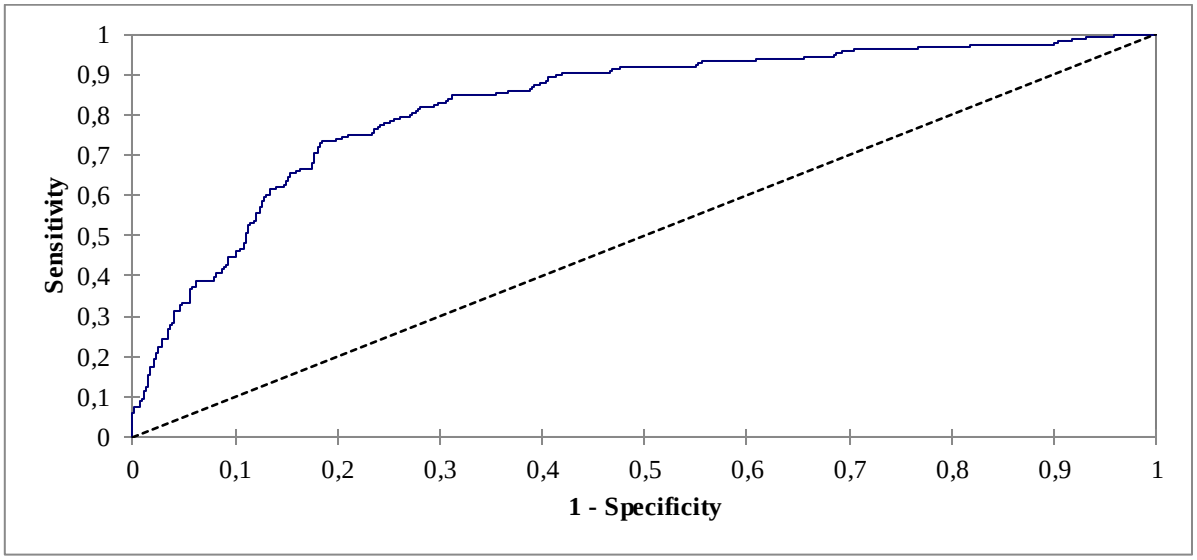

Figure 2. ROC curve (AUC = 0.826)

As it can be seen in Table 3, the Nagelkerke R^2 coefficient equals to 0.403, suggesting that latter model is useful in predicting outdoor advertising aided recall. The overall model evaluation reveals that the logistic aided recall model is more effective than the intercept-only model (the p-values associated with the chi-squared values generated by Likelihood ratio, Score, and Wald tests are lower than 0.05).

The statistical significance of individual regression coefficients, tested using the Wald chi-square statistic, reveals that not all of the hypothesized predictors of unaided recall are statistically significant. As shown in Table 3, involvement with the brand and the size of the advertisement are not statistically significant predictors of outdoor advertising aided recall.

The higher is the awareness of the advertised brand, the more likely it is that the brand would be recalled. For each point increase on the brand awareness score, the odds of brand being recalled increase 1.714 times in the case of aided recall. The more positive is the attitude toward the advertisement, the more likely it is that the advertised brand would be recalled. For each point increase on the attitude toward the advertisement, the odds of brand being recalled increase 1.336 times. The odds of the brand being recalled from the outdoor advertisement in the left road side are 0.405 times lower than the odds for the brand presented in the outdoor advertisement placed in the right road side (experiment was performed from the front right-seat passenger's position). The odds of the brand being recalled from the emotional appeal advertisement are 0.179 times lower than the odds for the brand presented in the rational appeal advertisement. Finally, outdoor advertising visibility is positively related to the aided recall. The better the visibility of outdoor advertisement, the more likely it is that an advertisement would be recalled.

Variables	β	S.E.	Wald	df	Sig.	Exp(β)	95% confidence interval for EXP(β)	
							Lower	Lower
AWARENES	0.539	0.073	54.647	1	0.000	1.714	1.486	1.977
INVOLVEMENT	0.015	0.091	0.026	1	0.873	1.015	0.849	1.212
ATTITUDE	0.290	0.111	6.820	1	0.009	1.336	1.075	1.660
SIDE	-0.903	0.172	27.560	1	0.000	0.405	0.289	0.568
SIZE	0.241	0.178	1.828	1	0.176	1.273	0.897	1.805
APPEAL	-1.721	0.478	12.972	1	0.000	0.179	0.070	0.456
VISIBILITY	1.058	0.319	11.025	1	0.001	2.880	1.543	5.379

Constant	-4.582	1.099	17.384	1	0.000	0.010	-	-
Nagelkerke R^2 = 0.403								
Overall model evaluation	χ^2			df		p-value		
Likelihood ratio test	365.923			7		0.000		
Score test	326.019			7		0.000		
Wald test	248.843			7		0.000		

Table 3. Binary logistic regression analysis results of variable aided recall

For elaborating final models for the assessment of outdoor advertising effectiveness, the statistically non-significant predictors of unaided as well as aided advertising recall were eliminated from the further analysis. Both models were assessed as displaying very good predictive power, useful in predicting outdoor advertising recall, and more effective than the intercept-only models. The results of regression coefficients and odds ratio for the individual variables are presented in Table 4 below.

In the case of unaided advertising recall, for each point increase on the brand awareness score, the odds of brand being recalled increase 1.644 times. For each point increase on the positive attitude toward the advertisement, the odds of brand being recalled increase 1.387 times. Increasing outdoor advertisements' size decreases the odds of the brand being recalled by 0.603 times. The odds of the brand being recalled from the outdoor advertisement in the left road side are 0.578 times lower than the odds for the brand presented in the outdoor advertisement placed in the right road side.

In the case of aided advertising recall, for each point increase on the brand awareness score, the odds of brand being recalled increase 1.743 times. For each point increase on the positive attitude toward the advertisement, the odds of brand being recalled increase 1.350 times. The odds of the brand being recalled from the outdoor advertisement in the left road side are 0.407 times lower than the odds for the brand presented in the outdoor advertisement placed in the right road side. The odds of the brand being recalled from the emotional appeal advertisement are 0.310 times lower than the odds for the brand presented in the rational appeal advertisement. Finally, increasing outdoor advertisements' visibility increases the odds of the brand being recalled by 2.157 times.

Unaided recall								
Variables	β	S.E.	Wald	df	Sig.	Exp(β)	95% confidence interval for EXP(β)	
							Lower	Lower
AWARENES	0.497	0.057	76.773	1	0.000	1.644	1.471	1.837
ATTITUDE	0.327	0.102	10.293	1	0.001	1.387	1.136	1.693
SIDE	-0.578	0.165	12.228	1	0.000	0.561	0.406	0.776
SIZE	-0.506	0.069	54.011	1	0.000	0.603	0.527	0.690
Constant	-1.108	0.450	6.058	1	0.014	0.330	-	-
Aided recall								
Variables	β	S.E.	Wald	df	Sig.	Exp(β)	95% confidence interval for EXP(β)	
							Lower	Lower
AWARENES	0.556	0.070	63.949	1	0.000	1.743	1.521	1.998
ATTITUDE	0.300	0.109	7.556	1	0.006	1.350	1.090	1.673
SIDE	-0.898	0.171	27.594	1	0.000	0.407	0.291	0.570
APPEAL	-1.172	0.271	18.755	1	0.000	0.310	0.182	0.527
VISIBILITY	0.769	0.206	13.907	1	0.000	2.157	1.440	3.231
Constant	-3.549	0.689	26.507	1	0.000	0.029	-	-

Table 4. Binary logistic regression analysis results

Consequently, the elaborated models for the assessment of outdoor advertising effectiveness are expressed by two equations:

$$(3)\ ln\frac{P\ (unaided\ recall)}{P\ (no\ unaided\ recall)} = -1.108 + 0.497*Brand\ awareness + 0.327*Attitude - 0.578*Side(left) - 0.506*Size$$

$$(4)\ ln\frac{P\ (aided\ recall)}{P\ (no\ aided\ recall)} = -3.549 + 0.556*Brand\ awareness + 0.300*Attitude - 0.898*Side(left) - 1.172*Appeal + 0.769*Visibility$$

As it can be noticed, better brand awareness and positive attitude toward the advertisements increase the probability of both unaided and aided advertising recall, implying the enormous effects of brand awareness and attitude toward the advertisement on outdoor advertising effectiveness. Moreover, the left road side of the advertising placement decreases the probability of both unaided and aided advertising recall. Nevertheless, latter result can be influenced by the experiment design – experiment was performed from the front right-seat passenger's position, thus it becomes the limitation of this research and the guide for future researches. The bigger the outdoor advertisement, the less likely it is that unaided brand recall would occur. The assumption is made that the bigger is the outdoor advertisement, the less likely it is to notice the brand, which in turn leads to lower unaided brand recall probability. However, the size of the outdoor advertisement does not influence aided recall, signifying that for well-known brands the size of the outdoor advertisements is less important, while for less-known brands the smaller size of outdoor advertisements should be chosen. Aiming at generating aided recall, rational outdoor advertising appeal should be preferred to emotional one. This signifies that consumers process information based on logical or/and utilitarian decisions. Finally, the placement enabling the best outdoor advertising visibility must be thought through in order to make advertising effective.

5. Discussion and conclusions

Outdoor advertising distinguishes from advertising in television or magazines, in a way that an amount of factors that distract (or can attract) consumers' attention is enormous in the case of outdoor advertising. Latter factors based on their nature can be classified as internal (or ad-related) and external (or condition-related) factors. Moreover, outdoor advertising effectiveness is influenced by respondent-related or personal factors as well.

The analysis and synthesis of scientific literature led to the determination of factors assigned to each of the mentioned category, which are theoretically important but still causing debates in the case of their influence on outdoor advertising effectiveness. Specifically, those factors representing the internal factors category are: advertising appeal and dominating elements id the advertisements; those factors representing the external factors category are: road side where advertisements are displayed, size of the advertisements, visibility of the advertisements, and repetition of the advertisements; those factors representing the personal factors category are: advertised brand awareness, attitude toward the advertisements, and involvement with the advertised brand. As outdoor advertising effectiveness can be assessed by the measure of recall level, it can be stated that if any of the mentioned factors influence advertised brand recall, that factor influence outdoor advertising effectiveness.

The analysis of the research results revealed that increasing brand awareness and the more positive attitude toward the advertisements increase the probability of both unaided and aided advertising recall. Consequently, this leads to the conclusion that brand awareness and attitude toward the advertisement have the enormous effects of on outdoor advertising effectiveness. Furthermore, the left road side of the advertising placement decreases the probability of both

unaided and aided advertising recall (contrarily, the right road side of the advertising placement increases the probability of both unaided and aided advertising recall). Bearing in mind the fact that experiment was performed from the front right-seat passenger's position, the conclusion is be made that for the front right-seated passengers' the right-placed advertisements on the road have highest probability to be recalled. Nevertheless, such experiment design from the front right-seat passenger's position becomes the limitation of this research and the guide for future researches. The bigger the outdoor advertisement, the less likely it is that unaided brand recall would occur. The assumption is made that the bigger is the outdoor advertisement, the less likely it is to notice the brand, which in turn leads to lower unaided brand recall probability. However, the size of the outdoor advertisement does not influence aided recall, signifying that for well-known brands the size of the outdoor advertisements is less important, while for less-known brands the smaller size of outdoor advertisements should be chosen. Aiming at generating aided recall, rational outdoor advertising appeal should be preferred to emotional one. This signifies that consumers process information based on logical or/and utilitarian decisions. Finally, the placement enabling the best outdoor advertising visibility must be thought through in order to make advertising effective. By following the presented recommendations, organizations can create the highest probability for the outdoor advertising to become effective.

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CSR Assessment Model

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Abstract
This paper presents a model for assessing Corporate Social Responsibility (CSR) which is applicable for organizations of small, medium and large business. The model is meant to help managers in formulating CSR strategies and to serve as a standard for comparison which companies can follow to improve their responsible behavior. At the same time, this model is designed in a way which can allow non-specialists to use it easily for the objectives of an in-company social audit.
The leading idea in creating the model is to use the broadest possible set of indicators and criteria for assessing CSR. In order to achieve this, the methods for assessing CSR practices used by the leading CSR international organizations and social standards have been analyzed, along with CSR awards and competitions. This article presents the conclusions drawn regarding the possibilities of applying the described model in various situations.

Keywords: Corporate Social Responsibility (CSR), Social accountability, Social audit, CSR assessment model.

JEL classification: M 14.

1. Introduction

The idea that a business has obligations in respect to society which exceed its responsibilities to the owners/stockholders is largely spread nowadays. The social responsibilities taken by companies are viewed as a criterion for responsible and ethical business and a guarantee for long-term growth exceeding the efforts for achieving current economic efficiency (Drucker 1992; Mintzberg et al. 2002; Porter and Kramer 2006). Ensuring synchrony and balance between the economic, ecological and social aspects of the activity is viewed as a criterion for sustainable development of private and public organizations, particular regions and society as a whole (European Commission 2009).
The opportunities for measuring, assessing and reporting CSR practices are a relevant issue for modern business. They are studied by international organizations, research groups, scientists and practitioners who use various methods and measurers of CSR. Usually their assessment models serve narrower goals – for example, certification with a CSR standard, membership in a CSR-partnership network, ranking according to a social index and others. In recent years more organizations apply CSR practices. Some of them use external professional auditors to judge achieved results, make their social reports and outline opportunities for improvement. However, other organizations, especially those who start to apply CSR and SMEs, prefer to carry out in-company assessment of their socially responsible behavior. In order to do that, they need publicly accessible, applicable, understandable and easy to use models for assessing CSR.

2. Theoretical assumptions in modeling the processes for assessing CSR

Theoretically the issues of social accountability and social audit date back to the end of 1930s (Kreps 1940). In 1970s the first works were published which offered models for measuring and assessing CSR (Bauer 1972; Linowes 1974; Epstain et al. 1977). Yet, in the decades after that the emphasis in issues for measuring CSR was on external assessment – for the objectives of certification with social standards or assessment through exchange social indices. The efforts for supporting companies in carrying out in-company assessment of their CSR practices aiming

at their integration in the process of strategic management and future improvement are less, which predetermines the focus of this paper.

There are two main directions that outline the theoretical grounds of the modern dimensions of CSR, its assessment and accountability – the Stakeholder theory (Freeman 1984; Donaldson & Preston 1995; Mitchel et all, 1997) and the Agency theory (Ross 1973; Mitnick 1975). According to modern notions, success in business depends on the expectations and actions of all stakeholders and one of the means for satisfying their various interests is the application of CSR practices and accordingly social accountability as a way to announce them.

The issues of social accountability are viewed also within the context of the Agency theory and Corporate Governance, associated with the problem of the information asymmetry between the principal and agents of business – the owners/shareholders do not have the whole information managers are familiar with. It is exactly in order to solve the problem of information asymmetry that there is a need to enlarge the scope of the publicly announced information about the corporations. In this context some contemporary issues are related with the usage of CSR and Corporate governance to enhance relations with stakeholders (Chan et al. 2014) and the efforts to analyze how secondary stakeholders influence managerial decision-making on CSR disclosure (Thijssens et al. 2015).

Social audit and CSR reporting can be viewed as a result of social and political pressure (Rejc 2006). Some scientists associate the theoretical grounds of social accountability with assumptions of the game theory, the theory of transaction costs and the legitimacy theory. Thus Rejc (2006) referring to Dowling and Pfeffer (1975) and Guthrie and Parker (1989) gives arguments for the need for social accountability with the legitimacy theory – CSR is the price paid by business organizations for receiving social recognition from the public. Contemporary issue on this topic includes the research on the advantages and disadvantages of Legitimacy through CSR disclosures (Bachmann et al. 2016).

At the same time, stakeholders require more and more information on the way business functions. After the 1960s there is a growing public interest in the activity of certain industries "notorious" for creating harmful goods, e.g. traditionally criticized manufacturers of tobacco, alcohol, weapons, etc (Morsing and Schultz 2006). In the last decades the set of issues about which the public expect to receive more company information has been enlarged in new spheres. Such are child labour, working conditions in some Asian and African subcontracting companies, labor discrimination, unclear labeling of goods and misleading advertisement, harmful fast food, the use of additives in food, the use of hormones and antibiotics in raising animals used in food industry and others.

In this regard Morsing and Schultz (2006) see evolution in applying company strategies for communication with the stakeholders – a shift from a strategy of "informing stakeholders" through a strategy of "replying to stakeholders" to a strategy of "dialogue with stakeholders". Thus there is a bigger need for a reliable set of tools with which companies can assess their CSR practices in order to meet stakeholders' expectations better.

3. Methodical issues concerning the models for assessing CSR

In making the CSR assessment model presented in this paper we have analyzed the indicators for assessing CSR used by leading international CSR organizations as International Business Leader Forum (IBLF), Global Compact (GC) of UN and Business Social Compliance Initiative (BSCI); some social indices as The Dow Jones Sustainability Indices (DJSI) and FTSE4Good Indices; some social standards and the most popular CSR contests and Awards.

IBLF focuses on three areas: /1/ perfecting the standards for sustainable business; /2/ improving the conditions for economic development and /3/ increasing the contribution of companies in

solving issues concerning human rights, security and health, the right of labour and working conditions, education and development of leadership, environmental protection.

Initially, the GC of UN formulated 9 and later 10 principles in the field of human rights, conditions of labor, protecting the environment and fighting corruption. The principles are: 1) Business supports and respects the rules stipulated by international labour law; 2) It does not break human rights; 3) It accepts freedom of association and collective working negotiation; 4) It eliminates all forms of forced and compulsory labour; 5) It does not use child labour; 6) It avoids discrimination in employment and career advancement; 7) It applies a precautionary approach to environmental challenges; 8) It undertakes initiatives to promote greater environmental responsibility; 9) It encourages the development and diffusion of environmentally friendly technologies; 10) Business works against corruption in all its forms, including extortion and bribery (www.unglobalcompact.org).

The BSCI Code of Conduct is the basis in the process of joining, membership and monitoring of the participants in the initiative. It requires compliance with the following conditions: freedom of association and collective bargaining; prohibition of all forms of discrimination, child labor, coercive labor and disciplinary measures; fair remuneration; occupational health and safety; protection of the environment. (www.bsci-intl.org)

The DJSI is established in 1999 to evaluate the sustainability performance of the top corporations worldwide (that is, largest companies, based on the size and price of their respective stocks). The DJSI criteria have 3 dimensions – economic, environmental and social. The FTSE4Good Indices are created by Financial Times & London Stock Exchange in 2001, designed to measure performance of companies that meet globally recognized corporate responsibility standards. Eligible companies must meet criteria requirements in 3 groups – environmental, social and governance, specified through particular indicators.

For the objectives of our survey it is useful to comment the criteria for CSR assessment in the most commonly used international standard for certifying socially responsible companies SA 8000 (Social Accountability 8000), published in 1997. It has 9 main sections (child labour, coercive labour, safe and healthy working conditions, freedom of association, discrimination, disciplinary measures, working time, remuneration, system of CSR management), each of these being specified through particular criteria and indicators (www.sa-intl.org).

Our study gives the ground to formulate **10 main areas for CSR assessment in our model** – management practices and documentation; ecology; products and services; human rights; working conditions; communities and social development; philanthropy; anti-corruption, accountability and social audit and a summarizing category “others” for all remaining aspects of assessment. The studied CSR international organizations use criteria from all mentioned areas. The difference is in the way of formulating, announcing and interpreting them. Some of the initiatives (IBLF) use more broadly formulated criteria, without offering methods with particular indicators for measuring them in more details. Others (like BSCI) present detailed descriptions of the used criteria and indicators for assessment, accompanied by questionnaires for self-analysis and self-assessment of business organizations. All of the above CSR initiatives require companies to carry out self-assessment in the stage of a preliminary social audit. Some of them require also companies to be certified by the external certifying organizations (e.g. BSCI requires certification with SA8000).

A popular form for stimulating CSR is annual competitions and awards for socially responsible business. There are more than 70 competitions which affect CSR directly or indirectly, e.g. The Gold Stevie CSR business awards of the Forbes with partners Dow Jones and Wall Street Journal, Awards for CSR of IBLF with the partner EC, BSCI awards for socially responsible enterprises, The Responsible Business Awards, Social Enterprise Awards, etc.

The criteria used in international CSR competitions vary – from several large ones (usually 5-6) to detailed listing and explanation of 10-15 criteria. We can classify their methods in two large groups. In the first one there are the rankings based on average-weight grades formed by assigning weight to each of the criteria beforehand, depending on the degree of significance of the criterion. The other variant of assessment is much more simplified and offers direct summing up of particular points for each criterion without assigning weight of significance. Such is for ex. the methodology of the European CSR Awards – innovations for better world (www.csreurope.org/european-csr-awards). In it 10 criteria for assessment have equal weight of significance. The assessment is carried out in points, the maximum number of points for each criterion being 10. In this way the minimum total grade of candidates can be 10 points, the maximum – 100. Each candidate is assessed by the jury and his grade is made by summing up the points in each of the ten criteria. The winner is the candidate with the most points.
The analyzed practices show a tendency to using assessment methods based on points, which later allows transforming the grade in percentage. Many competitions use methods for assessment with maximum total number of points 100 in the final grade. In this way the individual number of points separate candidates have can easily be interpreted in percentage as well. For example, a score of 70 points shows that the candidate covers 70% of the criteria announced beforehand. Thus the grades serve, from the one hand, for ranking the candidates; on the other – for defining the degree in which each of the candidates covers the idea for complete socially responsible business behavior.

4. Generalized model for assessing CSR

The initial study of the methods for CSR assessment, applied by leading international organizations, was carried out in 2008-2009. In 2009 the first variant of the model for assessing CSR was published by the author of this article in Bulgarian language (Serafimova 2009). The probation of the CSR assessment model was done in the period 2009-2014. In testing it there took part master students from the master-study programme in Management in University of Economics-Varna, Bulgaria. The probation of the above-mentioned model was done on the ground of publicly disclosed information on CSR of Bulgarian organizations in various sectors – financial institutions, large retail chains, tourism, higher education, sport organizations, mobile operators and others. On the ground of this study in the article here we suggest an advanced, more detailed and complete model for assessing CSR.
The aim of the suggested generalized model is to formulate the stages and offer a method for CSR assessment through particular criteria for reflecting more fully and thoroughly the modern understanding of CSR. The model can also facilitate the process of making strategic decisions for developing the business, directed both to long-term growth and social commitment. It is necessary to view the suggested model as conceptual; it can be interpreted as general and valid for business organizations of small, medium and large business functioning in various industries and sectors. When necessary, the model can be updated, mostly through changing the included assessment criteria or their relative weight of significance in order to react more fully to the specifics of particular branches or meet specific company needs.
In view of the above-mentioned conditions, there are classified the following stages in the process of assessing social responsibility of business organizations (see Table 1).

1	**Preparatory stage**
1.1	Defining the scope and goals of the process of assessing company behavior depending on the formulated objectives in the field of social accountability and policy of the organization
1.2	Defining sources of information
1.3	Gathering information
2	**Analytical stage**

2.1	Processing and sorting information
2.2	Checking the credibility of information
2.3	Checking the quality of company management in situations of crisis (the check-up concerns critical issues and situations of crisis that have affected the company in a certain way, its reaction in crisis is assessed)
2.4	Assessing the quality and quantity of available information and the choice of the variant of the assessment model – fundamental, detailed or short
3	**Actual assessment on the ground of the set of formulated criteria**
3.1	Grading according to each criterion
3.2	Calculating the total grade for socially responsible business behavior
4	**Conclusions and decisions for improvement**
4.1	Conclusions about the efficiency of the current company policy in the field of social responsibility
4.2	Assessing the flaws and analyzing the future possibilities for improving the socially responsible business behavior
4.3	Decisions for improving company policy in the field of social responsibility and binding them with company strategies
5	**Writing a social report and providing feedback**
5.1	Writing a social report as a result of the assessment of the socially responsible behavior of the organization and decisions for improving it
5.2	Decisions for public disclosure of information in the social report
5.3	Searching for and receiving information on feedback from stakeholders

Table 1. Stages in the process of assessing social responsibility of business organizations

Our CSR assessment model consists of 10 main areas (table 2). Within each area we have suggested particular indicators for assessment which are meant to make assessment easier, especially in cases when it is done by non-specialists. If the particular indicator is not implemented, 0 points are assigned, if the business organization meets the conditions stipulated in the indicator – 1 point is assigned.

Criteria	Indicators	No 0	Yes 1
I area: Management practices and documentation			
Availability and compliance with the **ethical code** or declared principals of behaviour	The business organization has an ethical code or has accepted the code of ethics of an international organization that promotes social responsibility	0	1
	The principles of behavior and the company value system are clearly set in the company mission/code of ethics	0	1
	The staff is familiar with and complies with the principles of behavior and the company value system set in the mission/code of ethics	0	1
	The principles of behavior and the company values system are presented periodically to clients, suppliers, business partners and other stakeholders (in various forms – presentations, part of advertising materials and others)	0	1
Availability of a documented **company policy for social responsibility**	The business organization is certified with a standard for social responsibility and/or another similar standard (for ex. ISO14001, AA1000, OHSAS 18001:2007 and others)	0	1
	The business organization is a member of an internationally recognized organization that promotes social responsibility (IBLF, БИСС, network of the Global contract and others)	0	1
	There is a written confirmation of a commitment for complying with certain standards for social responsibility	0	1
Efforts for **balancing the interests** of all stakeholders	Available program and specially planned actions in view of balancing the interests of all stakeholders	0	1
	There are executives committed to the social policy of the company	0	1
	There are non-managerial staff committed to the social policy of the company	0	1
	In selecting and working with suppliers and subcontractors the company requires compliance with a standard or certain criteria for social responsibility	0	1
Written **policy**	Available documented written policy in respect to working time	0	1

in respect to **certain social indicators**	Available documented written policy in respect to staff payment	0	1
	Available documented written policy in respect to freedom of association	0	1
	Available documented written policy in respect to prevention of discrimination	0	1
Other **documentation** on staff	Keeping documentation on structure of staff (gender, age and others)	0	1
	Keeping information on work accidents	0	1
	Keeping information on work security	0	1
Developing **leadership** and programs for staff **training**	Employees are stimulated to develop knowledge, skills and long-time career (for ex. through a process of attestation, plan for staff training and others)	0	1
	Staff trainings are held concerning the principles of behavior and the company value system	0	1
	Employees are consulted on issues that are important for them	0	1
	Staff trainings are held on the issues of social responsibility	0	1
	Representatives of the business organization take part in workshops, conferences, round tables and other forums dedicated on social responsibility of business	0	1
Providing **sustainable growth**	Availability of publicly declared strategic idea about constant improvement of the company activity	0	1
	Introducing innovations in the business organization	0	1
TOTAL NUMBER OF POINTS IN AREA I: Management practices and documentation			25
II area: Ecology			
General company policy for environmental protection	Availability of publicly declared general company policy for environmental protection	0	1
	Encouraging the development and spreading of environmentally friendly technologies	0	1
	Application of environmentally friendly technologies	0	1
	Keeping and providing information on management of raw materials and waste in accordance with legal requirements or standards (for ex. SO14001)	0	1
	Keeping and providing information on harmful emissions and other pollutants	0	1
	Keeping and providing information on the way of storing harmful materials	0	1
	Providing clear and accurate ecological information on company products, services and activities to clients, suppliers, local community and others	0	1
Actions for diminishing the harmful impact on the environment	Actions have been undertaken for decreasing energy consumption in the business organization	0	1
	Actions have been undertaken for decreasing waste and recycling it	0	1
	Actions have been undertaken for prevention of pollution (for ex. harmful emission in the air and water, less noise; actions for protecting national natural resources and others)	0	1
Promoting responsible attitude to environment	Setting up partnerships in reaction to climatic changes and for environmental protection (including the business, government and society)	0	1
	Participation in various projects, conferences and others on environmental issues	0	1
TOTAL NUMBER OF POINTS FOR II AREA: Ecology			12
III area: Marketing/ Products and services			
Clear information on products/ services	The company provides clear and non-misleading information about its products/services (for ex. their purpose, functions and characteristics; about setting a final price (for ex. in bank credits and others)	0	1
	The company does not apply disloyal agreements, negotiations, dumping policies to the detriment of clients, suppliers and others	0	1
	Complete designation (labelling) of products, legible print, in the native tongue, in accordance with the set requirements for safe and healthy usage, without hidden designations or facts; stating necessary warnings against harmful features or risks for certain groups	0	1
	The company provides clear and non-misleading information about warrantee and after-sale service	0	1
Feedback and dialogue with	The business organization follows a policy of providing integrity and quality in all contracts, deals, advertisements and others	0	1

consumers, suppliers, partners	Timely (within set deadline) payment of invoices to suppliers is provided	0	1
	Finance is provided for efficient feedback from clients, suppliers and other stakeholders (for ex. telephone for consumers, free phone line for information and others)	0	1
	There is a special procedure for handling returns and complaints from clients, suppliers and business partners	0	1
New products/ services	In designing new products/services the business organization has in mind their future effect on the environment (for ex. it tries to make them less energy-consuming, recyclable and others)	0	1
TOTAL NUMBER OF POINTS FOR III AREA: Marketing/Products and services			9
IV area: Human rights			
General company policy for keeping human rights	There is a guarantee for the freedom of association and right to collective labour negotiation in the business organization	0	1
	Representatives of works councils are not exposed to discrimination and have free access to their members in the working environment	0	1
	There are opportunities for objection and complaints from staff	0	1
	All employees have employment contracts and clear job description of their rights, responsibilities and obligations	0	1
Compliance with requirements in respect to **payment and use of paid holidays**	Minimum payment is guaranteed in compliance with the regulative requirements and the collective labour negotiation	0	1
	Social security is paid on the ground of actually received payment	0	1
	All due supplements for extra work and paid holidays are paid	0	1
	There is a guarantee for using paid holidays, maternity/paternity leave in accordance to legal requirements	0	1
	Unauthorized deduction from the salary is inadmissible	0	1
	Clearly announced system for payment, receiving pay slip and others	0	1
	Providing opportunities for using leave of absence for taking care of children (maternity and paternity leave) or training exceeding the minimum legal requirements	0	1
Using **child labour** and under-age employees	Child labour is not used. Children and under-age employees are not exposed to dangerous and unhealthy working conditions in the working environment and outside it. Education of children and young employees is encouraged.	0	1
Coercive labour, humiliating **disciplinary measures**, violence and insults are inadmissible	Coercive labour is inadmissible (staff do not make deposits and do not submit identity cards when starting a job)	0	1
	Disciplinary measures that humiliate human dignity are inadmissible (corporal punishment, psychical or physical coercion, oral insult)	0	1
	Behaviour which includes sexual violence and threat is inadmissible (including gestures, words, physical contact)	0	1
Any form of **discrimina-tion** is inadmissible	Inadmissible is discrimination in employment, payment, career progression, terminating employment contracts or retirement based on race, caste, ethnos, religion, disability, gender, sexual orientation, membership in work councils, political party; age	0	1
	Publicly declared and accepted policy for "equal opportunities" (for ex. availability of more than 10% executive positions taken by women or the share of female managers or managers from minority groups is more than 2/5 of the total number of managers in the business organization	0	1
TOTAL NUMBER OF POINTS IN IV AREA: Human rights			17
V area: Working conditions			
Organization of the **working time**	Guarantee that regulative limitations are not exceeded and the legal requirements in organizing the working time are met (for ex. 48 hours total and up to 12 hours per week for extra work)	0	1
	There are conditions for flexible working time (for ex. for breast-feeding mothers, students and others)	0	1
Labour security	Measures are taken for preventing accidents, providing hygienic and safe working environment (including training, instruction, prevention and	0	1

	protection tools)		
	Health and social security (with medical supplies, restrooms, bathrooms, dressing rooms, canteens and others)	0	1
	Availability of a special job position for labour security, fire security, emergency exits and so on)	0	1
	Statistical information is kept, coefficients of working accidents are estimated and announced publicly	0	1
Employee dormitories and recreation facilities	Providing employee dormitories/lodging, support for paying rent; recreation facilities with good conditions	0	1
TOTAL NUMBER OF POINTS IN V AREA: Working conditions			7
VI area: Communities and social development			
Fighting **social issues**	Fighting world issues like malaria, obesity, HIV/AIDS, alcohol abuse and others. Stimulating healthy way of life, sport events and others	0	1
	Reaction to issues concerning migration of people	0	1
Improving the conditions for **economic development**	Creating new job positions and/or decreasing unemployment among certain groups of people	0	1
	Stimulating the education of local communities (for ex. the business organization provides opportunities for training, apprenticeship, internship, gathering work experience for young or disabled people)	0	1
	The business organization tries to stimulate local purchases (from suppliers and business partners in the region)	0	1
	Participation in programs of governmental agencies or business networks in support of local communities	0	1
Improving the **living conditions** of local communities	Participation in improving the local infrastructure (making and keeping green plots, gardens, children playgrounds and others)	0	1
	Dialogue with local communities on unpleasant, contradictory or sensitive issues that affect the business organization (for ex. ones that concern spaces in front of or around the enterprise – keeping them clean, preventing company cars from obstructing roads and pavements and others)	0	1
	The business organization tries to enlarge the access to technologies, training and Internet for people from disadvantaged groups or stimulating the access of young entrepreneurs and small companies to technologies, training, Internet and modern methods for business management	0	1
Quality crisis management	The business organization provides honest information to the public and takes responsibility for the impact it has in situations of crisis and takes adequate measures for coping with the problems	0	1
TOTAL NUMBER OF POINTS IN VI AREA: Communities and social development			10
VII area: Philanthropy			
Participation in donation campaigns	The business organization takes part in donation campaigns for charity	0	1
	Staff is stimulated to take part in donation campaigns for charity (providing unpaid labour, consultation, finance and others)	0	1
	The business organization has clear and publicly declared criteria for selecting projects and donation campaigns for participation	0	1
Providing halls and equipment	The business organization provides its halls, transportation tools, equipment, recreation facilities and others to be used by people in need	0	1
TOTAL NUMBER OF POINTS IN VII AREA: Philanthropy			4
VIII area: Measures against corruption			
Fight with corruption	Availability of a documented company policy for fighting corruption	0	1
	The business organization undertakes actions against all forms of corruption	0	1
	Behaviour of integrity and condemning the giving and receiving of self-interested gifts and bribes as a business practice	0	1
TOTAL NUMBER OF POINTS IN VIII AREA: Measures against corruption			3
IX area: Social accountability and social audit			
General company	There are special procedures for public relations on social accountability issues	0	1

policy for **social acco-unttability**	Keeping documentation that concerns particularly the assessment and reporting of CSR practices of the business organization	0	1
Reporting the CSR practices	There are made special statements/ reports for announcing the CSR practices of the business organization or such information is published as part of its financial statements	0	1
	Social reports are announced publicly in a web variant	0	1
Carrying out social audit	Carrying out self-assessment/in-company audit	0	1
	Carrying out an audit by an outside auditing company	0	1
	Making correctional actions recommended by an auditor in the process of auditing/certification or actions for improving CSR practices as a result of in-company self-assessment (internal audit)	0	1
	Providing access for external stakeholders for checking the completion of obligations for social responsibility from the business organization	0	1
TOTAL NUMBER OF POINTS IN IX AREA: Social accountability and social audit			8
X area: Other criteria			
Lack of sanctions and obligations	Lack of sanctions for environmental pollution, working conditions and similar social requirements	0	1
	Lack of obligations (including tax avoidance, social securities, delayed payment and others)	0	1
Competitions for socially responsible business	Taking part in competitions for socially responsible business	0	1
	Winning a competition for socially responsible business	0	1
	Winning another award concerning some aspects of socially responsible behavior	0	1
TOTAL NUMBER OF POINTS IN X AREA: Other criteria			5
TOTAL NUMBER OF POINTS IN ASSESSING THE CSR		**100**	

Table 2. Main areas and criteria in the generalized assessment model of CSR

The criteria and the indicators shown in Table 2 reflect the fundamental variant of the model – without assigning relative weights of the factors. Thus the final score of the assessment is calculated as a sum of all points for the separate indicators. In the detailed variant of the CSR assessment model one can assign relative weight of significance for each criterion. It is possible to apply also a short variant of the assessment – summing up the generalized grades directly for each of the 10 areas instead for the particular criteria. When the available primary information is not enough, expert assessment is accepted. We already pointed out that many international organizations use in assessment exactly the scale of 100 points so that later the individual grades of separate business organizations can be transformed easily and expressed in percentage. We also stick to this rule in our model.

5. Conclusions

Presenting the assessment model in three modifications allows one to comply the CSR assessment with the specific features of the separate business organizations, industries and sectors and with the degree of the CSR practices they accept. Thus for ex., in assessing CSR practices of small business organizations or organizations which start accepting similar practices, one can use the short variant of the model. It is suitable for application in cases when there is a lack of enough initial information on the ground of which to carry out a detailed assessment according to the criteria in the fundamental variant. The detailed variant of the assessment model is recommended for business organizations with well-developed CSR policies. It also gives a better opportunity for the CSR assessment to be complied with some specifics of the industry for which it is meant, the type of organization (small, medium or large business), as well as the goals of adapting the model to particular company needs.

The results of the assessment done in the suggested model serve as a basis in outlining the existing issues in the field of CSR of the business organization. They are a good ground for

creating a whole idea of the socially responsible behavior of the organization at the moment and the efficiency of its current company policy in this field. The areas and criteria in which the organization received 0 points direct its attention to existing flaws or outline the issues the company has to work on in the future. Besides, the inability to find initial information about certain issues of CSR of the company, as well as the quality of its public disclosure, also outline new areas for development and perfection.

The decisions for rationalizing or developing the policy in the field of CSR can scope an exceptionally broad set of issues. To start from reformulating objectives, strategies or announced principles of behavior; then through identifying new stakeholders and outlining an action plan and work with them; and finally introducing trainings, training programs for staff for having new commitments in the field of social responsibility.

The whole information in respect to the assessment of and conclusions from socially responsible business behavior, as well as the measures taken for its perfection, are worked and presented in a social report. Its content can vary depending on the findings – positive sides, flaws and the planned opportunities for development.

One of the main functions of CSR assessment and announcing information about them is to present them to the stakeholders. As a result the business organization receives feedback and external assessment for its socially responsible behavior which, in turn, serve as the basis for its future perfection. That is why it is necessary to view CSR assessment as an interactive cyclical process whose last stage closes the assessment cycle and brings us back to the start of a new assessment process.

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Identifying Competitive Advantages for Territories

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Abstract
Territories like businesses struggle in an ever stronger competitive environment. The opening of markets and the free transfer of information about every spot in the world to every spot on Earth almost instantly as well as the easy movement of people makes it very important for territories to promote themselves. They compete not only as destinations in tourism related aspects but also as places to live in, work in and develop your business in. It's no wonder that territories start to adopt business techniques to let them thrive in this environment. Territories are certain areas with their own already set resources like natural resources, historical sights, special products, created only there, specifically-skilled people, specific traditions, food and so on. Advantages are usually derived from attributes that allow a territory to outperform its competitors and strategic management should be concerned with building and sustaining these advantages. This article will attempt to find ways of accurately identifying the advantages of a territory, classifying them as competitive or comparative in order to find ways and approaches of using them as means to developing and marketing the territory as a whole while attempting to satisfy all stakeholders' needs and wants.

Keywords: competitive advantages, comparative advantages, territorial marketing.

JEL classification: M31.

1. Introduction

A territory is a certain area which has specific resources available – these could be natural resources, historic and special interest sights, products, specifically produced or hand-made there, certain traditions, food and so on. Some authors suggest (Filippi, 2014, pp. 597-615) that a territory is also defined by the relations it has with the different stakeholders. Three main meanings of the term territory are suggested: an administrative region, a geographical dimension of development, and a local extended network. A 'territory' can be seen as a potential economic asset for product differentiation, such as Geographical Indications (GI). Nowadays territories compete on the market the same way as businesses do in an ever stronger competitive environment. The opening of markets and the free transfer of information about everything anywhere in the world almost instantly as well as the easy movement of people makes it very important for territories to promote themselves. They compete not only as destinations for tourist activities but also as places to live in, work in and develop your business in. It's no wonder that territories start to adopt business techniques to help them thrive in this environment. Marketing a territory as a whole is usually considered the job of the municipality or other government or local government managing institution of the territory. The most commonly used business technique, which is usually considered, is marketing the territory and mostly using the promotional activities, suggested in marketing, in the tourism related aspects. But the author believes that promotional activities which are only related to tourism are not a good approach of marketing a territory since usually the territory can offer much more than that. The resources that are already being promoted should be considered of course, but a broader consideration should be given to all available resources and to a wider range of audiences. Marketing a territory based on the available resources, their development and promotion in an integrated way will be a source of competitive advantage for the territory and as it's already an existing source it will help tremendously in the development. Strategically

using already available resources in order to develop competitive advantages is the fastest and least demanding way to reach the goals of successfully marketing a territory.

2. Competitiveness of a territory

The competitiveness of a territory is defined by its ability to adapt to the changing conditions of its environment. Territories have to compete in order to maintain or improve their market positions and gain access to a variety of internal and external benefits including those of incoming visitors, investors, budgets and so on. Some authors suggest that the competition between territories can be described as direct and indirect (Wawrzyniec and Yusupova, 2015). Direct competition is present when territories offer the same or similar products and they have a strong market position. Indirect competition occurs when the managing organization tries to create favorable conditions for its internal stakeholders – beneficial economic conditions for businesses and high quality of life of people living on the territory. This is supposed to create better performance of the territory and to translate into the entire region's development – economic, social and so on. In this way the desire to improve the competitiveness of the territory actually helps its development. It is considered that a territory competes in its whole, not on the basis of individual resources, and the importance of factors like innovation and knowledge is highlighted. According to some authors (Wawrzyniec and Yusupova, 2015), in order to be considered competitive in the long term a region as a whole should have the ability for the so-called expanded reproduction of intellectual resources, namely the creation of added value.

3. Advantages

Advantages are usually derived from attributes that allow a territory to outperform its competitors and strategic management should be concerned with building and sustaining these advantages. In order to be able to successfully develop the advantages of the territory we need to be able to recognize the different kinds of advantages that can be considered.

A competitive advantage is an advantage that the company or territory has over its competitors, allowing it to generate greater sales/margins and/or retain more customers than its competitors (Ivestopedia, 2016a). Competitive advantages can be recognized in the cost structure, product offerings, distribution network and customer support. What organizations look for is sustainability of the advantage. And sustainability is achieved when the advantage is hard for competitors to duplicate.

There can be two types of competitive advantages – comparative advantages and differential advantages.

A comparative advantage for a company is present when it can produce something at a lower relative opportunity cost than anyone else. The theory of comparative advantages was first introduced by David Ricardo in 1817 (Boudreaux, 2008) to explain why countries engage in international trade even when one country's workers are more skilled at producing every single good than the other countries. The concept of comparative advantage for companies can be applied to territories too. In order to find the comparative advantages of a territory we need to compare its opportunity costs or in other words the cost of what it is giving up in order to produce a specific good. So specializing in the production of one good that the territory is capable of producing cheaper than its competitors and exporting it outside of the territory is a source of gaining a comparative advantage.

A differential advantage is present when a company's products or services differ from its competitors due to some unique feature (Ivestopedia, 2016b). Differential advantages can be found in unique benefits or characteristics of the products, company or territory that set them apart and above their competitors in the customers' point of view. Furthermore, these are

benefits that the customers value and believe they cannot obtain anywhere else. In order to determine whether there is a differential advantage an entity has to first identify the benefits that are sought by the target audiences and list them in priority order. In this way differential advantages will be ranked by priority and by importance of target segments which will result in having advantages listed by high ranked to low ranked benefits and from important or not to target segments. Tonkova (2011) specifies the main types of differentiations – "ones that affect the whole marketing mix, a particular marketing element or a single variable, while the target orientation of differentiations is expressed in three basic trends – differentiation concerning competitors, differentiation concerning a company's own offer and one that concerns particular cluster of objects/subjects".

Literature review has revealed that in recent years the term cooperative advantage has been introduced (Huemer, 2014). This refers to the idea of a mutually beneficial relationship-oriented value creation by two or more participating actors. A cooperative advantage can be seen as sustainable if the two interacting parties work together symbiotically and the interaction creates benefits which are valuable in other relationships also.

4. Marketing of a territory

P. Kotler defines marketing and its concept as: "satisfying needs and wants through an exchange process. The aim of marketing is to attract new clients by promising higher customer value while retaining old customers constantly meeting their changing needs". The increasing mobility of people, financial, tangible and intangible resources which are fundamental and provide a basis for comparing areas in terms of attractiveness for people to live in, conduct their business in, invest in, visit as tourists and so on. Local communities are interested in the attractiveness of their own territory, because it determines their own financial independence. In other words one of the main purposes of territorial marketing is to increase the competitiveness of the territory by improving the competitiveness of: businesses that operate in it, the social systems available there, the education and medical services of the area, and also to increase the visibility and recognition of the area, to improve the interest in tourist attractions and so on. Nowadays, marketing has become an integral part of the strategies of commercial and non-profit organizations and should be used in territory management also. Therefore, there is no doubt that territory marketing has a crucial role in the development of areas. As suggested by Vdovichena and Olijnych (2013) the following arguments in favor of territory marketing should be noted:

- "improving quality of life and well-being of its citizens and companies;
- political stability;
- creation of domestic demand;
- civility market;
- long-term goals and strategies;
- spread of modern management methods and marketing management;
- investment growth of domestic residents in local production;
- active government policy to support these changes, while maintaining the openness of the economy, including international competition".

For territories to become competitive they must strategically promote specific features distinguishing them from similar areas, or in other words establish and promote their competitive advantages. This strategy can be achieved through specifically marketing the territory's advantages. This is a process that in the resource-based approach includes the following steps:

1. Analysis of the environment of the territory.
2. Identification of the advantages of the territory.

3. Development of a product or product variations based on the advantages.
4. Analysis of the customers' needs and wants and selection of products or product variations to offer.
5. Segmentation and positioning of the products that are selected.

All of these should lead to building a positive attitude of the target segments towards the territory which would help its development. Some of the factors that make marketing of a territory successful include:

- Shared vision and strategy by all stakeholders.
- Involvement of all relevant stakeholders in all decision-making for the development of the territory including proposed entertainment and events.
- Development and implementation of adequate and specific procedures which deliver clear added value to all relevant stakeholders, including businesses.
- Keeping strategic capabilities of the main regional actors and all other stakeholders in lined through clear communication.
- Appropriate promotion of the territory through high transparency, effective and efficient management.

Taking into account these success factors is the stepping stone of building not only success but also sustainability into the marketing of the territory. In order to be successful, it is very important to keep an open mind and not to disregard change in general, including change in the technology, socio-economic and political environment. It is also very important to keep in mind that the marketing of the territory should not rely only on public funds, involvement of business and residents and visitors is very important in keeping the focus on the important aspects for the stakeholders and not to get disoriented towards what the market expects.

5. Identification of competitive advantages.

The identification of competitive advantages of a territory is the first and very important step to successfully marketing the territory. In order to be developed and included in the strategic management, the competitive advantages of a territory must first be identified so they can be used as prerequisites for development of local potential. As mentioned earlier competitive advantages can be sought in the resources that the territory already has. Tonkova (2014) identifies the main resources that a territory can possess:

1. "Human resources – these include population, residing in the region, originating from the region but currently residing elsewhere, temporary residents of the region.
2. Natural resources are topography, climate, soils, minerals, water resources, flora and fauna, places of special natural interests, protected areas etc.
3. Financial resources are tools used to administer the territory and invest in its development.
4. Material resources.
5. Cultural and historical resources usually shape the tourist profile and potential of a territory.
6. Information resources.
7. Infrastructure."

The other aspect that could be added to the available resources of a territory is discussed by Wawrzyniec and Yusupova (2015), who suggest "relational resources as a source of regional competitive advantages". They argue that the relational resources of a region are the lasting ties and contacts between entities in the region as well as ties between regional actors and external environment. These also include the ties and networks for transfer and dissemination of knowledge within the region. The above mentioned authors argue that "regions will not be able to effectively build a long-term sustainable competitive position without developing strong

relationships with their stakeholders (municipalities in the region, NGOs, local business associations, universities, etc.), oriented towards common objectives".

6. The process of identification of competitive advantages.

In order to start marketing territory's competitive advantages we need to first recognize the competitive advantages of the territory, the sources of the advantage and the ways that it can affect the territory's development. The easiest and most comprehensive way of doing this is by creating a list of the advantages, their importance to the stakeholders and the territory in general, the stage of their usage (are they being used efficiently and effectively?), the potential of the resources and is it explored to the fullest and so on. In order to find out if competitive advantages are being used accordingly, Tonkova (2015) suggests that the maps of local potential should be used, which will help to identify and prioritize the resources of a territory in order to be able to successfully employ them to achieve development of the territory. According to her every region needs clarity for the development of local potential and the economic geographic models should be applied. An adapted model of maps for developing local potential, based on competitive advantages, is presented in Table 1.

Map №	Content of the relevant map	Sources and methods of acquiring information
1	Comprehensive list of all competitive advantages of a territory, which outline the main existing activities like: local arts and crafts, locally produced or hand-made products, local food and drinks, natural, cultural, historical resources, educational, health, social advantages.	Information provided by the appropriate local governing organizations and other local organizations, conducting marketing researches amongst local residents, visitors and business – all interested stakeholders who are involved in the development of the territory or participate actively in different activities.
2	Presents local resources generating potential for future development of a region – all resources that are currently underused should be identified.	Thorough and meticulous analysis of the available resources and their potential should be conducted. Interviews with interested business representatives or other similar stakeholders can be used for better understanding.
3	Represents new and renewable aspects of businesses and social activities listed by strategic priorities. These should correspond to the resources at hand and their availability and readiness to be used.	These are aimed at the investors' interests. These are innovative approaches to already available resources. In order for those to be recognized – thorough methods to reach all stakeholders ideas and proposals should be used. It could be helpful to use integrated platforms for idea submissions.
4	Interlinks the information for the first three maps in order to reveal the balance of the current and future activities with the resources already available on a territory.	Comprehensive analysis from different points of view should be considered in order to assure thoroughness.
5	Points towards the specific transfer	It is necessary to consider the available

	effects and assessment of their impact on the development of local potential.	resources as an integrated system, whose development will contribute to the sustainable development in the interest of all target audiences.

Table 1. Maps of local potential based on competitive advantages of a territory.
Source: Adapted from Tonkova, 2015, p. 119-126

After all resources and their potential for future use and development have been listed, the next step in the process of identification of competitive advantages of a territory should be prioritizing them and listing them in such an order that is relevant to the target audiences and the stakeholders in general. This can be achieved by market researches within the stakeholders of the territory. A useful way of achieving this is by employing integrated marketing solutions like integrated marketing platforms for the development of a territory, suggested by Tonkova (2012). By using integrated marketing platforms the management organization of the territory will be able to achieve – information dissemination within stakeholders about the decisions taken or upcoming, encouraging public-private partnerships in offering the local products and brand in general, collecting ideas about future events and offerings of the territory, coordinating investment plans with appropriate target audiences and so on.
The available resources, their potential for future development as well as the opportunities to use them as an integrated system which delivers specific transfer effects have to be assessed and prioritized according to the interests of all target audiences and other relevant stakeholders. The next step is to group them in clusters which will allow their integrated use and promotion of the transfer effects. Once all the resources of a territory have been identified, prioritized and assessed, the governing organization of the territory can use marketing techniques in order to promote them to the target audiences and build the territory's image towards all relevant stakeholders.

7. Case-study

Even though the development of territories based on local potential is not very common in Bulgaria, examples of good practices based on traditional local production, local crafts and cuisine can be found. For example the traditional Rose Festival held in Kazanlak, Bulgaria. The Rose Festival is usually held in the beginning of June when the roses are in full bloom and give an opportunity to enjoy their beauty and fragrance. The festival has long traditions and has been established back in 1903 to celebrate the roses which have been the main source of income for the whole region – the so called Rose Valley. The festival includes several supporting events in the surrounding areas like rose picking rituals, rose oil distillation presentations, carnival, the coronation of the new Rose queen, an international folklore festival, several exhibitions of traditional Bulgarian cuisine, traditional dance competitions, traditional crafts exhibitions, wine tasting events, concerts and many more (Rose Festival official website, 2016). As of this year the first ever Rose Museum was established in Kazanlak which provides additional opportunities for the development of the territory. The Rose Festival events take part in eight different locations in the Kazanlak area which helps local businesses and people to become more visible in the global markets and promote themselves better. According to recent statistics from the Ministry of Tourism in Bulgaria (Ministry of Tourism, 2016) Kazanlak has been visited by over 200 000 tourists during the Rose Festival in 2016, which is about 25 % increase compared to 2015 (Ministry of Tourism, 2015). This has a great impact on local economy in terms of restaurants, stays in hotels, transportation, souvenirs, locally produced goods as well as a good use of the word-of-mouth advertizing of the region and the rose oil production in general. According to the Ministry of Tourism's official data – tourists have been

accommodated in hotels in 100 km vicinity of Kazanlak (Ministry of Tourism, 2016). This proves the great influence of the Rose Festival on local economy. The Festival has also been used as a way to strengthen the international relations of the town of Kazanlak with its sister-towns from Hungary, Greece, Macedonia, Italy, Belgium, Japan and China (Kazanlak Municipality, 2016).

As the major of Kazanlak has stated in a recent interview (Radio Focus, 2015) – the Rose Festival has grown from a 3-day to a whole month event, keeping tourists and visitors interested in the traditions of the Rose Valley. The event is also no longer funded with the municipal budget, but from sponsors and donors and even accumulates profits for the local government.

The Rose Festival, held in Kazanlak, Bulgaria is a great example how the local traditions and crafts can be used to develop a territory in the long run by using the available competitive advantage they have over similar territories to grow.

8. Conclusion

Territories are facing an ever stronger competitive environment due to globalization, free transfer of information, people, money and goods. In order to thrive in this environment their governing bodies need to increase their competitiveness not only amongst tourists but also towards other target audiences like businesses, people living there, investors, visitors and others. One of the easiest and most efficient ways of doing this is by using the territory's competitive advantages. These can be advantages that are already available on the territory and thus easy to benefit from. They could be natural, historical, educational or health resources, locally produced goods, local crafts and arts, specific food, drinks and so on. In order to be able to use these competitive advantages of the territory successfully for its sustainable development, it is necessary to first identify them, recognize them as comparative or differential in their nature, prioritize and assess them in order to be able to successfully market them to the appropriate audiences. Creating a comprehensive list of all advantages of the territory and using the maps of local potential to prioritize the local resources is recommended as this is a thorough way of including all available resources, finding out if they are being used accordingly and prioritizing them in a way relevant for the target audiences of the territory. In such a way the increased competitiveness of the territory leads to better quality of life on the territory and improves its attractiveness to external and internal audiences thus leading to sustainability in its development.

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Promoting Excellence in Customer Management: Emerging Trends in Business

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Abstract
The importance of customer management as an area for research inspired the formation of the Henley Centre for Customer Management in 2006. The Centre is a unique collaboration between business and academia, which aims to promote excellence in customer management. Together its members discuss and share current challenges to create a genuine opportunity that harnesses the forward thinking to deliver growth, build transferable knowledge, and turn it into effective practice. This paper reports the findings of a ten year longitudinal study of customer management issues identified by businesses that have collaborated with the research centre. The purpose is to review emerging trends in marketing that provide opportunities for future research and best practice case studies. Over the last decade the Centre has researched many themes - topics in areas such as on-line and off-line customer experiences, managing out-sourced relationships, multi-channel marketing, and dealing with service recovery through effective complaint handling. Using social media for innovation, collaboration and commercialization have also been key themes. One area that members have identified as an emerging focus for research is managing the customer journey more effectively, so that organizations can make it easier to attract customers and add value to the customer experience. A further research opportunity is exploring how organizations can effectively develop the softer side of their business to improve customer management for example, by developing an engaged culture and climate so that it improves business performance. Other areas include actionable insight and internationalization. Emerging business trends suggest a research agenda that will help companies continuously to innovate and adapt, leading to an improved customer-centric focus and sustaining a competitive edge.

Key words: trend analysis, engaged culture, customer journey, customer-centric focus, brand credibility.

JEL classification: M31.

1. Introduction

Within the last decade, customer management has undergone many changes, having been significantly affected by events such as a global economic recession and rapid advances in innovation and technology. As a consequence, the Henley Centre for Customer Management was set up to promote excellence in customer management and share best practice amongst its members. Each year, the Centre has identified themes or topics where members' wish to gain greater insight to help their organizations improve their customer management capabilities.

This paper tracks historical and current trends in customer management from the business perspective. The Centre is currently actively engaged in topics relating to:

- The customer journey and exploring the emotional side of that journey
- Customer-centricity

- Creating brand credibility
- Developing an engaged organizational culture
- Actioning insight and internationalization.

This paper explores each of these themes.

2. The Strategic Importance of Customer Management

Those organizations that lead in the provision of customer service excellence primarily focus their efforts on two key factors: managing customer relationships; and a desire to provide a memorable positive customer experience. As a consequence, customer management has become a management tool of great strategic importance that provides organizations with a genuine opportunity to gain competitive advantage, leading to the formation of the Henley Centre for Customer Management.

2.1 The Henley Centre for Customer Management

The Henley Centre for Customer Management (HCCM) was formed in 2006 as part of the Henley Business School. The HCCM's primary objective is to 'promote customer focus and service excellence best practice through observing practice in leading companies and synthesizing this into useful knowledge that helps members to improve their own customer management and customer service plans'.

The Centre brings together industry thought-leaders and business practitioners, along with specialist experts and academics to assist organizations tackle current and future business challenges by delivering workshops, and highly focused research projects. The Centre typically has around 10-15 members each year, and currently includes renowned international organizations such as Microsoft, Scottish Water, the Lloyds Banking Group, BOC and the Bank of Ireland.

2.2 Trends in Customer Management

At the beginning of each year members of the HCCM attend a facilitated workshop to decide which topics relating to customer management will be important to work on in the coming year to help them in the day-to-day aspects of their role; in other words, what are the types of activities that keep them awake at night? These outputs are then summarized into activities relating to research topics, literature reviews, case studies and practical sessions.

Typically at the beginning of each year there are three or four main research topics that emerge and these are then researched throughout the year. Each topic utilizes academic input with practical insights and the findings are reported back to the members.

Table 1 summarizes the research topics covered since 2006. In recent years, for example, measuring customer and employee effort - which is about service interactions, how easy the company makes it for employees to solve issues, and how the level of effort can impact on the customer experience – has been a major area in customer management engaging the HCCM.

The emerging research trends for the forthcoming year centre on three areas. Firstly, gaining insights into the emotional aspects of the customer journey – mapping the customer journey and understanding the emotional aspect at the touch points (e.g. generic vs. personal approach). Secondly, actioning insight – gaining insights from 'big data', predictive modelling and pro-active care; and finally, internationalization – how customer needs and engagement methods vary between countries.

These research topics have then be summarized into eight key themes emerging over the last ten years (see Table 1). The list comprises aspects that are important for leading organizations in the provision of customer service excellence; i.e. being effective in:

1) Customer experience

2) Measurement
3) Strategy
4) Customer relationship
5) Social media
6) Customer management
7) Organizational culture, and
8) Innovation and technology.

Year	#	Research Topic	Summary Theme
2006	1	Customer experience from the customer's perspective	Customer experience
	2	Customer insight	Measurement
	3	Culture and climate	Organizational culture
2007	1	Online customer experience	Customer experience
	2	Beyond customer service	Customer management
	3	Channel migration	Customer relationship
2008	1	Customer experience and corporate social responsibility	Customer experience
	2	Delivering customer experience through intermediaries	Customer experience
	3	Online customer experience and communities	Customer experience
2009	1	Using social media to enhance competitiveness	Social media
	2	CRM for B2G organizations	Customer relationship
	3	Best practice in managing relationships with outsource partners	Measurement
2010	1	Developing a social media strategy	Social media
	2	Implementing strategic partnerships	Strategy
	3	Self-service	Customer experience
	4	Sustainability	Customer management
2011	1	Collaborative innovation	Innovation & technology
	2	Homeworking	Customer management

	3	Social segmentation	Strategy
	4	Corporate reputation and inter-firm partnerships	Customer relationship
2012	1	Customer effort measurement	Measurement
	2	Role, impact and investment in social media	Social media
	3	Developing a multi-channel strategy	Strategy
	4	Corporate reputation and inter-firm partnerships	Customer relationship
2013	1	Employee engagement	Organizational culture
	2	Measuring B2B customer satisfaction and customer effort	Measurement
	3	The changing nature of segmentation	Innovation & technology
2014	1	B2B customer experience factors	Customer experience
	2	Customer and employee effort measurement	Measurement
2015	1	Customer and employee effort measurement	Measurement
	2	Value of using social media in a B2B context	Social media
	3	Service recovery strategy	Strategy
2016	1	Emotional aspect of the customer journey	Customer experience
	2	Actioning insight	Measurement
	3	Internationalization	Strategy

Table 1. Research topics trends at the Henley Centre for Customer Management (2006-2016)

As indicated, the work of the Centre also goes beyond undertaking research projects and there are a number of other activities which address members' needs. These activities may take the form of, for example, a literature review on a subject area such as customer-centricity, or a case study of best practice in a particular area.
The remainder of this paper focuses on the current and emerging trends that members' currently face and to which they seek solutions.

3. Effective Management of the Customer Journey

The customer journey is about aggregating the number of experiences that customers go through when interacting with an organization and it has become a pre-eminent theme in

customer management within the last few years. The effective management of the customer journey focuses on how to design and compete on customer journeys - well documented by Edelman & Singer (2015).

The authors argue that 'empowered' consumers have now become so highly competent in their use of tools and available information that they can 'call the shots'; while service providers have struggled to develop their analytics capabilities to better understand its customers and keep pace with them, and seeking to get one step ahead. For organizations, it is about trying to anticipate the customer's journey from deliberation to the decision to purchase.

To combat changes organizations need to shape and manage the customer journey for competitive advantage; to be proactive rather than reactive to lead consumers down a particular path, where the journeys themselves are now becoming a highly influential part of a customer's experience of a brand.

Traditionally, the journey has involved consumers considering and evaluating before deciding to buy, and then making a decision either to enter a loyalty loop and buy again or to go through the same process but purchase a different brand from elsewhere. Edelman & Singer (2015) highlight a progressive approach whereby a new journey is streamlined by compressing the 'consider' step and dramatically shortening or eliminating the 'evaluation' step, by directing customers straight into the loyalty loop for a brand and then keeping them within that loop (see Figure 1); and many organizations are now optimizing the customer experience through various triggers and touch points along the way. Purchasers of the *Apple* brand is a good example of this, whereby consumers are engaged, become hooked and continuously enjoy, advocate, bond with and benefit from the brand.

Figure 1. Streamlining the decision journey
Source: Edelman & Singer, 2015.

Organizations developing the most effective journeys need to master four inter-connected capabilities, each of which makes the journey 'stickier' for the consumer. This development relies on sophisticated IT, creative design thinking and novel managerial approaches:

1. Automation - digitizing and streamlining of the journey steps that were done manually before to make the journey more efficient.

2. Proactive personalization - customizing the purchaser's experience in real-time, based on historical interactions and existing sources.
3. Contextual interaction - using knowledge about where the customer is in a journey, to direct them to the next interaction the organization wants them to pursue.
4. Journey innovation - experimenting and analysing the customer's needs, using innovative and technological approaches to lengthen the relationship with the customer.

The development of high value journeys has had its impact on the internal structure of organizations, where dedicated, cross-functional teams exist to support these journeys and in some cases, the introduction of a Journey Product Management can have an effective impact.

3.1 The Emotional Side of the Customer Journey

The effective management and mapping of the customer journey should look not only at the rational side of the customer experience, but also at building in the emotional aspect, in other words to determine how the customer feels at different points along the journey they experience. This is an emerging research trend that HCCM members wish to understand better to help enrich their customers' journeys through greater emotional engagement.

From current research five areas feature which can lead to greater emotional engagement:

- Knowing what emotional triggers currently exist in the experience – by clearly identifying aspects where customers have a positive experience and understanding at what points any negative emotional experiences occur
- Defining what emotions the experience should generate – set objectives at each stage of the journey by targeting the desired emotions, for example are you looking for excitement, delight, hungry for more, so that customers continue along that journey
- Listening to customers – it is important to gain feedback from customers, as this helps gain insights into emotional feelings at different points along the journey that drives their decision making
- Identifying the customers' subconscious experience – this is about picking up messages, for example it could be frustrations about some aspect of the journey that cause some to exit the journey – putting oneself in the customer's shoes and going through the experience could help identify these
- Continuously improving the experience – even with high scores on metrics, there is no room for complacency and always room for improvement, and as consumers evolve so should the experience.

4. Customer-Centricity

In recent times a notable shift is observable in what organizations do to sustain competitiveness while continuing to be relevant in today's business world. Organizations that have previously been fully focused on external influences affecting their industries - such as new market entrants, alternative products and services, brand equity, and customers' negotiating power - are now focusing these efforts on being more customer-centric; not just by gaining a deeper understanding of customers, and providing a better experience through tailoring products and services, but also by spending time creating a culture around the customer and satisfying their needs.

4.1 The Core Ingredients for a Customer-Centric Organization

HCCM's research suggests that a holistic approach to customer-centricity is about putting the customer at the heart of the business and that such an attitude should permeate every decision made in the organization. It is about aligning organizational resources to integrate continuous customer insight. The aim is to create and deliver maximum value for the customer to achieve

long-term mutually satisfying and trusting relationships with customers and sustain competitive advantage. Figure 2 defines the scope of customer-centricity.

Customer-centricity is not:	Customer-centricity is:
• Focus on a single sale or on the 'average' customer • Focusing on poor quality customers • Focusing on product features & benefits • About short term wins • Little emphasis on customer service • Limited customer commitment • Little or too much customer contact	• Focus on customer retention – using your data to gain customer insight and segment customers using benefits sought or motivations or CLV (customer lifetime value) • Identifying and targeting your best quality customers • Focusing on developing products and services for your best quality customers • Focusing on customer benefits • Focusing on the long term • High customer service emphasis • High customer commitment • Appropriate customer contact for the chosen segments

Figure 2. Defining the scope of customer-centricity?

4.2 Overcoming Challenges

Becoming a truly customer-centric organization in itself presents a number of different challenges, for example, organizations need to overcome possible issues such as: a silo mentality and not being easily able to share customer data across different functions and departments; and a culture that is not aligned around the customer needs. A further constraint is the lack of a common definition within the organization to clarify the meaning and understanding of the term customer-centricity.

To become truly customer-centric organizations need to:

- Throw conventional marketing wisdom out of the window – it made sense in a transactional/product-centric world to distinguish between profitable customers and not-so-profitable customers, but times have changed
- Use data to their advantage – a profitable customer-centric strategy is about how, where, and when you acquire real-time actionable insights about an organization's customers
- Build the business around its best customers – come up with products and services to make an organization's best customers better customers.

4.3 The Role of Leadership

For organizations to make the customer a top investment priority in the future requires change. Change starts from within, and here the CEO plays a key role. Leadership creates the conditions for change and is crucial in making customer-centricity happen, which may demand changes at the top of the organization.

In 2015, the *John Lewis Partnership* recognized that to lead the retailing market in the UK it needed to develop its omni-channel strategy to reflect changing shopper habits. The way the Partnership aim to achieve this outcome is by gaining a fresh perspective in their leadership team. Managing Director, Andy Street said, "*These important changes place the customer at the heart of our decision-making. The new board composition will ensure we continue to lead omni-channel retailing in the UK*."

Leadership not only provides a vision and a clear sense of purpose for the entire organization, it also instils an established set of core values to help engage and guide the workforce in their

day-to-day activities and in their interactions with customers. Customer-centric organizations build trust with their customers, and this comes from the values demonstrated by such interactions.

4.4 Moving from a Product-Centric Approach

Traditionally, the product-centric strategy has focused on an organization's capabilities and the processes by which it sells products and services to its customers. Using the latest technology to implement CRM, e-commerce or a call centre should not fundamentally change how the organization works. On the other hand, a customer-centric organization is said to 'orbit' its customers, and even if it does not utilize the latest technology, customers will come back again and again.

One of the HCCM members is in the process of moving from a traditional product-centric focus towards becoming a customer-centric organization by developing a customer-centric culture. It is using a checklist developed by Vanessa Gavan – Managing Director of *Maximus International* - where the start point is to map the customer's journey (see Figure 3).

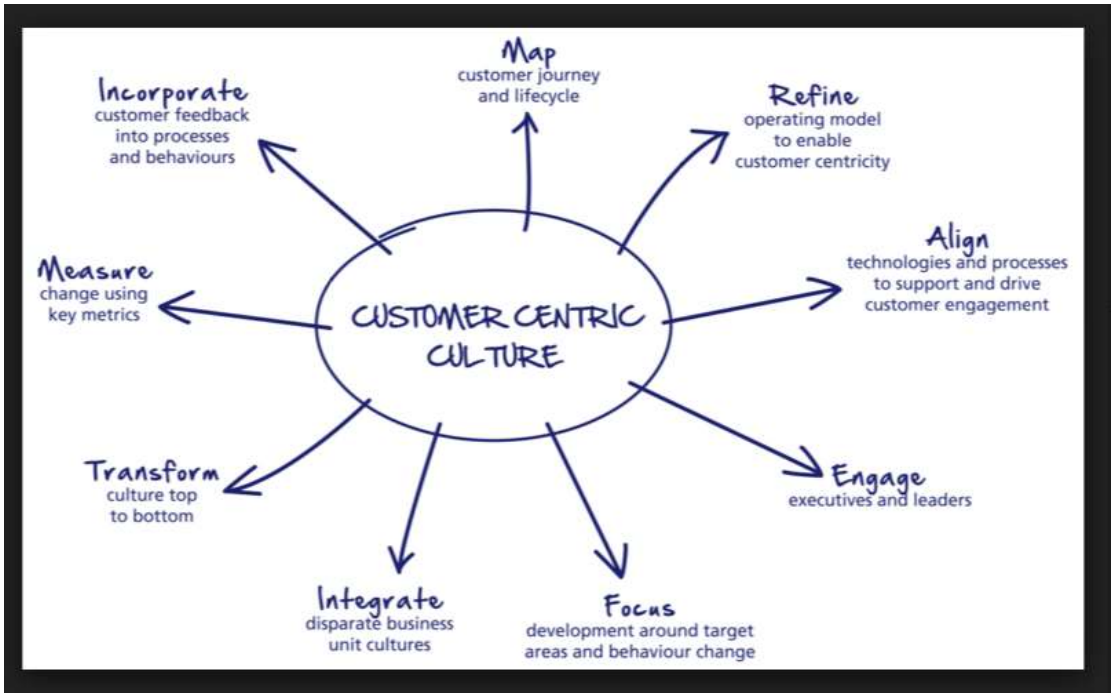

Figure 3. Moving towards a customer-centric culture
Source: Vanessa Gavan, Managing Director of Maximus International

5. Creating Brand Credibility

Haig (2015) argues that a company's 'brand credibility' is an important measure that should determine the value of the company, replacing brand equity measures such as goodwill which are often too vague or imprecise to measure effectively. Brand credibility is more specific because 'credible' means 'expertise' and 'trust' – traits that can be measured.

Earning trust in the brand begins from being able to deliver excellent customer service. It is then about consistency – which comes from employees providing an equivalent level of service. Customers then know what to expect, how and when. Of course, occasionally not everything goes to plan. In such circumstances transparency should play an important role in brand credibility, in being open and owning up to any mistakes, in explaining where things went wrong, and indicating how the problem is being rectified so that it will not re-occur.

5.1 The Importance of Brand

Brand credibility has become increasingly important in recent times. The key issue is how it impacts on the consumers' purchasing decisions. This approach should be strongly linked to an effective customer journey and an organization's customer-centric approach.

In creating the effective journey and accomplishing the four capabilities described earlier, the organization has made the ongoing customer journey as much a part of the brand as the product itself – and as important a source of value. '*Today, winning brands owe their superiority not just to the quality and value of what they sell, but to the superiority of the journeys they create*' (Edelman & Singer, 2015).

In becoming customer-centric it is essential to start by focusing on aspects from the customer's perspective. The customer-centric brand creates products and services, processes and policies, and a culture aimed at supporting customers and offering a great, on-going experience. Current research highlights four best practices - having brands that:

- Are passionate, and genuinely believe that the customer comes first. Without the customer, brands cannot succeed in business; brands aspire to see the world through the eyes of the customer
- Focus on the needs and desires of the customer, and generate products and services that build on these
- Focus on the customer relationship to maximise the product and service experience for the customer
- Evaluate, develop and execute a sensibly formulated customer strategy that centres on creating and keeping the most profitable and devoted customer.

6. Developing an Engaged Organizational Culture

A theme that has emerged as an ongoing trend amongst HCCM members is developing and maintaining a customer-oriented culture to support the creation of superior customer experience through positive employee engagement consistently across the organization.

6.1 Organizational Climate Research

The 'climate' of an organization is an expression of employee perceptions of the atmosphere created by the organization through policies, practices, and rewards. Links in the academic literature between employees' perceptions of organizational climate, employee attitudes and behaviours, customer behaviour and retention are key to identifying the features of an organizational climate that can help to explain, for example, the variations in service to customers between high customer-retaining branches and low customer-retaining branches of a large retail bank.

Research within the Centre identifies five key dimensions of organizational climate:

- Structure
- Rewards and recognition
- Cohesion
- Warmth and support
- Customer care.

6.2 Measuring Organizational Climate

The measurement of organizational climate developed by the HCCM makes use of a short questionnaire tool to research each of these five key themes and their dimensions organization-wide. In the retail bank case, it was found that the high customer-retaining branches in the

original study scored significantly higher on all five themes than the low customer-retaining branches.

The research methodology was initially tested with three disparate organizations: the financial services arm of an automotive retailer; the IT department of a local authority; and, a private hospital. The research concluded that:

- The findings confirm the validity and statistical reliability of the survey tool as an effective measure of an organization's climate; being effective in both the public and the private sectors.
- Departmental management versus Non-Management analysis provides meaningful insights into issues and areas of concern in organizations where there are gaps in alignment.

The tool has been successfully used with a number of organizations to help them gain a 'snapshot' of their own organizational climate and identify areas to address. Figure 4 shows, by way of example, how management and non-management score on each of the climate dimensions. The research also highlights the size of the gaps; here the biggest gap to address between management and non-management is on the scale of 'Cohesion'.

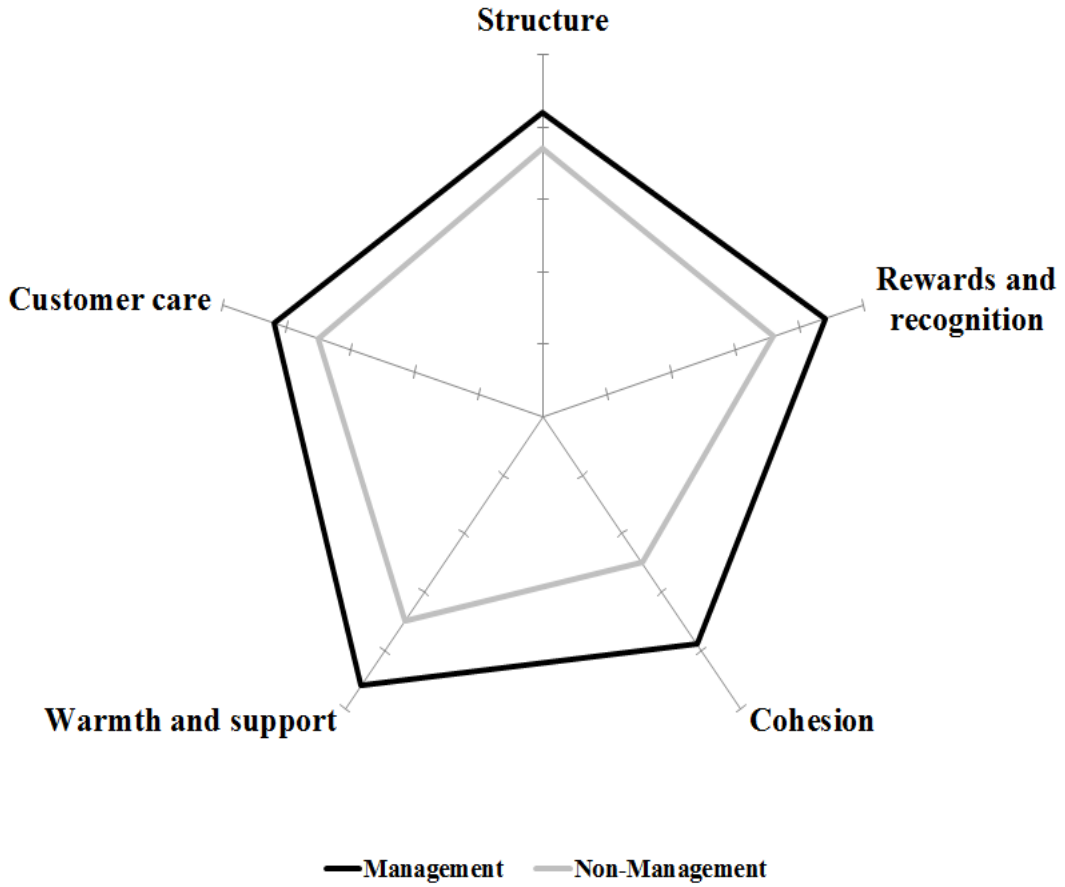

Figure 4. Example output from the organizational climate tool

Measuring employee engagement is an important feature in the provision of a superior customer service and experience and in time it should be possible to develop a database to benchmark and compare best practice organizations, and at different levels and dimensions against other organizations.

7. The Future Research Agenda

The future research agenda for the Centre will focus upon two further topics identified in Table 1, namely: Actioning insight and Internationalization.

7.1 Actioning Insight

'Big data' and data analytics have become important buzzwords in recent times. Due to advances in technology - which allow organizations to look at large sets of data at a number of different levels or perspectives – it is now possible to discover previously 'hidden' patterns, market trends, and customer preferences, all of which could generate greater insights and promote competitive advantage.

From the HCCM members' perspective it is also about taking that data, learning from it and using it effectively by minimizing the steps to a solution, and by actioning insights in real-time to, Thus, it will be possible to improve the customer experience based on a satisfaction survey, responding quickly to a competitor's advertisement, or by providing proactive 'care' changing the relationship from pull to push – for example a bank sending the customer a text to avoid potential bank charges.

7.2 Internationalization

The Centre also plans to explore the internationalization and the management of global customers. Examples that members have highlighted as areas they would like to learn more include: does the word 'easy' translate effectively as a measure across different languages; do customers' needs vary between different countries/cultures; and does the same customer engagement method work in the international context.

8. Summary and Conclusions

No matter where organizations are in the business cycle, key themes such as customer experience, measurement, strategy, customer relationship, social media, customer management, organizational culture and innovation and technology will always prevail.

Through the work of the HCCM, we have been able to identify historical and emerging trends that have an impact on members' businesses within each of these themes and the way the customer is managed by promoting excellence in customer management.

Exploring issues relating to the customer journey, creating a customer-centric culture, brand credibility and developing an engaged culture, getting the most out of 'big data', internationalization are all high on the agendas of marketing executives and the like – and by identifying these emerging business trends it is possible to help organization's continuously innovate and adapt in a fast changing world and sustaining a competitive edge.

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Emerging Trends in Customer Management in a Changing World

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Abstract
The number of customer management related research publications has increased significantly over the last decade (a 70 per cent increase); where key areas or themes have mainly focused upon subjects such as customer satisfaction, customer service, customer loyalty, customer relationship management and customer value. The number of published articles relating to customer relationship management appears to be on the decline, having peaked in 2013 (a 25 per cent decrease); while other key themes have remained fairly steady. This would suggest that new trends in customer management are emerging, or are on the increase. The objective of this paper is to explore and highlight current and future trends in customer management by means of a literature review of marketing and related journals/texts spanning the last twelve months. The outcomes of this review and their relevance to marketing and customer management include themes relating to getting the organizational culture right, as well as adapting and connecting better with customers. Furthermore, themes relating to personalization and designing customer journeys, as well as understanding the influence of innovation, co-creation and social media, can all influence brand credibility among customers. The themes highlighted all relate to ways in which companies can enhance their engagement and interaction with customers in a changing world; a world that is changing because of advances in technology and a proliferation of online communication, alongside increasingly powerful and demanding customers. Today's customers prefer to buy from companies which, not only genuinely understand their needs, but also understand how their offerings fit into their customers' lives. This paper summarizes trends that are relevant to both academia and business, where customers' expectations of companies are higher than ever before. Looking beyond customer relationship management can help companies better understand these new trends and innovations and how they can prepare better for the future.

Keywords: customer management, organizational culture, customer innovation, customer engagement.

JEL classification: M31, M15.

1. Introduction

Over a decade ago, there was a growth in customer management research and publications relating to customer management issues. The focus was mainly on themes such customer satisfaction, customer service, customer loyalty, customer relationship management and customer value. Since then, changes have had a significant impact on organizations and consumers which have engaged the minds of academics and practitioners. For example, a global economic recession has affected consumer purchasing behaviour and organizations' reactions. Meanwhile, a dramatic growth in innovations and new technologies has given consumers greater power. Also, the pace of decision-making and actions to sustain competitive advantage has accelerated at a high rate.

Reflecting these changes, the number of publications dealing with customer management issues between 2007 and 2015 has risen by 70 per cent (see Table 1). This analysis measured

the number of citations where a particular theme appeared in titles of publications listed in *Google Scholar*. This prevailing topics and emerging themes are explored further in this paper. In the years to 2013, the number of published articles relating to key issues such as customer satisfaction, customer service, customer loyalty and customer relationship management relationship, were on the increase. Of particular importance was customer satisfaction, with a 100 per cent growth in citations between 2010 and 2013 (see Figure 1). Over the last 2 to 3 years, however, publications relating to such themes, whilst remaining important, would seem to be on the decline, with, for example, a 25 per cent drop in the number of citations relating to customer relationship management articles. So, what new trends are emerging?

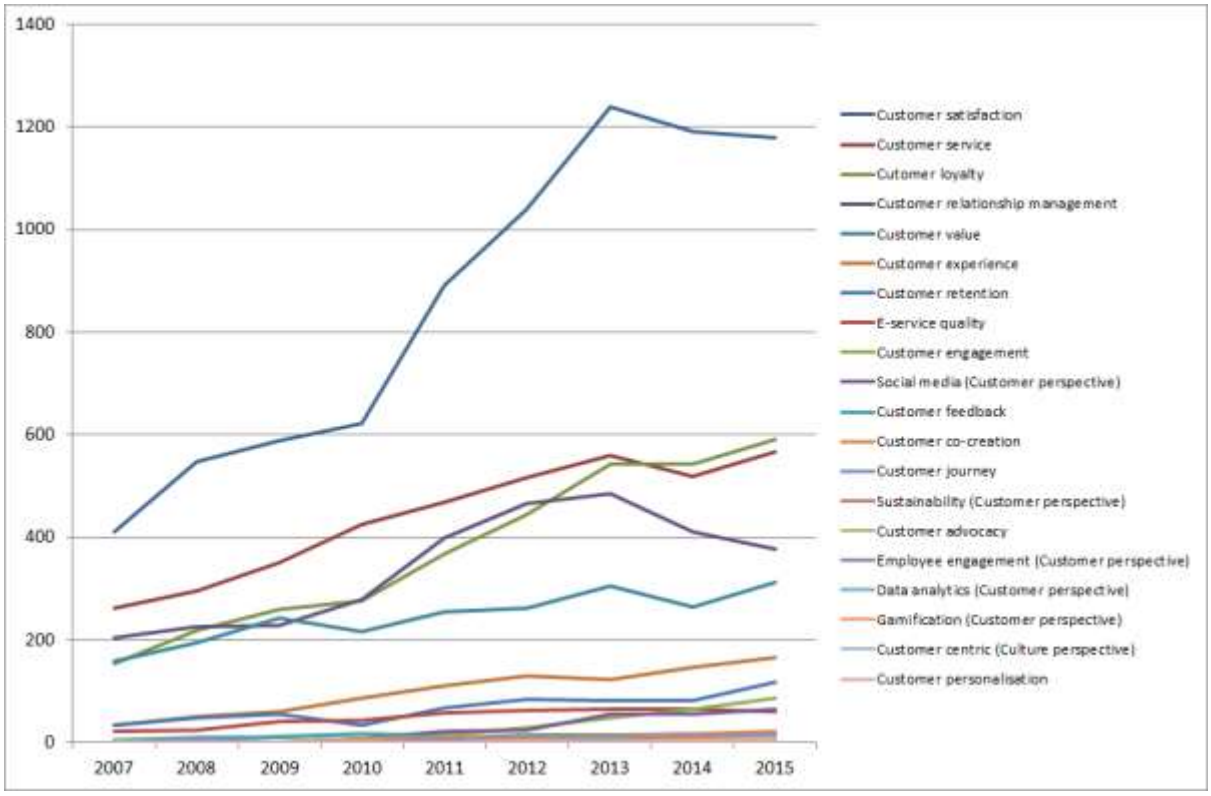

Figure 1. Number of citations of search terms
Source: Google Scholar publication titles, March 2016

Although it may be too early to tell if a trend is a trend rather than a buzzword or a fad, it would seem that emerging issues deal with customer experience, customer retention, customer engagement and the use of social media from a consumer perspective (see Table 1).

Search term	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
Customer satisfaction	410	547	589	621	891	1040	1240	1190	1180	163	**7871**
Customer service	263	296	351	425	469	517	559	519	568	82	**4049**
Cutomer loyalty	155	219	260	277	367	445	543	543	592	76	**3477**
Customer relationship management	205	227	229	280	399	465	486	410	378	52	**3131**
Customer value	160	194	242	216	254	261	306	265	313	47	**2258**
Customer experience	33	51	60	86	112	131	122	148	165	19	**927**
Customer retention	34	48	55	35	67	84	83	82	119	11	**618**
E-service quality	22	24	40	43	58	62	65	64	61	9	**448**
Customer engagement	5	4	12	18	14	30	49	65	88	17	**302**
Social media (Customer perspective)	0	2	1	8	21	24	55	55	66	17	**249**
Customer feedback	4	10	11	18	11	15	15	18	2	4	**108**
Customer co-creation	0	1	1	8	9	10	13	17	21	4	**84**
Customer journey	2	3	1	3	7	4	11	12	18	5	**66**
Sustainability (Customer perspective)	1	2	1	3	6	5	7	7	10	2	**44**
Customer advocacy	2	5	1	2	1	3	6	1	5	0	**26**
Employee engagement (Customer perspective)	0	4	1	1	4	3	2	1	7	1	**24**
Data analytics (Customer perspective)	0	0	0	0	0	0	3	6	8	2	**19**
Gamification (Customer perspective)	0	0	0	0	0	0	1	4	8	0	**13**
Customer centric (Culture perspective)	0	1	1	0	1	2	0	0	2	0	**7**
Customer personalisation	0	0	0	0	0	2	0	0	1	0	**3**
TOTAL	**3303**	**3646**	**3865**	**4054**	**4702**	**5115**	**5579**	**5421**	**5627**	**2527**	**23724**

Table 1. Number of citations of search terms
Source: Google Scholar publication titles, March 2016

In this context, current trends in customer management are highlighted based on a review of the literature of academic and management publications spanning the last twelve months - largely from marketing, consumer behaviour, retailing, brand strategy and management journals and other publications.
In this analysis of current trends, the key themes relevant to customer management that emerge relate to:

- Getting your organizational culture right
- Connecting better with customers by adapting to the changing business world
- Understanding the influence of social media
- Enhancing value co-creation
- Getting personalization right
- Understanding the power of the brand.

Each of these themes will be considered in greater depth.

2. Getting Your Organizational Culture Right

The first theme emerging is 'getting your organizational culture right' – that is, transforming the business where required - leading to a greater positive impact on the customer and performance at different levels within the organization. On the one hand this means gaining the right balance between a culture that is customer oriented, and on the other, ensuring that employees are engaged to deliver a superior service and enhance the customer experience.
This theme has been well documented in a recent issue of the Harvard Business Review (January-February Issue, 2016, Vol.94), which considered areas such as managing the softer side of performance as an approach to getting the culture right.
Ingatius (2016) discusses the softer side of performance, highlighting its positive influence as a blueprint for a culture that works better for employees, and for the bottom line. Furthermore, companies with superior customer experience have almost 2.5 as many engaged employees as do companies that lag behind in customer experience.

For the softer side to work, Ingatius (2016) summarizes four key areas that can potentially have an impact:

- '*Managing your emotional culture*' – the emotional state of a workforce can influence everything from employee satisfaction to profitability.
- '*Realizing the limits of empathy*' – empathy is highly valued, but it is not an infinite resource, so it should be used wisely. Asking employees to empathize too much could impair their ethical judgement.
- '*Avoiding collaborative overload*' – collaborating too much does not necessarily improve the quality of teamwork. Leaders should be conscious of the need to avoid workflow bottlenecks and employee burnout.
- '*Creating an environment where employees really speak freely*' – even conscientious leaders can inadvertently muzzle free speech, damaging employee retention and financial performance. Instead, it is important to create a more 'vocal' workplace.

2.1 Managing the Softer Side of Performance

With respect to managing an emotional culture, Barsade & O'Neill (2016) argue that most companies do not realize how central emotions can be to building the right culture within the organization for it to have a positive impact on the customer experience. The authors focus on cognitive culture; shared intellectual values, norms, artefacts and assumptions that set the overall tone for how people work and behave. The other critical feature of emotional culture is how it governs the feelings people have and express at work. Emotional culture is important as it can influence workplace issues such as employee satisfaction, burnout, teamwork, financial performance and absenteeism.

Waytz (2016) highlights that empathy can tax people both mentally and emotionally, and that it is a finite resource. He suggests asking employees to focus on certain sets of stakeholders or customers can help improve performance; and by giving employees 'empathy breaks' they can focus on their own needs.

Cross *et al* (2016) argue that in many companies, people spend around 80 per cent of their time collaborating in meetings or answering colleagues' requests, leaving little time for all the critical work they must complete on their own; which could lead to overload, employee burnout, higher turnover rates and a lack of customer focus.

Detert *et al* (2016) explore the degree to which employees *really* speak freely. The authors argue that companies should gather feedback in regular, casual exchanges and transparently gather and follow up ideas. Their research showed that when employees do speak up, organizations see increased performance as a result of their input.

3. Connecting Better with Customers by Adapting to the Changing Business World

A further trend from the literature is about connecting better with customers by adapting to the changing business world through innovation and technology. To achieve this outcome, businesses need to consider and understand how disruptive innovations can benefit; to identify innovations where least expected to gain competitive advantage. They also need to understand how technology and data analytics/metrics can improve understanding and connecting better with customers.

3.1 Understanding the Benefits of Disruptive Innovation

Christensen's '*The Innovator's Dilemma*' (1997) initiated the concept of disruptive innovation to the world. It is an important aspect as it can have a significant influence on an organization's customer service strategy and how well an organization is positioned against its competitors.

Christensen *et al* (2016) explain the concept of 'disruptive innovation'. The authors suggest the 'disruptive' label has often been applied inappropriately any time a market newcomer shakes up well-established incumbents. They clarify what disruption really entails, for example, a small enterprise targeting overlooked customers with a novel but modest offering and gradually moving up-market to challenge the individual leaders. *Uber*, commonly hailed as a disrupter, does not actually fit the mould. If managers do not understand the nuances of disruption theory or apply its tenets correctly, they may not make the right strategic choices. Failing to view disruption as a gradual process, where incumbents may ignore significant threats, or blindly accept the 'disrupt or be disrupted' mantra as meaning incumbents potentially jeopardize their core business as they try to defend against disruptive competitors.

3.2 Finding Innovation where Least Expected

McCaffrey & Pearson (2015) discuss finding innovation where management least expects it. The RMS Titanic is highlighted as a good example – what if the iceberg had been viewed as a potential life-saving option rather than a hazard? Could more people have been saved by clambering on to the iceberg? A cognitive bias called 'functional fixedness' limits people to seeing objects only in the way they are traditionally used. Businesses are often hampered by this framework, and overlook elegant solutions hidden in plain sight. This bias can be overcome by altering the description of objects and how we think about its component parts.

McCaffrey & Pearson (2015) suggest techniques to help managers think in innovative ways – called 'brain swarming' – about common business problems, for example, conceiving new products, finding novel applications for existing products, or anticipating competitive threats.

De Jong & van Dijk (2015) discuss a new approach to business modelling, whereby companies can innovate within their existing business models by examining and reframing the beliefs that support their current modes of value creation. The authors examine the positive impact such an approach can have on customer relationships, strategic resources, costs and revenue streams.

The 'rules of the game' for creating and capturing economic value have changed. Business models are subject to rapid displacement, disruption and, in extreme cases, outright destruction, for example: *Bitcoin* bypasses traditional banks and clearing houses with block chain technology; *Coursera* and *edX*, among others, threaten business schools with massive open online courses (MOOCs); and *Uber* sidesteps the licence system that protects taxi franchises in cities around the world.

It is about reframing beliefs; it is suggested that companies should identify an industry's foremost belief about value creation, and then articulate the notions that support this belief. By turning one of these underlying notions on its head – and reframing it – incumbents can then look for new forms and mechanisms to create value. Such steps include:

- Formulating a radical new hypothesis that no-one (at least in a particular industry) wants to believe. For example, what if people who shopped in discount stores would pay extra for designer products?
- Sanity testing your reframe and iron out any inconsistencies.
- Translating the reframed belief into your industry's new business model; for example innovating in:
  - *Customer relations*: from loyalty to empowerment. Challenge the belief that customers should strive for empowerment. The cost of acquiring new customers has fallen in the digital world. Switching costs are low. Customers express their own ideas and may interpret efforts to win loyalty as obstacles to self-actualization. It is about embracing the paradox; the best way to retain customers is to set them free. *Quirky* (an invention platform) lets the ideas and votes of its online community guide the products it designs and produces;

- *Activities* - from efficient to intelligent (for example, user satisfaction);
- *Resources* – from ownership to access, for example, access to key (infrequently or inconsistently used) assets, not ownership; evolving a mind-set towards open source models;
- *Costs* – low cost equals no cost, for example, multiple customers can simultaneously use digital goods (for example, telco unlimited texts come at no extra cost to the company).

Sull (2015) has suggested a few simple rules applied to important parts of the innovation process which can help organizations maintain structure and creativity.

Constraints spur innovation (not 'thinking outside box'). Guidelines structure interactions, whereby a handful of guidelines, tailored to the user and task at hand, balance concrete guidance with the freedom to exercise creativity. In the case of *Zumba*, there are two simple rules: any new product/service must help instructors; and a proposal must deliver 'freeing, electrifying joy'.

Simple rules should be tailored to the unique culture and strategy of the organization using them and can also help ensure innovation is aligned with a strategy to create value and members of a community innovate together by working with partners.

3.3 Using Technology and Analytics to Connect Better with Customers

The use of technology and effective insights into data analytics can help forge better relationships with customers. This paper highlights recent trends in machine learning, intelligent agent technologies, smart intelligent devices, and gamification.

Pyle & San Jose (2015), discuss the impact of '***machine learning***' to increase competitiveness. They argue that machine learning should be used in pursuit of a clear strategy, and in the presence of large amounts of valuable, reliable data. It is based on algorithms that can learn from data without relying on rules-based programming and where unmanageable volume and complexity of big data increases the need for machine learning. The authors anticipate a surge in the competitive significance of business models 'turbo-charged' by machine learning.

Machine learning has been used by sports companies; for example, by using machine learning, the *US National Basketball Association* could use data to distinguish between a bad shooter who took good shots and a good shooter who took bad shots. It is also being used by *General Electric* and others to gain fresh insights.

Kumar *et al* (2015) provide a literature review and a qualitative study of '***Intelligent Agent Technologies***' (IATs) with managers from 50 companies in 22 industries. The definition they provide is one that defines IATs as:

> "… *computational systems that inhabit a complex dynamic environment and continuously perform marketing functions such as: (a) dynamic scanning of the environment and market factors including competitors and customers, and firm actions impacting the marketing mix; (b) collaborating and interacting to interpret perceptions, analysing, learning and drawing inferences to solve problems; and (c) implementing customer-focused strategies that create value for the customers and the firm within the boundaries of trustworthiness and policy*." (p. 26).

The authors propose a marketing-centric definition of IATs, or a conceptual framework with several propositions regarding IAT adoption and its importance in the future to facilitate change – assuming new forms of consumer behaviour, product specifications and individual characteristics.

Companies, such as *Amazon*, *eBay* and *Netflix*, are embracing IATs for collaborative filtering, personalization, recommendation systems and price comparison engines to facilitate exchanges in the marketplace.

Suitable applications include information search - across thousands of websites; information acquisition - tracking and gathering information about customers as they visit a firm's website, and making customized offers; and information analysis – to discover non-obvious statistical relationships.

The ability to enhance interaction and negotiation through online communications is a major benefit of IATs. Firstly by providing autonomy in the decision-making process, with the freedom and self-direction of IATs which are bounded by moral and ethical values that legitimize their decision-making based on a set of rules. Secondly, through the collaboration and integration of agents at three levels: 1) Individual – work specifically for user; 2) Collaborative - communities that co-operate to achieve a goal; and 3) Societal – developed to operate in complex, dynamic environments.

In the future, agents are likely to become more intelligent and perform ever more complex tasks by collaborating, which will make marketing more efficient and effective. There will also be expanded search abilities, faster decisions, and the harmonizing of activities through collaboration performed by multiple entities to enhance customers' online experience.

Niden & Spriggs (2016) argue that the evolution of products into '***smart, intelligent devices***' is also reshaping business and can transform companies for the better. To achieve this, Porter & Heppelmann (2014) suggest that a firm's organizational structure and operations will have to change to handle such business transformations.

Wuenderlich et al (2015) crafted a future research agenda to advance smart service research and practice. Smart services are delivered to or via intelligent objects that feature awareness and connectivity. The connected object is able to sense its own conditions and surroundings, allowing for real-time data collection, continuous communication and interactive feedback.

The authors propose that smart services vary on their individual level of autonomous decision-making, visibility, and embeddedness in objects and in customers' lives. Future research suggestions include: the perception and nature of smart services; the adoption of smart services; innovation through smart services; and the development of new business models. Implications of smart services for organizations, customers, and service landscape have still to be fully explored.

Harwood & Garry (2015) investigated '***gamification***' as an environment for a customer engagement experience. They provided insights into a gamification approach to online customer engagement and customer engagement behaviours. Using 'Samsung Nation' as a framework for analysis, they used netnography and participant observation. They then evaluated customer engagement and customer engagement behaviours through a gamified brand platform (although *Samsung Nation* has since closed down). People were rewarded by simply exploring *Samsung.com* – earning points, unlocking and collecting badges, etc.

4. Understanding the Influence of Social Media

Understanding the influence of social media is the third major theme arising from the review and includes articles relating to its effect on consumer purchasing decisions and communicating with customers and stakeholders.

4.1 Consumer Purchasing Decisions

Bughin (2015) discusses the influence of social media on consumers' purchasing decisions and found that social media influences to a larger extent than previously understood, but its influence varies greatly across different product/service categories. Only a small percentage of social influencers are capable of producing sales. Topics discussed include first time purchasers, search engine optimization and machine learning (*Facebook*, *Twitter* and others). *Buzz* (a platform making collaboration simple and smarter) also plays a greater role than

previously thought. Research into 20,000 European consumers in 30 product areas across 100 brands found that a small slice of social influencers are creating the 'buzz'.
Bughin (2015) also specifically found that social recommendations induced an average of 26 per cent of purchases across all product categories (10-15 per cent previously estimated). For travel, investment services and over-the-counter drugs, 40-50 per cent of consumers looked to social recommendations. The first time purchaser is about 50 per cent more likely to turn to social media than a repeat buyer. Half of recommendations were made offline, in person or by phone. Offline conversations were up to 40 per cent more likely than digital interactions to influence purchase decisions, for example, insurance or utilities. Shoes and clothing: 5 per cent of recommenders account for 45 per cent of social influence generated. These can be considered 'power users'. There is a long tail of less active recommenders who could be encouraged to be more engaged. Companies that spend effectively on search engine optimization can expect to benefit from greater social media impact.

4.2 Communicating with Customers and Stakeholders

Malhotra & Malhotra (2015) offer best practices for CEOs to leverage *Twitter*, in communicating better with customers and stakeholders, for example increasing influence and creating positive sentiment as well as spreading the message and the use of *Twitter* for new product development information, gaining external validation, and sharing customer stories. The types of CEO using *Twitter* are reported to be mainly generalists, expressionists and information enthusiasts.

5. Enhancing Value Co-creation

Enhancing value co-creation with customers is the fourth key theme and includes articles relating to the importance of developing products/services through customer participation; the customer as a co-creator of value; co-production; and, customer dominant logic.

5.1 Customer Participation

Dong & Zhang (2015) discuss the innovation strategy of the Chinese technology company *Xiaomi Inc*, which encourages customer participation. Here, the company pro-actively involves its customers, known as 'Mi fans', both in software and hardware development processes. It is suggested that the strategy reduces research and development costs and cultivates a sense of participation and pride among users.

5.2 The Customer as a Co-Creator of Value

Vargo & Lusch (2016) argue that the customer is always a co-creator of value. Along its evolutionary path, there has been an increased recognition of the need for a crisper and more precise delineation of the underlying premises and the specification of the axioms of service dominant logic. Also, there is an absence of clearly articulated specification of the mechanisms of (often massive scale) co-ordination and co-operation involved in the co-creation of value through markets and, more broadly, in society.
To alleviate this limitation and facilitate a better understanding of co-operation (and co-ordination), an 11th foundational premise (fifth axiom) is introduced by the authors, focusing on the role of institutions (rules, norms, meanings, symbols, practices, and similar aides to collaboration) and institutional arrangements (interdependent assemblages of institutions) in systems of value co-creation – also known as service eco-systems.

5.3 Co-Production

Haumann *et al* (2015) discuss engaging customers in co-production processes to enhance value. The authors undertook a large field experiment with 803 customers engaging in actual co-production processes (for example, ready to assemble products; self-service technologies). They found that co-production intensity negatively affects customers' satisfaction with the co-production process and that firms can mitigate negative effects by employing corporate communication strategies that either emphasize specific co-production value propositions (value-enhancing communications strategies) or highlight additional co-production service supplements (intensity-reducing communications strategies).

5.4 Customer Dominant Logic

Heinonen & Kristina (2015) look at the implications of adopting customer-dominant logic (CDL) of service, focusing on how firms become involved in the customers' context. Their thinking is that the marketing perspective is dominated by customer-related aspects, instead of products, service, systems, costs or growth. It is grounded in understanding customer logic and how firms' offerings can become embedded in customers' lives/businesses.

They present five essential foundations of CDL, namely: marketing as a business perspective; customer logic as the central concept; the offering is seen through the customer lens; value is seen as formed and not created; and the prevalence of customer eco-systems.

Marketing is based on understanding how providers participate, at a profit, in customers' value formation. They suggest how firms can successfully conduct business in dynamic markets with empowered customers and stress the presence of providers in the customer ecosystem.

6. Getting Personalization Right

Getting personalization right is the fifth main theme and is an important aspect of customer management.

Chung *et al* (2016) developed and implemented an adaptive personalization system for personalizing mobile news, based on recording and analysing customers' behaviour, plus information from their social network. The system adapts the news feeds shown to the user, based on the individual's reading history and shared interests in the user's social network. They found that: repeatedly adapting to customer's observed behaviour improves personalization performance; personalizing automatically using an algorithm, results in better performance than allowing the customer to self-customize; using the customer's social network for personalization results in further improvement; and, mobile automated adaptive personalization systems that take advantage of social networks may make personalization more effective.

7. Understanding the Power of the Brand

Morrison & Humlen (2015) discuss people-powered brands and how companies can inspire consumer action. They highlight that as the impact of traditional media weakens and the value of earned media strengthens, marketers must evolve their perception of 'value' if they are to understand what matters in the connection between people and brands.

Brands have evolved beyond creating connections, to inspire deeper levels of emotional support from their audience.

Social medial and big data enable marketers to have not only a better understanding of the life interest of consumers but also of how emotion can inspire advocacy into becoming action.

Three different levels of community form as a result of the emotional engagement in a brand. They define benefits of these communities for both marketer and consumer, and the unique

characteristics that can empower shared interests to evolve from the marketed message, to becoming a transformative social movement.

8. Summary and Conclusions

This review shows a gradual move away from traditional themes such as customer relationship management and customer satisfaction towards trends such as getting the culture right and connecting better with customers.

The themes highlighted all relate to ways in which companies can enhance their engagement and interaction with customers in a changing world; a world that is constantly changing because of advances in technology and a proliferation of online communication, alongside increasingly powerful and demanding customers. Today's customers prefer to buy from companies who, not only genuinely understand their needs, but also understand how their offerings fit into their customers' lives.

Customers' expectations of companies are higher than ever before. This means that companies must organize themselves with a structure and culture that enables the delivery of products and services that tap into previously unthought-of sources of value, both for the company and for the customer.

Future research and trends highlighted in this paper are likely to be the themes that marketing will focus upon over the next decade.

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A Study of Entrepreneurial Venture of Dairy Products in Central Uttar Pradesh, India

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Abstract
A potential entrepreneur needs insight and vision in terms of the viability of the proposed project concept. Most rational decisions, taken either by existing or aspiring entrepreneurs to make a business investment, are preceded by an investigation of the feasibility of the project.
In support of this, the functions of undertaking a feasibility study include the following:
• It provides the knowledge, conviction and specific operational insights into the viability of a project, in terms of market, technical, Financial and other perspectives.
• A feasibility study provides the basis for developing the concept into a business plan and subsequent start-up.
• It allows the product/service to be tested in a practical marketplace setting without major resource commitments.
• The feasibility study document acts as a reference for support agencies, grant aiding authorities, potential partners, business associates and lending institutions, as a basis for generating interest and commitment for the proposed business.

Key Words: Entrepreneurial Development, Dairy Products, Marketing Feasibility, Financial Viability, KK Milk Fresh Ltd.

JEL classification: M10.

1. Introduction

To start a business, we need insight and vision in terms of the viability of the proposed project concept. Most rational decisions, taken either by existing or aspiring entrepreneurs to make a business investment, are preceded by an investigation of the feasibility of the project.
In support of this, the functions of undertaking a feasibility study include the following:

- It provides the knowledge, conviction and specific operational insights into the viability of a project, in terms of market, financial, technical and other perspectives.
- A feasibility study provides the basis for developing the concept into a business plan and subsequent start-up.
- It allows the product/service to be tested in a practical marketplace setting without major resource commitments.

The core elements of feasibility studies include:
Market Analysis
Involving market analysis of market conditions which affect product, nice, promotion, place (distribution) and packaging. It also examines market trends relative to past, present, and future supply and demand issues regarding the product/service, including a review of industry trends, target markets, competitors, and other industry players.
Technical Analysis
Incorporates a review of the product, manufacturing/supply process, plant location, size and layout. It also aims to determine the raw material and services supply, labor requirements, and increasingly important issues such as legislation, environmental controls, and other factors impacting on the production/supply aspect of the business.
Financial Analysis
With emphasis placed on the provision of financial statements, so that the project can be

evaluated in terms of several commercial profitability and the magnitude of finance required. It requires combining market and technical data and costing into various pro forma statements. The analyses of the feasibility of a project can be conducted at different levels of effort with respect to time, budget, and personnel, depending on the circumstances.

Prior to undertaking a feasibility study, the promoter should be aware of the needs of interested parties (development agencies, lending institutions, etc.), and therefore tailor the analysis to their particular requirements.

Objectives of Study

The present study is based on K.K. MILK FRESH Ltd. tries to achieve fallowing objectives:

- To highlight the market potential for dairy product in U.P. India
- To ascertain the financial viability of K.K MILK FRESH
- To know the market feasibility of dairy in central U.P.

Scope of Study

Uttar Pradesh is the fastest growing state in India in terms of population. If the population of U.P. is taken alone it is the sixth largest country of the world. Income level of people are rising so as the rising demand for dairy products.

A few dairy companies like, Amul, Mother Dairy and Parag, etc. functions but they do not cater the demand of the people. So in this scenario there is an urgent need to open a new dairy company which fills the rising gap between demand and supply of the dairy products, but before initiating any project a thorough financial viability and market feasibility analysis should be done, so as to find their expected/future performance.

Research Methodology

In the present study, an attempt has been made to measure; evaluate the Feasibility of Dairy Product in Central U.P. The study is based on secondary data.

Type of Research Design

This study uses both analytical & descriptive research to describe measure, analyze the feasibility of Dairy Product in Central U.P.

Sources of Data Collection

To fulfill the information need of the study. The data is collected from primary as well as secondary sources.

Research Data Collection

The present study is based on primary as well as secondary data. The primary data has been collected after the visit made by researcher at the office of Gold Rush Capital Services Pvt. Ltd and SBI Capital Markets Ltd. to analyze the market feasibility demand analysis consumption pattern and SWOT analysis of dairy product being done. Financial viability of the project has been done through sensitivity and break even analysis.

The secondary data was collected on the basis of organizational file, internet, official records, newspapers, magazines, management books and website of the company, already done research work etc.

Executive Summary

K. K. Milk Fresh India Limited (KMF) is a closely held public limited company, incorporated on 20th January 2010 to carry on the business of manufacturing and processing of milk & milk products. The company is planning to set up a milk processing plant at village Kumbhi in Ramabai Nagar district of Uttar Pradesh.

The plant will have a capacity to process 8,00,000 liters'/day milk into different products like Mozzarella Cheese, Paneer, Desi Ghee, Table Butter, White Butter, De-mineralized Whey, Whole Milk Powder, Skimmed Milk Powder, Dairy Whitener and UHT Milk.

The installed capacity for various products will be as given in the following table.

Paneer	1521 Kg/Day
Mozzarella Cheese	93 30 Kg / Day
Dairy Whitener	5000 Kg / Day
Desi Ghee	25270 Kg / Day
Table Butter	1000 Kg/Day
White Butter	4000 Kg / Day
De -mineralized Whey	7842 Kg / Day
WMP	10000 Kg/Day
SMP	24349 Kg / Day
UHT Milk	
Double Toned Milk	41200 Kg/Day
Toned Milk	41200 Kg/Day
Skimmed Milk	20600 Kg / Day

Table 1. Product Wise Installed Capacities

Project Highlights

Location for processing is suitable in terms of availability of raw milk, low cost labour, transportation etc. The proposed site is on National Highway 2 and all essential amenities required to run the plant are easily accessible. Various development activities required for the execution of project have already been completed.

2. Market Feasibility

Marketing & Sale

With the advent of better technology and penetration of organized retail in the Indian markets, the consumer demand for ethnic as well as exotic product dairy offerings is on increase. Due to increased customer awareness to quality of products and receptiveness to new products forms, the consumption of processed milk products and packaged UHT milk has been increasing. The share of organized players in dairy industry is a meager of 15%.

Being a new entrant in this segment, KMF is planning to adopt the B2B (i.e. Business to Business) strategy and hence is looking forward to have tie-up with retail chains and processed food manufacturing companies for bulk supply of company's products. The company is in preliminary discussions with companies like Amul, Mark Foods, Krebs Biochemical & Industries Limited, Gits Food Products Pvt. Ltd. etc. for the sale of the products. Further, the company is in discussions with various restaurant chains including pizza chains.

Once the company establishes itself in the B2B segment and has built a brand, it will venture into selling its products directly to the end consumer through Business to Consumer (B2C) marketing.

Product	**Target**	**Intended Use**
Skimmed Milk Powder	Food processing industries	Food processing industries -Infant food formula, Confectionary
Whole Milk Powder	Canteen Stores Department, Traders	Tea / Coffee and liquid milk Reconstitution
Dairy Whitener	Food processing industries	Food processing industries, Bakery
Paneer	Traders and direct consumers/restaurants	Cooking
Mozzarella Cheese	Food processing industries, Fast food chains/restaurants	Pizza, Burger
Dairy Whey	Traders and end users viz, baby	As a Food supplement. Energy

	food formulators, food, dietary and snack food formulators	drinks/nutritional product industry, Baby food industry, Ice creams, Bakery products, Processed meat. Calf Milk replacer, Confectionary
Ghee	Biscuit and cookies producers/companies & direct customers	Cooking
Table Butter	Hotels / Institutional Sales, Sweet makers	Spreads
White Butter	Bread and biscuits, Restaurants	Flavoring/cooking/spreading agent
UHT Miik	Food malls/ Direct customer	Human Consumption

Table 2: Target Segments for Milk Products

3. Technical Analysis

Industry Scenario

As the world's largest producer of milk for almost a decade and half, India's contribution to world production has increased from 10% (FY'98, 72 Million Ton) to 16% (FY'11, 121 Million Ton). The country has witnessed a compounded annual growth rate of 4.1% in milk production during the period which is more than two times higher than the world average of 1.35% although much below. The contribution of Dairy Industry to the Gross Domestic Product of the country currently stands at 2.65% (almost 70% of the total contribution of livestock sector). Among agricultural commodities the contribution of milk to Gross National Product is more than principal agricultural crops like wheat and rice (Source: CII, Technopak Analysis- May 2010 & NDDB Annual Report 2011, NDDB Website).

Dairying has become an important secondary source of income for millions of rural families and has assumed an important role in providing employment and income-generating opportunities. Some 70 million rural households are engaged in milk production.

Milk Production in Uttar Pradesh

Uttar Pradesh is the largest producer of milk in the country contributing to as much as 18% of the country's production since 1980's. The production of milk in the state has increased at a compounded annual growth rate of 4.2% (2001-2011) higher than the country growth rate at 3.7%. Uttar Pradesh produces more milk than New Zealand, the world's largest exporter. Details of Milk Procurement by Daires/Chilling Centers Run in Private Sector in Uttar Pradesh as on 14th Jan, 2011.

Demand

Demand factors with changing income patterns and lifestyle expenditure incurred in rural and urban areas in Dairy products is seeing a rising trend as visible from the table 3.

With the advent of better technology and penetration of organized retail in the Indian markets, the dairy industry in India has been able to bring in the ethnic as well as exotic product offerings to the markets. Due to increased customer awareness to quality of products and receptiveness to new products forms the consumption of processed milk products and packaged UHT milk has been increasing.

	Rural		Urban	
	1987-88	2009-10	1987-88	2009-10
Cereals	41.1	29.1	26.6	22.4
Pulses and product	6.3	6.9	6.0	6.6
Milk and product	13.4	16.0	16.8	19.2
Egg, fish and meat	5.2	6.5	6.4	6.6

Vegetables	8.1	11.6	9.4	10.6
Sugar	4.5	4.5	4.3	3.7
Food total	100	100	100	100

Table 3. Item-wise Share of Expenditure to Total Food Expenditure
Source: National Sample Survey, 66th round

Consumption

Today, the Indian Dairy industry stands at a mammoth size of US$ 70 billion (Source: CII Technopak Analysis). The CAGR of milk and milk products consumption in India for the 2005-2008 periods stood at 2.7% p.a. The consumption and the production patterns for the country however are very similar with almost 100% of milk produced being consumed domestically and sometimes dependence on imports for meeting the demand-supply deficit.

Consumption ('000 ton)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Butter	3360	3680	3910	4170	4325	4500
Nonfat Dry Milk (SMP)	270	310	355	390	390	480
Liquid Milk- Domestic Consumption				49140	53240	53900
Liquid Milk- Factory use Consumption				67855	68255	73100

Table 4. Consumption of Processed Milk Products

As projected under the proposed National Dairy Plan, the production of milk in the country is required to increase to 180 million ton by 2021-22 to meet the demand which will require a growth of more than 5% just to ensure zero dependence on imports.

As per a study done by National Dairy Research Institute and a corresponding Vision statement the demand for milk in India is expected to grow by 3-4% p.a. resulting in a demand of 230 million tonnes of milk approximately by 2035 suggesting an increase of 4 million tonnes per annum.

The estimates of milk supply, dairy demand and economic demand for the year 2035 as estimated by NDRI in its 6 Vision 2030' is as depicted below:

Product	**2013**	**2014**	**2015**	**2016**
Liquid Milk Consumption, '000 tonnes	54,342	57,341	59,715	62,239
Butter Consumption, '000 tonnes	4,862	5,194	5,545	5,911

Table 5. Forecasted Milk Demand 2013-2016

Import and export

Almost all the milk produced in the country is used for consumption in liquid or processed forms. Less than 0.05% of that produced is used for exports in form of various processed products. This is owing to various legislative restrictions coupled with high domestic demand. The major export destinations include United Arab Emirates, Bangladesh, Egypt, Kingdom of Saudi Arab, Nepal, Philippines, Morocco and Pakistan. (Source: APEDA Statistics)

Milk powders and baby food exports constituted around 50 percent of the total dairy exports in volume terms, followed by butter and other fats, casein, milk and cream and other processed dairy products.

Profit Margins

The PAT margin for the industry is in the range of 7%. The cost structure for the industry is detailed in the table below:

Particular	2009	2010	2011
Raw Material as % of Income	61%	62%	62%
Power & Fuel as % of Income	3%	3%	3%
Salary as % of Income	6%	6%	5%
Repair & Maintenance as % of Income	0.77%	0.72%	0.65%
Selling & Distribution as % of Income	7%	8%	8%
Other Expenses	10%	8%	8%
PBITDA Margin	12%	12%	13%
PAT Margin	6%	6%	7%

Table 6. Industry Cost Structure

Government policies

Dairy development policies are formulated by the government, both at centre (through NITI Ayog) and at state levels. Implementation is under the purview of the State Government since the Agriculture and Dairy products along with Animal husbandry are constitutionally States concern.

4. SWOT Analysis

Strengths:

- KMF has already tied up with Enterprise Emerging Market Fund B. V., a Singapore based PE investor for upfront equity investment of Rs. 61 Crore by Chapelco Holdings Limited, a wholly owned subsidiary of EEMF, in the project
- A term sheet has been executed while the Shareholding Agreement is expected to be executed shortly. The PE investment will form around 21% of the project cost.
- The promoters of KMF have experience in manufacturing and trading of dairy products. The company has appointed personnel with sufficient exposure in operation and maintenance of dairy projects.
- The project location has advantages like abundant availability of raw material (Milk) and boiler fuel (Rice husk) at low cost. In the radius of 100 KM of project site there is 12-15 Lakh litres of surplus milk, which is at present being transported to the dairies situated at Gwalior, Kosi, Aligarh and Bulandshahar, all at a distance of more than 200 KM Therefore the plant location is ideal in terms of procuring surplus milk from the vendors in the nearby area. This will save the transportation cost and will also improve the quality of milk.
- M/s Food & Beverage Engineers has been selected for Engineering, Procurement and commissioning of the plant on turnkey basis. FBE has experience in setting up of this kind of unit and has proven track record. The Clientele of FBE include Amul, Mother Dairy, Kwality Dairy among others. Technology and P&M provided by FBE will be sourced from reputed international and domestic suppliers.
- The unit will have installed capacity of 8,00,000 LPD, which will give it the benefits of the economies of scale.
- The project will be the only second dairy plant in India, after Amul to install a fully automated plant for manufacturing Paneer. This will enhance the quality and efficiency of the product and the manufacturing process significantly.
- The technology considered by the Company for manufacturing the mentioned products is widely used, latest and proven technology.
- Company has been allotted Import and Export License, Central Excise registration, UP VAT, Central Sales Tax registration, Ground water use approval, building plan approval

and is in process of receiving other approvals and clearances from the concerned government authorities.

- Promoters have already started the site leveling work after procuring the entire project land required and have infused Rs. 7.97 crore in the company as on 31st May, 2012.

Weaknesses:

- The company will procure 60% of its raw milk requirement from contractors who are currently supplying to other players like Bhole Baba group in Aligarh, Hardayal Milk Products Pvt. Ltd. etc Since these contractors are near to the project site as compared to the plants they are currently supplying to, the transportation cost for the contractors would be minimized to a large extent. The company will also be giving them monetary incentives for supplying milk to KMF.
- In the retail segment, retail consumers have brand loyalty to old established brands and it is very hard to create a brand image in the market. The Company plans to initially target institutional segment only. It would venture into retail sales once the brand name is established in the market.
- Perish ability: Milk has a lower shelf life. In absence of chilling temperature i.e. 4°C, the quality of milk deteriorates. The Company is planning to have its own chillers at 6 locations which will ensure the milk storage at 4°C and the milk will be transported to the project plant in 3-4 hrs of time. At milk handling section, the raw milk supplied at a temperature > A°C will be pasteurized by UHT technique to extend its shelf life.

Opportunities:

- Demand is expected to grow at a healthy rate primarily due to rise in consumption of fast food and westernized processed food items and a strong distribution network developed by major retail players. Dairy market is consequently growing at an annual growth rate of around 5 percent in volume terms.
- Organized players (both cooperatives and private) are presently handling only 15% of total milk production in the country, indicating that there is a wide scope for processing and manufacturing of milk products for domestic and export consumption.
- The Company can increase its product portfolio further to include value-added products like shrikhand, ice creams, khoa, flavored milk, dairy sweets etc. This will lead to a greater presence and flexibility in the market place.

Threats:

- The Indian dairy industry, following its de-licensing, has been attracting a large number of entrepreneurs. Their success in dairying is dependent on factors such as an efficient and economical procurement network, hygienic and cost-effective processing facilities. The company will have to face competition from the new capacities envisaged in the industry. Promoters have extensive business knowledge in selling dairy products and procuring raw milk. The company will also recruit professionals having good marketing and branding experience for establishing KMF's brand in the market.
- Lack of control over yield of FAT and SNF Company will be guiding Dairy farmers on modern animal husbandry practices, providing high protein content fodder to their animals etc. for better quality production of milk from milch animals.
- Governments in countries like New Zealand, Australia etc. provide huge subsidies to their dairy industries, leading to low production prices for their dairy products in the global market. To protect the Indian Dairy players, the government imposed high import duty on the imported dairy products. Following are the details of basic custom duty applicable on few products as per Tariff 2012-13 of Central Board of Excise and Custom Duty:
    - Skimmed Milk-60%
    - Whey Powder-30%, Butter, Ghee-40

5. Financial Viability

Project Cost Summary

Cost for implementation of the project has been estimated at around Rs,, 286 crore. The cost estimates are based on the Project Appraisal report submitted by Perfect Solutions, TEV Report submitted by D&B India Limited, quotes received from the proposed EPC contractor and actual expenses incurred by the company. A broad break-up of the project cost estimates is given below:

Particulars	**Amount (Rs. in Crorc)**
Land	2.21
Site Development	4.10
Building	22.72
Plant & Machinery	178.41
Misc Fixed Assets	13.60
Total Hard Cost	**221.05**
Prelim and Preoperative Expense	5.26
Contingencies	11.20
Margin Money for WC	17.39
Financing Charges	3.44
Interest during Construction	27.66
Total Soft Cost	**64.95**
Total Project Cost	**286.00**

Table 7. Summary of Project Cos

Particulars	**Amount (Rs. in Crore)**
Basic Cost	142.37
Excise Duty @ 12.36%	6.90
Import Duty @ 26.27%	22.73
CST @ 2%	1.12
Cost Inclusive of ED & CST	173.12
Insurance @ 1 %	1.73
P & F @ 2.5%o (Base cost)	3.56
Total Plant & Machinery Cost	**178.41**

Table 8. Plant and Machinery Cost

Miscellaneous Fixed Assets

Company, as well as the TEV consultant has estimated total expenditure of Rs 13.60 Crore on Miscellaneous Fixed Assets. This is 4.75% of total project cost. Summary of the same is as under:

Particulars	**Amount (Rs. in Crore)**
Electrical	3.70
Bore well & Water Storage	0.38
R&D Lab with Pilot Equipments	1.50
Collection Centre	4.21
Vehicles	3.02
Others	0.80
Total	**13.60**

Table 9. Miscellaneous Fixed Assets Cost

Contingencies

The company has estimated contingencies of Rs. 11.20 crore for the entire project. The amount has been computed at the rate of ~5% on total hard cost of the project. The company is in the process of executing EPC contract and placing orders for the entire machinery and has also commenced site development. As per the firm quote received from M/S FBE, proposed to be engaged as the LPC contractor, in case of any escalation in SS price, 50% of the increase is to be borne by the company Hence contingency has been included as project cost to cater to any increase in cost of machinery or to meet any unforeseen expenses.

Pre-Operative Expenses

As per the company and TEV consultant's estimates, total pre-operative expenses for the project are expected to be around Rs. 5.26 crore, which is around 1.84% of the project cost Details of the same are as below:

Particulars	**Amount (Rs. in crore)**
Salaries & Wages	0.36
Travelling & Conveyance	0.36
Postage, Telephone & Fax	0.05
Printing & Stationery	0.05
Misc. Administrative Expenses	1.20
Factory Start-up Expenses	0.60
Legal & Professional Charges	0.60
Total	**5.26**

Table 10. Pre-Operative Expenses

Interest during Construction & Finance Charges

The IDC cost has been estimated assuming an interest rate of 14.00% p.a. on Rupee Term Loans (RTL), The IDC of Rs, 27.66 crore has been calculated on the basis of implementation period (including trial runs) of 21 months for the financial closure (1st Oct, 2012).

The debt drawdown schedule has been made with a provision for 60% equity being brought upfront, with the balance being infused pro-rata by way of the debt. The financing charges have been estimated at Rs. 3.44 crore, which include upfront fees, arranger's fees and other financing charges.

Margin Money for Working capital

Provision of Rs. 17.39 crore has been made in the project cost for working capital margin during the first year of operations. Margin money is taken at 25% of net current assets. Assumptions for calculating work capital have been provided by the company and are as per the DPR prepared by D&B.

Item	**Holding Period (Days)**
Current Assets	
Raw Material- Milk	1
Work in progress	7
Finished Goods	
Mozeralla Cheese	2
Paneer	30
Ghee	30
Table Butter	7
White Butter	30

Demineralized Whey Powder	30
Whole Milk Powder	30
Skimmed Milk Powder	30
Dairy Whitener	7
Tonned Milk	7
Double Tonned Milk	7
Skimmed Milk	30
Consumables	30
Rice Husk	15
Packaging Material	7
Advance to Suppliers of Raw Material & Stores and Spares	0.50% of Cost .
Sundry Receivables	30
Current Liabilities	
Sundry Creditors	2
Other Current Liabilities	30

Table 11. Assumptions for Calculating Working Capital

Phasing of Expenditures

The phasing of the project cost is based on the implementation schedule submitted by the company and as per the firm quote provided by the proposed EPC contractor. The estimated year wise % phasing of cost for the project is as follows.

Year Ending March 31	**% age expenditure**
2013	57.73
2014	30.60
2015	11.67

Table 12. Phasing of Expenditure

Means of finance

The estimated project cost is proposed to be funded through a mix of Term Debt and Shareholders' Equity in the ratio of 60:40 as given below.

Particulars	**Amount (Rs. in Crore)**	**Percentage (%)**
Equity	114.00	40.00%
Debt- RTL	172.00	60.00%
Total	**286.00**	**100.00%**

Table 13. Means of Financing

Equity

Entire equity of Rs. 114 crore for the project would be infused by the promoter group lead by Dr. Chand Narian Kuchroo and a Private Equity Investor Net worth of Dr. Kuchroo was Rs. 32 crore as on 31st March, 2012.

Share Holding Agreement for the investment will be executed shortly between KMF and Chapel co Holdings Limited, incorporated and existing under the laws of the Republic of Cyprus, a wholly owned subsidiary of EEMF.

EEMF has a fund size of USD 868 Million. It has an investment portfolio of USD 855 Million as on 31st Dec, 2011. The fund was incorporated as a limited liability company on Sep 8, 1998 under the laws of Curacao. The funds objective is to provide superior returns by investing in

equity and debt obligations in emerging markets. Delta Wealth Management, LLC, established on May 19, 2005 under the laws of Delaware acts as Investment Manager.
In view of the above, the management of the company has decided to bring equity amounting to Rs. 114 crores in the following manner.

Source	**Amount (Rs. in Crore)**
Investment by EEMF	61.00
Dr. C.N. Kuchroo led Promoter Group	
From Sale of Immovable Property	35.03
Withdrawal of Equity from Group Companies	10.00
Amount already invested in KMF as on 31st May. 2012	7.97
Total	**114.00**

Table 14. Proposed Sources of Equity Infusion

Debt
K.K. Milk Fresh India Ltd. proposes to approach domestic banks and financial institutions for raising the requisite debt finance aggregating Rs. 172 crore by way of long-term rupee loans. The term loans are expected to be contracted for a door-to-door tenor of 8 years comprising a construction period (including trial runs) of 21 months (from financial closure), a repayment moratorium of 9 months from COD of the project and repayment schedule of 22 quarterly installments. Interest on Rupee Term Loan (RTL) is proposed at current effective rate 14.00% p.a. on the outstanding principal amount of the Rupee Debt.
Financial Progress
The promoters have already infused Rs. 7.97 crore till May 31, 2012, and the broad break-up of the same is as under:

Particular	**Amount (Rs. in Lakh)**
Use of Funds	226.04
Land	6037
Site Development	8.22
Misc Fixed Assets	120.67
Preliminary / Preoperative Expenses	7.75
Advances	365.98
Cash and Bank	7.97
Total	797.00
Means of Finance	
Paid-up Capital	189.50
Share Application Money	607.50
Total	797.00

Table 15. Financial Progress of the Project

Key Financial Projections
The plant is expected to commence full commercial operations from 1st July, 2014 and first full year of operations would be FY 2015-16. Financial analysis has been carried out for a base case and 20 years of project operation to ascertain the bank ability and financial attractiveness.
Sensitivity Analysis
A sensitivity analysis of the company's financial position has been carried to ascertain the robustness of its financials. Various scenarios for which the sensitivities was carried out and the results are as follows.

Scenario	Change	Average DSCR	Min. DSCR	IRR
Base Case		1.81	1.68	21.52%
Increase in Project Cost	5%	1.74	1.61	20.86%
Decrease in Sale Price	5%	1.24	1.09	16.13%
Increase in Raw Material Cost	5%	1.39	1.23	17.39%
Increase in Interest Rate	1%	1.75	1.60	21.52%
Decrease in Capacity Utilisation	5%	1.71	1.56	20.66%

Table 16. Sensitivity Analysis

Project financials are most sensitive to decrease in sales while increase in interest rates has minimal impact on DSCR. In view of the current growing demand for milk products, reduction in sales is not envisaged.

Breakeven Analysis

FY ending March, 31	2015	2016	2017	2018	2019	2020	2021
Net Sales	328	536	643	676	709	745	782
Fixed Cost	45	62	61	5 7	53	48	45
Variable Cost	267	437	524	550	578	607	637
1 Contribution	61	100	119	125	132	138	145
PV Ratio	19%	19%	19%	19%	19%	19%	19%
Fixed Cash Cost	34	48	47	4?	39	35	32
Break Even Point (BEP)	244	333	329	305	285	258	241
BEP (% of Net Sales)	74%	62%	51%	45%	40%	35%	31%
Cash BEP	185	256	253	228	208	187	170
Cash BEP (% of Net Sales)	56%	48%	39%	34%	29%	25%	22%

Table 17. Projected Break Even Analysis

Hence the company is projected to breakeven at 74% of FY-2015's projected net sales of Rs. 328 crores. Margin of safety is projected to increase over the years as fixed cost (interest on term loan) will decrease.

6. Conclusions, Findings and Suggestions

Conclusions

The current demand scenario in Dairy Industry for both liquid milk and processed products necessitates an increase of almost 5% p.a. in the production levels in the country. The changing income and lifestyle patterns especially in urban centres and increasing sophistication and receptivity to new products among consumers signals significant increase in demand for packaged milk and processed products like SMP, WMP, Whey etc. in coming years. There is thus huge untapped potential for good quality processed and packaged dairy products in the country, the supply demand gap for which needs to be filled by a larger participation from private industry.

K. K. Milk Fresh India Limited (KMF) is setting up a milk processing plant at village Kumbhi in Ramabai Nagar district of Uttar Pradesh. The plant will have an aggregate capability to process 8,00,000 litres/day milk into different products like Mozzarella Cheese, Paneer, Desi Ghee, Table Butter, White Butter, De-mineralized Whey, Whole Milk Powder, Skimmed Milk Powder, Dairy Whitener and UHT Milk.

Findings

Various development activities required for the execution of project have already been completed. A summary of the same is as under:

- KMF has already tied up with Enterprise Emerging Market Fund B. V., a Singapore based PE investor for upfront equity investment of Rs. 61 Crore by Chapelco Holdings Limited, a wholly owned subsidiary of EEMF, in the project.
- A term sheet has been executed while the Shareholding Agreement is expected to be executed shortly. The PE investment will form around 21% of the project cost.
- The Techno-Economic Viability assessment of the project has already been carried out by Dun and Bradstreet Information Services India Pvt. Ltd.
- The company has identified the project management team comprising of professionals having extensive experience in procurement, production, technical and marketing aspects of dairy industry.
- The company has already bought the entire land requirement of 40,760 Sq.m for the proposed plant at a cost of Rs. 1.601 crore and has got it duly transferred in the name of KMF.
- Company has sent an application seeking permission from NHAI to develop permanent road connectivity from NH2. Currently, the land site of the proposed project is connected to NH2 through a temporary un-metalled road.
- Site development work has started and the boundary wall construction and levelling of the land is in progress. Front boundary wall and front gate have been constructed. Temporary site office sheds have also been constructed to supervise the activities.
- Company has applied for shifting four electrical poles at the project site. Site Plan and Building designs have been prepared by M/s CEMG Engineers and Consultants Fvt. Ltd.
- M/s R.R. Builders & Developers has been selected for civil construction. M/s Foods and Biotech Engineers (India) Pvt. Ltd, an ISO 9001:2000 certified company, has been selected as the EPC contractor.
- Company has been allotted Import and Export License, Central Excise registration, UP VAT, Central Sales Tax registration, Ground water use approval, building plan approval and is in process of receiving other approvals and clearances from the concerned government authorities.
- Promoters have already infused Rs. 7.97 crore in KMF upto May 31, 2012. Location for processing is suitable in terms of availability of raw milk, low cost labor, transportation etc. The proposed site is on National Highway 2 and all essential amenities required to running the plant are easily accessible.

KMF will adopt B2B (i.e. Business to Business) strategy for marketing and sale of its milk products and will enter into tie-ups with retail chains and processed food manufacturing companies for bulk supply. The promoters have vast operational experience in the industry and have strong distribution networks.

The total project cost has been estimated at Rs. 286 crore, which is proposed to be funded with debt of Rs. 172 crore and equity of Rs. 114 crore i.e. at a debt-equity ratio of 60:40. The debt requirement of the Project is proposed to be financed through long term Rupee Term Loans (RTL) from banks & financial institutions. The company is raising private equity of Rs. 61 crore from Enterprise Emerging Markets Fund B.V. SBICAP has assessed the financial viability of the project as envisaged by the company based on the report prepared by D&B India, data provided by the company, discussions with the promoters and other market information as also through sensitivity analysis under the various scenarios.

On the basis of the assumptions underlying the cost of production and profitability estimates, the projected cash flows result in an average DSCR of 1.81 and the minimum DSCR of 1.68,

which is considered reasonable for this type of project. Estimated project IRR at 21.52% is also considered satisfactory. Based on the appraisal exercise, it may be concluded that:

- Considering KMF's projected performance, the company is expected to meet its debt service obligations towards the project;
- The overall financial, liquidity and profitability parameters of the project are considered reasonable and satisfactory.

In view of the analysis presented in this paper - subject to the risk factors, weaknesses and threats enumerated in the SWOT analysis and the impact of various scenarios as envisaged under the sensitivity analysis - the proposed 8 lakh litre/day milk processing plant of KMF at village Kumbhi, Uttar Pradesh is viewed as market wise feasible and financially viable.

Suggestions:

- As the KK Fresh Milk is in initial stage the procurement of efficient marketing staff is needed as competition is high in the operational area for the company.
- Adulteration in the milk and milk products in the operational area of KK fresh milk is already there, so there should be a strict check on the quality of the products, it will ultimately enhance the goodwill of the company.
- Working capital management should be prompt, as most of the companies tend to fail on account of mismanagement of Working capital requirement.
- Community welfare programs may be organized by KK Fresh Milk, so as to make strong bonding with the local people.
- KK Fresh Milk may play a big role in making Uttar Pradesh a leading producer of milk and milk products by supporting farmers and livestock.

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Integrated Marketing Communication Tools: Traditional vs. Modern

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Abstract
This paper proposes to provide a conceptual framework regarding integrated marketing communication tools modern versus traditional. The results of research performed offer the answer at the question: "Are the communication tools modern completely different from those traditional or the principles are the same and differ only new media platforms?". The simplest answer to this question is that probably not really matter as they are called, traditional communication tools or modern communication tools, it is very important how they can create value and efficiency in a world where predominates communications technology. The main conclusions of this study show the fact that in a global market characterized by a high dynamism and strong competition, the challenge for most companies is to identify the most effective tools through which to communicate with actual and potential customers. If initially, the concept of integrated marketing communication took into account the needs and the interests of customers, based on the premise that the integration of its components represents a value both for the customers and for the companies, today it is a certainty that the market is headed and influenced by the customers. Any integrated marketing communication plan should start with a careful analysis of the company's image, the buying behavior of the consumers and communication opportunities. The next important step consist in identification and using the tools of integrated marketing communication considered to be consistent and effective in communication activities of a company.

Keywords: integrated marketing communication, modern communication tools, traditional communication tools, customer, company.

JEL classification: M30, M31, M39

1. Introduction

Communication activity that aims to increase the pressure on the targeted audience may inevitably lead to increasing the phenomenon of irritation and hence the avoidance behavior of it, but also to the situation where traditional advertising, indiscriminate and non-personalized, it becomes much less able to attract the attention of the audience targeted. Traditional communication can influence beliefs and attitudes, but not always conducive to stimulating or influencing the demand. (De Pelsmacker, 2007)

Regarding the use of modern communication tools is necessary the answer to the following question: „Are these completely different from the traditional ones or the principles and the same, but differ only the new media platforms?" The simplest answer to this question is

probably that it doesn't matter what they are really called, traditional communication tools or modern communication tools, but it's very important how they can create value and efficiency in a world where communication technology prevails. Today, the online environment has become as important as water or oxygen - a natural condition of life.
Changes in business environment, technological innovation, diversification of consumer demands and changes in the practices of integrated marketing communication have led the organizations to improve relationships with consumers and to strive o send consistent messages to all stakeholders - consumers, employees, their partners, the state, local authorities, suppliers - using a wide range of integrated marketing communication tools - traditional or modern.

2. The main modern tools of integrated marketing communication versus the classic ones

2.1.Traditional communication tools

Advertising is defined as "any impersonal paid communication form related to an organization, product, service or an idea of an identified sponsor" (AAM, 1963). "The paid form" from this definition reflects the fact that the space or time to send an advertising message generally must be purchased. The impersonal component means that advertising involves the use of media such as television, radio, magazines, newspapers, etc., which can send a message to large groups of individuals, most often at the same time. The impersonal nature of advertising means that in general, there is no opportunity to receive immediate feedback from the message recipient (except advertising with direct response). The role of advertising as a traditional integrated marketing communication is to help increase the awareness of a product, service, brand or company. At the same time communication messages transmitted through advertising create a positive association in the minds of consumers, which may lead to their positive attitude towards a brand. Larry Percy (2008) has identified four types of advertising, such:

Type of advertising	Description
Advertising for a product, service or brand	Advertising focuses on a product, service or brand, it's targeted to individual customers and uses a wide range of communication tools.
Advertising at the point of sale	It involves two components: in-store advertising and advertising for offered products or services. Advertising at point of sale is designed to help increase awareness and create a positive attitude towards the store, product or service. Generally, are used the local communication channels.
Business to business advertising	It is directed to people within an organization whose role is to take the decision to purchase products and services offered by another company. B2B advertising aims to preserve the awareness of existence of a product or service and a positive attitude towards them in the target audience.
Corporate adversting	Its role is to promote the organization as a whole and aims to target all audiences. Also through corporate advertising is aimed to create a positive image of the company and a favorable attitude from the target audience.

Tablel 1. The main types of advertising
Source**:** Percy, 2008, p. 99

Communication tools used in advertising are numerous, complex, each with both strengths and weaknesses. A presentation of these in the vision of specialists are shown in the following table:

Communication tool	Strengths	Weaknesses
Television	Audio-visual Great impact Mass audience Demonstrations Combines image, sound and motion It addresses to the senses Captures attention	High costs Low attention Short term Low selectivity level of audience Likelihood of confusion because of advertising agglomeration
Newspapers	Rapidity Flexibility High level of credibility Appearance at the desired time Good coverage of local market Large acceptance	Costs for national coverage Not very selective Short lifetime Poor quality reproductions Low rate of transmission between readers
Magazines	High level of geographical and demographic selectivity Color Long lifetime Numerous readers Credibility and prestige High quality reproductions Significant degree of transmission between readers	Long waiting time until the coming Waste of draft There are no guarantees of positioning the advertising in the magazine content
Radio	Persistence Background music Immediacy It stimulates the imagination Mass usage Possibility of demographic and geographic criteria selection (selective targeting) Relatively low cost	Short messages Exclusively auditory presentation Low level of attention Non-standard audience structure
Outdoor advertising	High visibility Frequency Local wide coverage New technologies (laser, 3D) Flexibility High degree of repeat exposure Low competition	Production costs Limited messages The impossibility of selecting the audience Creative limitation
Internet	Involvement Information Facilitating a direct answer High degree of selectivity Relatively low cost	High maintenance costs Relatively new means of communication with low number of users in some countries
Product placement	Achieve prominent audience exposure, visibility, attention, and interest Increase brand awareness Increase consumer memory and recall of the brand or product Create instant recognition of the product/brand in the media vehicle and at the point of purchase Bring desired change in consumers' attitudes or overall evaluations of the brand Bring a change in the audiences' purchase behaviors and intent	The audience impact appears to be less direct and less immediate An apparent absence of reliable measures for assessment of the cost / benefit trade-of Lacking a proper control over the communications message The general criticism of the audience

Tablel 2. Strengths and weaknesses of communication tools used in advertising

Source: Hackley, 2005; Kotler, 2003; Williams, 2011.

- **Promoting** represents tactical traditional mean of marekting which aims to achieve short term purposes, whose effects are temporary. G. Belch și M. Belch (2003) define sales promotion as "made up of those marketing activities through which are offered incentives through which the sales force, distributors and consumers in order to increase the sales of an organization". The activities related to this communication tool are oriented in two directions: consumers and traders. The main reasons for which the organizations use sales promotions are decreasing brand loyalty and increased sensitivity to consumers about promotional offers. The main means used in sales promotions are: discounts, promotions, gifts offered to purchase a product or service, refund offers, loyalty programs, contests, coupons, etc. (Percy. 2008)
Among the objectives of sales promotion we can find the following: (a) determining consumers to try a new product or service launched on the market; (b) their loyalty to a brand; (c) encouraging repeated purchases; (d) buying certain brands to the detriment of competing brands (Hackley, 2005)

- **The personal selling**, according to specialists G.Belch and M.Belch (2003) represents "a means of personal communication through which a vendor tries to determine potential customers to an action, respectively purchasing a product or service". It involves direct contact between buyer and seller, either face to face or by telephone. This way of communication and interaction provides flexibility, allowing the seller to evaluate the potential buyer reactions and thus to improve and adapt the message sent in accordance with its specific needs.

In Larry Percy's opinion (2008), personal selling may be looked at in terms of direct contact with consumers or a link to resellers or dealers in business-to-business marketing. In fact, personal selling is often the primary (if not only) form of marketing communication for industrial marketers. In either case, the message delivered must be consistent with that of the overall marketing communication program. It will differ from most other forms of marketing communication in an IMC program because the message moves directly from the marketer to an individual member of the target audience, providing an opportunity for interaction and modification of the basic message to address specific target audience concerns.

The main advantage of private sale, in terms of marketing communication, is that it implies a two-way interaction between the salesperson and the customer. Personal selling provides an opportunity to personalizing the message for each customer, and the ability to adapt the message during client-salesperson interaction. This requires also the involvment so that the message to have a strong impact.

Donnelly (2001) considers personal sales targets as: (a) promoting a positive image of a product, service or company; (b) orientation to demand by providing information for current and potential customers, capacity of conviction and after-sales service. Long-term relationships between buyer and seller can be considered partnerships, as both sides have mutually beneficial interests, and the process of building these relationships is designed to meet the objectives mentioned above.

2.2. Modern communication tools

a. Public relations

According to Harlow (1976), public relations represent a distinct management function contributing to establish and maintain mutual lines of communication, understanding, acceptance and cooperation between an organization and its public, management of problems, to support management in regard to its continuous informing and receptivity to public opinion, in defining and enhancing management responsibilities to serve the public interest. Morley (2002) suggests that in the public relations work it should be increasingly used the phrase „think globally, act locally". So, a global thinking contributes in raising the awarness of the

importance of holding international trends, and applying them at local level can lead to increased efficiency of public relations activities with all stakeholders. According to Larry Percy (2008), some of the ways in which PR can contribute to achieving a brand's overall communication objectives is through such activities as: media relations, corporate communication, sponsorships, events, and perhaps its most important activity, publicity. Maintaining good media relations helps to ensure a more likely acceptance for things like company press releases and feature stories, but it requires an on-going nurturing of editors and journalists

The public relations activity	Description	Examples of activities
Internal communication	Communication with employees	Internal newsletters, suggestion boxes
Corporate Public Relations	Communicating organization's image as a whole and not of goods and services	Annual reports, conferences, declarations of ethics, visual identity, image
Media Relations	Communicating with journalists, experts, editors from local, national and / or international media, including newspapers, magazines, radio, TV and websites based on communication	Press releases, photo sessions, video media news, record briefings, press events
Business to business	Communicating with other organizations, such as suppliers, retailers etc.	Exhibitions, newsletters
Public interest	Communicating with opinion makers, such as local and / or national politicians, political environment monitoring	Presentations, briefings, private meetings, public speeches
Collective relations/ social responsibility	Communicating with the local community, elected representatives, managers etc.	Exhibitions, presentations, letters, meetings, sports activities and sponsorships
Investor relations	Communicating with financial organizations and / or individuals	Newsletters, briefings, events
Strategic communication	Analysis of the situation, problems and solutions related to future objectives of the organization	Research, planning and implementing campaigns to improve the organization's ethical reputation
Management aspects	Monitoring the political, social, economic and technological environment	For example, campaigning for presidency
Crisis management	Communicating clear messages in emergency situations and rapid changes	Keeps relationship with the media after major accidents on behalf of the police, hospitals or local authorities
Publications management	Supervising the processes of the printing using new technologies	Brochures, magazines, internal websites
Events, exhibitions	Organizing complex events, exhibitions	Annual conferences, press releases, exhibitions

Table 4. The main public relations activities

Source: Theaker, 2004, p. 27

- **Direct marketing** – according to Philip Kotler (2009) direct marketing lies in „interactive connection of an organization to its target audience in order to obtain an immediate, measureable direct response and with a view to developing long-term relationships". It is defined as "a communication tool through which organizations communicate directly with the target audience in order to generate an immediate response from them" (Percy, 2008). The tools

used in direct marketing (figure 1) play a very important role in the programms of integrated communication marketing oriented through both final consumer and other organizations (business to business market).

According to Baker (2003), the success of direct marketing campaigns is ensured by the contribution of the following variables: the interaction, targeting, control and continuity. Interaction includes those stimuli that marketing specialists use them in order to get a response from the target audience. Targeting involves answering the question: „Of who is the target audience made up of which the message is intended and what communication tools will be used for sending it? ". Control refers to direct marketing campaign management and includes setting targets, strategic and operational planning, determining the budget and evaluation of results. Continuity implies organization efforts regarding customer retention, sales of other products except those requested by them and a better communication to meet consumption needs in superior conditions.

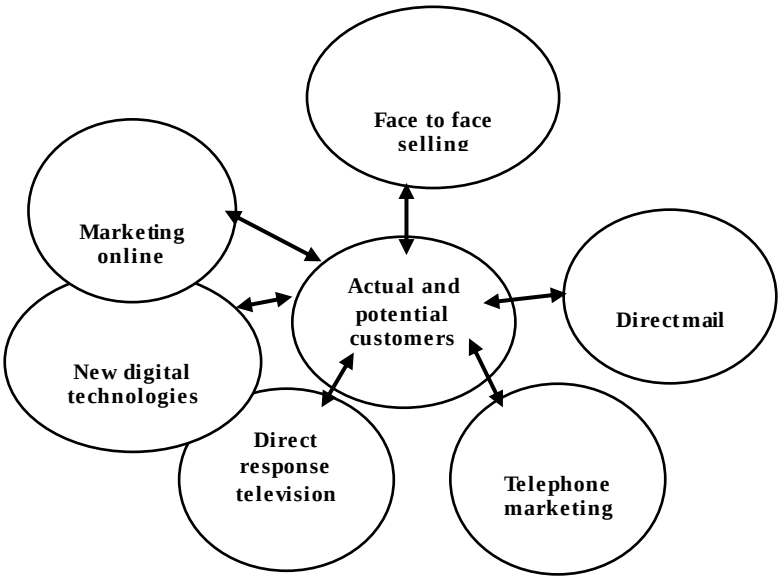

Figure 1. The main direct marketing tools
Source: Kotler, 2009, p. 555

- **Online marketing** is the most dynamic and revolutionary communication tool. Changes in recent years in an organization's communication activities were driven by technological development and the evolution of interactive communication methods. According to Belch and Belch, (2003), the internet is actually an environment in which in can be used all other communication tools such as advertising, sales promotion, direct marketing, public relations, personal selling. Because of it interactive nature, the online environment is an effective means of communication with current and potential customers and many organizations recognize its advantages and constantly develops communication strategies which integrate them into integrated marketing communication programs.

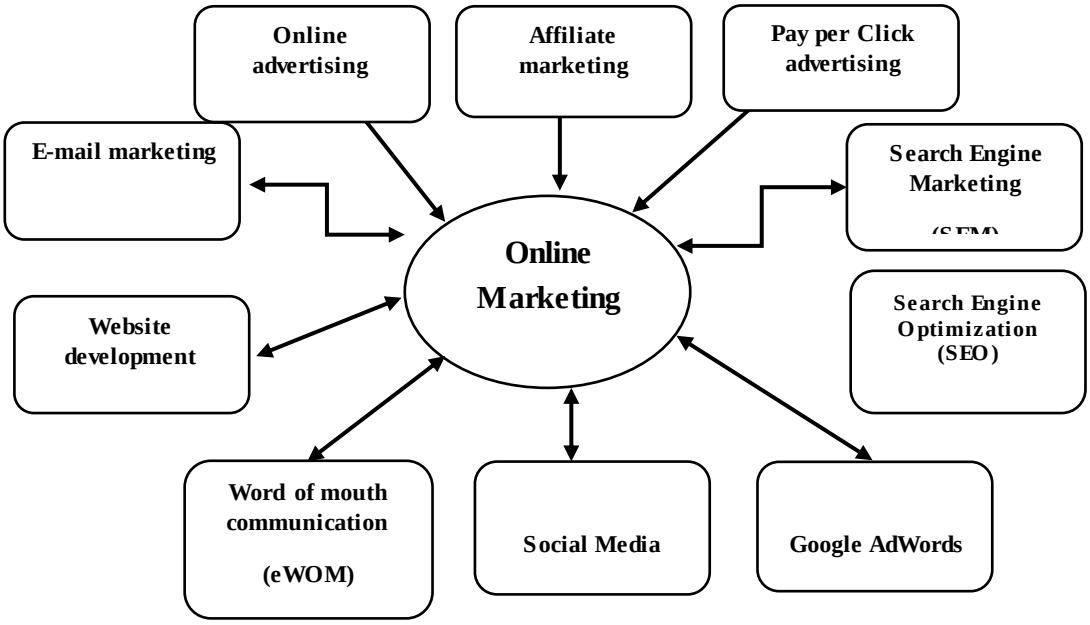

Figure 2. The main online marketing tools
Source: Adapted after Stokes, 2008

E-mail marketing is an instrument used for building relationships with current and potential customers, using the internet as a platform to provide communication messages to a well-defined target audience. According to Stokes, (2008), used effectively, the e-mail marketing can bring the highest rate of return on investment (ROI) of all other online marketing tools. This implies a low cost per contact, is highly targeted, customized to a wide audience and completely measurable.

Website development is an online marketing tool which involves designing an attractive and interesting site in order to offer users a variety of information. Websites should be designed in order to build relationships of trust between a company and its customers, collecting feedback from them, direct sales of products and / or services, promoting deals and creating superior value for determining repeated visits (Kotler, 2009)

„Word of mouth" communication (eWOM) is, in general, defined as the "informal communication among consumers about products and services" of a company. This can vary from occasional interpersonal conversations to promoting actively a brand among other potential consumers. Today, „word of mouth" communication can be conducted on various platforms such as discussion forums, web sites, newsgroups or expression of opinion consumer platforms. This online communication tool is regarded as "any positive or negative statement sent to a potential customer, effective or not, even a former client about a product or company by a lot of people and institutions via the internet. Regardless of the form in which „word of mouth" communication is transmitted in the online environment, it can play an important role in terms of influencing consumer purchasing behavior. (Feng & Papatla 2011)

Social media leverages online communication tools that are designed to promote information sharing and conversation and that will ultimately lead to an engagement with current and potential customers. Social media enjoys a marketing strategy that involves distributing valuable content, relevant and compelling and that promotes a certain type of behavior that can influence the activity of an organization. Effectiveness of social media consists in compiling a content strategy that contributes to positioning products, services and / or trademarks by

disseminating provocative content, informative and useful for users. (Pullizi, 2013).
Online advertising includes ads through search engines, ads placed in e-mails and other ways of advertising on the interent. Its main objectives are to inform consumers, stimulate their consumption needs, increase awareness and recognition of a product, service, brand or company and, most importantly to increase sales (Stokes, 2008).
Search Engine Optimization (SEO) is the technical process of making or redrafting web pages and earn quality links from other sites in the effort to gain a top position on the search engine or list of important addresses (Meerman, 2010). Search Engine Marketing (SEM) is a tool of paid advertising using search engines such as Google, Yahoo!, Microsoft Live etc. Every day, millions of users around the world use search engines to find content in the form of internal informationt (Stokes, 2008).
Google AdWords has become a major communication tool because of its ability to reach a well-defined target audience and to encourage dialogue with current and potential customers. Given that increasingly more consumers spend a lot of time in the online environment, organizations have begun to focus their efforts towards this environment of communication. The main means of communication used in online advertising are ads as text, known as the Search and / or in the form of banners called advertising through Display.
Pay per click advertising (PPC) requires that an advertiser to pay for each click received for an ad both as text and as banners. This type of advertising is based on keywords which means that a user can enter a search term as a single word or a phrase form. In this regard, organizations make up a list of keywords used in online campaigns to promote a product, service, brand, event or even a company (Stokes, 2008).
Affiliate marketing s based on two groups, namely publishers (affiliates) - those that display online advertisements, such as blogs, websites, mobile applications, online purchasing platforms etc., and advertisers (merchants) - those who are willing to pay a fee to bring traffic to their sites and whose purpose is to increase sales of a product or service (Szendiuch and Ebert, 2013).

- **Mobile marketing**

The Mobile Marketing Association (2005) in the UK has defined mobile marketing as: ”The use of the mobile medium as the communications and entertainment channel between a brand and an end user”. Mobile marketing is the only personal channel enabling spontaneous, direct, interactive and/or target communications, any time, any place (Percy, 2008).
Mobile marketing is a subject which is granted interest and importance increasingly higher today. Worldwide marketing specialists direct increasingly more marketing budgets on activities in the mobile environment. This is largely due to the fact that organizations are looking for ways to get better results, due to investments in marketing activities carried out (Return on investment) and rapid adaptation to changes occurring in the environment communication (Leppäniemi and Karjaluoto, **2008**).
Using mobile phones in the new millennium has seen a huge expansion. Advertising on mobile devices has become an important aspect in the efforts of communication undertaken by organizations, given the fact that messages can be targeted sent to a specific definite audience, time and exposure moment can be controlled, feedback from customers is fast etc. Communication messages transmitted both in the online and offline environment, in particular through outdoor advertising, can be taken successfully by using them in the mobile environment. In addition, there is a potential for a better monitoring of exposing the messages, building a database of customer information, identify their preferences for certain brands of products and / or services etc. (Percy, 2008).

3. Model of integrated marketing communication in the automotive field

In figure 3 is presented a model of integrated marketing communication used within BRIT Motor AG company.

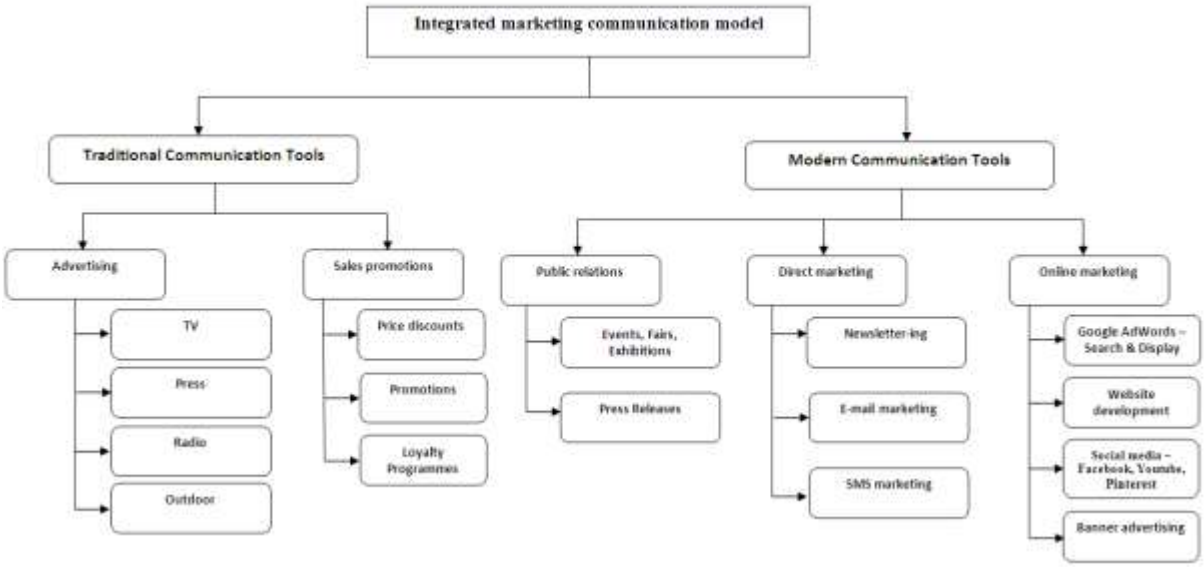

Figure 3. Model of integrated marketing communication used within BRIT Motor AG Company, Jaguar Land Rover Official Dealer

Source: BRIT Motor AG, 2016

BRIT Motor AG Company started using online marketing in 2010 because this communication tool was still a "niche", first at website development level and Social Media. Today, BRIT Motor AG is the most active player of his market in the online environment, investing significant budgets in communication and innovation in this area.

BRIT Motor AG, Jaguar Land Rover Official Dealer in Piteşti, uses all integrated marketing communication activities. Although it mainly uses modern tools of communication, BRIT Motor AG successfully integrates also the traditional communication tools. The results obtained due to investments made in their six years of activity have contributed to the achievement of a number of marketing and communication objectives, such as raising awareness, strengthening the image in the market for both BRIT Motor AG Company as for the brands owned in the portfolio - Jaguar and Land Rover, attracting new consumer segments, increasing market share, sales volume, profit.

Managerial implications

Many companies today are using some or all of the above new media to develop targeted campaigns that reach specific segments and engage their customers to a much greater extent than traditional media have. The new media are clearly valuable additions to the set of media that marketers have used for many years. Their abilities to engage customers through interactivity and communicate with targeted segments deliver benefits that the traditional media cannot (Winer, 2008).

Changes in communication technology and instant access to information through tools such as the Internet explain one of the reasons why integrated marketing communications have become so important. Many consumers and business professionals seek information and connect with other people and businesses from their computers and phones. The work and social environments are changing, with more people having virtual offices and texting on their cell phones or communicating through social media such as Facebook. Text messaging, Internet,

cell phones, blogs - the way we communicate continues to change the way companies are doing business and reaching their customers. As a result, organizations have realized they need to change their promotional strategies as well to reach specific audiences (Tanner and Raymond, 2010).

New media has changed the interface between consumers and organisations. Most importantly there has been a shift in power between the media and the consumer, with consumer generated media turning consumers into content creators. Consumers now expect greater control over what, when, where and how they are exposed to corporate communications, blurring traditional boundaries between public and private, producers and consumers. Shifting power relations have not only changed consumer expectations, but also have changed purchasing decision making and the way that business is transacted (Higgs and Polonsky, 2007).

Conclusions

In today's competitive environment, the organizations must constantly communicate with the current and potential stakeholders, provide products and/or quality services, establish attractive prices and facilitate the access of the customers at these. Integrated marketing communication is the focus of all these activities, given the fact that the perceptions and the attitudes of the consumer towards products and/or services may be influenced by the communicational messages sent by an organization.If initially, the concept of integrated marketing communication took into account the needs and the interests of consumers, based on the premise that the integration of its components represents a value both for the consumers and for the companies, today it is a certainty that the market is headed and influenced by the consumer.

Currently, consumers engage as many sources of information, and the value of integrated marketing communication has increased considerably. Highly well targeted, the integrated marketing communication campaigns are based on the strengths of the existing communication tools, to favorably influence the behavior of target audience. Conceiving a message and selecting the most effective traditional and modern tools of communication, represent important steps in terms of creating and maintaining consumer preferences for a product / brand or company.

Most of today's businesses are achieved through modern communication tools that are designed to connect people and businesses. The online environment has fundamentally changed consumer notions about comfort, speed, price, product and services information. The result is a new way to create value for customers and build long-term and profitable relationships with them.

One of the key indicators of modern communication tools development is the growth of the number of internet users. This aspect demonstrate the importance of internet nowadays and necessity for companies to be present on this certain market – the online market.

Also, modern communication tools, such as public relations, direct marketing, online marketing and mobile marketing, offers an enormous amount of possibilities for companies. It is an evolving world which is why constant development of strategies is necessary. Every company should have at least one marketing department which is responsible for the company's online presence. It has to be conformed to the environment and updated as often as possible to reach the maximum of customer loyalty also in the continuous developing online world.

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Automated Marketing and the Need to Revise Traditional Practices

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Abstract

The development of Internet technologies, of communication and distribution models in the last decade has contributed for the favourable change in companies' business environment and the purchasing conditions for consumers. The changed understanding of distribution and the configuration of channels defined as a factor for market success has set forth the need to apply flexible marketing and real-time marketing in order to achieve target efficiency on the level of market, segment, channel, object and subject.
There are several challenging areas of marketing which can be solved through its automation: management of capacities, increasing the efficiency of marketing communications, overcoming information asymmetry, relevant price setting and management of inventories. Companies invest in designing technologies, software and platforms for automated marketing by striving to facilitate and speed up marketing processes not only on company level but on the level of channel configurations, B2B, B2C and C2C as well. Moving traditional marketing practices to e-environment is not always possible and it does not always achieve success. It is necessary to maintain a balance between the use of new technologies for production, distribution, communication and price setting. Designing and applying innovations for one of these elements only is not enough to achieve long-term market success. Dynamic market changes and offering on behalf of consumers make companies face the issue of the hierarchy of decisions and authorizing managers to make real-time changes. An alternative for companies is to shift part of the processes and activities to automated marketing. The other alternative for them is to give more freedom to their staff and stimulate real-time creative marketing through relevant motivation and organization of positions. It is certain, though, that the speed, scope and control favour the first alternative which will continue to develop in various spheres of economic and social life.

Keywords: automated marketing, marketing automation fields, real-time marketing.

JEL classification: M31.

1. Introduction

The increased market competition over the past two decades calls for a revision of marketing activities and their organization. There are several conditions that necessitate a change in traditional marketing. First, there is the development and widespread application of new technologies in business and public life, which set a new speed for decisions and processes. Second, the variety of risks related to businesses and the marketing of products and services, which require adequate responses, including in the management of capacities.
Third, the change in consumer behaviour and the relative resistance to traditional marketing tools forcing companies to innovate and diversify. Fourth, the increased importance of consumer to business marketing, meaning that companies need to be prepared for a special kind of demand in which the offer is designed by consumers. Fifth, the emerging role of the speed of business processes in the generation of positives for companies and consumers and the increased need for flexible real-time marketing.
Furthermore, the expediency of marketing budgets and the effectiveness of investments in traditional marketing have been questioned over the past two decades: a discussion prompting numerous searches for solutions based on marketing innovation. One opinion is that strategies addressing the high cost of marketing have focused primarily on efforts to improve efficiency through reducing costs (Weber, J., 2002), which causes additional expectation for increased effectiveness of marketing activities. The methodology for determining the return on

investment for marketing has been improved (Duboff, R., 2007).

2. Review of literature on automated marketing

Already in 1960, certain then-current aspects of automation and its relevance to marketing were discussed (Head, G., 1960). During that decade the research of possibilities for marketing automation was focused primarily on distribution and logistics (Table 1). In 1998, the question of the transition from decision support to marketing decision automation became topical, and was the starting point for the improvement of marketing practices in that direction in the following decades (Table 1).

Authors	Aspects and characteristics of automated marketing
Head, G. (1960)	The author presents the then-current aspects of automation and the possibilities for its application.
Goeldner, Ch. (1962)	The author explores automation in marketing, including in the field of distribution. He highlights several important forms: automatic stores, vending machines, electronic data processing, and automatic warehousing. Of interest is the author's view that at higher levels the impact of automation is greater than at the level of retailers and therefore "automation at the retail level will come slowly".
Jones, K. (1998)	The author argues that before the launch of the WEB automated marketing was not possible.
Bucklin, R., Lehmann, D. and Little, J. (1998)	The focus of their study is the possibility for an increasing proportion of marketing decision-making to be automated. There is a tendency for a transition from decision support to marketing decision automation.
Lamont, J. (2015)	According to the author, "marketing automation is one of the fastest growing sectors in the software industry", increasing at a rate of 60 percent per year with market penetration still only 3 to 15 percent.

Table 1. Automated marketing in literature

In conclusion, automated marketing can be presented as part of marketing which is designed and developed on the basis of new technologies, encompassing and bounding the decisions about elements of the marketing mix on operational, tactical and strategic level and contributes for increasing the speed and efficiency of the marketing processes.

3. Arguments in favour of the use of automated marketing

Automated marketing has been gaining momentum over the past decade. Investments in innovative marketing technologies and applications and their spreading among businesses and consumers have contributed to the increased interest in its use.

Automated marketing is an opportunity for companies to take advantage of innovations in order to achieve growth through designed development. Consumers can also benefit from the automated marketing used by companies, in terms of the positive effect on their awareness, decisions, general expenses, benefits from the consumption of the product and other positive transfer effects.

The arguments for the use of automated marketing by companies may be classified into five groups (Table 2). Each of these groups includes specific motives that drive companies to seek solutions for their business in the use of automated marketing.

The arguments for the implementation of automated marketing in business and public life will become increasingly stronger. The practices of companies using B2B and B2C automated marketing tools and the results achieved will contribute to the transfer of experience to different fields of modern marketing, including the marketing of ideas, cities, people, communities, etc.

Arguments in favour of the use of automated marketing	Characteristics
Effective use of the potential of the latest technologies for marketing purposes and increased marketing effectiveness	Touches upon the potential of flexible marketing (Danchiu, V., 2013) with smart solutions in offering, preparing and delivering. Specific aspects of the use of high technology marketing and its contribution to sustainability are discussed (Lim, W., 2015). Modern trends in marketing education (Hanover Research, 2014) and marketing education based on advanced technologies (Green, T., 2015) are presented. Increasing the marketing effectiveness of B2B markets using marketing automation platforms (Digital Marketing Depot, 2015).
Search for ways to overcome the subjective factor in marketing decisions	There is recognition of opportunities for model-based automation of market decisions (Leeflang, P., Wittink, D., 2000). Dealing with the problem of the hierarchy of decisions and authorizing managers to make real-time changes.
Reducing the marketing costs and increasing the effectiveness of the various marketing activities	According to Phuong Nguyen, director of advertising at eBay, "Making an inefficient market more efficient is at the core of why people should embrace the notion of automation (Chahal, M., 2016).
Replacing traditional with automated marketing, due to a necessity arising from the nature of the business/problem	In marketing literature there are discussions on the need for more flexible marketing (Danciu, V., 2013) and addressing customers' immediate personal needs (Aquino, J., 2013). Special attention is paid to automated marketing research (Lee, Th. and Bradlow, E., 2011)
Increasing the competitiveness of the company in relation to direct competitors	The influence of competitive pressure on innovative creativity of companies is the subject of several studies (Sultan, M., Ismail, T., 2015). Increasing competitiveness by increasing the speed of business processes, including that of transactions, will be a priority for companies over the next decade.

Table 2. Arguments in favour of the use of automated marketing by companies

The possibility to predict and counteract the increasing risks to companies and consumers arising from the emerging economic and political crisis in a situation of market turmoil also speak for the implementation of individual elements or comprehensive solutions of automated marketing.

4. Fields of marketing automation

The literature on the subject explores different fields of marketing automation. One field is that of marketing automation of B2B markets, another is B2C markets (including Cloud-Based B2C Marketing Automation Platforms). Silverpop (2012) examines core aspects of marketing automation, including: Email, landing pages and data collection scoring and routing, programs and campaign automation data management and integration and reporting and analytics. Based on the traditional structure of marketing and specific processes, the following main fields of marketing automation can be outlined (Table 3).

Fields	Characteristics
Offering	Automation of the offering process through modern technologies and applications. The automation can be viewed in two aspects: designing an offer and targeting the offer to a particular cluster of consumers or an individual consumer. Offering can be organized in two directions: B2C and C2B, with focus on the possibility of improving the information symmetry between market participants.
Product innovations	Promoting the integration into idea generation platforms of automated processes such as voting in favour of a given idea, registering consumer interest and donating funds for its realization. Automation of the product design process with consumer participation. This is especially important for products that can be produced from

	different ingredients (such as food, clothing, etc.) and 3D printing technologies.
Pricing	Automated pricing, modeled by and contingent on a number of conditions: specificity of the product, variations in demand, quantity, quality in time, cyclicity, environment, etc. Automated pricing is aimed at achieving a higher average price and maximizing the revenue. Special attention is paid to dynamic pricing strategies (DiMicco, J., Greenwald, A. and Maes, P., 2001)
Automated distribution	Use of new technologies and applications to achieve a targeted and highly effective distribution, functionally covering all distribution channels.
Automated promotion of products, services, offers, etc.	Advertising and sales promotion in real time, with a high degree of flexibility and difference from traditional formats. The automation of marketing processes related to sales promotion will improve consumer participation and trust in the mechanisms and principles of the campaigns.
CRM	Automation of processes within CRM would contribute to higher reliability, increased trust and usability of information on companies and their customers.

Table 3. Main fields of marketing automation

In terms of marketing, automated offering can be viewed in two ways. The first aspect is the automated design of an offer aimed at a particular customer or group of customers. The decisions here concern the determining of the parameters of the product/service, product policies, pricing conditions, etc. The possibility to use accumulated information on the individual consumer or the cluster of consumers in the automated design of the offer is an indisputable advantage for companies and their customers. For companies, the leading motives for automated offering are achieving adequacy, dynamization of the offer in time, reporting the changes in the key parameters of the environment and overcoming subjectivism (reducing the likelihood of unequal treatment of customers, shifting the centers of importance and intentional disadvantaging of companies). The second aspect of automated offering is the process of communicating the offer, its targeting. Targeted offering to consumers through the use of specialized software generates a number of benefits for the consumers themselves. The offer received by the consumer is designed according to the consumer's profile, current status, purchasing capacity and other circumstances. Both aspects are very important, especially in terms of speed: the speed of designing the offer and of channeling it to consumers.

Marketing automation in the field of product improvement will develop at a rapid pace. There are several arguments for this:

- Increased importance of open platforms for idea generation and implementation;
- Increased influence of marketing carried out by the consumers themselves, including the impact on the product and product policies;
- C2C integration in all processes of product development.

The automation of pricing in response to the many variables of the marketing environment will be a challenge over the next decade. At present, the models used in practice have a limited number of variables, but in the future we can expect the addition of new variables with a critical impact on the price and market performance of the company. The question is which products/services will be the most affected by the dynamic pricing. The current practice gives grounds to place these into the following groups:

- High-tech products for which consumers are willing to pay different prices;
- Products with a shortened life cycle;
- Perishable products;
- Products associated with a risk;
- Products with large cost differences depending on the utilization of manufacturing and distribution capacity;
- Products with a large variation in the search parameters (quantity, colour, model, size, etc.);

- Products with a multicomponent pricing model, etc.

Among the priorities of automated pricing in the coming years will be revenue maximization through achieving a maximum average price, profit maximization, decreasing illiquid stocks and scrapped goods.

Some analysts (PWC, 2013) pay special attention to the need of improving the overall management of pricing in companies, and examine the processes, organization, technology and data analytics. Automation in pricing will affect not only the online offering, but also the conventional distribution, where problems related to subjectivity and authorization in pricing decisions are strongly pronounced.

Automation in the area of distribution leads to significant changes in distribution processes and solutions. It will most certainly be beneficial to consumers, by offering them the right product, through multiple points of access under reasonable conditions. Moreover, marketing automation will contribute to the linking of the production and the distribution processes, which in turn will lead to a reduced risk for companies and consumers.

Distribution channels with an option for product design by the consumer will be a priority for companies which will be relying on flexible real-time marketing. The availability of new automation technologies under the conditions of multichannel distribution determines their widespread penetration and usage in various fields of business and public life.

The automation affecting the elements of the promotional mix has a very high potential. Advertising and sales promotion are among the most actively automated elements. The motives of companies range from seeking a greater and faster effect to reducing the cost of advertising and sales promotion. There is an improvement of the models used, expressed in the addition of new features and the inclusion of links to other elements of the marketing mix and the conditions and circumstances of purchasing decisions.

The customer relationships management (CRM) solutions are also subject to automation. Several important aspects are of interest in this regard. The first is the automation of marketing research, including for the purpose of CRM, which is crucial for the system maintenance and automation. The second aspect is related to the identification of the tools, mechanisms and circumstances to implement the specific activity. It is essential to enable the consumers of the company's products and services to develop and improve and thus utilize the favourable transfer effects on consumption, purchases, yields and profits. Sharing the profits with consumers is essential for the retaining of existing consumers and the attracting of new ones.

These aspects should not be considered separately, but as a whole, thus enabling companies to execute a balanced implementation in their business and achieve a high level of marketing automation tailored to the business and environmental conditions. There are several key variables that will affect business operations under conditions of marketing automation. First, the speed of decision making and the speed of processes. Second, the utilization of the capacity of companies and the achievement of a balance between production and distribution capacity. Third, marketing dynamization which will contribute to generating and maintaining interest in the company's offers. The fourth variable characterizes the sensitivity and adaptability of marketing to consumer demand and its taking into account the consumer attitude in the design of offers. The fifth variable is the willingness of a company to service customers (existing, new, registered, etc.), which includes not only the marketing aspect, but also the legal, accounting, etc. aspects.

5. Conditions and opportunities for marketing automation from the perspective of companies

An important condition for marketing automation is the use of modern technologies by companies and households. The sustained growth in the use of modern technologies in both

segments is an essential prerequisite for the implementation of marketing automation in B2B and B2C.

With a view to identify the opportunities for the implementation of marketing automation in Bulgarian companies, a qualitative research was conducted by means of in-depth individual interviews with the managers of 12 companies differing in size and scope of business (the survey was carried out between 01.06.2016 and 10.06.2016). The companies were selected based on the following characteristics: size, field of operation, experience on online markets and customer type. The research attempted to cover managers who represent the diversity of business entities in Bulgaria (Table 4).

Characteristics	**Classification of respondents according to the characteristics of the company they manage**		
Company size	Small	Medium-size	Large
	8	3	1
Field of operation	Manufacturing	Wholesale and retail	Services
	3	5	4
Experience on online markets	1-5 years	6-10 years	Over 10 years
	2	4	6
Type of customers	Business	Consumers	Business and consumers
	2	3	7

Table 4. Characteristics of the companies whose managers were interviewed

The purpose of the interview guide of the research was to establish how informed the managers were about the nature of automated marketing and its capabilities; their intentions to make use of these capabilities in the future and the availability of trained specialists.

Variables	**Results**
Awareness of companies managers of the nature of automated marketing	The majority of companies' managers have shown awareness of the nature of automated marketing. In their responses they point out the need for change in the marketing activities of their companies. A quarter of the respondents have shown very high awareness, including of the main fields of marketing automation, and partial awareness of available software for its implementation. The same number of managers do not have any information about marketing automation, but nevertheless show interest in it. The managers' awareness comes from two sources: their personal interest and search for relevant information, and their experience as customers of companies that already use automated marketing tools.
Capabilities of the automated marketing	Half of the interviewed managers named specific opportunities for the application of marketing automation in the specific business area. One-sixth of the respondents believe that marketing solutions are in general subject to full automation and companies should take advantage of this opportunity. The remaining managers speculated on the capabilities of automated marketing but did not specify them. Among the above-mentioned opportunities of automated marketing are: "consumers are always informed through using various channels and points", "achieving more flexible marketing", " gathering and using information more efficiently", "encompassing a broader circle of consumers" and "stimulating consumers differentially according to their profile".
Plans for the implementation of automated marketing	A third of the managers would implement partial modules for marketing automation, with highest priority given to automated offering, advertising, pricing and CRM. Among the most cited reasons for such implementation are „the lower marketing costs", „increased competitiveness and adaptation of the company to the changing consumer behavior".
Availability of trained specialists	The prevalent part of managers think the number of well-trained specialists is insufficient, and there is lack of accessible training to facilitate the faster implementation of automated marketing in their business (meaning the specific field in which they work).

Table 5. Summary of responses to basic research questions

The results of the qualitative reach on the possibilities for implementation of automated marketing in companies in Bulgaria are encouraging (Table 5). The awareness of the majority of managers is a good starting point for further search for specific information about available solutions and the possibility to adapt these to the relevant business.

6. Conclusion

As a result of the literature review and the qualitative research, the following conclusions can be drawn:

- The implementation of automated marketing modules will be in the focus of companies in the coming years.
- The interest in specialized software tailored to the specifics of the particular business will increase.
- Companies will have to revisit the links between the departments that use automated marketing and the linking of individual automated functions.
- High priority will be given to the updating of the education in marketing, in pace with new technologies and business expectations. Essential for the preparation of specialists will be hybrid courses ensuring equal attention to education in marketing, information/communication technology and programming.

The environmental aspect in the arguments for marketing automation will become increasingly emphasized, in parallel with the search for paths to sustainable development of companies and compliance with the rules of marketing ethics. Marketing automation can be also seen as a prerequisite for the development of equal value business by small and medium enterprises which have ventured investments in high technology.

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Innovative models for generating ideas in a high-tech environment

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Abstract
In our rapidly changing world businesses and societies are faced with new challenges and opportunities. Innovations help companies develop continuously, adapt to changes in market conditions and initiate such changes themselves.
The new wave of technologies leads to the emergence of open innovations. These are a prerequisite for a change in the interaction between companies and consumers where cooperation is the new source of innovation. Interactive communication allows businesses to learn much faster the opinion of their customers, to encourage their cooperation and to provoke them to generate new ideas. This helps in responding appropriately both to changing market conditions and to crisis situations.
This paper focuses on innovative models for generating ideas for new products. These models are the result of the development of modern society and the achievements in the field of technology. The approach of using platforms to develop products and ideas is an important success factor in many markets. Thanks to this approach companies are able to create new and differentiated products more effectively thus meeting the needs and expectations of consumers. The present article is funded under Project №182/2016.

Keywords: innovations, ideas, technology, new product, idea generation.

JEL classification: M31.

1. Introduction

Technological development leads to large-scale dissemination of information, ideas and public opinion; the ways to create products, services and new business models are constantly improving. Innovations are becoming a crucial part of the development of companies, which in turn seek to analyze consumer preferences and technology trends (Solis, 2016). The modern economy is gradually transforming itself from an industrial based economy to one based on knowledge and information. Digital economy (Accenture, 2016a) is in rapid development, accounting for 22 percent of the global economy in 2015, compared to the 15 percent in 2005. The forecasts are that this trend will persist and the digital economy's share will reach 25 percent by 2020. It should be noted that the success of technology depends on people. This is one of the main reasons for studying and analyzing in detail the behavior and needs of customers, in order to create and develop products for which there exists demand.
A decisive factor in the era of knowledge is the ability of companies to develop their corporate culture, not only to apply and use correctly new technologies, but also to adopt the concepts of new business strategies brought by these technologies. Along with this, the Internet changes the manner and the means by which businesses carry out their marketing activities, such as market research, market segmentation, identifying target markets, positioning, increasing the level of customer satisfaction, promotion and marketing of the product. The concept of electronic marketing (Chaffey, 2009) has come to life, which can be defined as achieving marketing goals by applying digital technologies. Electronic marketing creates different forms of communication between businesses and consumers, resulting in the emergence of models that stimulate product innovation in a new way.
At the core of any innovation are ideas. An idea may be defined as a utility or a benefit obtained through a suitable form or technology. New products, technologies and combinations of

different sets of desirable benefits can be generated from different sources. Sources that generate ideas are different in nature and there are many classifications describing them. This paper examines the basic division into internal and external sources of ideas.

The main sources of innovation ideas within companies are the R&D departments, the people dealing with marketing and sales, and the workers directly involved in production activities. The traditional R&D departments are of primary importance in generating ideas for new products, in beneficial and effective cooperation with the remaining potential sources of innovation (Baldwin, Hanel, 2003).

Most companies use as their main source of innovative ideas the collective creativity of the employees, by creating opportunities for internal innovation (Terwiesch, Ulrich, 2009). The generation of new ideas by employees in the company needs to be managed. This means setting goals to collect a certain number of proposals for new products during a certain period, and announcing the number of ideas realized, in order to sustain the interest of company employees. Gathering lots of new ideas depends on the existence of an innovation-friendly environment in the company. This is one of the reasons why the new systems include processes providing opportunity to engage more people in the process of collaboration (Bergendahl, Magnusson, 2015). These new approaches allow employees to generate ideas while communicating with each other within networking systems (Schulze, Hoegl, 2008; Björk, Magnusson, 2009).

Recent highlights in the development of the open innovation concept (Chesbrough, 2005) concern the potential of sources of ideas external to the organization, which can provide information to be used in the employees' creative process. Open innovations (Open Innovation Community, 2016) use targeted inflows and outflows of knowledge to accelerate internal innovation process. This paradigm assumes that companies can and should use a combination of internal and external sources of ideas in their innovation policy. Companies can commercialize their internal ideas and generate value for the organization. The literature in the field of ideas generation points out the major advantages and benefits of socialization and the use of employees (see, e.g., Schulze, Hoegl, 2008) to generate ideas together with the external actors.

External sources of ideas may include sources from the scientific field, the technological sphere and the market. Contacts with universities are one of the possible sources of ideas for new products or services coming from the scientific field. Scientific developments often have business potential, which is one reason why many companies practice various forms of cooperation with universities. The sources within the technological sphere include inventors, professionals in various fields of engineering and technology, personnel in research and development departments. The main sources coming from the market are the current and future consumers and customers of the company who exercise the greatest influence on innovation, both in mass consumption products and industrial products. This is why the management of the innovation process includes great attention to research of consumer needs. In some cases, consumers themselves are the initiators of innovation. Identifying customer needs is essential in the development of successful product innovations. Customers can provide valuable information related to the marketing of products. It is necessary to integrate the activities of R&D and Marketing departments, in order to avoid the risk of developing products for which there is little or no demand (Hill, Jones, 2009).

Many companies today are oriented towards the development of active approaches to generating and developing new innovative ideas, which in recent years include the formation of concepts (see, e.g., Björk, Boccardelli, Magnusson, 2010). Companies develop new systems and processes to maintain and manage active creative initiatives and encourage a continuous stream of new and valuable ideas that can be turned into innovations (Bergendahl, Magnusson, 2015).

The Internet allows increased collaboration in the generation of ideas (Brabham, 2011, Corrocher, 2011). Companies have the opportunity to improve their innovation processes by using instruments available on the Internet, on whose basis open innovation web-based platforms (OIPs) are built. Open innovation web-based platforms are a new instrument for the aggregation and integration of various participants (consumers and businesses) in an innovation community (Battistella, Nonino, 2012). This is a general term used to describe open source software based platforms for various forms of cooperation (Bonaccorsi, Rossi, 2004; Hars, Ou, 2002).

These new approaches are based on information technologies and use IT-based systems that enable more effective and efficient management of ideas (Sandström, Björk, 2010). A key feature of many of these systems is that they use digital communication to improve opportunities for collaboration in the innovation processes.

The business model (Accenture, 2016b) of using these IT platforms opens up new avenues for company growth. This technology-driven business model is based on platforms that create value. The main advantages of using this model include:

- Network effect/ bilateral market - created when two groups of actors (typically manufacturers and consumers) generate a network of value for each other. This includes exchange and cooperation stimulating demand and allowing economies of scale.
- Natural distribution of strengths - refers to platforms providing scale, allowing others to generate profits by avoiding diminishing returns characteristic of the traditional (linear) model of value in the supply chain.
- Asymmetric growth and competition – based on the fluctuation of demand, it refers to complementary markets, which are often subsidized or free for consumers. Asymmetric competition exists when two companies face different market opportunities with very different approaches and means.

It has been suggested that although leading companies from all industries know that business in our interconnected world has become too complex to afford complacency, the issues are particularly clear in the information technology industry. It should be pointed out that there, platform leaders (companies that drive industrywide innovation for an evolving system of separately developed pieces of technology) are navigating more frequent challenges from wannabes (companies that want to be platform leaders) and complementors (companies that make ancillary products that expand the platform's market). Thus, the information shows that to put their organizations in the best competitive position, managers need to master two tricks; coordinating internal units that play one or more of those roles and interacting effectively with outsiders playing those roles (Cusumano, Gawer, 2002).

In conclusion it can be stated that platform leaders need to have a vision that extends beyond their current business operations and the technical specifications of one product or one component. The ecosystem can be greater than the sum of its parts if companies follow a leader and create new futures together. On the other hand complementors need to understand the vision of the platform leader in their industry and make some bets on what that vision means for their own future. But it is the platform leaders, with the decisions they make, that have the most influence over the degree and kind of innovations that complementary producers create. Platform leadership and complementary innovation by outside companies are not things that happen spontaneously in an industry. Managers with vision make them happen (Cusumano, Gawer, 2002).

2. Analysis of platforms for innovative ideas generation

In recent years, more and more companies have realized the potential of using their employees, customers, partners and stakeholders as a source of information to be used for innovation. Open

innovation platforms are instruments used by companies to accelerate the innovation process. On these platforms different groups of stakeholders have the opportunity to collaborate with companies through suggestions and ideas for new products, and new concepts and trends meeting the needs of organizations (Battistell, Nonino, 2012).

Open innovation platforms are aimed at improving innovation activity in terms of creating new products and services by making the good ideas a reality. In essence, these platforms are software products that can be integrated in the various business systems used by companies, or function independently as part of the general corporate system of companies. The platforms make use of the achievements of technology and are an intelligent tool for interactive communication between various sources of innovative ideas.

Idea generation models in the digital space are rapidly developing in current market conditions. A number of examples of models in the different categories can be named. This paper focuses specifically on successful examples of platforms for generation of ideas by employees and customers. An analysis of two groups of innovation platforms has been made, where the differentiation criterion is the type of source of ideas. Models are basically divided into the two groups listed in Figure 1.

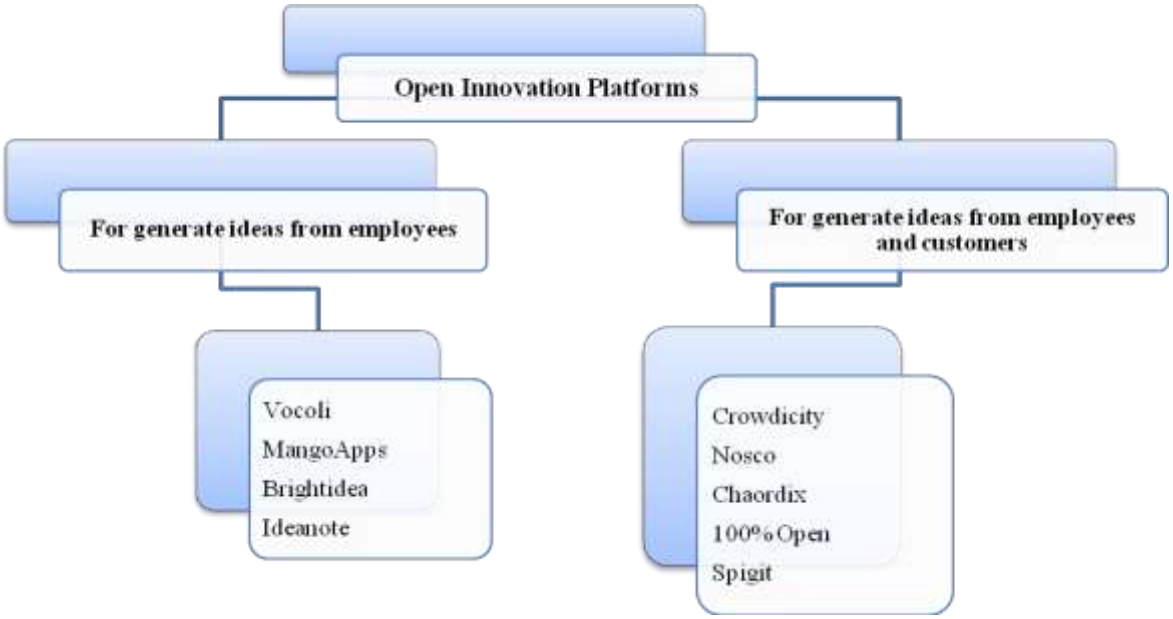

Figure 1. Classification of the Open Innovation Platforms

3. Platforms for ideas generation by employees

The first group includes platforms that are used to generate ideas by employees within the internal organizational structure of companies. In recent years one of the most discussed trends in human resources has involved the results of a study by Gallup on the American workplace, showing that only 13% of all employees (worldwide) are committed to their work. This is because most people prefer to gain greater satisfaction from their work along with their salary (Gallup, 2013).

The analysis of models for generating ideas by employees examines the underlying characteristics and concepts. The main principles of each of the models studied have been outlined, and a comparative analysis of their components has been made (see Table 1).

The Vocoli platform is built on the principle of organizing the process of generating and developing ideas aimed at engaging the employees (Vocoli, 2016). The platform integrates into different business systems. The purpose of the platform is a better internal communication in organizations. Vocoli is a flexible platform for support of initiatives and continuous improvement of business processes. It offers different modules that include a wide range of innovation stimulating elements. The platform provides detailed analyses and reports which can be used by companies to identify problem areas in their operations and move in the direction of their innovative development.

The next model, MangoApps, is a platform that integrates the tasks of employees in order to optimize their workflows (MangoApps, 2016). MangoApps Team Collaboration has the following features:

- Project work follow-up from start to finish and task management, where responsibilities are clearly allocated
- Secure file sharing within the system
- Opportunity for employees to ask questions, share ideas and vote for them
- Enhancing employee engagement in the organization using an integrated module
- Collaboration anytime and anywhere through mobile applications

MangoApps has implemented an employee recognition system within the organizational communication flow. This enhances the motivation to participate in the platform.

Brightidea is a platform that allows managing everything in one place, from engaging employees in the innovation activities of the company to monitoring the effectiveness of internal business processes. Brightidea is characterized by flexibility and possibility for individual configuration depending on the individual decisions of various companies (Brightidea, 2016).

Ideanote is an easy to use platform for collecting, sorting and selecting ideas within the company (Ideanote, 2016). Users, who in this case are employees, can follow the ideas shared, evaluate them and easily get feedback in the process of innovation. When users contribute with ideas, these are rated by award of points. Ideas with the highest rating will potentially be developed. Ideanote is a platform optimized for all devices and browsers, which makes it very flexible.

Table 1. Basic elements of the Open Innovation Platforms for ideas generation by employees

Basic elements of the platform	**Open Innovation Platform**			
	Vocoli	**MangoApps**	**Brightidea**	**Ideanote**
Cloud	✓	✓	✓	✓
Idea submission to launch	✓	✓	✓	✓
Share ideas	✓	✓	✓	✓
Groups	✓	✓	✓	✓
Rich Employee Profiles	X	✓	X	X
Employee Blog Posts	✓	✓	X	X
Question & Answers	✓	✓	✓	✓
Enterprise Social Network	✓	✓	✓	✓
Idea Campaign Management	✓	✓	X	X
Gamification	✓	✓	✓	✓
Recognition	✓	✓	✓	✓
File Sharing	✓	✓	✓	✓
Analysis and Reporting	✓	✓	✓	✓
Enterprise Social Network	✓	✓	✓	✓
Integrations with Business Systems	✓	✓	✓	✓
Mobile	✓	✓	✓	✓

As a result of the analysis of platforms for generating ideas from employees, the following principles can be derived:

- provide a place where employees can share their ideas
- promote the process of generating ideas from employees for the purpose of collaboration
- enable employees to become part of the innovative development of the company

The first principle is the foundation on which the concepts of the examined platforms are built. The aim here is collaboration. Employees need to understand how their ideas can contribute to the success of the organization. This means that must to believe in their common goal and values, but also receive support from their managers when working on new ideas that have potential for development. The second basic principle is based on motivation. Employees' engagement must be motivated through awards and recognition. This should be voluntary, without pressure from management. Transparency and honesty are the key to creating a culture of innovation. Employees must be confident that they can share their knowledge and ideas in a constructive communication with their managers. Using collaborative platforms is a useful tool to generate ideas that would otherwise go unnoticed.

There are certain differences between the platforms in terms of functionality, which is due to the use of different component modules. Using campaigns to encourage the development of an idea strengthens the processes of collaboration.

The joint efforts of management and employees help shorten the time to explore an idea and proceed with its next stage development by experts. This creates a single network of communicative cooperation between employees, managers and executives, which improves productivity across the organization. This is a most favourable environment which allows ideas to become reality.

4. Platforms for ideas generation by employees and consumers

The second group of platforms aims at generating ideas by consumers in conjunction with the company's employees. These platforms are based on the collaboration between the organization's internal sources of product innovation, involving consumers to this process. Organizations today are able to adopt various approaches to interactive communication with consumers. Creative thinking allows the generation of new ideas or taking innovative approaches to certain issues. The stimulation of human creativity leads to a desire for self-realization and free sharing of thoughts and ideas. The above platforms provide free access to organizations and consumers. They can observe the operations or get involved as participants by submitting, posting, sharing and evaluating ideas. Opportunity is provided for contact with different audiences and implementation of joint activities: project development, participation in creative teams, and realization of socially useful ideas.

The first example of a successful practice in this field to be reviewed is Crowdicity (Crowdicity, 2015). This is software for intelligent organizations managing the idea generation processes from both internal sources and sources outside the organization. It integrates the joint efforts and forms of collaboration between employees, partners and customers, whose experience can help organizations towards greater efficiency and efficacy of open innovations. Crowdicity is based on the concept of cooperation and sharing. This is done through interactive communication. Consumers can submit ideas supported by images, documents or videos. Ideas can be discussed in two ways: in universal cooperation with the entire community, or just within a specific group or team. The platform uses an evaluation system in the form of voting. Consumers cannot vote for their own ideas and they can vote only once for a given idea. The system also monitors and prevents unauthorized voting and commenting.

Nosco is a social platform for ideas. Similar to the models reviewed hitherto, it is based on sharing of ideas, commenting and voting for ideas that appeal. Social innovations are implemented through increased collaboration, communication and knowledge sharing. Nosco allows administrators to easily allocate workflows. The platform utilizes a full set of indicators based on real data, for analysis in real time. Nosco allows the effective management of thousands of people and ideas. The platform falls into the category combining internal and external sources of ideas (Nosco, 2016).

The open innovation platform Chaordix provides various opportunities for cooperation. Participants are granted access to a dynamic flow of information, enabling them to track the operations and activity within the community (Chaordix, 2016).

The next platform under review, 100% Open, is designed to be used as a toolkit for developing successful open innovations. It includes a strategy for cooperation and building successful business models and strong partnerships. Using 100% Open improves communication between different groups of employees and customer communities (The 100%Open Innovation Toolkit, 2014).

The Spigit model engages the internal and external audiences of a company, who have an interest in its activities and are sources of innovation (Spigit, 2016). Spigit is crowdsourcing software used to develop the innovation process, generate revolutionary ideas, reduce costs and involve employees, partners and customers in common innovation initiatives. The Spigit platform uses sophisticated analyses and algorithms that help to identify the best ideas. Through the joint efforts of different audiences companies collect outstanding ideas, some of which can be marketed successfully, and thus improve the performance of organizations. This in turn improves the competitive advantages of an organization.

Table 2. Basic element of the Open Innovation Platforms for generate ideas from employees and customers

Basic elements of the platform	**Open Innovation Platform**				
	Crowdicity	**Nosco**	**Chaordix**	**100% Open**	**Spigit**
Cloud	✓	X	X	X	X
Idea submission to launch	✓	✓	✓	✓	✓
Share ideas	✓	✓	✓	✓	✓
Groups	✓	✓	✓	✓	✓
Collaboration between employees and customers	✓	✓	✓	✓	✓
Enterprise Social Network	✓	✓	✓	✓	✓
Idea storms	✓	✓	✓	X	X
Evaluate ideas	✓	✓	✓	✓	✓
File Sharing	✓	✓	✓	✓	✓
Analysis and Reporting	✓	✓	✓	✓	✓
Enterprise Social Network	✓	✓	✓	✓	✓
Idea Campaign Management	✓	✓	X	X	✓
Integrations with Business Systems	✓	✓	✓	✓	✓
Mobile	✓	✓	✓	✓	✓

The basic elements of the platforms reviewed are listed in Table 2. In summary it can be concluded that the second group of models build on the concept of collaboration involving consumers in the process. Thus, companies can generate ideas for their products and services

directly from their customers and incite customers to take interest in the business operations. The idea generation platforms of the second group offer companies:

- integrated collaboration between employees and consumers within the innovation policy of the company
- implementation of an established structure of modules which cover the entire cycle of idea generation: posting, sharing, comments, realization.
- an established method of voting for ideas
- module for preparation of analyses
- Access to platforms anytime and from anywhere

It should be pointed out that as a channel for realization of ideas the platforms have the potential for further development. They are implemented successfully in different fields and are characterized by increasingly strong and stable positions in terms of consumer use. The platforms are distinguished by their ability to provoke the interest of consumers and make them partial to what is happening in them. The dissemination and implementation of good ideas requires a wide audience where they can be heard and understood. In this regard, given the advantages of the idea generation platforms, it is appropriate to use them also as a channel to generate ideas for the benefit of society.

Some authors offer an innovative approach to communication also at the regional level, through platforms where citizens can get involved in the process of generating, classifying and evaluating ideas that could contribute to the future development of a region. According to these authors the advantages of implementing such platforms are the following: possibility of active expression of opinion; generation of a wide variety of ideas; possibility to select ideas with a lower realization cost; participation of people of different ethnic backgrounds; employing the potential of students and teachers in the region; active participation of people in the realization of their own ideas; activation of the snowball effect in communication; possibility to archive the information used in the management of the region; and creating an interactive space for discussion between local authorities and citizens (Tonkova, 2015).

This analysis of platforms for generation of innovative ideas rests on research observations based on secondary information. The results derived can be used as a basis for additional marketing research employing marketing tools aimed at specifically targeted business organizations that make use of the various forms of idea gathering for their business operations. This would complement the present study with relevant primary data allowing a further development of the analysis and providing additional information about the studied models.

Conclusion

Contemporary companies have large possibilities to act on a global scale thanks to the Internet and the development of new digital technologies. The high-tech conceptual models examined above support the operations of businesses and create a favourable environment for development. They can be used as a foundation on which new models for improving the idea exchange processes can be created. Development of new innovative products is essential for most companies, in terms of maintaining a competitive advantage and a future revenue growth. Fresh ideas often mean that the products and services of a company will stand out on the market. Important for the development of innovations are the accumulation of knowledge and the development of creatively thinking human resources with new skills to transfer knowledge through technology and easier access to content.

The sharing of ideas and data in real time, accomplished with the help of the platforms reviewed in this paper, allows consumers to take advantage of social and business networks of employees, partners, suppliers and all stakeholders for the purpose of sharing and finding the

right ideas at the right time. The new idea generation platforms used by a company are aimed at stimulating creativity and innovation both internally within the company teams, and externally, among consumers.

All this in turn leads to changes in economic development; however, attention should be paid to both the positive contributions and the threats that lie in the introduction of innovations such as platforms for sharing ideas, products, services, and for joint use and management of value chains in an electronic format.

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Identifying Information Asymmetry Practices in the Business-to-End-Consumer Market in Bulgaria

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Abstract
Under the contemporary conditions of high technological business environment, information is a valuable factor for the development and success of companies and markets. Many scientists used to regard information as an incoming factor, but there exists inconsistency between incoming and outgoing company information. This inconsistency results in information asymmetry in the business relationship on the goods market. The existence of information asymmetry in the sellers-buyers relationship is a precondition for a multitude of financial and moral risks concerning all parties involved in the market transactions. The purpose of this paper is to identify different practices of information asymmetry on the Bulgarian goods market and to present the advantages of improving B2C relationships via reducing information asymmetry.

Keywords: information asymmetry, goods market, B2C relationship, information asymmetry practices.

JEL classification: M31.

1. Introduction
In marketing "information" is seen on one hand as a key resource and an essential factor for the development of businesses and markets. On the other hand, it is seen as a factor strongly influencing consumer decisions. A number of authors in the field of marketing regard information as an essential part of customer relationships and a strategic instrument for companies (Berkowitz, et al., 1989). In this regard, the information about the product provided to end consumers and the information placed on the product itself have a strong impact. Information is an important marketing tool that influences consumer decisions by having an impact on expectations, intentions, circumstantial characteristics of purchase and so on (Tonkova, 2015). Consumers seek certain basic information about product features, quality, price, reputation of the companies, and so forth. They seek such information in order to reduce possible risk associated with the transaction (Burnett, 2008). Oswald, the DMA's vice president of advocacy (DMA, 2016), explains the importance of marketing information in a paper published in December 2015. Oswald expresses the opinion that the flow of consumer marketing information is essential for the global economy, as it helps create valuable products and services to improve productivity and efficiency and promote economic growth (Klie, 2015). Based on this we can say that B2C (Business-to-Customer) relationships play an important role in the life and development of any society. The relationship between these two groups: business and end consumers, and the trade of goods and services determine its significance for both market participants and society and the economy as a whole.
Perils of information asymmetry are vastly prevalent in market interactions these days (Jamil and Hasnu, 2013). Over the past two decades there have been an increasing number of discussions on the so-called "Information problem", which has to do with the gathering and dissemination of complete, accurate and up-to-date information towards consumers. This provokes the researchers' interest in studying the theoretical construct of Information Asymmetry, its repercussions and the advantages of reducing it.
Information asymmetry refers to a social situation where information is known to some, but not all, participants in the system (Mascarenhas, Kesavan and Michael, 2013). This paper seeks

to identify the existing forms of information asymmetry in the offering of consumer products on the Bulgarian market. This would allow the study of the different asymmetry practices on the Bulgarian consumer goods market on the basis of secondary databases, thereby providing guidance for future primary research.

2. Information asymmetry in general economic theory

With the advent of information economic theory in 1970, the idea was spread that it was possible that market participants might be accessing different information. General economic theory examines the theoretical construct Information Asymmetry or Asymmetric Information as a situation where one party to a transaction has more or better information than the other (Marshall and Marshall, 1879). It is presumed that the seller has more information than the buyer but situations where the buyer is better informed than the seller are also possible. Information asymmetry may occur in information signals on the market that are either related to prices or not, directly associated with the theory of rational expectations (Grossman, 1981). A basic stand in the theory of rational expectations is that balanced prices reflect the tastes and the initial wealth of retailers, but also information and expectations that they attach to the market under conditions of uncertainty. It follows that the balance is a result of the feedback provided by the price-related signals of the market.

The problems resulting from the existence of asymmetric information in the market were dealt with for the first time in the 1870's and are better known as moral hazard and adverse selection. **Moral hazard** occurs in situations where one party to the transaction takes hidden actions that infringe the interests of the other party. **Adverse selection** occurs when one party to a transaction is unable to provide access to information necessary for the completion of the transaction, and the other party is not able to procure this information on its own (Marshall and Marshall, 1879).

Over the years, many authors have studied the problems of information asymmetry. Among them are the prominent economists and founders of information economic theory Akerlof, Stiglitz and Spence. Their works, aimed at studying the functioning of markets marked by information asymmetry, were given recognition through the award of the Nobel Prize for Economics in 2001 (Nobel Prize, 2001).

Akerlof has put forward his theory dealing with the possibility of entering into contracts for lower quality products in cases where sellers have more information about product quality than buyers. He proved his theory by analyzing the functioning of used car markets in terms of information asymmetry. Akerlof stresses that on those markets the average price of the goods tends to fall, even in the case of very high quality goods. His analyses find application in both developed and developing economies (Akerlof, 1970). Spence continues what was initiated by Akerlof, studying the functioning of markets affected by asymmetric information. The difference lies in the focus of his research, which is on the quality of the labour market (Barkley, 2010). Stiglitz' research interests are related to the problem of gathering, analyzing and disseminating information and making decisions based on incomplete information (NobelPrize, 2001).

General economic interpretations related to the study and analysis of the functioning of markets in terms of information asymmetry enable a more complete and thorough understanding of the essence of and the problems arising from asymmetric information.

3. Information asymmetry in marketing

Information as a factor for achieving market success and increased consumer satisfaction is of interest to researchers in the field of marketing. This interest is caused by increased uncertainty and risks to market participants under the influence of asymmetric information creating false

expectations of end consumers. Asymmetric information can even lead to a deal failure. Such a situation never occurs when both business and end consumers are informed (Courtois and Subervie, 2015). Information failures occur when market participants work with inaccurate, incomplete, unverified or incomprehensible information, leading to potentially "wrong" choices (Riley, 2013). The key to effectively communicate with consumers is explained by Burnett as follows (Burnett, 2008):

- The quality of the communication process is closely dependent on the quality of the information itself, i.e. the mechanism for collecting, storing, analyzing, and disseminating relevant information about customers, competitors, the environment, and so forth, is essential;
- Communication is a two way process, and in order to be effective, marketing communications should allow direct feedback whereby consumers are free to express their desires, satisfactions, complaints, and disappointments about the product, the price, the message, or the way it is distributed.

One of the problems of information asymmetry, the adverse selection, has to do with hidden characteristics of the goods, i.e. situations where sellers have more information about the attributes of goods than they share with buyers in the buying process. Two of the examples discussed in theory and practice are taken from the used car market, or *The market for "Lemons*" (Akerlof, 1970) and the insurance services market, where information asymmetry prevents the entering into mutually beneficial transactions (Mankiw, 2015). Speaking about mutually beneficial transactions, it is worth mentioning that the cases considered by the Commission for the Protection of Consumers in Bulgaria can be perceived as a true manifestation of adverse selection, as some of them have to do with hidden characteristics of the products, which also give grounds for and pose a risk of making a potentially bad choices, and/or disadvantageous transactions.

In the process of market transactions, buyers and sellers have different information about the characteristics of the goods. Christozov and Mateev offer a practical approach for assessing information asymmetry and the role of guarantees in the communication relationships between market participants. According to them, information asymmetry is an inherent feature of any communication process and often results in misunderstandings or destruction of trust between buyers and sellers (Christozov and Mateev, 2005). From the position of marketing, the research of information asymmetry is associated with studying the correlations between information asymmetry and product valuation (Afzal, Roland and Al-Squri, 2008) and/or customer satisfaction (Grover, 2015).

The examined correlation between Information Asymmetry and Product Valuation confirms the existence of a significant difference between the valuations made by consumers having symmetric and asymmetric information on a product. It has been proven that consumers who have been given symmetrical information value the products higher, as opposed to consumers with asymmetric information who tend to undervalue the products (Afzal, Roland and Al-Squri, 2008). This finding gives grounds to argue that information asymmetry is a market failure that affects the way consumers evaluate the quality of products and services existing on the market. Going back to the analyses made by Akerlof, information asymmetry has a two-way effect associated precisely with product valuation and the trend of lowering the average value of goods, even those with very high quality. This two-way effect is expressed in the risk of a similar evaluation of products with high and low quality, which gives rise to a conflict of interest: undervaluation of quality products, while lower quality products are evaluated at real value or even evaluated higher compared to their actual level of quality. An example here can be the used car market, where sellers have complete information on product characteristics, while buyers are familiar only with those product characteristics on which they have been given

information, all of which lead to increased risk of making potentially bad choices (Akerlof, 1970).

Under the conditions of information asymmetry the high costs are not necessarily an indicator of quality. One of the main reasons for the high cost and low quality of products is the high level of asymmetric information (Mascarenhas, Kesavan and Bernacchi, 2013).

Based on what has been said in the context of the science of marketing, the issue discussed here, namely information asymmetry, affects the relationships between market participants and the risks they take when closing deals, signing contracts or making other market transactions.

4. Methodology for identifying the practices of information asymmetry in the business-to-consumer market in Bulgaria

The term "methodology" comes from Greek (methodos and logos) meaning "the way of study". Methodology is a system of principles and methods for organizing, conducting and analyzing a practical activity (Oxford Dictionaries, 2016).

The methodology for identifying the practices of information asymmetry in the B2C market in Bulgaria is based on a survey of secondary data from external sources. The data used to identify existing forms of information asymmetry are part of the official annual reports of the Commission for Consumer Protection (CCP). The CCP is a specialized state authority enforcing the legislation on consumer protection in Bulgaria. It carries out activities related to effective market supervision, termination of unfair trade practices, increasing consumer awareness, etc. by implementing national and European policies on consumer protection (Anon., 2016).

The reason to use precisely this source was the reliability of data provided by the Commission, which directly reflect the existing information asymmetry in the communication between companies and end consumers, as these data are based on the submitted, and subsequently satisfied, consumer complaints arising from the practices of information asymmetry at issue. The information discussed by the CCP is related to the risk: on one hand, the risk facing consumers when making purchasing decisions, on the other hand the risk for companies who violate the law in the name of their commercial purposes and suffer sanctions imposed by the competent authorities, which may have a direct or indirect adverse effect on their subsequent activities, market position, consumer trust, etc. The official, freely accessible annual reports cover the period 2011 – 2015, which period has been taken as a timeframe where the main forms of information asymmetry in the offering of consumer goods have been identified and grouped. After a detailed examination of the specifics of cases handled by the CCP, a grouping of the various practices was made based on the form of information asymmetry. Each case selected from within the abovementioned timeframe was examined using the method of content analysis. The methodology of content analysis has been developing since the early 1920s in such areas of scientific inquiry as political science, psychology and communications (Vitouladiti, 2014). It is one of numerous research methods used to analyze text data. The goal of content analysis is “to provide knowledge and understanding of the phenomenon under study” (Downe-Wamboldt, 1992). In this article, content analysis is defined as a research method for the subjective interpretation of the content of text data through the systematic classification process of identifying the main forms of information asymmetry (Mayring, 2014). Content analysis is used because of its strengths. Below some of the key strengths of this method are listed (Vitouladiti, 2014):

Strengths of content analysis:

- Useful for analyzing archival material;
- Can be applied to examine any written document, as well as pictures, videos, and situations;

- Widely used and understood;
- Establishing reliability is easy and straightforward.

The case studies are grouped into five forms depending on the characteristics and specifics of their manifestations (Figure 1).

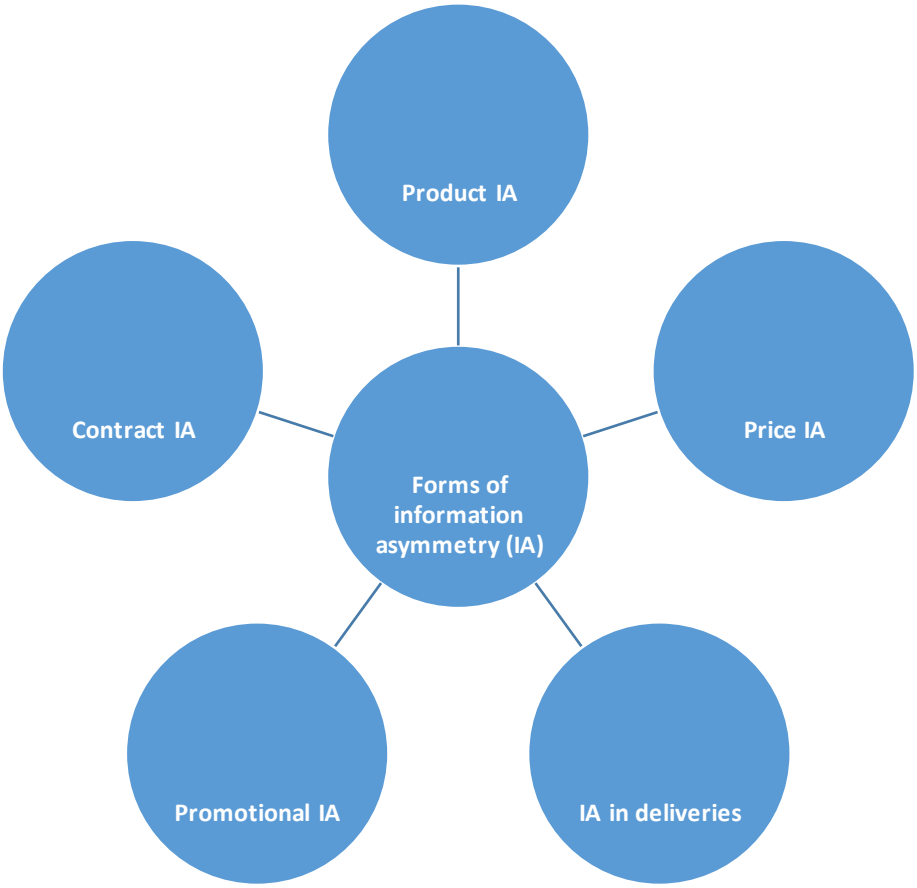

Figure 1. Forms of information asymmetry (IA) identified as a result of the present study

Each form of information asymmetry reflects the coercive administrative measures imposed by the CCP in cases of incomplete or misleading information.

Based on the detailed examination of all cases freely available in the official records of the CCP and their grouping according to the manner of manifestation of information asymmetry, the number of cases belonging to each of the forms is given here below. The purpose of this type of quantification is to determine the priority of implementation of appropriate measures to reduce the information asymmetry according to incidence.

5. Results and discussion

Within the main study, certain specific data and cases from the period 2011 – 2015 published on the homepage of the CCP have been examined. The selected case studies and qualitative and quantitative data concern the provision of asymmetric information about goods offered on the Bulgarian market.

The forms of information asymmetry in the offering of goods have been derived after a comprehensive review of the complaints submitted to and the compulsory administrative measures imposed by the CCP, in respect of the various practices observed on the Bulgarian consumer goods market in the period 2011-2015. The characterization of the forms of information asymmetry given here takes into account the information elements that gave rise

to the cases filed with the CCP, i.e. those where there is information asymmetry between the parties in the process of purchase.

In the period 2011 – 2015 the CCP has issued 3,383 orders for imposing compulsory administrative measures, of which approximately 15% relate to cases where some form of information asymmetry has been identified. Figure 2 shows the change in the number of orders issued for imposing compulsory administrative measures due to some form of information asymmetry relative to the total number of orders issued for imposing compulsory administrative measures in the period 2011-2015.

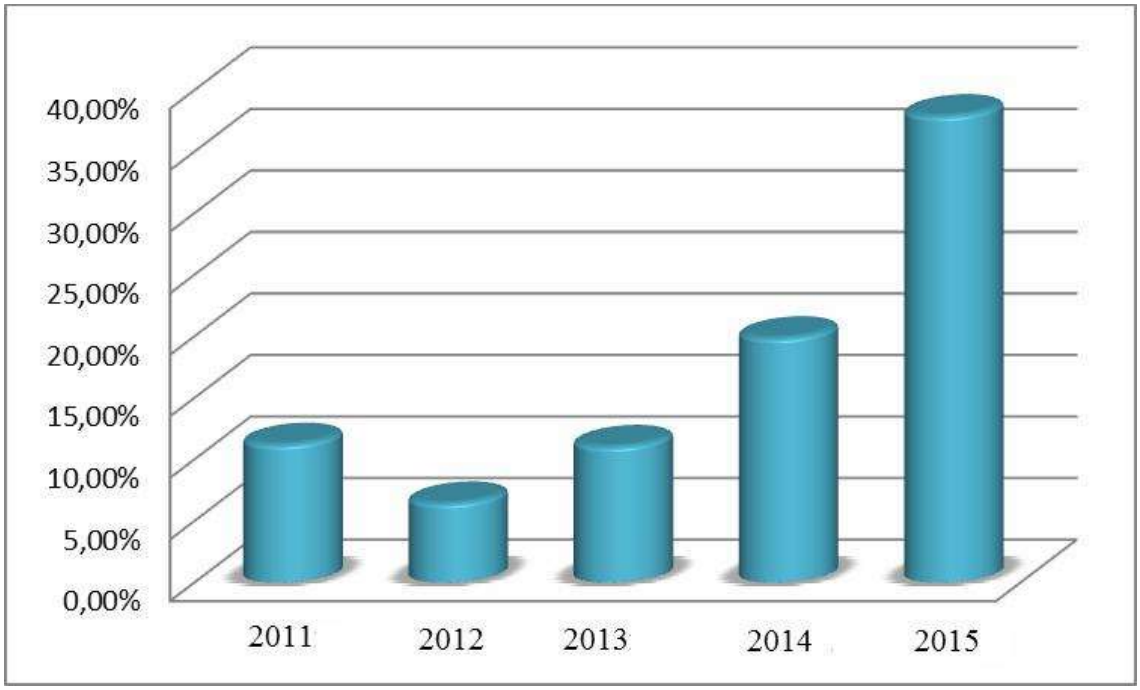

Figure 2. Share of administrative measures imposed by the Commission for Consumer Protection (CCP) due to some form of information asymmetry relative to the total number of orders imposing administrative measures

After a significant decrease in 2012, when cases having to do with some form of information asymmetry and subsequent administrative measures amounted only to 6.44% of the total orders issued by the CCP, over the following three years, a significant growth in number has taken place, and in 2015 this number was 37.9% of all cases on an annual basis, which is an increase of approximately 32 percentage points compared to 2012. This growth entailed enhanced measures to raise consumer awareness and get adequate feedback on violations related to goods offered on the Bulgarian market (Anon., 2015).

The percentage of orders imposing compulsory administrative measures due to some form of information asymmetry, which has undergone a tangible growth, illustrates the deepening problem of information asymmetry. Figure 3 shows the percentage distribution of cases registered during the examined period 2011 to 2015, according to the form of manifestation of asymmetric information.

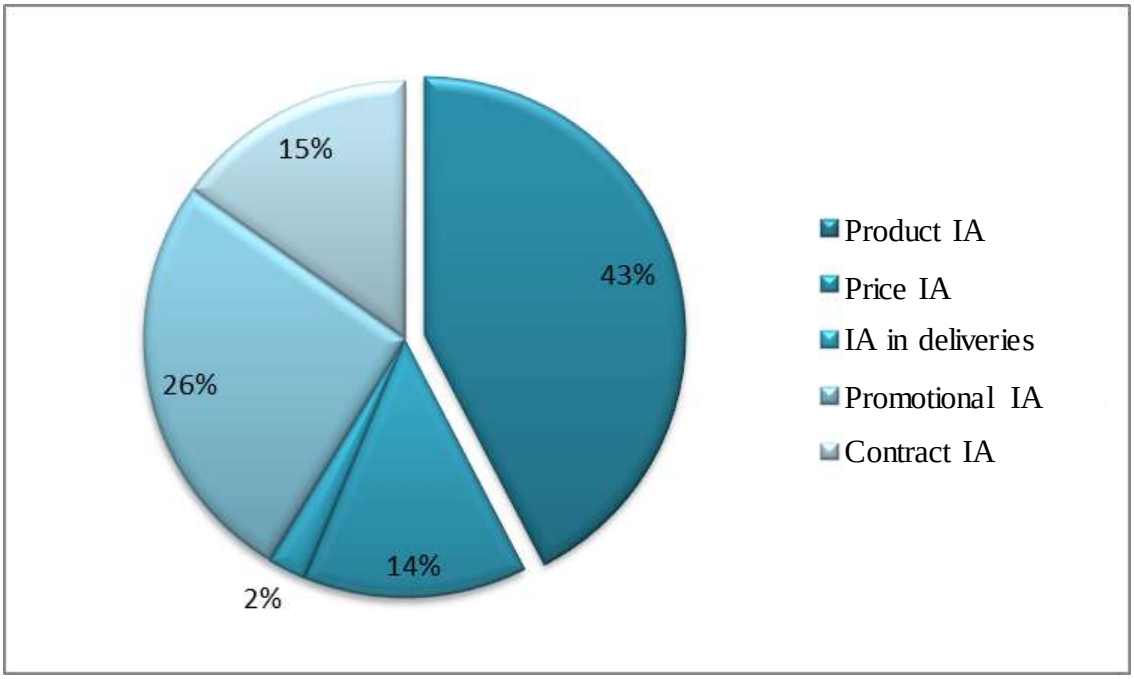

Figure 3. Forms of information asymmetry (IA)

Figure 3 shows the percentage ratio between the identified forms of information asymmetry based on the compulsory administrative measures imposed by the CCP. According to data provided by the CCP, about half of the practices (43%) relate to product information asymmetry, i.e. the provision of incomplete or misleading information regarding the composition, instructions for use, characteristics, specifications, functions, storage conditions, name of manufacturer/importer, etc., i.e. information which is required by law to be placed on the label of the product or as an additional leaflet accompanying the goods, or as description of the goods in e-commerce. The second form of asymmetry concerns the promotional activities carried out, where important details related to the general conditions of participation are often presented in a vague and misleading manner, which can lead to a change in the economic behaviour of end consumers. The remaining identified practices of information asymmetry on the consumer goods market in Bulgaria are divided into forms reflecting the ways of asymmetric provision of information on prices, contractual terms and conditions, and deliveries.

The cases available in the archives of the CCP which have been chosen for this study allow identification of the basic forms of information asymmetry, which represent in aggregate form the various practices of asymmetric information observed on the B2C markets. The percentage distribution in Figure 3 may be used to determine the priority for development and targeted application of appropriate measures to reduce information asymmetry in order to improve communication relationships between market participants, increase customer satisfaction and trust, and thus achieve a positive impact on the final results of companies, both financial and in terms of market shares.

6. Conclusions

Providing consumers with the necessary information would have a positive impact on the effort to reduce the risks for consumers, and consequently the risks for companies. Other possible impacts or results of the increased consumer awareness are increasing the consumer's value,

fewer complaints from clients to the companies and ultimately overcoming information asymmetry in offering (Tonkova, 2011). Identifying the forms of information asymmetry makes it possible to focus the researcher on the various manifestations of this market failure, as well as on the relevant legislation in force in Bulgaria. This allows concentrating the efforts on a more specific area characterized by information asymmetry, which area can be studied in depth. This study provides evidence for the existence of information asymmetry in the consumer goods markets in Bulgaria. Identification and classification of the different practices into several forms facilitates the taking of specified and targeted measures for the subsequent reduction of this information asymmetry, not only by the government but also by businesses.
The study of the informational asymmetry practices in the B2C market in Bulgaria conducted on the basis of external secondary data to which the Bulgarian Commission for Protection of Consumers has provided free access creates a sound basis for further research. The collection, processing and analysis of secondary data are the logical beginning of any study. The in-depth examination of the available secondary information on the theoretical construct is a way to understand the theoretical and practical development of the studied problem, namely information asymmetry. The overall study should be used to develop a methodology for a primary research of the practices of information asymmetry in the business to consumers market in Bulgaria, and, at a final stage in the future, indentify specific measures for its reduction and the benefits from this to end consumers, businesses and society as a whole.

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Cross-functional Working: Some Thoughts about the Third Market Orientation Component Implementation

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Abstract

During the last 15 years, businesses, technologies, business models have become much more complex. Business environment will continue to grow, becoming more complex and volatile, providing new opportunities for companies that have the ability to quickly identify and exploit such opportunities. The competitive dynamic has led to greater instability in profitability. In this complex global context, the consumers' power has increased unprecedentedly, leading us into a consumer economy. Today, the consumer has become more sophisticated and better informed, being driven by the principle of "value for money". Client-led economy, knowledge and lifelong learning have become key success factors. Thus, the knowledge component of products and services has increased significantly in importance and has become the dominant component of the value offered to the customer. Based on these changes in the business environment, companies are more concerned with finding ways to build customer value by working cross functionally. Thus, this paper aims to analyze the importance of inter-functional cooperation in developing new products, to provide an inventory of the consequences of cross-functional cooperation and to propose a series of principles for the operationalization of this concept into the companies' practices.

Keywords: new business environment, change, value creation, working cross-functionally.

JEL classification: M31, D20

1. Introduction

We are currently living in a period of chaotic transition to a new era defined by drastic economic as well as political and social changes, the global economy being marked by volatility and global hypercompetition. The change has become so rapid that the need for a different way of doing business will mark the entire global business environment. All these developments are taking place in a context in which the world economy is going through a period of transition from the industrial economy to one based on knowledge. Within this transition, the development of new innovative business models based on value co-creation is an important aspect in the development of competitive advantage. The rapid information flow and the instant communication have changed the notion of time and space. The information has become available throughout the world more than ever. Consumers, competitors and innovators have instant access to each other. The technological changes, particularly the changes concerning the information and communication technology represent the "catalyst" of the current complexity of the business environment. The Internet has fundamentally changed the way of doing business and the competition. Due to the emergence of the new ways of

developing and distributing products and services online, the competition sphere expanded. The competitive dynamics has led to the greatest instability in companies' profitability. In this complex global context, the consumer's power has increased unprecedentedly leading us to a consumer-led economy. In this type of economy the knowledge component of the products and services has significantly increased in terms of importance and has become the dominant component of the value offered to the customer and to the society in general. In one of his works, professor Dunning (2009) points out that, especially over the last two decades, the knowledge component of the production outputs is estimated to have evolved from 20% in 1950 to 70% in 1995 (Stewart , 1997). Also, within the client-led economy, the knowledge and lifelong learning have become key success factors. The intellectual capital is today the source of sustainable competitive advantage. As Nonaka (1991) argues, there is only one sustainable competitive advantage – the KNOWLEDGE. It represents a combined set of data and information, based on which the company employees make decisions and act ensuring the long term success of the company. Therefore, the knowledge, especially the tacit knowledge, which is in the mind of the employees or inside the company, is unique and specific. A series of factors such as the location of the company/ subsidiary, the experience, the organizational structure, the employees' cultural diversity, the strategic options etc. lead to a unique composition of data and information. All this data and information as well as the interference areas between them (cross-functions areas) are transformed into knowledge (A.E. Maehler, 2011). Identifying, developing and turning the knowledge into marketable products and services represent a set of strategic activities within the company (Cohen and Levinthal, 1990). Product innovation based on the market information led to the emergence of the concept of value co-creation. Also, the inter-functional coordination based on the information collected from the market led to the emergence of new organization forms inside the organizations aimed at increasing the cross-functional integration and connectivity in order to generate new valuable knowledge.

Thus, the main research questions which lie at the centre of this study were:

What is cross-functional integration and cooperation and how is this operationalizated within companies' practices?
How to work cross-functionally? What is the relationship between cross-functional teams (CFT) and new product development?
What are the consequences of cross-functional teams usage?

Thus, the present study aims to analyze the importance of cross-functional cooperation in developing new products, to provide an inventory of the consequences of cross-functional cooperation and to propose a series of principles for the operationalization of this concept into the companies' practices.

2. What is cross-functional integration and cooperation and how is this operationalizated within companies' practices?

The international research and also the companies' practices emphasize that the traditional pyramidal organizational structure is no longer a successful way of doing business in the context of the new business environment. As Vadim Kotelnikov (2009) emphasizes we are currently living in a period of chaotic transition to a new era defined by drastic changes, global competition, rapid information movement and instant communication, increase in business complexity and accelerated globalization. The change has become so rapid that the need for a different way of doing business will mark the entire global business environment. This

environment will be characterized by new innovations and a consumer whose preferences will rapidly evolve. Table no. 1 synthetically presents the main changes characterizing the business environment and the business models in the process of transition from traditional economy to the knowledge-based economy.

Characteristics	Traditional industrial economy	Knowledge-based economy
Economic growth	Constant, linear and easy to predict	Volatile – very rapid changes with explosive developments and sudden falls. Chaotic – the economic change directions are not very clear.
Market changes	Slow and linear	Rapid and very difficult, if not impossible, to predict
Consumer behaviour	Spending orientated	Value for money orientated
Product and technology life cycle	Long	Short
Development of new products	The development of new products was made slowly and carefully Internal, technical perspective.	There is an increasing effectiveness in developing new products.
Innovation key sources	Research	Research, systematic innovation, knowledge management, new business models, leading the innovation process from the market perspective (open sources of innovation)
Competition	Local	Global hypercompetition
Marketing	Mass marketing	Target marketing
Focus on	Stability	Management of change
Business development	Strategic pyramid: vision, mission, objectives, action plans	Led by opportunities, dynamic strategy –strategic flexibility
Success assessment	Profit	Company market value (market price for the entire company)
Main sources of competitive advantage	Access to lower cost raw materials, labour force and capital, cost reduction by achieving scale economies. The competitive advantage was due to the costs control.	Distinctive competences, institutional excellence, high reaction speed, human resources, partnerships with clients. The sustainable competitive advantage is obtained through superior customer value creation.
Production	Everything was carried out internally; internal process	The production of many components is outsourcing. It is focusing on the core components.
Strategic alliances with other companies	Rare; “on my own” thinking	Strategic partnerships with the members of the value chain -access to new capacities and technologies. Focus on the partnership with members of the value chain system (going together).
Organizational structure	Hierarchical, bureaucratic, functional, pyramidal Traditional pyramidal organizational structure	Levelling and making the organizational structure flexible; interconnected systems, competence assignment, management through inter-functional teams focused on interconnected tasks – networking

		the matrix organization structure
Business model	Traditional: orders and leads	Flexible business models
Leadership	Vertical	Divided: empowering the employees and own leadership
Management – employee relationship	Confrontation	Cooperation, team work
Perspective concerning the employees	Spending	Investment

Table no. 1 - Synthesis of the changes into the transition process from traditional economy to the knowledge-based economy

Source: processing after Kotelnikov (2009), www.1000advices.com and Pandelica et. al (2011)

Taking into account the characteristics of the new type of economy and the new type of organizing models, cross-functional integration and cross-functional collaboration have become an important topic for researchers and for practitioners alike. It is important to mention that researchers are using cross-functional or inter-functional integration and cooperation as interchangeable terms. The concept of cross-functional integration emerged from the necessity to coordinate the various departments (functions) within the organization (Homburg and Workman, 2002; Oliveira et. al., 2015). The need for inter-functional coordination was emphasized since 1990, by Narver and Slater, who introduced the concept of market orientation, proposing three components in its construction. The inter-functional coordination, component of the market orientation, refers to dissemination of the market information within the organization, across functions, and functions collaboration for superior value creation. Thus, this component is directly linked to the company's absorption capacity, respectively learning, based on external information, how to develop knowledge which are integrated into new products/innovations. Thus, researchers suggest that inter-functional coordination has a positive effect on innovation consequences because it facilitates dissemination of novel market information and enhances problem solving (Gatignon and Xuereb 1997). In this line, Menon and Varadajan (1992) claim that market knowledge must be transferred or disseminated across departments before knowledge can play a critical role as a strategic asset. At the heart of inter-functional coordination lies the sharing of market information which is crucial for new product development (Im and Workman 2004). Also, Lou et. al (2006) argue that scholars in marketing and strategic management put a great emphasis on knowledge transfer across functional boundaries for new products success. On the other hand, Pimeira et. al. (2014) claimed that cross-functional integration was widely studied in the Supply Chain Management and this helps companies to develop an innovative culture. Maltz and Kohli (2000) described cross-functional integration as integrating mechanisms in activities that require expertise from different functions. The cross-functional integration level, according to Topolsek and Curin (2012), is determined by the efficiency of cross-functional relations among employees, and cross-functional teams (CFT) represent a mechanism that may improve these relations. Thus, in this line cross-functional teams represent the operationalizing of the cross-functional integration and cooperation. As international research emphasizes, cross-functional teams (CFT) are very important in developing innovative solutions for any type of business in a changing environment and represent an important tool for enhancing cross-functional integration.

3. How to work cross-functionally? What are the consequences of cross-functionally?

According to Katzenback and Smith (1993) a cross-functional team is a group of people with complementary skills who are chosen to achieve a common goal and are mutually accountable for the team's success. Such groups facilitate the interactions of members of different functions/departments that are performing temporary tasks (Turkulainen and Ketokivi, 2012).

Also, Holland et. al. (2000) described CFT as a group of people with a high degree of interdependence. Cross-functional teams are usually constructed with employees that have a formal functional home base (engineering, personnel, marketing, finance etc) and are working collaboratively on commune scope or processes that require diverse resources and expertise (Kettley and Hirsh, 2000). For instance, in designing/building projects there is a strong interdependence between the architect, the engineer and the construction manager. In new product development projects there is a high interdependence between R&D, manufacturing and marketing, but also other functions. Different researchers underlined the importance of CFT in developing the stronger interconnectedness between research, development and marketing activities. Indeed, diverse functional areas participate to differing degrees in the design, development, and lunching of new products. R&D-marketing collaboration has long been suggested as a key determinant for the success of the product development (Moenaert & Souder, 1990). Also, Wilemon (1996) emphasized the impact of CFT on R&D and technology managers. Thus, members of the CFT must think, act and behave jointly, in order to achieve the purpose behind the team.

According to the CFT definition, there is a clear purpose behind its establishment within the organization. For instance, Turkulainen and Ketokivi, (2012) claim that there are at least two temporary tasks for CFT: (1) the development of new products and (2) integration of operational processes. On the other hand, Kettley and Hirsh, (2000) underline the following reasons of CFT: (1) innovation and new product/services development, (2) problem solving across traditional organizational/functional boundaries, (3) integration of systems typically via process re-design/re-engineering, (4) co-ordination into a "one stop shop" or single point of contact or delivery. New product development (NPD) is one of the most important scopes for setting up CFT in many companies. A great number of studies analyzed the relationship between CFT and NPD or innovation. For instance, Haon et. al. (2008) analyzed, in an extensive literature review, the effects of functional diversity (characteristic of the CFT) on performance of new products or innovation and they have found that most researchs hypothesized and empirically tested the positive impact of functional diversity achieved through cross-functional teams on new product performance. Thus, Larson and Gobeli (1988) analyzed the success rate of the development projects and found that projects developed by cross-functional teams have a higher success rate than those developed by a single function based teams. Kahn and McDonough (1997), but also Song et al. (1997) empirically tested the relationship between cross-functional collaboration and product development performance and they found that such a strong collaboration has a positive significant effect on product development performance measured as: product quality, NPD cycle time, NPD objective met and NPD program success. In another approach of this relationship McDonough (2000) underlines that cross-functionality is associated with a higher success rate of the new products, thus there is a direct association between cross-functional collaboration and the new products success rate. In a same approach, Sherman et. al. (2005), empirically tested the relationship between cross-functional integration and product performance and underlined that this integration has a significant global positive effect on product performance, measured as: process, product launch, design change frequency, performance competencies, NPD cycle time. In spite of the rich empirical research that underlined the positive effects of cross-functional collaboration, cross-functionality or cross-functional integration on NPD performance, and on the fact that CFT represents a tool or a mechanism for achieving a high degree of cross-functionality, should be noted that within the international research there are many discussions on companies' failure on setting up successful CFT. For instance, Behnam Tabrizi (2015) argues that nearly 75% of cross-functional teams are dysfunctional. He identified five most important failing criteria, as follows: (1) meeting a planned budget; (2)

staying on schedule; (3) adhering to specifications; (4) meeting customer expectations; (5) maintaining alignment with the company's corporate goals. Thus, we can conclude that there is a certain gap in the international literature regarding how to put the cross-functionality into practice, and how to set up and to manage the successful CTF in order to generate high impact on NPD and innovation.

Another important topic approached in international research is related to the relationship between CFT and learning. According to Mohrman et. al. (1995) cross-functional teams can provide optimal organizational learning and knowledge generation. For instance, a cross-functional team established for NPD is designed by putting together representatives from different functional areas as R&D, marketing, manufacturing and so on. One of the most important effects is the information flow and exchange, knowledge diffusion and new assets development through inter-functional collaboration. Thus, new products will be developed by integrating and conciliating at least two perspectives: the technical and market ones. So, it is more likely for a new product developed in such an integrated perspective to be successful than those which were developed in a single function approach (for instance, from the technical/engineering perspective). Usually, employees regard different issues from their own perspective, that is rooted within their department based location, and they are tending to think and behave in an isolated way, and these perspectives can be very different from the marketing department to the production hall, for instance. Looking at a door as a product, the researcher will look at a better way of functionality and how it can be further developed, the engineer will look at a better way for production processes, the marketer is looking at new ways of advertising and selling the door, the financial responsible will assess the costs and how these can be cut off, and so on. In spite of the fact that all these specialists are looking at the same product, they are actually seeing different "faces of the coin". Thus, bringing people from different parts of the company together can accelerate the learning process through information flow, knowledge diffusion that will conduct to new knowledge generating, supporting the delivery of innovative solutions. Also, cross-functional working will bridge the diverse perspectives and will conduct to homogenizing the isolated thinking and the mind-set across departments. Referring to the cross-functional innovation teams, Blindenbach-Driessen (2015) underlines that these can create novel ties between functional domains by integrating up and downstream knowledge to facilitate the transition to production and break down knowledge barriers between functional departments. Also, Kettley and Hirsh (2000) suggested that there are for particular directions of learning in the case of CFT: (1) direct transfer of knowledge or skills from other experts, (2) picking things up from observing the others in action, (3) collective problem-solving and experimentation, (4) consolidation prior experience and re-framing new insights. Anyway, during the time, different researchers have mentioned that knowledge transfer across functional boundaries is critical for numerous outcomes as new product success and organizational learning. Still, as Lou et al. (2006) argued, the transfer of knowledge across functional boundaries can be difficult and complicated, and even if scholars recognize the knowledge transfer as valuable very often this process is difficult to achieve.

5. How to put the CFT at the heart of company practices?

As our study emphasized, putting cross-functional collaboration through CFT into companies' practices is a difficult task and it is strongly connected with the transition from the traditional organization to the new way of business models that are more flexible. Thus, an operationalizing way of cross-functional integration is connected with organizing structure. As Peston et al. (1997) claimed, the structures for product development are more horizontal and team based. The usage of CFT based organizing will reduce hierarchical centralization; the processes will be faster in terms of flow and will increase market responsiveness. According

to Horney et. al. (2009), a matrix implementation is a complex process that will determine important changes in the organizational structure, systems, culture and behaviours. The matrix organization is a mix of different horizontal relationships designed under a hierarchical structure. This kind of organizing the relationships among employees enables each participant to bring his/her contribution and expertise to a cross-functional team built around a clear purpose. A model of a typical matrix organizational structure is presented in figure no. 1.
The most important benefits of the matrix organizational structure can be viewed in terms of connectedness, integration, coordination and learning.

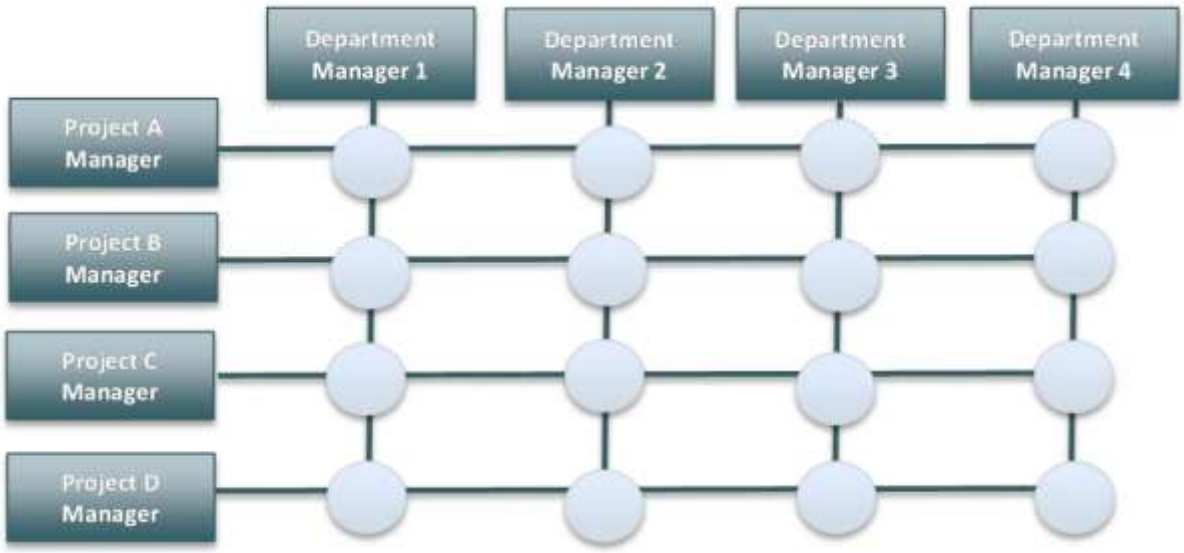

Figure no.1. Typical Matrix Organizational Structure
Source: Best Practices in Matrix Organizational Structures, 2013

Also, we consider that another important change should take place within the organization at the organizing level but also at the strategic level for the cross-functional integration and CFT operationalizing, synthesized into table no. 2.

Conclusions

The present study had the purpose to analyze the importance of cross-functional cooperation in developing new products, to provide an inventory of the consequences of cross-functional cooperation and to propose a series of principles for the operationalization of this concept into the companies' practices. Cross-function collaboration was identified as one of the key factor in achieving performance in new product development. Researchers analyzed different relationships between cross-functional collaboration and new product development and they found that the success of the new products is associated with the cross-functional integration. The main tool or mechanism for achieving such integration is the set up of the cross-functional teams (CFT). The usage of this tool or mechanism can be successful in the context of a matrix organizational structure. The most important benefits of the matrix organizational structure can be viewed in terms of connectedness, integration, coordination and learning. It is important to note that even if the international research showed a positive effect of the CFT on new product development in terms of performance, in practice, there are many cases when such a way of working failed or did not generate notable results. In the context of the new type of business environment, there is a clear challenge to compete based on a new type of competitive

advantage - superior value creation through new knowledge generation and integration into the new products development. Thus, Slater's statement from the '90s is more than ever present and challenging: " A time will come when the borders between functional departments disappear and in such a context, the engineers do not design the product but prepare it for production and the marketers, the sellers and the finance people make a team, which have as final goal the increasing of superior value for the consumers. Who serves the clients? It's nobody's task but everybody's task!

Traditional way of doing business Functional based	New way of doing business Cross-functional integration
Most of the components were created inside the organization	The creation of many components is externalized. The organization concludes strategic partnerships with members of the value chain system. It focuses on basic competences
The improvements were made by comparison with own products (inside prospective)	The improvements are made according to consumers desires and demands by comparison with competitive products (external prospective)
The management was performed through functional departments. Traditional organizational structure	The organization is managed through cross-functional task-oriented teams. The organizational structure is blunter and more flexible - matrix
The competitive advantage was due to the costs control	The sustainable competitive advantage is obtained through creation, communication and delivery of superior customer value and knowledge generation
The creation of new products was slow and careful	There is an increasing effectiveness in creating new products. New products are projects that involve cross-functional task-oriented teams. The new products are the result of a tight collaboration between C & D and Marketing and other functions.
The innovation process was made from a technical (engineering prospective)	Innovation process is led from the client`s perspective. The members of the value chain are involved in the innovation process
Making decisions belonged to top-management level.	Decision-making process is decentralized. The project managers assigned with high competences in decision-making.

Table no. 2. - Synthesis of the business model characteristics - functional base vs. cross-functional integration
Source: Authors' synthesis based on literature review

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Exploring Tourist Emotional Experiences within a UNESCO Geo-park

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Abstract
The paper explores emotions as the backbone of satisfactory tourists experience by investigating visitors of a UNESCO geo-park, located in Italy, in which ecomuseum and tourist facilities are offered. The study aims to provide empirical insights to determine emotional associations tourists attach to cultural and community-based destinations. The methodology is based on a quantitative approach and a survey analysis, through a questionnaire administrated in situ, has been realized. The questionnaire is grouped into four main categories addressed to explore multi-dimensional aspect of emotions, as followings: 1) sociodemographic profile of visitors and visit characteristics; 2) emotional dimensions related to joy, love and surprise; 3) hedonism, novelty, social interaction, involvement and impressions on local community dimensions, and 4) overall visitor satisfaction. Beyond descriptive statistics analysis, the methods are a confirmatory factor analysis in order to test validity and reliability of our multi-model, and an asymmetry and kurtosis analysis aimed to identify the main variables which had strong impacts to determine highest level of emotional satisfaction. The main findings show that these variables are heterogenic and belong to a mix of emotional, hedonistic, local culture and place attachment' items. Although the present study is still a work in progress, it show the importance of emotions in the visitors experience within an UNESCO Geo-park and this outcome should be taken in consideration by managers when designing and planning their business for an ecomuseum.

Keywords: tourists' emotional experiences, destination emotion scale, satisfaction, ecomuseum

JEL classification: M21, M31

1. Introduction

In the tourism customer satisfaction field of study, a new area is emerging which focuses on emotional tourism experiences' features. Emotion and satisfaction are a closely related construct. The idea is to consider emotional variables when modelling consumers' satisfaction processes (Bigné *et al.*, 2005; Bigné *et al.*, 2008; Liljander & Strandvik, 1997; Prayag *et al.*, 2013).

Using this idea, several researchers found that visitor's satisfaction at a cultural site (Caldwell, 2002; Martín-Ruiz *et al.*, 2010) is not merely influenced by the technical aspect of the product itself, but also by the emotional, cognitive and social values associated with it.

Tourism experiences are influenced by various dimensions of emotions: for instance, Hosany *et al.* (2014) identify joy, love, and positive surprise as the three key dimensions of emotional experiences. Kim and Ritchie (2014) adopt dimensions such as social interaction and local culture, meaningfulness, involvement, happiness, novelty, etc., to conceptualize the construct domains of memorable tourism experiences in which emotions play an essential role.

Despite its relevance, the study of emotions in ecomuseums is limited. Many scholars investigate emotions' influence visitor satisfaction and whether this depends on objective variables or not (Del Chiappa *et al.*, 2014) and create models linking tourists' emotional experiences, perceived overall image, satisfaction, and intention to recommend (Prayag *at al.*, 2015).

In our paper we explore the emotions as the backbone of satisfactory tourist experiences in the Rosas Mine Village, an industrial and cultural site which is part of the Sardinian UNESCO geo-park, in which an ecomuseum and other tourist facilities are offered. The village is located in a remote and inner area of Sardinia, which is the second largest island in the Mediterranean, and administratively belongs to Italy. Briefly, in the Rosas Mine, the mining exploitation ended around the 1980s and after almost twenty years of preparation, the renovation of the ex-mining site has today established the mining village as an educational, recreational and touristic center thanks not only to the restoration of buildings, but also to the revival and conservation of a historical memory of great significance (Cannas, 2015).

Our main research question is how emotions generated by the tourism experience on a cultural site positively affect visitors' satisfaction. Considering a previous study about the Rosas Mine Village (Cannas, 2015) we hypothesize that tourists' positive emotions are shaped by and related to the interactions with the local community.

2. Literature Review

Over the last thirty years, customer satisfaction has been a subject of great importance in consumer behaviour literature (Oliver, 1980, 1997). Despite its relevance, given the multidimensional nature of tourism industry (Maunier & Camelis, 2013), ambiguities exist about the nature and definition of satisfaction in tourism (Baker & Crompton, 2000; del Bosque & San Martin, 2008; Kozak, 2001).

Traditionally, it is acknowledged that the satisfaction is influenced by cognitive antecedents being result of a comparison between the consumption of lived experience and other previous (Oliver, 1980). However, many studies show that the satisfaction derived from a visit to specific tourist attractions is not only influenced by technical aspects and tangible supply but also by the emotional, cognitive and social values associated with it (Caldwell, 2002; Martìn-Ruiz, Castellanos-Verdugo & Oviedo-García, 2010; Rowley, 1999). For this reason, authors who develop models to understanding customer satisfaction pay particular attention on emotions (Bignè, Andreu & Gnoth, 2005, 2008; Liljander & Strandvik, 1997; Prayag, Hosany & Odeh, 2013).

Emotions arising from consumption experiences create affective memory traces that consumers process and integrate to form post-consumption evaluations of satisfaction (Westbrook & Oliver, 1991). Several studies focus on marketing analysis (Bagozzi, Gopinath, & Nyer, 1999; Ladhari 2007; Liljander and Strandvik 1997; Walsh et al. 2011) and tourism (Bigne, Andreu, & Gnoth, 2005; del Bosque and San Martin, 2008; Yuksel & Yuksel, 2007), confirm a relationship between emotions and satisfaction. Oliver (1997) says that satisfaction is a key outcome of positive emotional responses such as pleasure, interest, and joy. According to these studies positive emotions such as joy (Faullant, Matzler, & Mooradian, 2011), happiness, excitement, and pleasure (Grappi & Montanari, 2011) have a favourable influence on tourist satisfaction.

Despite the relevance of emotion in tourism to understanding customer satisfaction, empirical studies to determine emotional associations tourists attach to destinations remains limited (Yuksel *et al.*, 2010). Recognizing the lack of research on emotional content of destination experiences and adopting a rigorous scale development process consistent with conventional guidelines (e.g. Churchill, 1979; Anderson & Gerbing, 1988), Hosany & Gilbert (2010) constructed the Destination Emotion Scale (DES). The DES measures the diversity and intensity of tourists' emotional experiences and is based on three dimensions: (1) Joy, (2) Love, and (3) Positive Surprise. In Hosany and Gilbert's (2010) study the sample was limited to one culture but in Hosany *et al.* (2014) they extended original theory of DES to another culture and they related the item to a new construct: place attachment (Scannell and Gifford 2010). Briefly,

place attachment refers to the emotional and psychological bonds formed between an individual and a particular spatial setting (Williams *et al.* 1992).

At the same time, Kim, Ritchie, and McCormick (2012) and Kim and Ritchie (2014) developed the memorable tourism experience scale (MTES), based on a research program that identified seven salient dimensions on which to base the MTES: hedonism, refreshment, local culture, meaningfulness, knowledge, involvement, and novelty. The first component, *hedonism*, refers to pleasure and enjoyment are significant aspects of tourism experiences. The second component, refreshment, included three items that highlighted personal *involvement*. The third component, *novelty*, is derived from many authors (Reder, Donavon, & Erickson, 2002; Chandralal & Valenzuela, 2013) and evidence the importance of unusual, atypical, or distinctive events to remember rather than "typical" events. The fourth component represented *local culture* and it is very important to understanding cultural satisfaction within an UNESCO geo-park. The fifth component, *refreshment*, measuring the psychological need to escape from boredom. The sixth component highlighted and acquire new *knowledge*. The last component represented, *meaningfulness*, help to measure level of happiness and well-being that people acquire during the visit.

With this approach is very important to study interaction between visitors and destination and in this study it is a particular destinations based on ecomuseum. Ecomuseum philosophy demands specific roles which distinguish ecomuseums from other destinations and museums (Corsane *et al.*, 2007). These attributes have been described by many scholars who list a series of separate characteristics (Boylan, 1992; Corsane & Holleman, 1993; Hamrin & Hulander, 1995). Davis (1999) used a revisited version of all these checklists to compare ecomuseums to traditional museums and analyses the features that might be nominated as 'ecomuseum indicators'. The emphasis on a selected geographical territory and the *in situ* conservation and interpretation of selected features in that cultural landscape, and the active involvement of local people in the selection and management of sites are considered essential features.

Briefly, the theoretical framework for this study is mainly inspired by a combination of the DES (Hosany & Gilbert, 2010; Hosany *et al.*, 2014) and the MTES (Ritchie & Crouch, 2003; Kim, Ritchie & McCormick, 2012; Kim & Ritchie, 2014). As already said, these scales are both addressed to measuring the tourism experiences' satisfaction: while the former focuses on three emotional dimensions, the latter adopts seven dimensions that assess memorable tourism experiences. By identifying a composed set of multi-dimensions in which emotions, memorable experiences, local culture's affection, and visit satisfaction are contemplated, we aim to provide empirical insights to determine emotional associations tourists attach to cultural and community-based destinations.

3. Methodology

The study methodology is based on a quantitative approach, and a survey analysis conducted through a questionnaire. The questionnaire is grouped into four main categories: 1) sociodemographic profile of visitors and visit characteristics; 2) emotional dimensions related to joy, love and surprise; 3) hedonism, novelty, social interaction, involvement and impressions on local community dimensions, and 4) overall visitor satisfaction. The first group composed by nine items deals with some generic socio-demographic information, namely gender, age, education, occupation, country of residence, and with some characteristics of visit as following: visit frequency, visit party, and visit services enjoyed. The second part is composed by the 15 items of the DES (Hosany & Gilbert, 2010), which are grouped into three categories, joy, love, and positive surprise. The third part includes 17 items drawn from the MTES (Kim, Ritchie & McCormick, 2012), in which the main core of questions regards the visitors perceptions of the local people and the sense of involvement as well as learning of local culture they experienced

during the visit. Through eight items, the fourth group of questions investigate the overall visit satisfaction by also considering the visitor's propensity to promote actively, among relatives and friends, the visit to the Rosas Mine. Except for the first group of questions, the questionnaire is structured on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree), is composed by overall 47 items, and it ends with an open question regarding eventual suggestions to improving the Rosas Mine Village visitor' experiences.

The survey has been conducted *in situ* during the period 19 May-30 July 2016, in two ways: the biggest part of total questionnaires were executed as by personal interviews conducted by three *ad hoc* trained students from the University of Cagliari, after groups of respondents had visited the Rosas Mine's ecomuseum. Thanks to the collaboration with the Rosas Mine's staff, remaining questionnaires have been self-compiled by respondents (singles, couples and families) who visited ecomuseum and spent some time at the Rosas Mine Village enjoying accommodation facilities and restaurant services. A total of 87 valid questionnaires were collected, representing 8% of total visitors in the chosen period. Particular, 66 questionnaires were drawn from respondents by face to face interview, and 21 questionnaires have been self-compiled by visitors.

4. Findings and discussion

We start our analysis from the first part of the questionnaire, which focused on demographic and trip characteristics, as showed below.

Variable	Category	N.	%
Gender	Female	49	56.3
	Male	38	43.7
Age	<18	6	6.9
	18-24	3	3.4
	25-34	3	3.4
	35-44	13	14.9
	45-54	11	12.6
	55-64	16	18.4
	>64	35	40.2
Place of residence	Sardinia	60	69.0
	Rest of Italy	27	31.0
Education level	Primary school	8	9.2
	Secondary school	18	20.7
	College graduate	32	36.8
	Graduate	9	10.3
	Postgraduate	4	4.6
	Other	17	19.5
Job position	Employed private sector	9	10.3
	Self-employed	8	9.2
	Retired	37	42.5
	Student	12	13.8
	Other	13	14.9
Number of previous visit	No previous visit	80	92.0
	Previous visit	7	8.0
Travel companion	Alone	3	3.4
	Partner	19	21.8
	Family	20	23.0
	Friends	4	4.6
	Group	40	46.0

	Other	1	1.1
Activity/Service	Ecomuseum	63	72.4
	Mine Gallery	85	97.7
	Restaurant/bar	49	56.3
	Hotel	12	13.8

Table 1. Demographic and trip characteristics
Source: Our elaboration

Descriptive statistics on the sample show that the Rosas Mine Village' visitors are mainly women (56%), elderly people (40%), retired (42%), and Sardinians (69%). Also, they are well educated (with 37% college graduate, 10% graduate and 5% postgraduate), travel in group (46%), and visit for the first time the Rosas Mine Village (92%), particularly gallery (98%) and ecomuseum (78%). Thus, from the first part of the questionnaire (table 1), there emerge a visitors' picture in which there is a lack of tourists, particularly of those coming from abroad.
While focussing on emotional responses, we consider the validity and reliability of our model derived from DES and MTES which have been already tested in previous studies (Hosany *et al*, 2014; Kim & Ritchie, 2014). Specifically, on the basis of prior tourism researches we expect that both DES and MTES affect emotional and behavioural individual intentions. Our multi-model has been tested by a confirmatory factor analysis (CFA) using the open source software R, with the package Lavaal (table 2). Since the significance of χ^2 test is highly dependent on the number of degrees of freedom, the ratio of the χ^2 test to the degree of freedom was calculate. As stated by Hoe (2008), if the ratio of the χ^2 to the degree of freedom is 3 or less, a model is judged to be acceptable. Then, three goodness-of-fit statistics were utilized: the comparative fit index (CFI), Tucker-Lewis index (TLI or non-normed fit index NNFI), and the root mean square error of approximation (RMSEA).
Results show that our model, composed by three frames (DES, MTES, and Overall satisfaction) has a partial validity. Particularly the items grouped into the MTES provided a good fit.

Measures	All variables	Joy, Love and Surprise (DES)	Hedonism, Novelty, Local culture, Involvement, Knowledge (MTES)	Over-all Satisfaction
χ^2	1433,45	227,41	193,95	148,62
DF	704	87	109	20
CFI	0,67	0,78	0,86	0,75
NNFI	0,64	0,73	0,82	0,64
RMSEA	0,11	0,14	0,09	0,27

Table 2. Measurement model results: confirmatory factors analysis – Goodness-of-fit statistic index
Source: Our elaboration

Also, we operate cluster analysis in order to classify possible sub-groups of respondents, such as "retired people", "Sardinians", in order to identify those related to the higher positive feelings and emotions. Cluster analysis does not fit in our sample. We hypothesize that the scarce number of respondents might have influenced both model's validity and cluster analysis. However, our study is a work in progress and we expect to strengthen sample, data analysis, and results on the forthcoming months.
The descriptive statistics regarding percentage distribution of responses are showed on Tables 3-5. When we began our study we hypothesized that the overall visitors' satisfaction was correlated with strong feelings, such as joy, love, and the sense of surprise. Instead, we found not so strong ties among these variables and the overall visitors satisfaction, probably because

of the specific nature of the mine site. In fact one who visits a mine site may feel intrigued by others feelings: some respondents wrote in the latest question that they felt very touched by the visit into the ecomuseum and gallery.

Items of Destination Emotion Scale (DES)	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
Joy							
I feel cheerful	9.2	3.4	10.3	18.4	39.1	14.9	4.6
I feel a sense of delight	4.6	1.1	4.6	18.4	44.8	16.1	10.3
I feel a sense of enthusiasm	1.1	0.0	2.3	4.6	41.4	36.8	13.8
I feel a sense of joy	5.7	0.0	9.2	31.0	34.5	16.1	3.4
I feel a sense of pleasure	3.4	0.0	3.4	24.1	40.2	24.1	4.6
Love							
I feel a sense of affection	6.9	1.1	3.4	35.6	24.1	23.0	5.7
I feel a sense of caring	9.2	1.1	4.6	34.5	36.8	8.0	5.7
I feel a sense of love	16.1	2.3	4.6	43.7	20.7	9.2	3.4
I feel a sense of tenderness	9.2	1.1	9.2	36.8	24.1	11.5	8.0
I feel warm-hearted	1.1	0.0	1.1	4.6	35.6	39.1	18.4
Positive surprise							
I feel a sense of astonishment	1.1	1.1	1.1	14.9	31.0	31.0	19.5
I feel a sense of amazement	1.1	0.0	4.6	8.0	32.2	31.0	23.0
I feel fascinated	2.3	0.0	4.6	9.2	27.6	33.3	23.0
I feel a sense of inspiration	5.7	4.6	9.2	34.5	26.4	10.3	9.2
I feel a sense of surprise	2.3	1.1	5.7	16.1	31.0	28.7	14.9

Table 3. Percentage Distribution of Responses of Items related to DES
Source: Our elaboration

Items derived from Memorable Tourism Experience Scale (MTES)	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
Hedonism							
Thrilled about having a new experience	0.0	0.0	2.3	6.9	31.0	40.2	19.5
Indulged in the activities	0.0	0.0	0.0	5.7	39.1	33.3	21.8
Really enjoyed this tourism experience	0.0	0.0	0.0	9.2	36.8	35.6	18.4
Exciting	0.0	0.0	1.1	9.2	42.5	35.6	11.5
Novelty							
Once-in-a lifetime experience	20.7	5.7	5.7	12.6	25.3	18.4	11.5
Unique	5.7	2.3	8.0	13.8	32.2	23.0	14.9
Different from previous experiences	5.7	2.3	6.9	17.2	27.6	25.3	14.9
Experienced something new	5.7	4.6	3.4	9.2	37.9	23.0	16.1
Local culture							
The local people left me with a good impression	1.1	0.0	3.4	16.1	26.4	31.0	21.8
Closely experienced the local culture	11.5	1.1	9.2	24.1	29.9	18.4	5.7
Local people in the Rosas village were friendly	2.3	0.0	1.1	25.3	28.7	25.3	17.2
Involvement							
I visited a place where I really wanted to go to	4.6	0.0	0.0	9.2	35.6	36.8	13.8
I enjoyed activities which I really wanted to do	4.6	0.0	1.1	12.6	43.7	29.9	8.0
I was interested in the main activities of this experiences	1.1	0.0	3.4	12.6	35.6	31.0	16.1

Knowledge							
The visit enhanced my personal development	1.1	1.1	5.7	27.6	31.0	18.4	14.9
I learned something new about myself	10.3	3.4	0.0	29.9	23.0	13.8	10.3
I learned about the local culture	3.4	0.0	0.0	11.5	28.7	37.9	18.4

Table 4. Percentage Distribution of Responses of Items inspired by MTES
Source: Our elaboration

The frame of items showed in the Table 4 are inspired by the MTES. Specifically those items grouped into "refreshment" and "meaningfulness" by Kim, Ritchie & McCormick (2012) have not been taken in consideration in the present study, because of the length of the questionnaire, and the type of the site in which the survey has been conducted.
Table 5 shows the overall visitors' satisfaction in which there clearly emerge high levels of appreciation by respondents who visited the Rosas Mine Village. Only the two last items display scarce visitors' appreciation, maybe because being mainly elderly people they are not so familiar with social media tools.

Items of Overall satisfaction (OS)	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I liked the Rosas Mining Village (RMV)	0.0	0.0	0.0	3.4	21.8	33.3	41.4
My experience at RMV has been satisfying	0.0	0.0	0.0	4.6	21.8	46.0	27.6
I would revisit RMV to enjoy of services/activities	3.4	0.0	4.6	18.4	35.6	27.6	10.3
I will recommend RMV to other people	1.1	0.0	0.0	8.0	23.0	31.0	36.8
I will say positive things about RMV to other people	1.1	0.0	0.0	6.9	21.8	26.4	43.7
I will encourage friends and relatives to visit RMV	1.1	0.0	0.0	5.7	20.7	26.4	46.0
I will promote actively RMV through my social media page	12.6	0.0	2.3	31.0	19.5	18.4	16.1
I will actively follow the social media page of RMV	11.5	1.1	3.4	31.0	24.1	16.1	12.6

Table 5. Percentage Distribution of Responses of Items of Overall Satisfaction
Source: Our elaboration

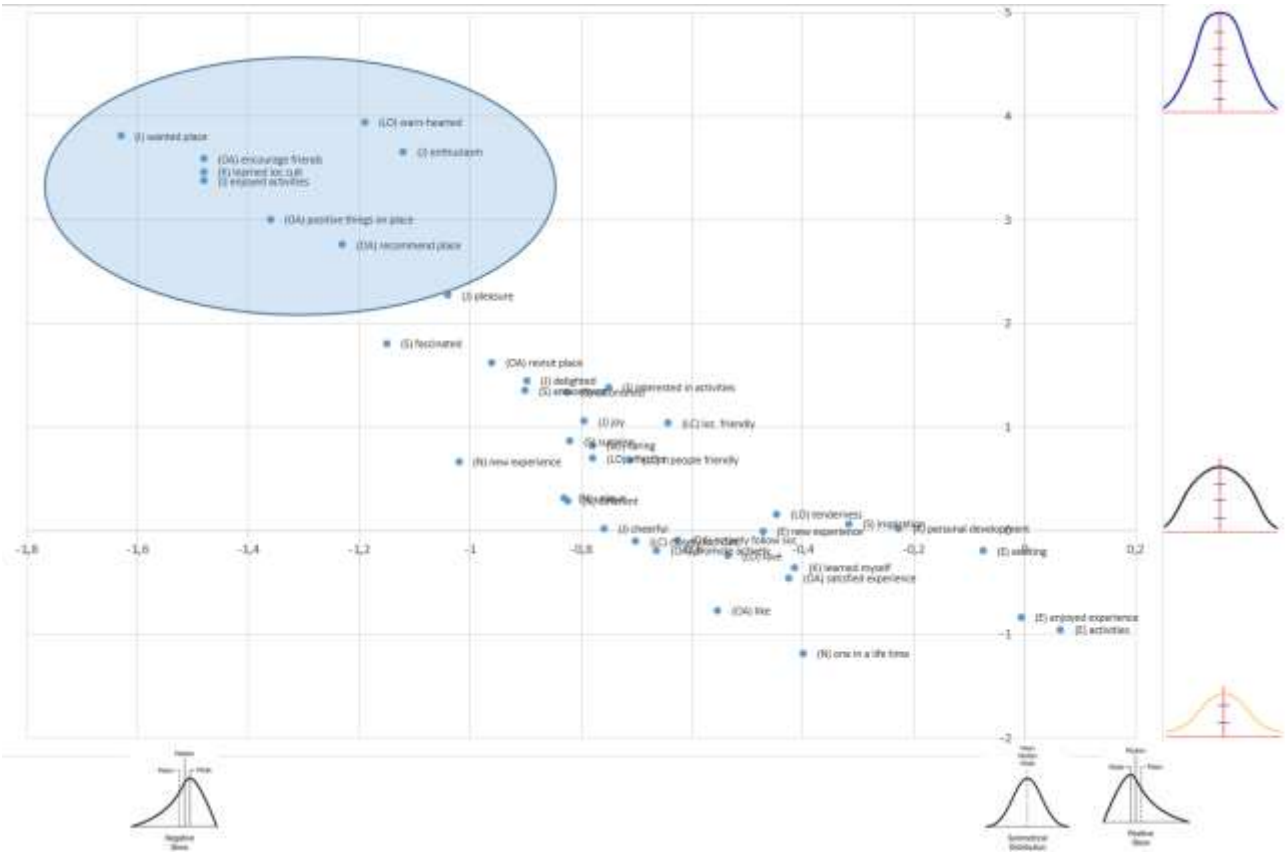

Figure 1. Distribution of variables by Asymmetry and Kurtosis' analysis
Source: Our elaboration

Finally, for each item of the questionnaire we compute the distribution of the answers and then the asymmetry and the kurtosis related to them. In the Figure 1, on the x-axis values of asymmetry are reported; while the y-axis shows kurtosis values.
Negative skewness means that hypothesizing a normal distribution of variables, the top of the curve slopes on the right side, attesting that highest values of appreciation/satisfaction are expressed. High values of kurtosis mean that preferences are more concentrated in low values. Thus, negative asymmetry joined with higher kurtosis show items for which respondents have expressed highest appreciation and also reveal the highest concentration of positive variables.
The variables which show negative skewness and positive kurtosis have been highlighted in the Figure 1. They are: "I visited a place where I really wanted to go", "I learned about the local culture", "I really enjoyed this tourism experience", "I enjoyed activities which I really wanted to do", "I learned about the local culture", which belong to group the items of MTES; "I feel warm-hearted", and "I feel a sense of enthusiasm", which pertain at the DES; and "I will encourage friends and relatives to visit the Rosas Mine Village", I will say positive things about the Rosas Mine Village to other people", and "I will recommend the Rosas Mine Village to other people", which regard the overall visitor satisfaction.

5. Conclusions

In the specific context of an ecomuseum, where an emotion approach to visitor satisfaction seems very rare, our findings show high levels of appreciation expressed by respondents who visited the Rosas Mine Village and took part at the present survey conducted by a questionnaire. The main findings showed that the main variables which have positive impacts on visitors' satisfaction are heterogenic and belong to a mix of emotional, hedonistic, local culture and

place attachment' items. The study has shown the importance of emotions in the visitors' experience and this outcome should be taken in consideration by managers when designing and planning their business.

However, as the sample has been characterized by the segment of Sardinian elderly people, we need to administrate a higher number of questionnaires which hopefully cover other segments of people, e.g., those coming from the rest of Italy, and abroad, which usually visit the Rosas Mine during August and September. For this reason we consider the present study as a work in progress which will be developed in the near future.

Acknowledgments

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The Science of Customer Satisfaction in the Retail Banking System – A Critical Comparison between the Two International Indexes: American Customer Service Index (ACSI) and Net Promoter Score (NPS)

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Abstract
For client-centered banks, customer satisfaction and customer loyalty are a goal as well as a marketing tool since banks have to be very concerned with their customer perception today because with the development of social media and online environments, the experience of a client with a bank, a product or service can propagate much faster, spreading both good and bad word of mouth to the rest of the world.
This article explains the two international measurements techniques for tracking the customers' overall satisfaction on repurchasing intention, likelihood or willingness to recommend the bank to others as well as specific attributes or benefits perceptions likely to be related to customer satisfaction. Those methods are Net Promoter Score (NPS) and American Customer Service Index (ACSI). Through global CSI organizations throughout the world license ACSI's powerful, scientific methodology to create customer satisfaction indexes for their own national economies and to benchmark with other indexes adopting the ACSI methodology.
Research has shown a strong and consistent association between customer satisfaction, as measured by NPS and ACSI and banks' profitability on long term and have critics for not fully account for ex-customers or those who were never customers.
The challenge now for banks is to deliver superior services, in order to exceed the customers' expectations, for retaining them in the portfolio, since this is the only healthy way to develop the business on a mature market. This is also the case for Romanian Retail Banking System as it results from the research conducted on the local market, due to the fact that monitoring and continuous improvement of customer service become nowadays a strategic objective.

Keywords: customer satisfaction, customer care, ACSI, NPS, banking.

JEL classification: M310

1. Introduction

"Big banks must change the way they do business," says Claes Fornell, ACSI founder and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. "If they don't, they will continue to lose customers. To compete with smaller financial institutions, they need to decentralize their services. Local branches know their customers best."
Big banks may be forced to improve customer satisfaction in order to maintain market share, but a large increase of customers to smaller institutions poses challenges to small banks and building societies as well. With an influx of new customers, smaller institutions – whose size has allowed their service advantage – may struggle to maintain service levels.
By taking a look in the Europe zone, the highest share of customers with a positive retail banking experience in the leading selected European banking systems (countries) as of 2015 is in Czech Republic. (Statista, 2016)
More than 60 percent of surveyed bank customers in the Czech Republic indicated high levels of satisfaction, ranking the country highest among European banking locations in 2015. This was followed by Austria, with 59.9 percent of bank customers. However, less than 50 percent of customers of Norwegian retail banks reported having a positive experience in that year.

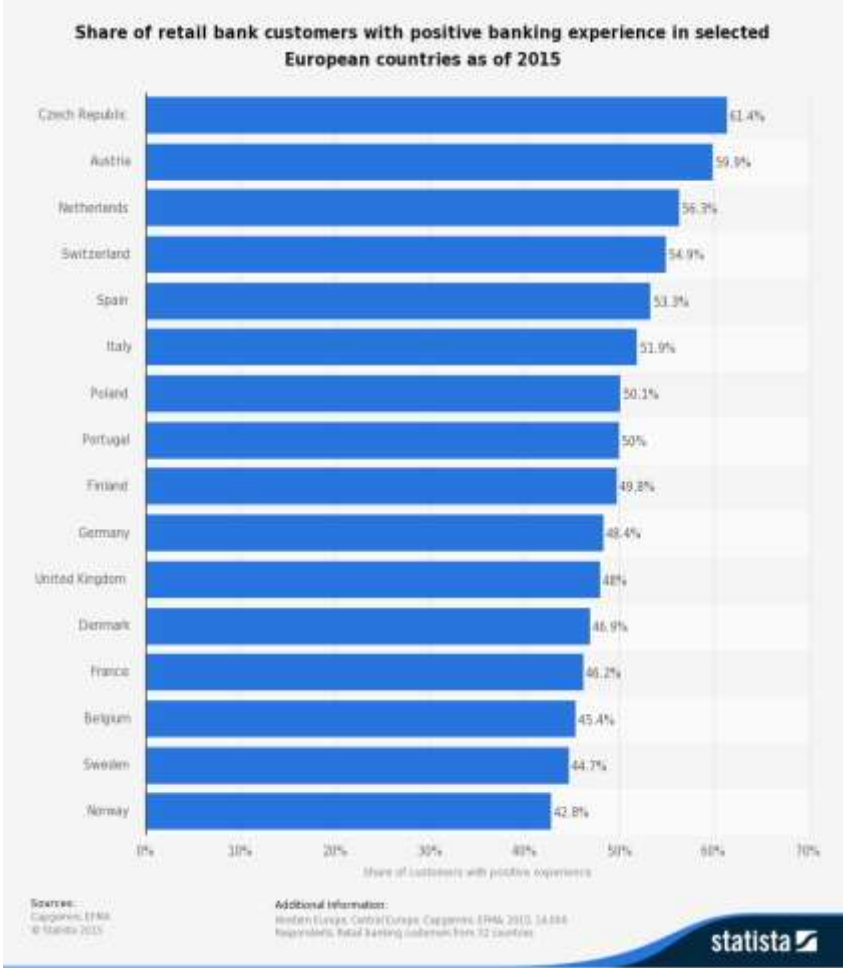

Figure 1. Share of retail bank customers with positive banking experience in selected European countries as in 2015
Source: EFMA, Statista 2015

The progress achieved must be measured consistently knowing that you can not manage and improve what you do not measure

2. ACSI

The University of Michigan's Claes Fornell has developed the A**merican Customer Satisfaction Index (ACSI)** to measure consumers' perceived satisfaction with different firms, industries, economic sectors, and national economies.

The American Customer Satisfaction Index (ACSI) collects survey data at the individual customer level to provide insights across the entire customer experience. These data are aggregated to produce customer satisfaction benchmarks (or scores) for more than 300 major companies that provide goods and services to U.S. consumers, from 43 industries and 10 economic sectors.

The national ACSI score measures U.S. overall customer satisfaction and is an aggregation of all sectors and industries measured by the ACSI. Specifically, the national ACSI score represents the average of all sector scores, weighted by each sector's contribution to the U.S. gross domestic product (GDP). The national ACSI score is updated each quarter and serves as an indicator of the health of the U.S. economy. (Theacsi.org, 2016)

The ACSI surveys customers of companies and users of government services randomly via

telephone and email. Potential respondents are asked questions about their purchase and use of specific products and services bought within specified, recent time periods (these periods vary according to the product or service). Those who qualify as respondents are then asked from which company or which brand they have purchased, and responses to the ACSI survey questions are coded as a customer interview for that company. The ACSI conducts more than 70,000 interviews annually.

Research has shown a strong and consistent association between customer satisfaction, as measured by ACSI, and firm financial performance in terms of ROI, sales, long-term firm value The American Customer Satisfaction Index, uses customer interviews as input to a multi-equation econometric model developed at the University of Michigan's Ross School of Business. The ACSI model is a cause-and-effect model with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the center, and outcomes of satisfaction on the right side.(Theacsi.org, 2016)

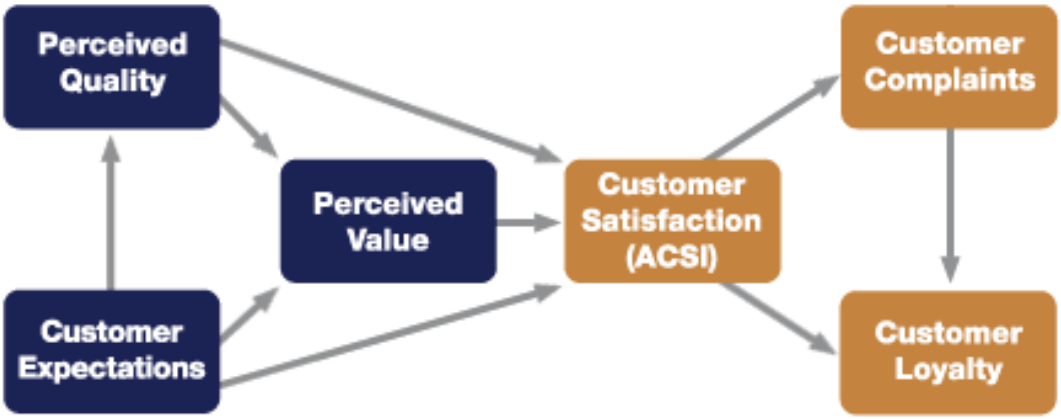

Figure 2. American Customer Satisfaction Index
Source : http://theacsi.org, 2016

Customer Satisfaction (ACSI)

The customer satisfaction (ACSI) index score is calculated as a weighted average of three survey questions that measure different facets of satisfaction with a product or service. ACSI researchers use proprietary software technology to estimate the weighting for each question.

Customer Expectations

Customer expectations is a measure of the customer's anticipation of the quality of a company's products or services. Expectations represent both prior consumption experience, which includes some nonexperiential information like advertising and word-of-mouth, and a forecast of the company's ability to deliver quality in the future.

Perceived Quality

Perceived quality is a measure of the customer's evaluation via recent consumption experience of the quality of a company's products or services. Quality is measured in terms of both customization, which is the degree to which a product or service meets the customer's individual needs, and reliability, which is the frequency with which things go wrong with the product or service.

Perceived Value

Perceived value is a measure of quality relative to price paid. Although price (value for money) is often very important to the customer's first purchase, it usually has a somewhat smaller impact on satisfaction for repeat purchases.

Customer Complaints

Customer complaints are measured as a percentage of respondents who indicate they have

complained to a company directly about a product or service within a specified time frame. Satisfaction has a negative relationship with customer complaints, as the more satisfied the customers, the less likely they are to complain.

Customer Loyalty

Customer loyalty is a combination of the customer's professed likelihood to repurchase from the same supplier in the future, and the likelihood to purchase a company's products or services at various price points (price tolerance). Customer loyalty is the critical component of the model as it stands as a proxy for profitability.

2.1. History

This strategic economic indicator is based on customer evaluations of the quality of goods and services purchased in the United States and produced by domestic and foreign firms with substantial U.S. market shares. The ACSI measures the *quality* of economic output as a complement to traditional measures of the *quantity* of economic output.

The ACSI was started in the United States in 1994 by researchers at the University of Michigan, in conjunction with the American Society for Quality in Milwaukee, Wisconsin, and CFI Group in Ann Arbor, Michigan. The Index was developed to provide information on satisfaction with the quality of products and services available to consumers. Before the ACSI, no national measure of quality from the perspective of the user was available.

The ACSI model was derived from a model originally implemented in 1989 in Sweden called the Swedish Customer Satisfaction Barometer (SCSB). Claes Fornell, ACSI founder and Chair of ACSI LLC, developed the model and methodology for both the Swedish and American versions. Hailed as the "Father of Customer Satisfaction," Claes Fornell is without question one of the most influential scholars in marketing science today. His name can be found on 3 of the top 15 most academically cited papers from the leading sources in the field—*Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, and *Management Science*.

The ACSI was first published in October 1994, with updates released each quarter. Starting in May 2010, ACSI data became available to the public on a more frequent basis, with results released multiple times per year. This change allows stakeholders to focus more in-depth on different segments of the economy over the entire calendar year. The national ACSI score continues to be updated quarterly on a rolling basis, factoring in data from 10 economic sectors and 43 industries. (Theacsi.org, 2016)

2.2. Competitive Customer Satisfaction Benchmarking

ACSI's published customer satisfaction scores are the tip of the iceberg when it comes to analyzing the total customer experience. The ACSI model, used to produce results for all companies and industries in the Index, embeds customer satisfaction within a series of cause-and-effect relationships. ACSI clients gain access to in-depth perspectives for their own company as well as for industry peers and competitors, which gives them strategic insights into their organization's customer relationships and its competitive stance in the marketplace.

For select industries, the ACSI measures up to 10 added elements of the customer experience relevant to each industry's products or services. These touch points include website and call center satisfaction, along with countless factors such as battery life for cell phones, seat comfort for airlines, or speed of service for restaurants.(Theacsi.org, 2016)

2.3 Cross-Industry Customer Satisfaction Benchmarking

The ACSI offers clients a highly respected resource for looking outside their own industry's box to identify and benchmark with best-practice organizations in any of ACSI's 40+ industries.

The ACSI has two decades of experience analyzing customer satisfaction with commercial banks that provide services to U.S. consumers. Each year, the ACSI interviews hundreds of customers about recent experiences with the checking, savings, or loan services offered by their banks. The customer survey data serve as inputs to ACSI's proprietary model, which embeds customer satisfaction within a series of cause-and-effect relationships.(Theacsi.org, 2016).

2.4. Bank Customer Experience Benchmarks

For banks, the ACSI captures customer opinions about critical elements of the customer experience, including: variety of financial services, adding or making changes to accounts, interest rate competitiveness, branch number and location, understanding account information, ATM number and location, staff courtesy, financial transaction speed, website. (Theacsi.org, 2016)

2.5. Global CSI

Global CSI enables organizations throughout the world to license ACSI's powerful, scientific methodology to create customer satisfaction indexes for their own national economies and to benchmark with other indexes adopting the ACSI methodology. Licensees obtain:

- Secured access to the proprietary ACSI Structural Equation Modeling Software, including all functionality, unlimited data storage, and ACSI network and system maintenance.
- Use of all ACSI industry-specific survey questionnaires and screeners.
- On-site training for one business week in the initial license year for as many participants as needed, including training on the patented ACSI Structural Equation Modeling Software and comprehensive presentations on the ACSI and "how to build a customer satisfaction index."
- Access to the ACSI International Database, with data from all ACSI affiliated countries made available for research and benchmarking purposes.
- Annual consulting support from ACSI personnel, as needed, to discuss matters related to strategy, public relations, marketing, data collection, and statistical analysis.

Global CSI also offers licensees the option of one ACSI-sponsored event each year in the licensee's country, including keynote presentations, roundtables, workshops, and training by ACSI personnel on topics related to customer satisfaction and cross-national benchmarking.

The National Customer Satisfaction Index (NCSI) is an economic indicator of customer evaluations of the quality of products and services available to household consumers in the United Kingdom. NCSI applies the technology and methodology of the American Customer Satisfaction Index (ACSI), which is the standard measure of citizen satisfaction used by the US Federal Government.

This methodology was developed at the University of Michigan and has been adopted worldwide as a leading macro- and micro-level indicator by universities, governments and countries including the **United States, the United Kingdom, Sweden, Singapore, Korea, Turkey, South Africa, Mexico, Colombia, Dominican Republic, Indonesia and Barbados**. All indices are reported on a 0-100 scale. (Theacsi.org, 2016)

2. Net Promoter Score (NPS)

Reichheld came with a different approach in 1998. He suggested that only one customer question really matters: "**How likely is it that you would recommend this product or service to a friend or colleague**?"

Reichheld was inspired in part by the experiences of Enterprise Rent-A-Car. When the company cut its customer satisfaction survey in 1998 from 18 questions to two—one about the

quality of the rental experience and the other about the likelihood customers would rent from the company again—it found those who gave the highest ratings to their rental experience were three times as likely to rent again than those who gave the second-highest rating. The firm also found that diagnostic information managers collected from dissatisfied customers helped it fine-tune its operations.

In a typical Net Promoter survey that follows Reichheld's thinking, customers are given a 1-to-10 scale on which to rate their likelihood of recommending the company. Marketers then subtract *Detractors* (those who gave a 0 to 6) from *Promoters* (those who gave a 9 or 10) to arrive at the **Net Promoter Score (NPS).**

Customers who rate the brand with a 7 or 8 are deemed *Passively Satisfied* and are not included.

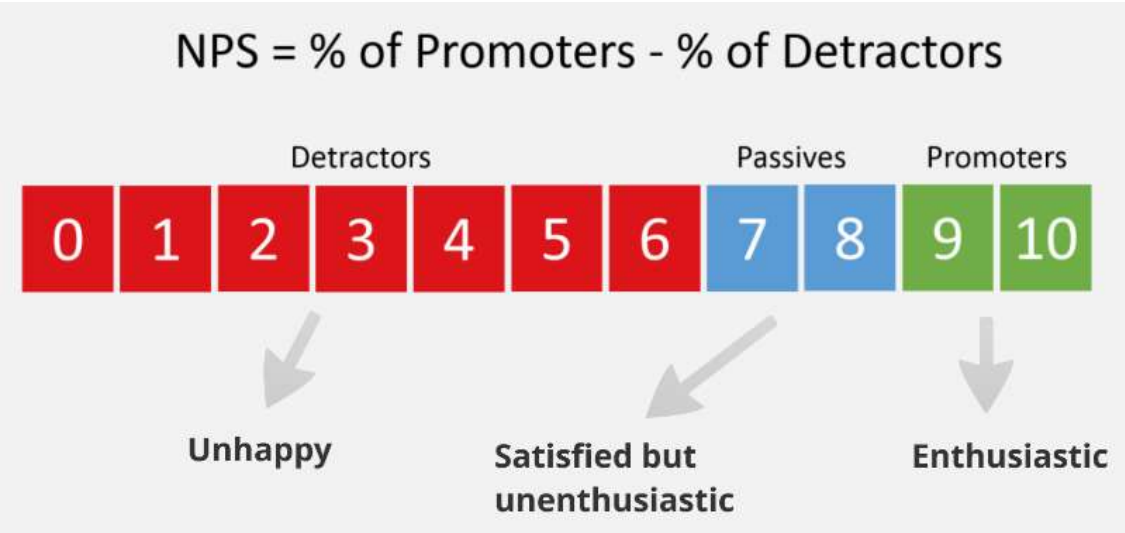

Figure 3. The structure of the survey respondents expressed depending on the option (NPS)
Source: Ocular, 2015

Net Promoter Score (NPS) is the index that describes consumers' intention to recommend to friends or colleagues a company or product. Promoters are loyal and enthusiastic buyers who recommend the brand; passively are satisfied consumers, but the lack of enthusiasm for the brand make them all vulnerable to competition; and detractors are dissatisfied consumers, who could damage the brand and affect business growth through negative publicity (Kotler, Keller, 2016).

With the development of social media and online environments, the experience of a client with a bank, a product or service can propagate much faster. It is recognized in this respect the merit Net Promoter to measure these experiences and identify issues that formed the basis of certain views, creating ways to increase customer loyalty and performance of a company.

Basically, Net Promoter program, chosen by the bank's customers who sign a sample or already have a product or service are asked to assess the relationship with the bank immediately after concluding a deal.

The evaluation takes place either by telephone or via e-mail invitations sent to answer several questions, among them is the one on their willingness to recommend the bank to family, friends or colleagues. Concern banks to and listen more customers has intensified in recent years both by adapting products and services to the new economic context and (low taxes, product launches, offering new guarantees, etc.) and by increasing awareness and transparency in communication, the new program completing this series of shares Net Promoter long term.

Internationally, NPS is regarded as an indicator of growth and profit for the company,

considering that the percentage of consumers' promoters is directly proportional to profitability.

Reichheld has picked up many believers through the years, not only the banks, but also American Express, Dell, and Microsoft, among others. GE has tied 20 percent of its managers' bonuses to its NPS scores. (Kotler, Keller, 2016).

When the European unit of GE Healthcare scored low, follow-up research revealed that response times to customers were a major problem. After it overhauled its call center and put more specialists in the field, GE Healthcare's Net Promoter scores jumped 10 to 15 points.

Reichheld says he developed NPS in response to overly complicated—and thus ineffective—customer surveys. So it's not surprising that client banks praise its simplicity and strong relationship to financial performance.

Net Promoter is not without critics. A common criticism is that many different patterns of responses may lead to the same NPS. For example, NPS equals 20 percent when Promoters equal 20 percent, Passives equal 80 percent, and Detractors equal 0 percent, as well as when Promoters equal 60 percent, Passives equal 0 percent, and Detractors equal 40 percent, but the managerial implications of the two patterns of responses are very different. Another common criticism is that it is not a useful predictor of future growth because it ignores important cost and revenue considerations. (Melnic, 2016)

4. Romanian Qualitative Study on the Retail Banking

Only 12.5% of the eight main banks in the Romanian market have managed to obtain the pass mark in terms of excellence in client relationship, shows a qualitative marketing research made by VBS Client Research & Consulting in 2012. (Voichita, 2014)

ING, Raiffeisen, Banca Transilvania and BRD Groupe Societe Generale are the banks with the best reputation in Romania, according to a study made by GfK research market (October 2013) and shows that over 60% of the banked urban population has the main bank one of these four credit institutions.

In respect of the "reputation score", according to GfK analysis, it is built on seven pillars following: familiarity, quality management, quality products and services, financial performance, good employer, social responsibility, emotional attachment.

4.1 Sontaneous awarness of the brand/ the aided

According to GFK Romania qualitative study on the Romanian Retail Banking 2012-2014, when people were spontaneously asked about the awarness of the brand/the aided, BCR, BRD and Raiffeisen Bank were the TOP 3 banks on people's mind.

F1. Thinking about the banks in Romania, please tell me what banks you know, even if only by name, and even if you are not a client of these banks. Are there any others?

– Single/ Multiple answers.

F2. Maybe you don't recall everything on the spot. Which of the banks from this list do you know, even if only by name, and even if you are not a client of the bank. – Multiple answers.

4.2 NPS on the Romanian Retail Banking System

In 2014 ING Bank was the most recommended bank in Romania and continues to dominate the market, even today.

5. Conclusions

For two decades, the ACSI has used its science based, proprietary methodology to analyze customer satisfaction for 10 economic sectors and more than 40 key industries that together represent a broad swath of the national economy.

This consistent, reliable, and precise approach means customer satisfaction results as produced by the ACSI are comparable across all sectors, industries, companies, and time periods in the Index. No other measure in the United States offers both competitive and cross-industry customer experience benchmarking.

This methodology has been adopted worldwide as a leading macro- and micro-level indicator by universities, governments and countries.

Changes in customer satisfaction affect the general willingness of households to buy. As such, price-adjusted ACSI is a leading indicator of consumer spending growth and has accounted for more of the variation in future spending growth than any other single factor.

Because consumer spending accounts for 70% of U.S. gross domestic product (GDP), changes in customer satisfaction as measured by the ACSI also correlate with changes in GDP growth. As GDP is a measure of the quantity of economic output and ACSI a measure of its quality, economic growth is dependent on producing not only more, but also better, products and services.

Manufactured goods tend to score higher for customer satisfaction than do services. For example, food items and household appliances show better ACSI scores than banks, airlines, or subscription TV service. Typically, the more service required, the lower the customer satisfaction.

Quality plays a more important role in satisfying customers than price in almost all ACSI-measured industries. Price promotions can be an effective short-term approach to improving satisfaction, but price cutting is almost never sustainable in the long term. Companies that focus on quality improvements tend to fare better over time with regard to customer satisfaction (ACSI) than companies that focus on price.

Mergers and acquisitions have a generally negative effect on customer satisfaction, particularly among service industries. ACSI-measured service companies that have engaged in frequent, large acquisitions typically experience significantly lower ACSI scores in the period following a merger when the 'customer as asset' often takes a backseat to reorganization and consolidation via cost cutting.

The American Customer Satisfaction Index provides unique customer experience benchmarking capabilities that come from the Index's one-of-a-kind, cross-industry structure.

Results from the critical comparison indicate that both NPS and ACSI indexes do not fully account for ex-customers or those who were never customers.

Customer satisfaction is a leading indicator of company financial performance. Internationally, NPS and ACSI are regarded as indicators of growth and profit for the company, considering that the percentage of consumers' promoters is directly proportional to profitability. (Melnic, 2016). Stocks of companies with high ACSI and NPS scores tend to do better than those of companies with low scores.

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Customer vs. E-tailer: How Tablet Affects Mobile Commerce

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Abstract
The emergence of mobile devices, especially the tablet, has created chances and challenges for mobile commerce vendors across the continents, as they seek to increase their profits and optimize the users' online shopping experience. This study examines how mobile devices affect mobile commerce with regards to tablet usage for online shopping in developed and developing nations. The intervention of mobile devices in mobile commerce should be aboveboard, so that it can be easily understood by both, customers and e-tailers. An exploratory and confirmatory factor analysis was conducted to validate the constructs while structural equation modelling was employed to test the hypotheses based on 550 respondents' feedback. The findings show that the reputation of an e-tailer's website is the determinant of trust to use a mobile tablet for online shopping while ease of use colligates with customer loyalty. Future research can concentrate on the impact of using a tablet for sales increase or how social media apps influence mobile commerce by using a tablet, with a focus on generation X and Y of developed and developing countries. This research impacts and extends the growing body of knowledge on usage of mobile devices. This study reveals the need for e-tailers to combine their in-house strategy with emerging technology and create a technology plan that targets consumer interest. Online vendors need to target the tablet users globally when optimizing their websites, for effective visibility and usability. This action plan will facilitate a cordial customer-e-tailer relationship. This study on mobile commerce in the context of tablet usage is paramount to the marketing practitioners and the scholars. This is a scanty research domain, but there is more publicity about the study on practitioner's electronic and print media. Due to this limitation in academia, this study contributes to filling some research vacuum in mobile commerce.

Keywords: Mobile Commerce, Tablet, Website Reputation, E-tailer, Customer

JEL classification: M31Marketing

1. Introduction

eMarketer (2013) envisaged the growth of using a tablet for shopping, and stated that 16.9% of sales on tablets will account for all retail electronic commerce total sales in 2016. E-commerce, mobile marketing and interactive marketing are notable and paramount concepts in mobile commerce. There was an interval of two decades between the emergence of e-commerce and m-commerce and m-commerce is the offshoot of e-commerce. Mobile marketing creates an innovative avenue for reaching targeted customers with relevant advertising through mobile devices (Sinkovics et al. 2012). Examples of m-marketing are ads-oriented text messages, e-mails, app-based, in-game, QR codes, mobile search, mobile image, and location-based m-marketing. Considering the cultural and geographical distribution of the use of mobile marketing: in Canada, for instance; appreciable impact is recorded in mobile marketing, according to Barrett (2012). Statistics shows that there is almost half of smartphone adoption and about 70% of marketers having knowledge of mobile media. This statistic, however impressive, may not fairly represent the mobile marketing picture in Canada. This is because the data used was sourced from respondents in a Mobile Marketing Conference, with a possibility of an above-average knowledge of mobile marketing from participants. Regardless of this statistical flaw, the Canadian retail industry has made impressive efforts to include mobile services in their marketing mix. This is evidenced by an increased use of QR scan codes in shopping, and in mobile websites' development with options of search and store-finder tools. The roles mobile services play in the marketing mix of marketers differ slightly, but they range from roles of marketing strategies, engagement with existing customers, and improvement in

customer retention to acquisition of new customers and creation of awareness. Friedrich, et al. (2009) equally enumerate the benefits that accrue as a result of using mobile marketing and its potentials. They note that there tends to be profound engagement with consumers that would presumably result in positive outcome, deepened brand loyalty, and 'enhanced lifetime value', which are benefits accruable for the use of m-marketing. In addition to these benefits, they also include multi-leveled and innovative marketing campaigns. They noted that there are at least five ways that mobile marketing outclasses other marketing channels – customers' access, customers' insight, customers' emotions, customers' dialogue, and customers' satisfaction. Numerically speaking, the more the e-tailers embrace mobile marketing, the more the benefits accrue. The recorded successes in the acceptance and use, give a clue of the potentials inherent. In the retailing context, mobile marketing is essentially made up of three building blocks – the mobile, the consumer, and the retailer, according to Shankar et al. (2010).

Despite the advantages of mobile marketing, there are noticeable barriers, particularly in some specific industries and regions. As Najafabadi (2012) itemizes, in the agricultural sector in Iran, there is need for highly personalized and tailored-made marketing services, since a mobile phone is seldom used by another person apart from the owner. This position perhaps could be a result of the socio-cultural factors in Iran. In addition, 'phone company problem' is another challenge in implementing mobile marketing programs, particularly in the rural communities of Iran. In the same vein, Gao et al. (2013) listed barriers to mobile marketing to include the seeming negative perception mobile marketing communications have. It is usually perceived to be 'intrusive, annoying, and posing a threat to personal privacy'. Supporting that position, Okazaki et al. (2013) also submit that the telephone's build can be a barrier. They conclude that the relative small screen and keypads act as the major barrier to the adoption of smartphones. They, however, state how the innovative use of a multifunctional touch screen has helped to reduce this barrier. The strengths of m-marketing lie in customization and interactivity while interactive marketing has its root in search engine marketing. Interactive marketing, as a subset of m-commerce, "is an integrated exchange process by which an organization uses the understanding of customer behavior, technology, and other resources to create and manage customer value and collaborative relationships and enhance shareholder value through relevant brands, products/service offerings, ideas, and messages communicated and delivered to the right customers through appropriate channels and contact points at appropriate times" (Shankar and Malthouse 2006, p.3). Shankar and Malthouse (2007) posit that interactive marketing is valuable, especially with the aid of the internet, where consumers and companies communicate and conclude transactions. The value is profitable so much, as more companies – in addition to the conventional channels – are using interactive marketing in sales and services. The value notwithstanding, trust and reputation are essential in the successful use of interactive marketing. The interaction that subsists between an m-service user and the provider is strengthened by how engaged the services are to the users. A veritable means to cementing the relationship is via mobile devices.

Shankar et. al. (2016), defined mobile shopper marketing "as the planning and execution of all mobile-based marketing activities that influence a shopper along and beyond the path-to-purchase: from the initial shopping trigger, to the purchase, consumption, repurchase, and recommendation stages" (p.37). However, eMarketer (2013) defined a mobile shopper on tablet "as a user who has used the tablet to browse, research or compare products via web browser or mobile app within the past year, but has not necessarily made a purchase via tablet". Referring to this definition, a tablet shopper in this context belongs to the category of those who search for product information only using a tablet.

The dividing line of e-commerce and m-commerce are device, portability and connectivity. E-commerce is an electronic transaction with wired technology and devices such as desktop and

laptop. Balasubramanian et al. (2002), identified the common definition of mobile commerce as "the use of mobile (handheld) devices to communicate and conduct transactions through public and private networks" (p.349), but discovered a gap in the conceptualization of m-commerce. The authors attempt to conceptualize m-commerce with attention on information transmitters and receivers, mobile ubiquity and mobility (communication-in-motion). Awareness and accessibility of tablet with electronic commerce, mobile commerce, mobile marketing, and interactive marketing are creating opportunity for global e-tailers to create a digitized marketplace without borders, with customer-involvement and information easy-reach retail services (Pentina et. al 2011).

The confluence of mobile marketing, interactive marketing, e-commerce and m-commerce is mobile devices, and among the factors that influence these concepts at micro and macro level are higher levels of income, stronger innovation capacity, higher urbanization rate and innovative telecommunication infrastructures. Nevertheless, in the developed and the developing countries' internet penetration rate, the driving factors are the adoption rate of trendy technologies and labor mobility.

Electronic commerce (e-commerce) is growing steadily (Keith et al. 2015, Pousttchi et al. 2015, Shankar et. al 2016), as some consumers switch their retail channel from offline to online stores (Tamimi and Sebastianelli 2015, Shankar et al. 2016). The reason for this switch and the motivators of online purchase are very important for an online retailer. Due to factors like time, space, and trust, consumers are looking for a way to buy products or services online in a safe and conducive environment that is void of online thieves (e-theft). Mobile commerce, as a branch of e-commerce, emerged to save time and space. Despite the argument against mobile commerce and its endorsement, it is apparent that its emergence, that looks Lilliputian, is circularizing.

This study purports to answer the following research questions: 1) How does the reputation of an m-commerce website affect customer trust? 2) Why is reputation a determinant of loyalty in mobile commerce? 3) How does the use of tablet by females and males affect m-commerce in a developed country as compared to in a developing country? At this point, this research contributes to the mobile commerce literature by developing a conceptual framework, linking the relationships between an e-tailer website reputation and trust with the effects of mobile tablet and conducting marketing research across the borders.

2. **Customer loyalty: reputation, trust and ease of use in E-tailing**

2.1. Reputation

Building an online reputation is challenging, but nevertheless, it is attainable with dedication and commitment. Online shoppers are always looking for an online icon of mobile commerce that they can trust. Dijkmans et al. (2015) studied corporate reputation and emphasized how to use social media to engage online consumers. The authors argue that reputation will have influence on trust and loyalty of mobile commerce users. The authors hypothesized that:

H1: consumer's purchase behavior with tablet is favorable when e-tailer's website reputation is robust and trustworthy than when it is casual.

H2: reputation positively impacts loyalty.

2.2. Trust

Nilashi et al. (2015) opine that trust is an extensive and rigorous undertaking in mobile commerce and it plays an influential role in an online shopper's decision (Kim et al. 2016). The desire to remain loyal in online shopping will depend on how well a consumer can trust the mobile commerce website. Nilashi et al. (2015) divided trust into low, moderate, and high trust. Nilashi et al. (2015) and Lee, Moon, Kim and Yi (2015) also emphasized the importance

and relevance of trust in building strong ties with consumers in mobile commerce. The author hypothesized that:

H3: consumer loyalty to use a tablet increases when there is perceived trust on an e-tailer's website.

H4: trust positively impacts ease of use.

2.3. Ease of Use

Ease of use is a validated construct from the study of Davis (1989), and it was used as a predictor of intention of the user to accept information technology. Ease of use is the perception that encourages a user to believe that the inbound technology will be less cumbersome. Kucukusta, Law, Besbes and Legohérel (2015), in their study, used perceived usefulness and ease of use to test the intention of the tourist to purchase online. Agrebi et al. (2015), use perceived ease of use to predict the intention to use smartphone to purchase online, but surprisingly, it was not significant. However, in this study, the authors posit that ease of use will positively influence loyalty. The authors hypothesized that:

H5: perceived ease of use of an e-tailer's website using a tablet will positively impact consumer loyalty.

2.4. Customer loyalty

Though loyalty involves commitment on the part of online merchant and online consumers, this study argues that customer loyalty is possible through the perception of reputation and trust of the m-commerce website. According to Chaudhuri and Holbrook (2001), to have loyal online customers, there must be a degree of commitment in conjunction with a repeat purchase intention. Orel and Kara (2014), posit in their study, that self-checkout service (SCS) will positively influence loyalty; but in this study, reputation, ease of use and trust are the predictors of loyalty.

3. **Feminine and Masculine role in Mobile Commerce**

Culture is an identity and cultural theory is common in cross-cultural studies. Arnould and Thompson (2005) look at culture in different perspectives in a more than two-decade overview of consumer culture theory (CCT). Their study reveals the relevance of culture in sociocultural, symbolic, ideological and experiential study of customer consumption. Arnould and Thompson (2005) argue that consumer culture theory is not limited by specific research methodology, and classified the goals of consumer culture theory in four groups. They listed consumer identity, marketplace cultures, socio-historic patterning of consumption, and mass-mediated marketplace ideologies and consumers' interpretive strategies. Contrary to the stand of Arnould and Thompson (2005) on consumer consumption theory, the study of Baptista and Oliveira (2015) emphasize the inclusion of culture in technology acceptance model and dwell on five national cultural dimension of Hofstede (2014). However, the consumer consumption theory differentiates itself by focusing on consumer and consumption, and in the opinion of the authors, consumers seek and make identity and it is culture that distinguishes their identity (Arnould and Thompson, 2005). This study underscores the relevance of masculine and feminine in the context of mobile commerce and compares the moderating effect of males in Nigeria as against females in Finland. Masculinity characterizes competition, egoism and quest for success while feminism is an epitome of equality and quality work lives. The Hofstede cultural dimension ranking indicates high (60) ranking in masculinity in Nigeria and low (26) masculinity in Finland (Hofstede 1980, Hofstede and Bond 1988, Hofstede et al. 2010, Hofstede 2014).

Hypothesis	Path	FINLAND/ NIGERIA *Beta*	t-value	Hypothesis Confirmed
H1	Reputation → Trust	0.73/0.87	10.66/14.55***	Yes
H2	Reputation → Loyalty	0.16/0.12	1.20/1.38	No
H3	Trust → Loyalty	0.00/0.17	-.015/2.07	No/Yes
H4	Trust → Ease of Use	0.53/0.51	5.90/11.32***	Yes
H5	Ease of Use → Loyalty	0.36/0.38	3.356/4.97***	Yes/Yes

*The model is invariant and the paths are across gender in both countries.

Table 1. Tested Hypotheses

Source: Standardized path coefficient and corresponding hypotheses results for the study

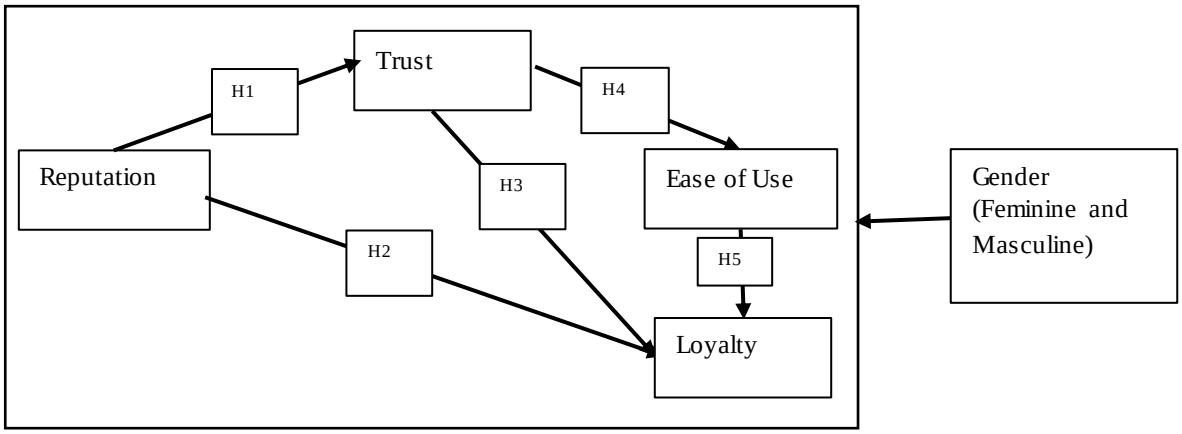

Figure 1. Conceptual framework and hypotheses

Source: Conceptual framework and tested hypotheses for the study

4. **Research methodology and sample**

4.1. Participants

An empirical data for this study was collected in Finland and Nigeria between April to July, 2015. The author selected these two countries for cross-cultural comparison based on developed and developing countries, and to highlight the differences in m-commerce use via tablet across the border. The study was conducted at major public and private universities in the Western part of Nigeria, being the hub of business and center of mobile commerce. Students, lecturers and non-academic staff of the universities – egressed as mobile commerce users – participated in the study, and were offered gift items of pen, tea and shirts for their participation in filling the questionnaire. The study targeted online consumers who had made online purchases with a tablet. A total of 800 respondents attempted the survey in two public and three private universities in Nigeria, while 590 respondents attempted in Finland. All participants were under 25 years but not older than 65 years of age (18-65), but only 550 indicated that they had used tablet for online purchase on e-tailers' sites in both countries, Finland (167) and Nigeria (383). In this sample, women in Finland account for 50.3% and men in Nigeria account for 59.5% representing feminine and masculine (gender) as a moderating effect of the study model. All the participants had at least a year's experience of undertaking m-commerce by using a mobile device. Even though a student sample was chosen for this study, – being the innovator of a trendy technology (Persaud and Azhar 2012) – this sample is representative of the target population that uses a mobile device for online shopping. Bezzina

and Saunders (2015), emphasized the importance of sampling selection while planning investigation of a phenomenon. The sampling method used was that of convenience sampling. The same sampling technique was replicated in Finland for data collection.

4.2. Task and Procedure

Participants, who agreed to fill the questionnaire, were grouped into five and a research assistant was recruited for each group for proper data coordination and collection. Some of the lecturers involved motivated their students to fill the questionnaire after a thorough explanation of the intention of the questionnaire and they were encouraged to see the procedure as a learning process, being future researchers.

4.3. Questionnaire development

The questionnaire was developed from extant research and divided into four sections: The first section focused on e-tailing shopping experience, the second section depicted six constructs (loyalty, ease of use, trust, reputation, privacy and experience). Experience and privacy were excluded from this study due to low factors loading. The constructs were adopted and modified from the previous studies to use in this context. Nine questions were asked concerning tablet usage in the context of m-commerce in the third section. The last section of the questionnaire covers the demographic information of the e-tailer customers. The question was based on 1-7 Likert scale items where 1=strongly disagree through to 7 = strongly agree. The scales and questions were first developed in English and then translated into the Finnish language. Finnish experts checked and confirmed the accuracy of the translation. The English questionnaire was administered in Nigeria and the Finnish version in Finland.

Constructs and measurement items	**Completely standard loadings (*t-value)***	**Mean**	**SD**	**CA**	**CR**	**AVE**
Website Reputation (Li 2014)				0.926	0.930	0.661
This m-commerce vendor is well known	7.65	5.38	1.53			
This m-commerce vendor has a good reputation	15.59	5.26	1.38			
This m-commerce vendor has a reputation for being honest	13.31	5.22	1.23			
This m-commerce vendor has a reputation for caring about its customers	14.20	4.79	1.35			
This m-commerce vendor has a reputation for being able to meet its obligations towards the customers	17.75	5.02	1.37			
This m-commerce vendor has a reputation for being consistent	17.82	5.00	1.43			
This m-commerce vendor has a reputation for fulfilling its promises	8.57	5.08	1.40			
Privacy (Li 2014) – excluded from the study				0.740	0.780	0.554
I am confident that I know all the parties who collect the information I provide during the use of this m-commerce website	5.58	3.02	1.62			
I am aware of the exact nature of information that will be collected during the use of this m-commerce website	15.30	3.02	1.59			
I am not concerned that the information I submitted on this m-commerce website could be misused	9.44	3.89	1.60			
I believe there is an effective mechanism to address any violation of the information I provide to this m-commerce website	11.80	3.83	1.44			

Trust (Lin and Wang 2005)				0.875	0.878	0.648
This m-commerce website is trustworthy	14.78	5.54	1.27			
This m-commerce website keeps promises and commitments	12.82	5.53	1.35			
This m-commerce website keeps my best interests in mind	15.06	4.54	1.32			
This m-commerce website meets my expectations	15.34	5.27	1.25			
Ease of Use (Davis 1989)				0.932	0.933	0.737
This m-commerce website is easy to use	6.58	5.27	1.38			
It is easy to become skillful at using this m-commerce website	5.66	5.35	1.33			
Learning to operate this m-commerce website is easy		5.47	1.20			
This m-commerce website is flexible to interact with		4.94	1.33			
My interaction with this m-commerce website is clear and understandable		5.28	1.57			
Loyalty (Lin and Wang 2005)				0.729	0.747	0.500
My preference for this m-commerce website would not willingly change		4.53	1.39			
It would be difficult to change my beliefs about this m-commerce website		3.97	1.43			
Even if close friends recommended another m-commerce website, my preference for this m-commerce website would not change		3.49	1.59			
I will buy from this m-commerce website the next time I purchase the above-mentioned product/service		5.07	1.42			

*Note: Items of the constructs have been adopted from the previous studies and amended for the sake of this study.

Table 2. Finland Overall CFA for the measurement model

Sources of observed items used to measure latent constructs (Finland Data)

Constructs and measurement items	**Completely standard loadings (*t-value)***	**Mean**	**SD**	**CA**	**CR**	**AVE**
Website Reputation (Li 2014)				0.913	0.898	0.596
This m-commerce vendor is well known	12.20	5.24	1.57			
This m-commerce vendor has a good reputation	15.29	5.31	1.46			
This m-commerce vendor has a reputation for being honest	16.97	5.15	1.46			
This m-commerce vendor has a reputation for caring about its customers	17.07	5.02	1.47			
This m-commerce vendor has a reputation for being able to meet its obligations towards the customers	17.78	5.18	1.38			
This m-commerce vendor has a reputation for being consistent	17.96	5.21	1.40			
This m-commerce vendor has a reputation for fulfilling its promises	10.47	5.29	1.41			
Privacy (Li 2014) – excluded from the study				0.700	0.700	0.439
I am confident that I know all the parties who collect the information I provide during the use of this m-commerce website	10.21	4.13	1.71			
I am aware of the exact nature of information that will be collected during the use of this m-commerce website	18.55	4.80	1.49			
I am not concerned that the information I submitted on this m-commerce website could be misused	17.44	4.10	1.68			

I believe there is an effective mechanism to address any violation of the information I provide to this m-commerce website	15.38	4.81	1.50			
Trust (Lin and Wang 2005)				0.87	0.870	0.626
This m-commerce website is trustworthy	13.84	5.06	1.65			
This m-commerce website keeps promises and commitments	13.28	5.00	1.53			
This m-commerce website keeps my best interests in mind	15.11	4.87	1.43			
This m-commerce website meets my expectations	15.60	5.17	1.37			
Ease of Use (Davis 1989)				0.872	0.874	0.626
This m-commerce website is easy to use	11.39	5.38	1.55			
It is easy to become skillful at using this m-commerce website	9.25	5.21	1.54			
Learning to operate this m-commerce website is easy		5.35	1.51			
This m-commerce website is flexible to interact with		5.19	1.52			
My interaction with this m-commerce website is clear and understandable		5.43	1.57			
Loyalty (Lin and Wang 2005)				0.769	0.727	0.473
My preference for this m-commerce website would not willingly change		4.44	1.83			
It would be difficult to change my beliefs about this m-commerce website		4.59	1.69			
Even if close friends recommended another m-commerce website, my preference for this m-commerce website would not change		4.19	1.70			
I will buy from this m-commerce website the next time I purchase the above-mentioned product/service		4.87	1.61			

*Note: Items of the constructs adopted from the previous studies and amended for the sake of this study.

Table 3. Nigeria Overall CFA for the measurement model

Sources of observed items used to measure latent constructs (Nigeria Data)

5. **Results**

To test the hypotheses in this study and the moderating effect of gender (feminine and masculine), the author applied four proven principles. At the beginning, the author embarked on data cleaning, in order to isolate outliers and unengaged responses. In the second stage, the author conducted a confirmatory factor analysis (CFA) to establish the factor, and deleted the items that may hamper the good fit of the measurement model. Thirdly, the author conducted a multi-group analysis and tested the chi-square to ascertain if the structure model depicted invariance among the gender (feminine vs masculine). Finally, the author conducted a path analysis to confirm the invariance of gender across the model, using Statistical Package for the Social Sciences (SPSS 23) for exploratory data analysis (EFA), and AMOS 23 for confirmatory data analysis (CFA) and structural equation modelling (SEM) for model fit.

5.1. Measurement model

Homogeneity test conducted revealed an unsatisfactory model fit. To ensure model fit, the author tested several models, and through the exclusion of items and construct, the confirmatory factor analysis and structural equation modelling with Amos 23 revealed the result below (see table 4 and 5 for details).

FINLAND	**CR**	**AVE**	**MSV**	**MaxR(H)**	**Ease**	**Reput**	**Trust**	**Loyalty**
Ease	0.916	0.732	0.394	0.922	**0.856**			
Reput	0.907	0.709	0.358	0.957	0.598	**0.842**		

Trust	0.893	0.807	0.394	0.969	0.628			
Loyalty	0.743	0.497	0.181	0.972	0.426	0.425	0.302	
NIGERIA	**CR**	**AVE**	**MSV**	**MaxR(H)**	**Ease**	**Reput**	**Trust**	**Loyalty**
Ease	0.854	0.594	0.575	0.860	**0.771**			
Reput	0.875	0.638	0.456	0.932	0.675	**0.799**		
Trust	0.817	0.691	0.575	0.948	0.758			
Loyalty	0.726	0.472	0.493	0.955	0.702	0.528	0.585	

*VALIDITY
Convergent Validity: the AVE for Loyalty is less than 0.50.
Discriminant Validity: the AVE for Loyalty is less than the MSV.
Table 4. Correlation among constructs
Source: The result of confirmatory analysis for the study

5.2. Multi-group invariance analysis

The multi-group result shows that the group based on gender are not statistically different at the model level and a path analysis was conducted to ensure the invariance of the path. The path analysis test also depicted invariants across gender. The male e-tailer customers in Nigeria are similar to the female e-tailing customers in Finland.

Model	X^2	df	P-value	RMSEA	TLI	CFI	CMIN/DF
Finland	99.337	69	0.010	0.051	0.977	0.982	1.440
Nigeria	135.548	69	0.000	0.050	0.970	0.977	1.964

Table 5. SEM Result for two countries
Source: The result of structural equation modelling for the study

	Chi-square	**df**	**p-val**	**Invariant?**
Overall Model	4.461	5	0.485	Yes
Path				
Reputation → Trust	2.161	1	0.142	Yes
Trust → Ease of Use	0.072	1	0.788	Yes
Ease of Use → Loyalty	0.015	1	0.903	Yes
Trust → Loyalty	1.126	1	0.289	Yes
Reputation → Loyalty	0.046	1	0.830	Yes

Table 6. Overall Model Invariant and Path Analysis Result
Source: The invariant and path analysis result for the study

5.3. Hypotheses testing

The author examined the squared multiple correlation for structural equation in order to test the hypotheses. The result of the analysis shows the correlation of reputation and trust (R^2 = 0.695/0.76). Trust correlates with ease of use (R^2 = 0.60/54), while ease of use predicts loyalty (R^2 = 0.34/38). In a correlation of trust - loyalty and reputation – loyalty had a lower r-square. Hypotheses H1, H4, and H5 were supported across the group. Hypothesis H2 was not supported while H3 was partially supported. The result shows that reputation is a strong predictor of trust. The manner in which trust arbitrates between reputation and loyalty is consistent with the study of Jin (2008) (See table 1 for details).

6. **Discussion and implications**

6.1. Managerial implications

This study contributes to the already growing body of knowledge on consumer mobile commerce, especially the segment of consumer using tablet for online purchases. Specifically, it contributes to how tablets are changing consumer behavior in a retail environment. Online shopping with tablet is an economic juggernaut for e-tailers, and there are more contributions made by the mobile professionals than by the academia. Due to this gap, the study extends knowledge on mobile commerce literature. The findings of this study make progressive contribution to the marketing literature by unveiling the purchasing behavior of online consumers and the impact of using tablets for online shopping, based on the reputation of the e-tailer's website, ease of use, trust, and loyalty.

This study offers important and essential insights to business managers, most especially the online vendors. The most significant contribution is to unravel our understanding of the strategic importance of customer engagement in the context of mobile commerce. Mobile devices are increasingly paramount in online shopping and since the consumers have their preferences, it will be necessary for an e-tailer to know the right and best mobile device to engage its customers.

The result shows that an e-tailer's website reputation is an important factor when considering consumer loyalty. The result of this study will help the online vendors globally to target the tablet users when they are optimizing their websites for effective visibility and usability. The e-tailer will be conscious of their preference and ensure aesthetic and ergonomic websites that facilitate easy use for its customers.

6.2. Limitations and future research

Future research can leverage on the findings of this study to include other constructs and use gender, based on generations X and Y. Future researchers can compare the biggest traffic-driving mobile device for online shopping sites in relation to mobile users' attitudes. This will enhance a deeper understanding of online shopping behavior across genders of different age brackets while using tablets. Future studies can also consider the impact of social commerce via tablet for online shopping and consider the effect of visual commerce on a digital platform. Additionally, it can explore customer profiling in the context of mobile devices and discover the segment that attracts more e-customers than another. It is necessary also to explore the effects of computer viruses while using a mobile device like the tablet for online shopping; the danger and solution will give a deeper insight to the body of knowledge and to the e-tailers. This study applies the quantitative method. The future researcher can employ qualitative methodology and see if it can yield a more robust result than the one that was obtainable in this study. Clustering analysis is suggested for mobile device users' segmentation. Since this study integrates technology into marketing, making use of data visualization will be a welcome idea to the academia in future studies.

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Food Tourism: The Melaka Gastronomic Experience

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Abstract
Food tourism constitutes a revitalising role in tourist enterprise management. In recent years, gastronomic experiences have emerged as strategic commodity in differentiating and branding tourist destinations. Contemporary tourists are seeking authentic gastronomic routes to further enrich their cultural and experiential journeys in their destination choices. In the UNESCO World Heritage City of Melaka, the appeal of unique Malaysian cultural food heritage has also drawn its fair share of food tourists. The potential economic impact of food tourism on the tourism industry is considerably significant. However, the conversion of a region into a differentiated culinary territory is a challenge for tourism destinations. Therefore, it is necessary to identify the mechanism of tourists' perceived value on the culinary landscape of their destination choice. This study aims to analyse the effects of novelty and online reviews on food tourists' motivation towards their destination choice in Melaka. The study further explicates the mediating effect of marketing and advertising on novelty and online review. Data were collected in the vicinity of Melaka tourist attractions by means of quota sampling. Identified visitors were intercepted and subjected to e-questionnaires using iPad. A total of 184 samples were collected via this paperless method. Collated data was analysed using SPSS and AMOS. Results from the analyses indicate novelty and online review to have effect on tourists' motivation. In mediating the indirect effect of marketing and advertising, we found a partial mediation on novelty and motivation but a full mediation on online review and motivation. The study outcome holds practical implications in efforts to establish a favourable gastronomic image of Melaka through credible marketing and advertising activities. An improved tourist expectation on destination choices warrants post-experience satisfaction, favourable online reviews, visitors' loyalty and revisit intentions. In this context, food tourism will be better positioned for sustainable tourism revenue growth.

Keywords: food tourism, motivation, novelty, online reviews, marketing and advertising

JEL classification: L83

1. Introduction

In recent years, tourists are increasingly emphasising on the importance of food and culinary experiences when choosing a destination. Although the food service industry has always been part of the tourism experience, food tourism research is a relatively recent development. Food tourism applies to tourists and visitors who plan their trips in pursuance of unique and memorable culinary experiences of all kinds (UNWTO, 2012). As a diversified form of tourism commodity, tourism authorities and destination managers are increasingly keen to agglomerate tourist attractions with native culinary heritage in differentiating and branding tourists' destinations (Benur & Bramwell, 2015). Current research on food tourists' motivations has hitherto been scarce. Understanding tourist motivations is valuable in constructing marketable and publicly attractive identities of tourist destinations. Travellers, including domestic visitors, are motivated to satisfy their functional and psychosocial or emotional needs in selecting their

destination choice (Dann, 1981). Food tourists strive to build positive affect and/or evade negative affect from their experiential journeys to contribute to their overall satisfaction and wellbeing (Sirgy et al., 2011). These consequences are highly associated to preconceived destination images towards a travel experience (Wang et al., 2016; Peštek & Činjarević, 2014). Thus, destination management plans need to be designed with credible representations of the local culinary offerings for lasting comparative and competitive advantage.

Considering these facts, this study seeks to explore the driving forces of food tourist motivations in the UNESCO World Heritage City of Melaka. We have a notion that empirical research on food tourism and food tourists' motivation in Melaka is understudied. Contemporary Melaka today originates from centuries of amalgamating ethnic and cultural heritage of its native and postcolonial Asian and European immigrant society. The diversity of the destination offers tourists with a unique and exotic sociocultural hybridity which banquets directly through its culinary food heritage (Björk and Kauppinen-Räisänen, 2014; Long, 2004). Local cuisines carry great economic importance for job creation and income generation at all levels of the local economy (UNWTO, 2016). While international tourism is appreciated for its capacity as an export earner, domestic tourism in national economies is a resilient tool for local territorial development (Pierret, 2011). Domestic demands are less sensitive and averse to socio-economic crises and socio-cultural difference (Tse and Crotts, 2005). In 2014, the Malaysian Domestic Tourism Survey (DTS) Report registered a total of 169.3 million domestic visitors with spending amounting to 89% of total tourist expenditure. Melaka has seen a steady increase in domestic visitors from 2.7 million in 2008 to 11.6 million visitors in 2014. The expenses on food and beverages represent the third largest percentage share in total domestic tourism expenditure for 2014 (DOS, 2015). Despite promising figures, the arrival of domestic tourists to Melaka is lagging in comparison to the rest of Malaysia (DOS, 2011).

Reflecting on this actuality, it is necessary to identify factors affecting tourists' perceived image on Melaka to better position the state as a differentiated culinary territory in the increasingly competitive tourism industry. To address this research gap, we aim to analyse the effects of novelty and online reviews on food tourists' motivation towards Melaka as their destination choice. This exploratory study further examines the mediating effect of marketing and advertising on novelty and online review that affect tourist motivation.

2. Literature Review

2.1. Novelty seeking

Food tourists travel to a destination choice to satiate their expectations on authentic food and culinary experiences. Destinations with unique local cuisines and lifestyles provide novelty seeking tourists the opportunity to broaden and enrich their horizons (Oh et al., 2016). With increasing disposable income and available leisure time, experienced travellers are motivated to seek new and unfamiliar learning experiences in their travel adventures (Goeldner & Ritchie, 2012; UNWTO, 2012). The uniquely Melakan culinary varieties emphasising on special menus, distinctive atmospheres, and high-quality food and services experiences offers food tourists the possibility to complement their curiosity and knowledge of the people, environment and culture. From this perspective, food consummates as an integral inducement in the pursuit for memorable and satisfying gastronomic experiences while travelling (Engeset & Elvekrok, 2015). Food and beverages can represent an important traditional and cultural inheritance for tourist destinations (Björk and Kauppinen-Räisänen, 2014; Peštek & Činjarević, 2014). Food tourism provides tourists the opportunity to approach culture in a more exploratory and participatory manner through tasting, experiencing and purchasing local or ethnic foods. Nonetheless, travellers have been noted to rarely return to previously visited destinations

immediately, or, discouraged to pursue their explorations when the level of stimuli becomes too familiar or too remote (Wang et al., 2016; Assaker, 2011; San Martin & Rodriguez del Bosque, 2008). Following Li et al. (2016) and Assaker (2011), this study perceives novelty seeking food tourists to show greater intent to visit or revisit in the long-term. Therefore, we posit that:

H1. *Novelty seeking positively affects tourist motivation on gastronomic experience in Melaka.*

2.2. Online review

The impact of informal communications through electronic word of mouth (e-WOM) has been influential on consumer behaviour. Within recent years, the rapid growth Web 2.0 and Tourism 2.0 sites have intensified the availability of sharing informal and unbiased information within the tourism industry (Goeldner & Ritchie, 2012). Modern travellers are inclined to study both traditional and electronic information sources prior to their trip to better understand and evaluate their destination preferences and options (Lu et al., 2016). The impact of the Internet has expanded traditional trip planning to include searches for experiential travel products such as food and shopping at a destination choice. Along these lines, the intangible and experiential nature of tourism products makes user-generated content (UGC) sites credible and relatable to tourists. Online reviews have become a major factor in branding the image of tourism destinations and products (Baka, 2016). Yet, Zhang et al.'s (2016) study shows an overabundance of information load could affect individuals' cognitive resource. Although online reviews on UGC sites are useful, users are likely to selectively process positive information. Regardless, the informational influence contained within online reviews and the experiential nature of tourism products reassures users of the recommendations made by experienced reviewers (Filieri, 2015l Sun et al., 2015). On this basis, prospective food tourists to Melaka are predisposed to seek testimonials and recommendations from these reviews to facilitate their gastronomic choice. With modern adaption, we hypothesised that:

H2: *Online review positively affects tourist motivation on gastronomic experience in Melaka.*

2.3 Marketing and advertising

The increasingly intense competitiveness of tourism destinations has obliged destination management organisations (DMOs) to re-evaluate existing marketing strategies to adapt to changing tourism experiences. Focusing on encouraging demands and future returns, the marketing and promotional tools serves as an imperative tool to articulate awareness and understanding of tourism offerings at a destination. The use of advertising in food tourism has become highly essential in building the image and brand of destinations (UNWTO, 2012). Tourists are attracted to destinations through the use of high-quality and convincing promotional tools. Through online advertising, the attractiveness of destination attributes incidentally frames the favourableness towards a destination (Elliot & Papadopoulos, 2016). The interplay of both the cognitive assessment and affective evaluation of known destination attributes eventually arbitrates the perceived quality and satisfaction of a holiday experience. (San Martin & Rodríguez del Bosque, 2008). Food tourism itself predicates renewed differentiation strategy in improving tourism destination image (Benur & Bramwell, 2015). As concentrated niche tourism, the uniqueness and variety of local culinary offerings must be advertised with authenticity. With the Internet rapidly growing, local DMOs need to substantiate traditional marketing strategies with effective consumer-oriented e-marketing strategies (Baka, 2016; Költringer & Dickinger, 2015). For these reasons, we suspect an interaction effect of marketing and advertising on novelty and online review in mediating tourist motivation. Consequently, the following hypotheses are postulated:

H3: *Marketing and advertising mediate novelty seeking on tourist motivation.*

H4: *Marketing and advertising mediate online review on tourist motivation.*

3. Methodology

3.1. Sample data and methodology

The data were collected at the vicinity of Melaka tourist sites. Domestic tourists were intercepted to answer e-questionnaires using the iPad. Using non proportional quota sampling, 184 samples were collected. This sampling method ensures sufficient group sample of domestic tourists visiting Melaka are represented (Trochim, 2006).

3.2. Data analysis

The survey instrument has two parts. Part A contains the demographic profiles of the domestic tourists and Part B, the questions relating to the constructs of novelty seeking, online reviews, tourist's motivation, and marketing and advertising. A 5-point Likert scale is used to measure responses for each construct (1 = strongly disagree to 5 = strongly agree). The data from Part A were analysed using IBM Statistical Package for Social Science (SPSS), and from Part B, using IBM SPSS analysis of moment structures (AMOS). For hypotheses testing, the items in the exogenous and endogenous constructs were confirmed by first-order confirmatory factor analysis (CFA). Items with standardised regression weights (SRW) of less than 0.5 were deleted. The remaining items which formed the research framework were subsequently subjected to a second-order CFA to measure the relationships between the constructs (Hair et al., 2010). In testing the mediation, we first computed the direct effect of novelty seeking and online review to tourist's motivation to confirm its significant relationships. Next, in assessing the strength and significance of marketing and advertising, we performed bootstrapping to 1000 samples as pseudo-population with 90% bias-corrected confidence level. This method allows the research to simulate a broader sample of the domestic tourists in Melaka (Preacher et al., 2007). The mediation effects were finally confirmed using the Sobel test (Soper, 2016).

4. Results

4.1. Descriptive statistics

Table 1 shows the demographic profile of the sampled domestic tourists. Of the 184 tourists, 112 (60.9%) were male and 72 (39.1%) were female, of which 109 (59.2%) were single and 75 (40.8%) were married. The largest age group was less than 25 years old (44%), followed by the age group of 25 to 35 years old (27.2%). All participants were educated. It is intriguing to observe that the highest category of money allocated for food during travels was between RM201 to RM400 (USD 1 = RM4.30). Fifty eight (31.5%) of the domestic tourists indicated it was their first time visit at the current food destination. Furthermore, 181 (98.4%) of the correspondents expressed their intention to revisit the current food destination if they returned to Melaka, and 162 (88%) of them deliberated that they would use online review platforms for future Melaka gastronomic decisions.

Demographic profile	Frequency	Percentage
Gender		
Male	112	60.9
Female	72	39.1
Age		
< 25	81	44.0
25 - 35	50	27.2
36 - 45	46	25.0
> 45	7	3.8
Marital Status		
Single	109	59.2
Married	75	40.8
Education Level		
Diploma	49	26.6
Degree	96	52.2
Master	7	3.8
Others	32	17.4
Monthly income (1USD=RM4.30)		
≤ RM 3000	115	62.5
RM 3001 - RM 4000	42	22.8
> RM 4000	27	14.7
Number of people accompanying you for this trip		
1 - 3 person	62	33.7
4 - 5 person	68	37.0
≥ 6 person	54	29.3
Estimated amount of money spent for food		
< RM 200	28	15.2
RM 201 - RM 400	72	39.1
RM 401 - RM 600	54	29.3
> RM 600	30	16.3
Number of Visits at current food destination		
1	58	31.5
2	57	31.0
3	40	21.7
> 4	29	15.8
Revisit intention to current food destination		
Yes	181	98.4
No	3	1.6
Intention to use online review for future Melaka gastronomic decisions		
Yes	162	88.0
No	22	12.0

Table 1. Descriptive statistics results

4.2. Hypotheses testing

The model specifications between the exogenous constructs of novelty seeking (NS), online review (OR) and endogenous construct, marketing and advertising (MA), and tourist motivation (TM) were based on the theoretical background justifications. Each construct has 8 items, totalling, 40 items. In the first-order confirmatory factor analysis (CFA), we have deleted 18 items with a standardised regression weight below 0.5. The remaining 14 items were treated as latent constructs (see Figure 1). There was no item deleted for MA construct.

After the first-order deletion, the model fit values were χ^2 302.86, degrees of freedom (df) 193, χ^2/df 1.57, p=0.001, normed fit index (NFI) 0.893, comparative fit index (CFI) 0.958, Tucker-Lewis index (TLI) 0.949, and root mean square error of approximation (RMSEA), 0.053. In the second-order CFA analysis, the model fit was tested (Table 2). The results were χ^2 98.22, df 67, χ^2/df 1.47 and p-value, 0.008, with NFI, 0.929, CFI, 0.976, TLI, 0.967 and RMSEA, 0.05, indicating a good model fit.

The construct reliability were 0.86 for NV, 0.95 for OR, and 0.79 for TM. These values were higher than 0.7, suggesting the constructs were reliable. The content validity for the model was justified in the literature reviews. The convergent validity which is measured by the average variance extracted (AVE) also exceeded the threshold value of 0.5, with NV, 0.68, OR, 0.63 and TM, 0.56. These values indicate constructs convergence (Hair et al., 2010).

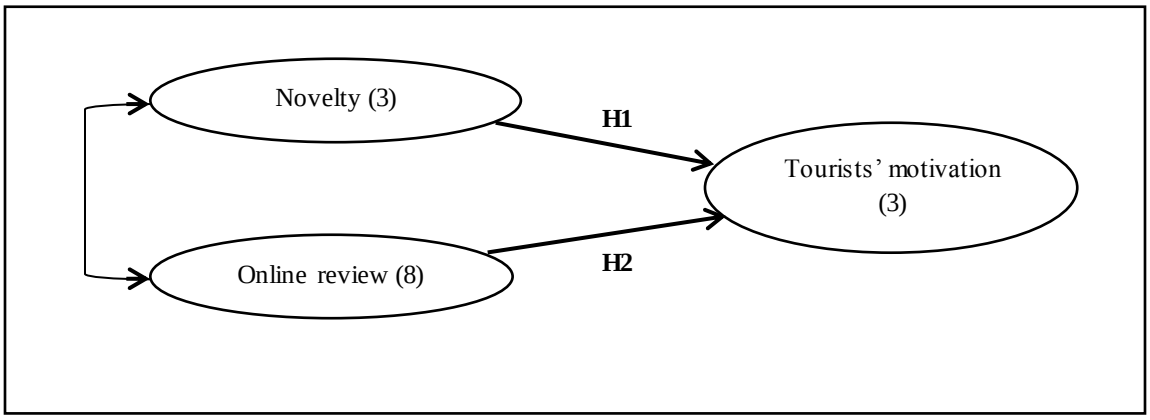

Figure 1. Conceptual model of novelty, online review, and tourist's motivation to food decision

Constructs	Mean	SD	CR	VE	1	2	3
Novelty seeking (NS)	4.09	.634	.860	.68	.716		
Online review (OR)	4.06	.703	.948	.63	.175*	.696	
Tourist's Motivation (TM)	3.97	.562	.792	.56	.575**	.346**	.572

Notes: CR is the construct reliability; the diagonal values in bold represent the square root of the average variance extracted (AVE) between constructs and their measures; the off-diagonal values are the correlations between the constructs; the diagonal values higher than the off-diagonal values in the same row and column indicate discriminant validity; variance extracted (VE) values calculated were greater than 0.5 indicated convergent validity; the correlation value is significant at *p, 0.05; **p, 0.01 (two-tailed)

Table 2. Internal consistencies, construct reliability, correlations and AVE of the constructs

The regression weight for H1 was 0.908 (p=0.001), and for H2, 0.312 (p=0.001), implying both hypotheses were supported. The squared multiple correlation or r-squared value of the three construct was 0.681. This value suggests that 68.1% of the variation in the tourist's motivation can be explained by the regression on novelty seeking and the online review constructs (see Table 3).

4.3. Mediation fit

Next, the mediating effect of MA was assessed (Figure 2). The direct relationships between NV and OR and TM were first analysed for its direct significant effects (see Table 4). The results for NV to TM was 0.951 with p=0.001, and for OR to TM was 0.384 with p=0.001. Marketing and advertising (MA) was then added as mediator for the relationships between NV and OR and TM. The hypothesis H3 results for NV to MA was 0.49 (p=0.001) and MA to TM was 0.28 (p=0.001), and the direct effect of NV to TM was 0.81 (p=0.001) with 95% confidence interval (CI) of 0.04 to 0.211, indicating a partial mediation for the model. Interestingly for H4, we found the model was fully mediated with OR to MA, 0.55 and p-value, 0.003, and MA to TM was 0.37 with p-value of 0.015. The direct effect of OR to TM was 0.17 with p-value 0.094 and 95% CI = 0.067 to 0.434. Both mediation effects were confirmed by Sobel test (Rucker et al., 2011) The Sobel test was performed using Soper's (2016) online statistical calculator.

	Construct	Estimate	p-value	Hypotheses	SRW	SMC
Motivation ← Novelty seeking		0.908	***	H1=S	0.691	0.681
Motivation ← Online review		0.312	***	H2=S	0.358	
NS1	I enjoy experiencing different cultures through my gastronomic experiences.				.497	.247
NS4	I have the opportunity to see or experience people from different ethnic				.881	.777
NS5	backgrounds.					
OR1	I have the opportunity to see or experience unique aboriginal or native groups.				.820	.673
OR2	Online reviews reduced the number of alternative food options to consider in making my gastronomic decision.				.710	.501
OR3	Online reviews helped me to learn more about the gastronomic options that satisfied my needs/requirements.				.739	.547
OR4	Online reviews are useful in evaluating the quality of my gastronomic choice.				.789	.622
OR5	Information on the gastronomic options in online reviews is reliable.				.786	.617
OR6	Online reviews are trustworthy.				.785	.617
OR7	Online reviewers are more experienced in their gastronomic reviews.				.768	.590
OR8	I feel reassured with online gastronomic recommendations made by others.				.744	.554
PM5	I feel reassured if my gastronomic decision is based on highly-rated online				.694	.482
PM6	reviews.				.727	.528
	I wish to explore the historical and cultural heritage of Melaka.				.764	.584
PM7	I want to learn more about the Melakan's cultures and way of life through my gastronomic experience.				.440	.194
	I want to meet new people in every destination.					

Notes: ***p-value=0.001; SRW – standardised regression weight; SMC – squared multiple correlations; S – supported

Table 3. Results of hypotheses testing

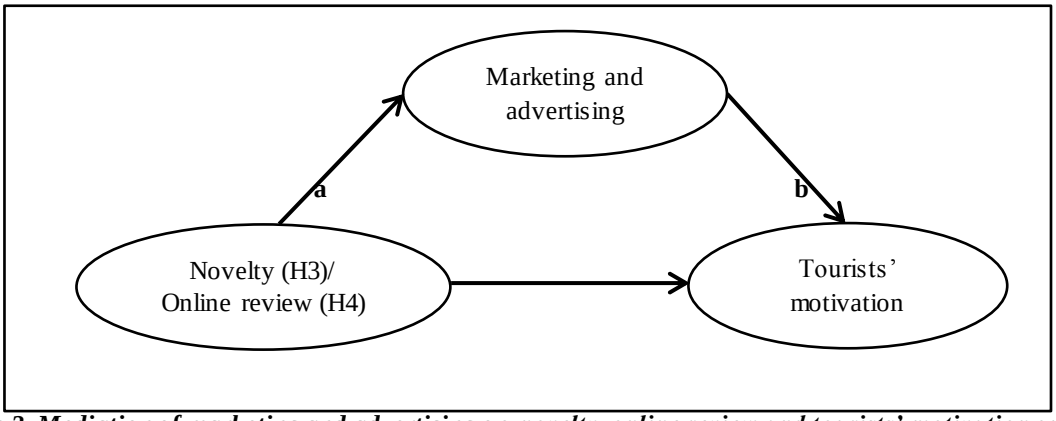

Figure 2. Mediation of marketing and advertising on novelty, online review and tourists' motivation on food decision

Hypotheses	Direct w/o	Direct w/med (sig value)	Indirect path a coefficient (sig value)	Indirect path b coefficient (sig value)	Sobel test statistic (2-tailed probability)	Mediation effect
Motivation ← Novelty seeking	0.951***	NA	NA	NA		
Motivation ← Online review		NA	NA	NA		
H3: Novelty-Marketing-Motivation	0.384***	0.81 (***) 0.17 (0.094)	0.49 (***) 0.55 (.003)	0.28 (***) 0.37(.015)	2.60(0.009)	Yes/Partial
H4:Online-Marketing-Motivation	NA NA				3.04(0.002)	Yes/Full

Notes: ***p, 0.001; NA – not applicable. The indirect effects path coefficients and its significant values were obtained from AMOS. The mediation effects were confirmed by using the Sobel test.

Table 4. Mediation results

Source: Soper, 2016. Statistics calculators, http://www.danielsoper.com/statcalc3/calc.aspx?id=31

5. Discussion and conclusion

The findings in this study have statistically established the relationships of novelty seeking and online review on food tourists' motivation to pursue their gastronomic experience in Melaka. The results further established the role of marketing and advertising on novelty and online review in domestic food tourists' destination choice.

Domestic tourists are aware of the characteristic Melakan experience in gratifying their desire for novelty through its culinary offerings and experiences. This study found that in seeking unfamiliar food trails in Melaka, the food tourists have the opportunity to meet new people and see or experience the unique historical and cultural heritage of the mixed native groups. A study in Taiwan similarly supports the observation whereby domestic tourists are found to be attracted to novel experiences in visited aboriginal attractions (Chang et al., 2006). Moreover, a majority of the sampled food tourists have intentions to revisit the current food destination they have dined. Tse and Crotts (2005) found a positive correlation of repeat visitors with the range of culinary explorations. It backs Engeset and Elvekrok's (2015) assumption that satisfied novelty seeking food tourists bring about greater overall tourists experience. This suggests that the number and range of culinary offerings available in Melaka motivates satisfied novelty seeking tourists to revisit the same destination in the future.

The findings further reveal that domestic tourists have found online reviews to be useful in evaluating the reputation and quality of their gastronomic choices. This is in line with Filieri's (2015) research on high-quality online reviews as reliable indicators of product quality. Learning-oriented tourists would benefit and enjoy acquiring new information and knowledge (Lu et al. 2016; Xiang et al., 2015) from the contents of audience-generated online reviews and feedbacks. As such, food-related reviews provide tourists with learning avenues and mental representations of the various gastronomic options available in Melaka. This will better enable them to evaluate and to pursue options with attributes which agrees with their desired needs (Baka, 2016; Wang et al., 2016).

The full mediating effect of online review on marketing and advertising and tourist motivation clearly indicates the importance of marketing and advertising for the Melakan gastronomic experience. Traditional advertising tools may be useful to establish awareness of a gastronomic route but the marketing buzz created through interactive consumer-to-consumer online reviews encourages tourists to make an assured decision towards the advertised gastronomic destination (Elliot & Papadopoulos, 2016; Sun et al., 2015). Furthermore, the partial mediating effect of novelty seeking on marketing and advertising and tourist motivation implies that only part of the total effect of NS and TM was due to the mediation of MA. This connotes that other indirect mediator could influence novelty seeking for this model (Rucker et al. 2011).

5.1. Implications of findings

No doubt this study suggests the importance of online review in differentiating and branding tourist gastronomic destinations. Under these circumstances, the results suggest that the systematic management of food tourists' perceived value and expectations on the culinary landscape in Melaka is critical for sustainable tourism revenue growth. The full mediation of marketing and advertising on tourist motivation implies domestic tourists were indeed favourable towards studying online reviews before or during their visits in Melaka. Integral to this, local DMOs should actively establish credible marketing and advertising efforts using the expansive Web 2.0 and Tourism 2.0 tools to promote existing favourable food tourist experiences in Melaka. For optimal campaign of specific culinary spots, viral online advertisements and folksonomy (tagging) on social networking sites, food blogs and popular online customer review platforms like TripAdvisor and Yelp.com play significant roles in

promoting authentic local foods to novelty-seeking tourists. Local food establishments can leverage the informational influence of advertising and e-WOM tools to improve their visibility and popularity (Baka, 2016; Filieri, 2015). Efforts should be made to build tourist expectations and to effectively send optimally meaningful information to food tourists to reduce their decision uncertainty (Wang et al., 2016; Zhang et al., 2016). With the popularity of mobile apps, free government-backed travel and food apps can be designed to provide on-the-go information search about Melaka's cuisine and food cultures. The apps can be built to incorporate experienced tourists' reviews, ratings and location-based services with stimulating multimedia and visual interface to strengthen the culinary-cultural identity of popular destinations.

This exploratory study has contributed to food tourism management in Melaka and marketing literature. Melaka benefits from its unique intermarriage of postcolonial racial and ethnic groups in acculturating an authentic cultural heritage. The rich milieu enables Melaka to be a salient host for food tourism to both domestic and international tourists. Local cuisines are often the catalyst for food tourism. A distinctive and differentiated local palate brings satisfying and memorable gastronomic experiences to novelty seeking tourists that could spur their intention to revisit the state. Sharing their satiating experience through e-WOM on online review platforms encourages other tourists to visit Melaka. In terms of marketing, tourism authorities and destination managers need to adequately and continuously promote local culinary offerings to prospective tourists in the interest of imbuing food tourism as a decisive motivator in their destination choice.

5.2. Limitations and future research

This present study has two main limitations. Reflecting on the samples collected within the locality of Melaka's busy tourists' sites, we observed that some of the respondents could not focus in answering the e-questionnaires fully. We assumed this was on account of their urge to move on to other attraction sites. This could be one reason that resulted in the high deletion of some items in the constructs. This implies the data may be biased and not generalizable. However, the statistically significant findings draw some interesting evidences in this study and should be continued. Future studies can be improved by raising sufficient research funds to provide free local drinks for tourists to drink-and-answer the questionnaire in a more unhurried mood. Moreover, this study only surveyed the domestic visitors' motivations to local food establishments. Additional work could be undertaken to include and discern international tourists' motivations to experience the Melakan gastronomic adventure. Finally, we encourage future studies to be expanded and replicated in various tourism context or destinations for each state in Malaysia in order to test for model invariance among different settings and extent of novelty on food tourists' revisit intention over time.

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Agro-Tourist Boarding Houses in Romania: Is their Online Positioning Designed to Be Effective?

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Abstract
Do the Romanian agro-tourist boarding houses design online positioning able to have an effective impact on the target customers? The answer to this question may have critical consequences for the competitiveness, profitability and sustainability of these businesses. Systematic studies on this topic are rather few in Romania. The paper presents the findings of one of the first studies aiming to explore this research question. The main objectives of the research were the following: (i) to discern the types of customers targeted by these agro-tourist boarding houses; (ii) to search the main pillars on which positioning relies in this sector; (iii) to identify the points of parity; (iv) to find the types of points of differentiation communicated online; (v) to investigate the core brand promise of the agro-tourist boarding houses. The study was based on the analysis of secondary sources of information available in an online touchpoint such as a portal dedicated to the boarding houses. The online information analyzed focuses on the positioning strategies designed by the agro-tourist boarding houses, not on actual image forged among Romanian and foreign tourists. Based on the research findings, specific recommendations are formulated for the benefit of both the agro-tourist boarding houses and their customers.

Keywords: marketing, positioning strategy, points of parity, points of differentiation, agro-tourist boarding houses.

JEL classification: M30, M31, Z33.

1. Introduction

Academia and practitioners specialized in the field of tourism use several different translations as English equivalent for the concept "pensiune agro-turistica" from the Romanian language. In this article, the term "agro-tourist boarding house" was preferred against others, due to its official use by the National Institute of Statistics from Romania.

This article focuses on the online positioning of the agro-tourist boarding houses. The major question addressed is whether their online positioning is designed to be effective in this field, respectively to successfully attract customers and to contribute to the sustainable development of these establishments of tourist reception.

2. Agro-tourism and positioning

This article makes a step forward in the research on marketing topics in the agro-tourism sector in Romania. At present, no study on the subject of positioning is available. The research findings that were published on agro-tourism in Romania were more focused on the marketing mix than on targeting and positioning strategies. The question addressed by this article has both managerial and research relevance.

2.1. Agro-tourism

In Romania, from the 1990s, agro-tourism captured the increased attention of academia, researchers and practitioners. Gradually, several conceptual and research trends emerged.

A first trend consisted in conceptual clarifications. Specialists contributed to the definition of concepts such as rural tourism, sustainable tourism, ecotourism and agro-tourism (Mitrache, 1996; Glavan, 2003; Nistoreanu, ed., 2010). The importance of agro-tourism and its relevance to the Romanian economy were also approached. A second but weaker trend materialized in agro-tourism research on specific geographical areas and zones. Lately, exploratory studies approached areas such as the locality Arieseni from Apuseni (Goje, Pascuta, 2009), the Caras-

Severin county (Sava, 2012) and Bihor county (Botezat, 2015) etc.
Conclusive research on agro-tourism topics is still in a preliminary stage in Romania. Opportunities for both fundamental and applied research are still not turned into value.
The adoption of the "Agenda for a sustainable and competitive European tourism" led to the increase in the importance of natural resources and ecosystems and of the soft forms of tourism activity such as nature, ecotourism and adventurous tourism (Leslie, 2011, p. 57). Research and practice in this field will very likely evolve within the context of new priorities set by the European Union in the tourism domain.
Agro-tourism requires multidisciplinary approaches. Joint research in social and economic sciences may benefit both agro-tourism stakeholders and research advancement.

2.2. Positioning: core marketing concept

Positioning is a core concept in marketing management and an important tool for each company in accomplishing functional and corporate objectives. In addition, the positioning strategy guides the development of the marketing mix of the company. The essence of positioning a product/service brand or a corporate brand consists in designing the brand and its image so that it occupies a special and relevant place in the minds and hearts of the customers from the target segments (Ries and Trout, 2000). Brand positioning is a multi-stage process. The main stages of this process are the following: (i) selection of the target market segments; (ii) identification of competitors that will represent the basis of comparison; (iii) setting the points of parity in relation to the other competitors; (iv) definition of the points of difference; (v) crafting the brand mantra (Kotler and Keller, 2016).
As regards the selection of the target market, the strategic options are undifferentiated, differentiated and concentrated strategies. Many companies, even in the tourism sector, apply the undifferentiated strategy in order to maintain low levels of costs (Stancioiu, 2004, p. 91).
The points of parity are the attributes and benefits which are common to several brands. The essence of brand positioning is the association with a "place" in the minds of customers that is distinctive in comparison to those of relevant competitors. Consequently, differentiation may seem to be the key of positioning while points of parity may be considered drawbacks. In reality, companies may have at least two good reasons to develop points of parity within their positioning strategy. The former is the need to demonstrate that brand belongs to a specific category, respectively that it has the features and benefits required and expected by the target customers. The latter is related to the aim of eroding the points of difference of competitors' brands by communicating attributes and benefits similar to those associated with the points of difference of the competitors. In contrast, points of differentiation are corner-stones of the value proposition and brand positioning. They consist in attributes and benefits that are strongly, uniquely and positively associated with a specific brand. Many successful brands rely on multiple points of difference for their positioning.

3. The agro-tourist boarding houses in Romania

During the present decade, in Romania, the agro-tourist boarding houses registered an ascending trend in terms of number of establishment. In addition, the tourist boarding houses and the agro-tourist boarding houses gained an important place in the tourism sector.

3.1. Tourist boarding houses and agro-tourist boarding houses

In Romania, the order no. 65/2013 and order no. 221/2015 of the president of the National Tourism Authority set the requirements that must be met by the tourist boarding houses and the agro-tourist boarding houses. The evolution during the present decade shows that such boarding houses gained an important place within the tourism sector in Romania.

Essentially, both establishments of tourist reception must provide accommodation, as well as conditions for preparing and serving meals. They function either in a dwelling or in an independent building. In addition, the tourist boarding houses from the rural area and the agro-tourist boarding houses should be located on a minimal area of 1,000 sq.m. representing the built area plus the land area around the building (including the land for agricultural and crafting activities in the case of the agro-tourist boarding houses).

The differences between the two types of touristic establishments are multifold (National Tourism Authority, 2013). Firstly, they differ in terms of accommodation capacity. A tourist boarding house may reach up to 15 rooms, respectively 40 places/beds, while the agro-tourist boarding house does not surpass 8 rooms. Secondly, another differentiator consists in the additional value provided. In the agro-tourist boarding houses, tourists have the possibility to participate in activities within the household. Thirdly, the agro-tourist boarding houses prepare the meals from natural produce grown by them or obtained from authorized producers existing locally. Finally, the hosts from the agro-tourist boarding houses are in charge for tourist reception and for the program of tourists all along their stay at the establishment. According to the order no. 221/2015, the host has also to accompany tourists during their participation in household or crafting activities.

3.2. Evolution of tourist boarding houses and agro-tourist boarding houses in Romania

The tourist accommodation capacity evolved progressively in Romania. The types of establishments which provide permanent or seasonal accommodation to tourists are diverse and include: hotels, motels, tourist inns, hostels, tourist villas, holiday villages, camping sites, school and pre-school camps, tourist halting places, tourist boarding houses, agro-tourist boarding houses, houselet-type units and ship accommodation places.

In 2015, the number of establishments of tourist reception reached 6821 units (National Institute of Statistics, 2016). This number is the result of an ascending trend over the period 2011-2015. Data on this evolution are presented in table 1.

Indicators	Measuring unit	Year				
		2011	2012	2013	2014	2015
Number of establishments of tourist reception						
Total in Romania	Establish-ments	5003	5821	6009	6130	6821
out of which:						
• TBH		1050	1247	1335	1323	1527
• ATBH		1210	1569	1598	1665	1918
Existing accommodation capacity						
Total in Romania	Beds	278503	301109	305707	311288	328313
out of which:						
• TBH		20499	25019	27325	27295	32051
• ATBH		20683	27453	28775	30480	35188
Accommodation capacity in use						
Total in Romania	Beds-days	68417259	74135614	77028488	77676817	81872539
out of which:						
• TBH		5999542	7343529	8179000	8279529	9416908
• ATBH		5378364	6864934	7932634	8219979	9079901

Note: Data on July 31 of each year. TBH = tourist boarding houses. ATBH = agro-tourist boarding houses.

Table 1. Tourist establishments, tourist boarding houses and agro-tourist boarding houses in Romania, during the period 2011-2015

Source: Based on National Institute of Statistics, 2014, p. 22; National Institute of Statistics, 2016, p. 22.

The data from table 1 highlights several major features and trends:

a) **high share of boarding houses in the number of establishments of tourist reception.** In 2015, 50.51% of the establishments of tourist reception existing in Romania were boarding houses. The year 2015 is a "turning point" because the boarding houses reached for the first time half of the number of establishments of tourist reception in Romania. Between 2011 and 2014, this type of establishments represented approximately 45-48% of the total number of establishments of tourist reception. In 2015, the agro-tourist boarding houses (1918 establishments) were more numerous than hotels (1545 establishments) (National Institute of Statistics, 2014).
b) **predominant share of agro-tourist boarding houses.** The statistics focus on two distinct types of boarding houses, respectively "tourist boarding houses" and agro-tourist boarding houses". Data show that agro-tourist boarding houses surpass the number of tourist boarding houses. In 2015, the share held by each of the two types of boarding houses in the total number of establishments of tourist reception was 28.12% and respectively 22.39%.
c) **relevant share of boarding houses in the accommodation capacity.** A boarding house provides accommodation services for a relatively small number of tourists. This is the reason of the lower share held by boarding houses in the tourist accommodation capacity, compared to the share held in the number of establishments of tourist reception. In 2015, the share of boarding houses in the tourist accommodation capacity was 20.48% compared to 14.79% in 2011.
d) **higher degree of use of the accommodation capacity of boarding houses.** On average, the number of accommodation days per bed was 249.37 for all the establishments of tourist reception in 2015. In the case of boarding houses, the degree of use of the accommodation capacity was comparatively higher, respectively 293.81 days/bed in the case of tourist boarding houses and 258.04 days/bed in the case of agro-tourist boarding houses. At the same time, a significant difference is visible between the two types of boarding houses. More precisely, the agro-tourist boarding houses display a lower degree of accommodation use in comparison to the tourist boarding houses. Thus, even if the number of establishments and the accommodation capacity is higher in the case of agro-tourist boarding houses, the use of the available capacity is lower compared to the tourist boarding houses.
e) **increase in the number of tourist establishments, including boarding houses.** The number of establishments increased by 36.34% over the five-year period. The positive trend was more intense for the tourist boarding houses and the agro-tourist boarding houses. The number of tourist boarding houses augmented by 45.43% in 2015 compared to 2011. The agro-tourist boarding houses had the most prominent increase, their number being 58.51% higher by the end of the five-year interval.
f) **slightly larger size of the new boarding houses.** On average, an establishment of tourist reception in Romania had a number of 55.67 beds in 2015, with 15.67% more than in 2011. In the case of tourist boarding houses, the average accommodation capacity slightly increased by 7.5% from 19.52 beds in 2011 to 20.99 beds in 2015. The agro-tourist boarding houses have a rather similar evolution in terms of capacity, increasing by 7.33% from 17.09 beds to 18.35 beds during the same interval.
g) **growth in the tourist accommodation capacity, boarding houses included.** Countrywise, the increase in the accommodation capacity was +17.88%, fact that reveals that new establishments were of rather medium and small capacity. The boarding houses are in stark contrast with this evolution at national level. The

accommodation capacity of the agro-tourist boarding houses grew by 70.13%. Compared to the increase of 58.51% of these establishments, the growth in the extant accommodation capacity of the agro-tourist boarding houses reveals that on average, every new establishment created between 2011 and 2015 had a larger number of beds than the existing boarding houses of the same type.

h) **increase in the accommodation capacity in use, boarding houses included.** The accommodation capacity in use had also a favorable evolution. The growth in the number of bed-days during the five-year period was +19.67% for all the types of establishments at national level, +56.96% for the tourist boarding houses and +68.82% in the case of agro-tourist boarding houses.

In essence, the tourism sector in Romania registered positive trends in terms of number of establishments of tourist reception, accommodation capacity and capacity in use over the five-year period. This situation was also witnessed by the boarding houses. The favorable dynamics could be the result of both stronger entrepreneurial initiatives and of higher tourist interest in boarding houses.

Almost all boarding houses are privately owned. In 2015, 99.7% of the tourist boarding houses and 98.7% of the agro-tourist boarding houses were mainly privately owned (National Institute of Statistics, 2016, p. 23). This state of facts is in line with the situation registered in the Romanian tourism, 96.3% of the tourist establishments being mainly privately owned.

The National Institute of Statistics (2016, pp. 24-25) provides data on the categories of comfort of these tourist establishments. Several aspects are worth noticing:

a) **3-star comfort category is dominant.** In 2015, this comfort category included most of the establishments of tourist reception at national level (50.86%). A similar situation characterizes the tourist boarding houses and the agro-tourist boarding houses, with shares of 58.48% and respectively 53.23%.
b) **low comfort levels hold a significant share.** More than one third (34.6%) of the establishments of tourist reception rank in the categories of 2-star (27.86% of the establishments) and 1-star (6.74% of the establishments) comfort levels. The low comfort levels hold 29.87% of the tourist boarding houses and 34.62% of the agro-tourist boarding houses.
c) **high comfort categories reach low shares.** Only 1.5% of the establishments of tourist reception are 5-star units and only 11.32% are 4-star units. Similarly, the 5-star and 4-star comfort categories cumulate 11.53% of the tourist boarding houses and 12.15% of the agro-tourist boarding houses.
d) **accommodation capacity.** The distribution of the accommodation capacity and accommodation capacity in use by comfort categories reflects the same feature as the distribution of the establishments of tourist reception, not only overall, but also as regards the tourist boarding houses and the agro-tourist boarding houses.

One aspect that draws the attention consists in the similarities existing in terms of the distribution of the types of establishments (including boarding houses) by comfort categories. In conclusion, as regards accommodation and service quality, tourists may select from a similar array of comfort categories in terms of the various types of establishments of tourist reception, including boarding houses (either tourist boarding houses or agro-tourist boarding houses). No visible imbalance exists between the different types of establishments of tourist reception relative to the comfort categories. Thus, the choice of a specific type of establishment seems not to be affected by disparities in comfort categories.

Besides the favorable evolution of boarding houses as type of establishments of tourist reception, the use of accommodation capacity in use requires further consideration. The “net use index of the tourist accommodation capacity in use” is calculated as ratio between the

number of overnight stays and the capacity of tourist accommodation in use in the respective period. In 2015, the index level was 17.7% for tourist boarding houses and 15.1% for agro-tourist boarding houses (National Institute of Statistics, 2016, p. 35). These values are rather low. They do not surpass half of the index value for hotels (36.3% in hotels). The indices are below those specific to tourist villas (21.7%), hostels (20.4%) and houselet-type units (20%).
Two key aspects relative to the present state of the agro-tourist boarding houses are worth noticing. The former consists in the fact that agro-tourist boarding houses are in the growth stage of their evolution on the Romanian market. The latter is the contrast between the potential accommodation capacity and the degree of use of that capacity.
The statistical data reveal that boarding houses represent half of the number of establishments for tourist reception and a significant accommodation capacity in Romania. However, there is "the other side of the coin" consisting in a low net use index of the tourist accommodation in use. This paradoxical situation leads to the hypothesis that boarding houses in general, and agro-tourist boarding houses in particular, design and apply ineffective positioning strategies. Within this context, the term "ineffective" refers to the inability to generate the desired results, respectively a higher value of the net use index.

4. Research on the online positioning of the agro-tourist boarding houses

After the assessment of the present state of development, an exploratory research was designed and implemented starting from the hypothesis founded on statistical data.

4.1. Research methodology

The goal of the research was to study whether online positioning strategies of the agro-tourist boarding houses are designed to be effective, specifically to generate the desired impact on tourists. The objectives of the research were: (i) to discern the types of customers targeted by these agro-tourist boarding houses; (ii) to search the main pillars on which positioning relies in this sector; (iii) to identify the points of parity; (iv) to find the types of points of differentiation communicated online; (v) to investigate the core brand promise of the agro-tourist boarding houses.
The research was exploratory and based on the analysis of secondary sources of information available in online touchpoints such as Web portals presenting the offering of these operators. Sources of data about the agro-tourist boarding houses are not only the own sites of these establishments, but also the portals that facilitate the access of tourists to information on the offering of a relatively large number of boarding houses. The portals accomplish a promotion function. Boarding houses provide information under the format required by the portal.
Romanian and foreign tourists may access various portals dedicated to boarding houses or agro-tourist boarding houses. Some portals integrate information on a wide range of boarding houses (including agro-tourist boarding houses) which are located in almost every region and county of Romania. An example of such portal is *lapensiuni.ro*. Other portals are limited to one or a small number of regions/areas of the country. Examples of this type of portals are the following: *cazareinsecuime.ro* (that focuses on a specific part of Transylvania) and *agrotour.ro* (which highlights the agro-tourist boarding houses located in Apuseni, Bran-Moeciu, Bucovina, Harghita, Maramures and Marginimea Sibiului).
One can find numerous portals which present the boarding houses extant in Romania. For this research, many portals with relatively large numbers of registered boarding houses or with relatively high traffic were not considered due to several reasons:

a) **absence of a distinct search category "agro-tourist boarding houses" on the portal**. This situation could lead to confusion between tourist boarding houses and agro-tourist boarding houses. Such an example is the site *turistinfo.ro* that is the first in terms of

popularity in the category "Tourism" of the traffic ranking site *trafic.ro* (trafic.ro, 2016), providing the opportunity to make reservations directly with the tourist establishments. However, the search focuses on locality, county and geographical area (turistinfo.ro, 2016).

b) **low number of registered agro-tourist boarding houses**. This is the case of *cazarelapensiune.ro* that registered more than 3000 boarding houses but displays four examples only for the search "pensiune agroturistica" / "agro-tourist boarding house" (cazarelapensiune.ro, 2016).

c) **unstructured manner of presentation.** Such an example is the portal *infopensiuni.ro*. For the search "pensiuni agroturistice", the site disorderly lists many boarding houses and does not provide a structured perspective of these establishments. Boarding houses and other types of offerings (such as apartments) are presented in the alphabetic order of the localities (infopensiuni.ro, 2016).

d) **inaccessibility of information about the agro-tourist boarding houses from Romania**. This situation is specific to high awareness sites which present boarding houses existing in Europe and worldwide. For instance, Booking.com provides information in Romanian language about "pensiuni agroturistice", but the search options displayed refer to other countries or regions that do not include Romania (Booking.com, 2016).

Finally, the portal *lapensiuni.ro* was chosen as source of information about the agro-tourist boarding houses. This portal was launched by the company Vitrina Web Ltd. in 2011 and its objective is to become the number one portal in Romania for information on agro-tourist boarding houses and holidays in the nature (Vitrina Web, 2016a). On July 25, 2016, there were 154 agro-tourist boarding houses registered on the portal *lapensiuni.ro* (Vitrina Web, 2016b). This list comprises 8% of the total number of agro-tourist boarding houses existing in Romania. A database was created to facilitate data collection and analysis. The information entered in the database was collected according to the objectives of the research.

This research has two limitations. The former is the fact that online information reflects the potential effectiveness of the positioning designed by these establishments, not the actual image forged among Romanian and foreign tourists. The latter is the fact that online information is an indirect evidence of the positioning strategies, while the direct access to the positioning statements of the companies is rather unavailable.

4.2. Research findings

The first objective of the research was to identify the market targeted by the agro-tourist boarding houses. The search of the information available on the portal *lapensiuni.ro* reveals that most of the registered establishments have an undifferentiated targeting strategy. Their offering is addressed to all tourists irrespective of demographical and life-style characteristics. They do not focus on only one or several segments of customers.

Their approach is "inclusive" rather than "exclusive". This targeting approach is proven by the list of provided services that includes items such as "playground for children", "pets accepted", "team building activities", "bicycles for rent", "camping / caravan area" and "horses" among others. The targeting philosophy seems to be "nobody is left aside". Everybody is invited and welcomed, from active people that want an oasis of tranquility to families with small children, from tourists looking for leisure activities to business customers that organize team-building programs for their staff.

The second research objective was to identify the main pillars on which positioning relies in this sector. In this context, *positioning pillars* refer to the attributes of the offering which contribute to the positioning of the agro-tourist boarding houses. The analysis of the

information available on the portal for each of the 154 registered establishments led to the identification of five major pillars of positioning: (a) geographical location; (b) architectural, furnishing and decoration styles; (c) natural environment; (d) range of services/facilities; (e) prices. The information about the official comfort category assigned by specialized authorities is generally not available on the portal or on the page that presents each agro-tourist boarding house. Thus, the formal comfort category plays no role in the positioning of agro-tourist boarding houses. Only indirectly, tourists may get an idea about the comfort category by reading the information and looking at the photos available on the portal.

The third and fourth objectives of the research consisted in identifying the points of parity and points of difference. In this respect, the entire offering of all the 154 registered establishments was studied. The analysis was based on the five positioning pillars:

a) **geographical location.** The portal invites tourists to search for agro-tourist boarding houses within specific localities, counties or region. Consequently, the positioning of each agro-tourist boarding house is either enhanced or "eroded" by the image developed among Romanian and foreign tourists relative to a locality, county or region. Maramures, Sibiu, Cluj, Alba, Brasov and Suceava are examples of counties with strong brand equity in the minds and hearts of tourists. For the agro-tourist boarding houses from these areas, the geographical location is a relevant point of differentiation compared to the tourist establishments from other counties/regions of Romania. However, within the competitive frame represented by all the 154 establishment registered on the portal, the geographical location may be considered a point of parity for all those boarding houses that are located in the same county. This is the case for at least 51.3% of the 154 establishments, respectively 21 establishments from the Maramures county, 19 from the Alba county, 14 from the Brasov county, 13 from the Cluj county and 12 from the Suceava county.

b) **architectural, furnishing and decoration styles.** This visual positioning pillar is very important due to its strong impact upon the tourist' decision process. The portal provides the owners of the boarding houses the possibility to display several tens of images presenting the house and its surroundings. The exploration of the images available on the portal *lapensiuni.ro* led to the identification of several distinct types of architectural, furnishing and decoration styles. They could be labeled as follows: (i) *archaic style* – specific to the traditional boarding houses that belong to an ancient period (even if they have been refurbished); (ii) *authentic style* – that reflects traditional architecture, furnishing and decoration which are specific to the region, but the houses were relatively recently built by knowledgeable craftsmen; (iii) *mixed style* – which combines in almost equal shares traditional and modern architectural, furnishing and decoration solutions; (iv) *too much non-traditional and non-authentic style* – specific to the houses that provide modern comfort levels and do not differ fundamentally from a high quality hotel in terms of furnishing and decoration; (v) *non-traditional and minimalist modern style* – which characterizes the houses that disregard the traditional architectural design of the region and replace it with an "impersonal" and unattractive style; (vi) *kitschy style* – that is not only non-traditional and not specific to the region, but also ugly, the house being painted in "aggressive" colors, furnishing and decorations being non-specific to an agro-tourist house etc. Consequently, the architectural, furnishing and decoration styles are a strong and favorable differentiation point for extremely few agro-tourist boarding houses registered on the portal, such as: Casa de Oaspeti Miclosoara (Miclosoara, Covasna), Pensiunea Aranyos (Coltesti, Alba), Cabana Motilor (Marisel, Cluj) and Pensiunea In Deal la Ancuta (Vadu Izei, Maramures). In many cases, there is a contradiction between the exterior and the

interior styles of the agro-tourist boarding house. From the perspective of tourists that like authentic and archaic styles, such "mis-matched" houses deserve neither the name of agro-tourist boarding houses nor a high ranking in terms of clear, relevant and attractive positioning. In the case of many agro-tourist boarding houses, the positioning based on the pillar "architectural, furnishing and decoration styles" is ineffective and may even lead to the exclusion of those boarding houses from the consideration set of tourists searching for authentic and engaging experiences.

c) **natural environment.** Most of the visual representations on the portal show beautiful and peaceful landscapes and the "greatness of wild nature". This is an important positioning pillar, but often leads to points of parity rather than to points of differentiation in comparison to the competitive frame of reference. Nevertheless, nature attractiveness facilitates differentiation in the case of entrepreneurial owners who decide to offer tourists the opportunity to participate in guided trips and hikes.

d) **range of services/facilities.** Most of the 154 agro-tourist boarding houses registered on the portal *lapensiuni.ro* provide a diversified range of services/facilities. An overview of these services/facilities is presented in the following table:

Services/facilities	Number of agro-tourism boarding houses providing that service/facility	Share in the total number of agro-tourism boarding houses registered on the portal *lapensiuni.ro* (%)
Terrace or turret	144	93.5
Grill in the courtyard	142	92.2
Playground for children	111	72.1
Internet access	109	70.8
Restaurant	75	48.7
Selling local products	64	41.6
Pets accepted	57	37.0
Camping/caravan area	33	21.4
Teambuilding activities	33	21.4
Swimming pool	23	14.9
Horse riding	21	13.6
Bicycles for rent	20	13.0
Credit card payment	16	10.4
Didactic farm	14	9.1
Spa/wellness center	10	6.5
Services for persons with disabilities	3	1.9
Fish pond	1	0.6
Total (agro-tourist boarding houses registered on lapensiuni.ro)	154	100,0

Table 2. Services/facilities provided by the agro-tourist boarding houses
Source: Based on data available on the portal *lapensiuni.ro* (Vitrina Web, 2016b).

Several services/facilities are common attributes for more than 70% of the agro-tourist boarding house. This is the case of the following services/facilities: terrace or turret, grill in the courtyard, playground for children and Internet access. Restaurants are points of parity for almost half of the agro-tourist boarding houses.

The data from table 2 shows that differentiation became reality in this sector. There are boarding houses that provide value-added services to more demanding tourists. One fifth of the agro-tourist boarding houses provide facilities for team building activities. These facilities are not just points of differentiation from competitors, but ways to

attract business customers and expand the target market. Didactic farms represent points of difference for 9.1% of the agro-tourist boarding houses. They allow those establishments to target families with children and very likely schools that organize summer camps. The camping/caravan areas and the bicycles for rent may be points of difference in the eyes of a more dynamic and eventually younger target.

Swimming pools and spa/wellness centers may raise questions relative to the classification of the establishments of tourist reception as agro-tourist boarding houses. In addition, authenticity may be questioned.

e) **prices.** The range of prices is very wide. For instance, for accommodation and breakfast, prices start from 30 lei/person/night or 60 lei/double room/night and reach levels of 420 lei/double room/night. Tourists may choose to pay for accommodation and 2-3 daily meals. In contrast, several boarding houses have a more sophisticated marketing strategy. They provide a variety of value-added services and each of them brings cash flow to the agro-tourist boarding house. Examples are diverse, from an additional bed in the room to trips organized for groups of tourists and selling produce from own farm. However, price comparisons are irrelevant when they are not backed by comparisons of the comfort categories and of the free/paid services provided. Price comparisons are also difficult because some owners quote the price per person and others the price per room. Two aspects must be underlined. Firstly, price is a powerful differentiator between the agro-tourist boarding houses and the other types of establishments of tourist reception, especially hotels. These boarding houses represent a very affordable solution for staying in the middle of the nature and enjoying traditional food recipes. Secondly, most of the 154 agro-tourist boarding houses focus on lower price levels. For them, price is a point of parity, not of differentiation. The houses that tend to charge higher prices are fewer and usually they provide more authentic environment and distinctive tourist experience.

The fifth objective of the research was to investigate the core brand promise of the agro-tourist boarding houses. On the page dedicated to each boarding house, the first sentences played the role of value proposition or core brand promise (even if the paragraph did not have this title). The analysis of the value propositions presented on the portal by the 154 establishments revealed that a very small number of agro-tourist boarding houses paid attention to the online communication of their positioning to the target customers. Many core brand promises are just enumerations of the attributes of the offering, respectively of the services/facilities. References to the natural environment are also part of the core brand promises or value propositions. Benefits for tourists are often overlooked.

The agro-tourist boarding houses which designed an impactful communication of their value proposition or core brand promise selected carefully the words, idioms, metaphors and sentences for the “introductory paragraph”, in order to build an emotional connection with the potential customers. Some relevant examples are the following: “an archaic place like from a fairytale and from immemorial times”, “unforgettable holidays”, “the house of grandparents”, “the beauty [of nature] that our ancestors appreciated”, “We created for you, with love, a special place where you’ll be pampered […]”, “It is located away from civilization, a place where to meet yourself again is easier. All told, [a place] to recharge your batteries that you consume along the year, when you are «connected».”. Many introductory paragraphs have functional character. They plainly describe the components of the offering and mention the locality or region where the house is located. They do not contribute to the formulation of the value proposition / core brand promise. Nevertheless, such presentations indirectly contribute to positioning by providing reasons to believe in the offering of the boarding house.

5. Conclusions and recommendations

In Romania, this research is the first that explored whether the online positioning of agro-tourist boarding houses is designed to be effective. Findings reveal that examples of establishments that master professionally the online positioning are few. Most entrepreneurs in this field overlook the crucial role of the online positioning. The stages of the positioning process are often disregarded with direct and negative consequences upon the demand of the target market. This is also signaled by the low level of use of the extant accommodation capacity while the number of agro-tourist boarding houses increased substantially.

The research revealed that agro-tourist boarding houses apply an undifferentiated targeting strategy and have an "inclusive" rather than "exclusive" approach. This strategic choice is double-edged. On one side, the owners of the agro-tourist boarding houses may benefit from a diversified pool of potential customers. On the other side, the lack of specificity and dedication to a particular tourist profile may have an adverse impact. Customers may doubt that a specific agro-tourist boarding house is the right choice for them when the offering is addressed to the entire universe of tourists that might be interested.

Considering the competitive frame consisting in the 154 agro-tourist boarding houses registered on the portal, the major pillars of positioning are: geographical location; architectural, furnishing and decoration styles; natural environment; range of services/facilities; prices. The thorough analysis of their online positioning revealed that it is far from being designed to be effective. Firstly, most of the agro-tourist boarding houses share numerous points of parity with other similar establishments in terms of the main positioning pillars. Secondly, a very small number of agro-tourist boarding houses developed points of difference centered on value-added services such as: didactic farms, bicycles for rent, teambuilding training facilities and camping/caravan areas. Thirdly, the customer value propositions or core brand promises are rather functional and usually overlook the benefits expected by tourists. Enumerations of offering attributes and references to the natural environment are the basic framework of the value propositions.

These findings are relevant to the research and managerial fields. The initial hypothesis based on statistical data (according to which the online positioning of the agro-tourist boarding houses is not designed to be effective) is also sustained by the findings of the exploratory research. Further descriptive studies may confirm or not this hypothesis by investigating the actual image of the agro-tourist boarding houses among tourists. The relevance for the management of the agro-tourist boarding houses is obvious. Firstly, many of these establishments of tourist reception must reconsider their positioning strategies in the online environment. Secondly, the entrepreneurs that intend to start such a business are recommended to learn the right lessons from the marketing practice of the extant agro-tourist boarding houses, especially to develop a more inspiring and creative positioning, conveying a five-sense tourist experience. Thirdly, all stakeholders may participate in this shift, not only the owners of the boarding houses. Customers may provide honest feedback. Communities may be more demanding relative to the development of agro-tourism and provide advice and support to entrepreneurs. The associations in the tourism sector may also contribute to the promotion of a new way of thinking. Finally, decision-makers at the macro-level may initiate and enhance a change process that could benefit the brand image of the Romanian agro-tourism and have positive impact upon the brand image of the country.

In a very competitive European tourist market, Romanian agro-tourism has a significant untapped potential of traditions, as well as of natural and human resources. Only attractive value propositions multiplied by innovation and authenticity in positioning may transform agro-tourist boarding houses from just a numerous presence into successful business models.

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Crowdsourcing: Looking for a Pattern

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Abstract
Crowdsourcing is emerging increasingly as a pattern for acquiring resources, mainly creativity, from the crowd. The use of new technologies has changed the way people work, and effected the design and innovation processes of firms even in more traditional sectors.
This paper frames the crowdsourcing in the marketing perspective of the value co-creation by using an abductive and explorative research approach. This study identifies the main typologies of crowdsourcing projects and investigates the most popular cases for each typology; it depicts crowdsourcing according a value co-creation framework and enhances research on resource integration by, a literature review and evidences about the development of crowdsourcing in Italy. The paper provides illustrations of different crowdsourcing alternatives. The contribution to the debate on the topic consists of proposing a managerial practice to draw up a crowdsourcing project.

Keywords: crowdsourcing, resource integration, value co-creation, practice.

JEL classification: M3.

1. Introduction

During last years the relevance of crowdsourcing has increased both among scholars and practitioners: about the 85% of the Best Global Brands developed crowdsourcing projects during last 10 years and the bibliometric indexes on the topic show an increasing trend of publications. Indeed the collaboration and, more specifically, the integration of resources of different actors is as pre-conditions for the definition of the process of value creation which business model have to be addressed to. The crowd is a relevant source of innovation for firms and the collective creativity is a valuable contribution as it matches knowledge and creative potential belonging to several individuals. Collective creativity is a unique and not replicable resource that come from interaction between many different actors. The role of social media for the development of the interaction between business/brands and the crowd is crucial.

However, despite the relevance of crowdsourcing as a way to foster the engagement of the crowd , contributes on the strategic implication of the topic for both practitioners and researches remain on a theoretical level (Prpić et al., 2015). Indeed, studies that deal with crowdsourcing in a practical perspective of the value co-creation are scant so far.

This work aims to trace the developing trends of crowdsourcing practices across different business sectors to put forward their effects on companies' value creation results. Due to the recent nature of the theme under investigation (e.g the term crowdsourcing has been coined by Howe in 2006), this study identifies the main typologies of crowdsourcing projects and investigates the most popular cases for each typology.

This study advances knowledge about crowdsourcing providing both theoretical and managerial fresh insights. First, it contributes to the theoretical debate as depicts crowdsourcing according a value co-creation framework and enhances study on resource integration (which remains conceptual so far) by empirical evidences, a literature review and the analysis of crowdsourcing in Italy. Second, the study outlines a management practice of crowdsourcing which track for innovative business model design. The paper provides illustrations of different crowdsourcing alternatives, as performed by Italian companies and investigates in depth an Italian successful case. The contribution to the debate on the topic consists in proposing a managerial practice to draw up a crowdsourcing project.

The remainder of paper is organized as follows. First we review literature on crowdsourcing and practice theory, then the method is sketched. Sections 5 and 6 present findings and discuss the evidence. Some conclusions and implications close the paper.

2. Crowdsourcing

The term crowdsourcing was used the first time by Jeff Howe to define the phenomenon of outsourcing the tasks of the company by using the collective intelligence. According to Howe (2006), crowdsourcing is "the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call." (Howe, 2006: Digout et al., 2013; Erickson et al., 2012; Geiger et al., 2011). Over time crowdsourcing has been addressed both in scientific and practical literature (Erkinheimo and Dombowsky, 2013; Gatautis and Vitkauskaite, 2014) according different perspectives and purposes. Then a wide range of definitions of crowdsourcing are available. Some scholars (Estellés-Arolas and González-Ladrón-de-Guevara, 2012), suggested the following definition based on the analysis of about 40 available definitions: "Crowdsourcing is a type of participative online activity in which an individual, an institution, a non-profit organization, or company proposes to a group of individuals of varying knowledge, heterogeneity, and number, via a flexible open call, the voluntary undertaking of a task. The undertaking of the task, of variable complexity and modularity, and in which the crowd should participate bringing their work, money, knowledge and/or experience, always entails mutual benefit. The user will receive the satisfaction of a given type of need, be it economic, social recognition, self-esteem, or the development of individual skills, while the crowdsourcer will obtain and utilize to their advantage that what the user has brought to the venture, whose form will depend on the type of activity undertaken" (p. 9).

Crowdsourcing is a relevant way to open up a company's business model to external partners and particularly the collective intelligence distributed among the crowd (Chanal and Caron-Fasan, 2010; Schenk and Guittard, 2011; Digout et al. 2013; Malone et al. 2010; Djelassi and Decoopman, 2013). The tasks of the crowd vary greatly in relation to the sector. Academic research has identified different kinds of crowdsourcing, such as that of routine (Djelassi and Decoopman, 2013; Erickson et al., 2012), for new product ideas (e.g. design) (Bogers, Afuah, and Bastian, 2010; Schenk and Guittard, 2011; Whitla, 2009), for advertising or solving

complex problems (Albors, Ramos, and Hervas, 2008; Jeppesen and Lakhani, 2010; Boudreau, Lacetera, and Lakhani, 2011; Howe, 2008; Kazman and Chen, 2009).

In the last decade, the World Wide Web has evolved into a powerful tool for active collaboration among people worldwide (Geiger et al., 2011, Quero et al.,2013). The Web allows each user to express freely and decide whether to disclose, publish, search or exchange information. On the Internet, millions of information are transmitted, circulated and then connected to each other. This development has generated a new type of consumer (Cova, 2008) which does not hesitate to use his creativity to deliver innovations, improvements in products or services, to live their passion and not only to satisfy an economic interest. Consumers exercise their influence in every part of the business system and represent an opportunity that businesses must learn how to use in interacting with them and to co create value (Cova, 2008, Fabris, 2003). Armed with new tools and dissatisfied with available choices, consumers want to interact with firms and thereby "co-create" value (Prahalad and Ramaswamy, 2004). The changing nature of the consumer-company interaction as the locus of co-creation (and co-extraction) of value redefines the meaning of value and the process of value creation (Normann and Ramirez, 1993, 65-67; Prahalad and Ramaswamy, 2000:6).

According to the resource-based theory (Penrose, 1959; Barney, 1991) the competitive advantage of the firm is based on customer's ability in co-creating value offerings and on the possibility that the customer can become itself a strategic resource. In the Service Dominant Logic (SDL) point of view, in particular, the value is perceived and co-produced by customers, and doesn't originate directly from the product itself, but also from its use, transformation and consumption (use value) (Vargo et al., 2008; Gummesson and Polese, 2009, 337-340), so that it allows a mutual satisfaction (producers and users) that generates itself from the co-creation process (Vargo and Akaka, 2009). The Internet facilitates the participation of all of the agents involved in value creation. The new trends toward creative communities and collaborative work, according to Anderson et al. (2012) are the third industrial revolution. The empowerment of people, these new active sharing processes overtakes proactive consumerism (Fleischmann, 2015). Collaboration and shared value generation by web challenges the traditional concepts such as production, value chain, the outsourcing and globalization (Maselli et al., 2016).

3. Practice theory

In the "practice theory", each phenomenon is view as the constellation of the actions (Reckwitz, 2002). The practices can be defined as ''more or less routinized actions, which are orchestrated by tools, know-how, images, physical space and a subject who is carrying out the practice" (Korkman et al, 2006:27). In the recent literature, however, the concept of practice was extended and it expands from action to the system of the actions and the integration of resources (Dourish, 2001; Korkman et al, 2006; Kjellberg et al., 2006; Schatzki, 2002; Schau et al., 2009; Reckwitz, 2009; Feldman et al., 2011; Holt, 1995).

Many authors stressed the importance of the integrations of resources (McColl-Kennedy et al., 2012; , Holt, 1995). The resource integration occurs in practices and it is fundamental unit of value creations and in this new prospectives the customers are not to be viewed as passive recipients of value created by the firm but as to 'active players' (Prahalad and Ramaswamy, 2000; Storbacka, 2012; Grönroos, 2011).

This approach recognizes in the practice of the integration of resources the fundamental elements for the co-creation value. In the 'collaborative practice', the recent studies (Colurcio et al., 2016; Caridà et al., 2014) have identified the characteristics and dynamics, highlighting the role of the interactive technologies as the facilitators of the exchange and the integration of the resources (Colurcio and Laudonio, 2016).The framework proposed identifies three elements in the development of a 'collaborative practice' for the value co-creation: i. network

(the network of the actors involved in the collaborative process); ii. the activity and the resources for creating value; iii. different types of the value that came out of the collaborative process.

4. Method

To fulfill the aim, we adopted an abductive and explorative research approach (Dubois and Gadde, 2002) characterized by an iterative process of systematic combinations and inferences between theory and empirical contextualizations (Dubois and Gadde, 2002), such as crow-contest examples, that allow theory to be informed by reality.The research process has been developed in two phases. The first phase related to the research planning and the literature review, whereas, the second phase related to the selection and the analysis of the empirical contextualization to better illustrate the effects of crowdsourcing on marketing in practice. We limited our analysis to the practice of the crowdsourcing initiatives implemented during last five years in Italy focusing on the main typologies of projects.

To address the iterative process of systematic combinations and inferences between theory and empirical contextualization (Dubois and Gadde, 2002), we analised six examples of Italian crowdsourcing platforms. The examples selection process has been conducted according to two main criteria: i) reducing the risk of the examples redundancy; and ii) availability of compagnie to collaborate. We analysed in depth the cases we selected to understand the goals companies reached and the effects on the companies marketing strategies. The analysis was qualitative in nature and involved both secondary data (companies reports, press releases, etc.) and primary data coming from the observation of the crowd contest platforms, as well as, from the codification of the crowd comments, of the contest rules, etc. Consistently with the research theoretical construct, the empirical analysis focused on three main unit of analysis: 1) the network of the actors; 2) the activity and the resources involved, and 3) the type of the value that emerges through crowdsourcing.

5. Findings

We identified five type of crowdsourcing platforms in Italy (Table 1).

	DESCRIPTION
Cloud Labor	It applies the idea of cloud computing to human workforce. An interface platform connects labor demand and supply.
Distributed knowledge	To develop, aggregate, and share knowledge and information through open Q&A, user-generated knowledge systems, news, citizen journalism, and forecasting.
Open innovation	The cooperation between companies and its stakeholders in the innovation process. It aims to stimulate customer involvement in the innovation process.
Crowd creativity	To acquire creative contributions (photography, advertising, film, video production, graphic design, apparel, consumer goods, and branding concepts).
Trusted reports	Crowdsourcing is aimed to gather and share social/health information.

Table 1: Different type of crowdsourcing
Source: our elaboration on crowdosurcing.org and Novatech, 2012.

Crowdsourcing has been used primarily for advertising; creativity outsourcing is mostly limited to food initiatives aimed at brand awareness and to gain consumer engagement and, more

generally, of the members of the community (Garcia-Haro et al., 2015).Advertising has always relied on creativity as the most important resource for inspiration (Howkins, 2001, 2001; Roth and Kimani, 2013). Crowd Creativity (crowd advertising) allows the companies to get content in a very fast and cost-effective way compared to the traditional process handled by agencies. Crowdsourcing has lowers costs and allows to get numerous proposals and ideas from a variety of actors (Whitla, 2009; Roth and Kimani, 2013). However the trend toward new type of crowdsourcing project with wider and social purpose (e.g. trusted reports, cloud labor, distributed knowledge) is growing up and shows interesting developments. We investigated a platform for each typology of crowdsourcing (Table 2).

	THE CASES
CO-CONTEST Cloud labour	The platform has been founded in 2012 to create a marketplace for architects worldwide. It connects people with designers through the contests which people can launch for their own need.The company has managed in a short time to find the first investors and to participate at the Luiss Enlabs' programme. The team has been able to throw the platform test and in less than one year the community has increased from few members to thousands of professionals of the worldwide. In the platform, the contest mode to allow the selection of the project is based on the creativity and meritocracy. CoContest, at the present, has participated in 500 StartUps, top business incubator in Silicon Valley and it has launched about 400 contests.
"Nelmulinoche vorrei" Cloud creativity Open innovation	It is designed by *Mulino Bianco*, a bakery products company and was launched in 2009 to collect, analyse and ge ideas, consistently with the values of the Brand. The taim of the project is to improve the loyalty and relationship of customers. The platform is one of the most important examples of the brand community and the participation of the crowd is voluntary. The community, today, has 10.137 ideas, 426.550 comments, 2.831.414 voting (Available to: http://www.nelmulinochevorrei.it/ as at 13/06/2016).
ZOOPPA Cloud creativity	It is the global social network for creative talent to create engaging videos, graphics & prints, innovative concept to generate awareness, sales, traffic and leads. It is a community of more than 360,000 filmmakers and designers worldwide (Available to: http://www.zooppa.com/). Zooppa is born in2007 and today produces digital content for major brands and AD agencies.
BARILLA FACTORY Cloud creativity	Barilla Factory is a creative space to exchange point of views on topics, products and relations. It's a way to participate and to co-create content connecting different countries and culture and engaging creative people, filmmakers and new talents. Every project is related to a region that the Brand can explore through the community. Barilla offers a place where creative people can dialogue and create together new sceneries and new stories; the Barilla Factory serves as an ideas hub where filmmakers share skills and ideas. The aim is to create new languages to communicate 3 main values to improve the Brand position: . diversity, uniqueness and inclusion (Available to: https://www.barillafactory.com/it/call/love-life-love-pasta-in-your-own-way/394/brief#brief).
STARBYTES Cloud labour Crowd creativity	It connects Italian community freelance and professionals with all business for creative works or programming and development services. The platform offers the possibility to propose creative, computer, multimedia works by using the specific instruments and within the limits and conditions of Rules. The projects cover several categories: graphics, web design, programming and development services and money award are provided. There are two main types of projects: contest (it is suitable for graphic services and creativity) and job (to work online with the freelance). "job" is useful to: i) the development of website; ii) software development of any technology; iii) advice of web marketing (SEO, Adwords, links building); iv) translations; v) development of apps for the web (Available to: https://www.starbytes.it/starbytes/home.action); "contest is a perfect solution for obtain a name of the product, a slogan, graphic for the website.

PAZIENTI.IT Distributed knowledge	It provides healthy information for people. The platform born in 2010 in Milano. It is a community where people can consult a lot of the current follow-up, information, answers by doctors, on-camera interviews and detailed study on medicines. On the platform is possible to find a lot of specialized doctors in every city, to schedule a follow-up, to buy the check-up at a discount and to send health questions (Available to: http://www.pazienti.it/).

Table 2: The cases
Source: our elaboration

Table 3 shows findings about all the actors involved in the process (the network) and table 4 describes activities and resources that actors integrate in the crowdsourcing process. Table 5 shows the main evidence about the type of value that actors co-create through the different crowdsourcing projects.

	NETWORK – THE ACTORS AND THE ROLES
CO-CONTEST	There are two types of customers: business and private. The private customers ask for restyling of houses, office and the retail outlets. Business customers, such as estate agencies, can use CoContest to offer high-quality service making the fastest sale. The community is composed of 25000 architects, engineers and interior design from 90 countries. The designer uses the platform as a "showcase" completing their account with the curriculum vitae and project outside of CoContest.
Nelmulino che vorrei	The "*Nel Mulino che Vorrei"* collects ideas from those who want to get involved. All ideas are analyzed to confirm their consistency and feasibility, whereas, at the crowd are asked to vote and to comment those considered as interesting. The participation is open to the adults registered on the website. The platform involves both the experts for the analysis of the ideas and two types of crowd, the consumers and not consumers.
ZOOPPA	Zooppa is a digital marketplace where different players may acquire resources. Zooppa involves over 400 global brands including Nilever, Adidas, Fiat, Alfa Romeo, Jeep, Procter&Gamble, Google, Samsung, Telecom Italia, Siemens, Warner Bros and agencies like BBDO, AKQA, GroupM, Leo Burnett e Ogilvy. Zooppa' s partner are network of film schools, universities, and other industry affiliates. The level of involvements is entirely customizable. The community - comprised of 360,000+ filmmakers and designers worldwide - is called to realize creative content for the companies (Available to: http://www.zooppa.com/).
BARILLA FACTOR	Barilla Factory is a platform connecting different countries and cultures. People are invited to imagine stories and concepts, not only related to Barilla's reality, but also to their own world view, new habits and ways of life. The platform Barilla Factory is open to filmmakers and lovers a good food. The crowd is invited to interpret the value to be a good sauce for a short film (Available to: https://www.barillafactory.com/it as at 07/06/2016).
STARBYTES	Starbytes has created a customizable space for big firms, associations and business incubator that want to take advantages of crowdsourcing (for example: starbytes.lastampa.it). Starbyter can access into space and to participate to a project to the Club. Sartbytes is a community of over 50000 Starbyter that including expert creativities, web designers, copywriters, as well as the ICT world professionals and digital technologies. The Starbyter are the thousands of Italian freelances and may refer to any or more categories membership of a recognized professional Starbytes.it., that are: logo designer, graphic designers, programmers, illustrators, copywriters, app developers, web marketing consultants, video maker / animation designers, translators, consultants, product designer, creative / art director.
PAZIENTI .IT	The platform born as a space for patients' voice, satisfied or dissatisfied. Pazienti.it addresses two types of users: patients (or potential patients) and health workers. The platform is a support tool for the choice of healthcare facilities and to book a visit avoiding the inconveniences. On the platform are registered many health care specialists with a personal profile, and in this moment are registered 3000 professionals that answer questions (Available to: http://www.pazienti.it/about as to 16/06/2016).

Table 3: The network
Source: our elaboration

	ACTIVITY – RESOURCE EXCHANGED/INTEGRATE WITHIN THE NETWORK
CO-CONTEST	The customer registers and pays for service: he estabilishes the brief, deadlines, the arrangements for participation and the reward. On the website, there are different proposals to obtain the best results from creatives: concept, project and advanced. In concept and project, the reward has been studied to obtain the maximum participation from designer and keeping the costs lower than off-line similar services. The advanced offers have been studied for the advanced ideas. By 14 days the user can receive many projects with the different perspective and the platform offers: i) the description project and the planimetry for highlight the allocation of the spaces; ii) 3D image to appreciate the solution, the colours and the decors; iii) recommended decors, color scheme and accessories for the dream house; iv) the detailed floor plans of the house; v) the section for understand the vertical distribution and vi) the preliminary cost forecast of each individual project. The platform allows interacting with designers by a chat. The last step of the contest is the communication of the winner. The registration for interior designers is free and the users can access from open contests. Furthermore, CoContest carriers on the activity of the information distribution with the month and annual's classification the top 50 designers.
Nelmulinoche vorrei	*Mulino Bianco* invites to participate through the website or the App. The website offers two sections for the interaction and one for information. The section for the interaction are the "*La Bacheca delle Idee*" and the "*Percorso delle Idee*". In the "*Bacheca delle Idee*", the community posts ideas for new products, for development and for social commitment. In the "*Percorso delle idee*" ideas are organized in three main categories: i) the "*Buone idee*" (the best ideas) are selected every three months, and evalued for originality and feasibility. The selected best ideas become ii) the "*Idee in realizzazione*" by six weeks that is ideas in development for new products. iii) The "*Idee realizzate*" is a list of the best ideas that have been developed up to now (Available to: http://www.nelmulinochevorrei.it/ as at 13/06/2016).
ZOOPPA	Zooppa offers a platform through the site www.zooppa.com (the "Site') to sponsor, post and promote projects (Projects) with specifications provided in a creative brief (Creative Brief) and members to submit work (Work) for a project received by the sponsor. Registration is free and users can choose between open contests, consulting of materials provided by brands. The crowd agrees to refrain from using 3D models, iMovie/Final Cut pro pre-animated video templates or any other similar video template or any media content available online through video channels (i.e. video). Most of the members upload within the last 24-48 hours of a project closing and can upload more videos. Companies can choose different 3 solutions: 1)Super (Includes 1-3 Videos Owned; 30-50 Videos Submitted; 1 Campaign Manager; Organic Social Media); 2)Superb (Includes 7-10 Videos Owned; 50-80 Videos Submitted; 1 Campaign Manager; Social Media Push) and 3)Supreme (Includes 10-20 Videos Owned; 60-120 Videos Submitted; Dedicated Management Team; Hyper Targeting) (Available to: http://www.zooppa.com/en-us). The activities are organized as follows: i) definition of assets & brief - 1 week - Zooppa works with the Brand to develop the brief and make it appealing for our community; ii) production period - 4-8 weeks - creatives produce content and upload to Zooppa.com; iii) selection phase - 1 week - the team organises the content and supports the brand during the selection phase. Finalists are selected; iv) revision & delivery - 1-2 weeks - content is revised (if needed) and Brand receives full rights to use the content. Creatives are awarded.
BARILLA FACTORY	The first race was "Lovelife, love pasta: in your own way!" and in this contest required a video for explain in pictures and images original story that make the people unique and different.The videos were focused on the original life mode and to sit at the table the Italian people (Available to: https://www.barillafactory.com/it/call/love-life-love-pasta-in-your-own-way/394/brief). Barilla Factory is creative space, where the crowd can see and comment on videos and the magazine's articles. All the short films will be visible on videofactory.barilla.com, Barilla's Facebook pages and www.youtube.com/barilla. The moderators will read the comments and remove the offensive and inappropriate ones links. The prize for the winners is a monetary reward and for the final competition the rewards are: 1° content: 15.000 euros; 2° content: 10.000 euros; 3° content: 3.000 euros and for 4°-15° content: 1.000 euros.
Startbytes	Starbytes is a platform that to allows to take advantages of potential crowdsourcing. The customers for published a campaign must define the aim, the content, the brief and the deadlines, to deposit the budget at Starmaster (team of Starbytes) and to pay the Fee fees of 20% of the budget. The Starbyter and Social Starbyter - in total autonomy - can join in the campaign, but they can participate only once in the contest (Available to: https://www.starbytes.it/s/come-funziona-starbytes/). In contest mode, it is possible to receive hundreds of proposals to choose the best and the aim is to choose the perfect solution. The job mode allows receiving the technical and economic offers to find the best professional freelance. The customer can evaluate and vote.The place where the client can communicate with the creative is the creative's gallery. In this place is possible to communicate with the finalist creative and to ask for changes or improvements of the proposal. Furthermore, creative's gallery is useful for have a complete view of individual creative works.

Pazienti.it	Pazienti.it is a community that provides information for the healthcare services. The platform offers an information space organized in three sections: 1)diseases (the list of hundreds of physical conditions), 2)drugs (updated list of drugs and the package leaflet) and 3)therapies (traditional therapies, alternative therapies and natural therapies). Furthermore, on Pazienti.it there is a dedicated a space for the news from blogs on well-being, fitness and food. The user can find health specialists in every city, talk with them, consult the videos and see performances, descriptions and prices. The platform counts about 10.000 contents and answers. To access the services is required to log-in (free). In the marketplace space section is possible to find the health boxes at a promotional price.

Table 4: Activities and resources
Source: our elaboration

	VALUE
CO-CONTEST	CoContest offers the advantages of lower costs and time respect the traditional market. The contest mode improves the value for customers by proposing an unique offers. The private customers users one-off the platform by restyling the residential apartment but CoContest has already registered different cases the loyalty (the satisfied customers launched the second contest). For designers value depends on the visibility and the possibility to have a wider market (customers).
Nelmulino	The co-creation process is activated by the continuous interaction with the users. *Mulino Bianco* keeps the relationship with consumers and turning in activity participants for improve the Brand through the ideas, experiences, the needs and discussion.
ZOOPPA	Creative resources generated by the crowd are more attainable through to interaction with filmmakers and designs worldwide. The Global Brands look for innovative ideas and the variety is the real additional value. The direct interaction represents an opportunity and allows of co-create a product (videos) and to increase their competitive advantage. Furthermore, the value for brands is increased by reduction costs compared to the traditional costs for the agencies. Community members can consult different sections of the site, for example, news on competitions, opportunities for creative (training courses of Graphic Design, Picture and Digital Marketing with discounts for Zooppa's community), tips to create and information materials to enter the competitions.Members of the community have the opportunity to display the work in the member's personal professional portfolio, just like a real curriculum vitae. The prize for the winners is a monetary reward. The monetary prize is not the only factor driving of the contest, but the main motivation is personal satisfaction for co-creating the success of brands.
BARILLA FACTORY	The process of co-creation value for Barilla Factory emphasizes that Barilla uses online projects to create new products for intensify the open dialogue with the crowd. Barilla seeks to involve the sustainability policy between the crowd for establish a contact and to obtain suggestions and indications for improve the aim of the brand that alone can not reach (Bujor et al, 2014; Bujor et al., 2016). The Brand uses the crowd for improve the market position and the image brand through young talents, such as design, graphics, photo-video. According to Susani (Director Brand Development Barilla), this relations system with professional, filmmakers and lovers will allow Barilla to explore new languages, to receive original contributions and to open at different creativity. Gianni (Director Digital Marketing) asserts that Barilla Factory allows to actively engage people and to overcome geographical barriers worldwide (Barilla, 2012).
Startbytes	The value co-creation in Starbytes is double. The customers can obtain the best proposal - opting between contests and job - with a lower budget compared to a typical contract and in less time. The customer who chooses the job mode can co-create the product together with the chosen freelance the right product for your needs. In Starbytes, the value co-creation process is large and is enabled by the interaction between the customers and the freelances. Furthermore, the value depends on the matching between the job offer and the job application.

Pazienti.it	The value, generated through the platform concern the all community and not only the patients. Many people are frustrated because unable to enforce their voice for the deficiency of the services. The platform allows patients to be heard and to interact with competent staff in the cases of breakdown which emotionally undermine the patients. Pazienti.it is a space where the traditional buzz is reconsidered in technologies keys to achieve as a specific question of social concern and to create the "collective intelligence". Furthermore, the platform is a tool forthe customer satisfaction, an information structure and feedback model which facilitates the communication of the value.

Table 5: The value co-creation
Source: our elaboration

6. Discussion

The examples above showed that crowdsourcing platforms, although through different ways and intensity, are place where different actors can meet and share different types of interest (entertainment, business, social, learning) and resources (information, skills, competences, knowledge creativity); they work as a *connection place* and may enable different process of value co-creation depending on the specific aim of the actors. They are open systems (Edvarsson, Tronvoll, 2013; Vargo, Lusch, 2011) which favorite the interaction between the different actors (the crowd and crowdsourcer) and then, the resources integration process (Lusch, Nambisan, 2015), that is a condition for the co-creation of value.

The study allowed to draw a practice of crowdsourcing that, favoring the encounter and interaction between an actor (the crowdsourcer) and a multitude of different parties together to the background, skills, resource baggage (the crowd) offers enabling conditions to share resources and to co-create value through the recombination of the same resources. The technology, as has been observed in the literature (Maglio, Spohrer 2008), plays a critical role in the creation of value as it is an activator of the same resources, and it can increase the value in use (Storbacka et al., 2012) ; information technology, and Internet-based technology, in particular, allow the actors to access additional resources (Vargo, Lusch, 2011) and represent a privileged channel to activate and convey interactive relationships.

We argue a practice of crowdsourcing which focus on the process of value co-creation as the result of interaction between the crowd and the crowdsourcer (Figure 1).

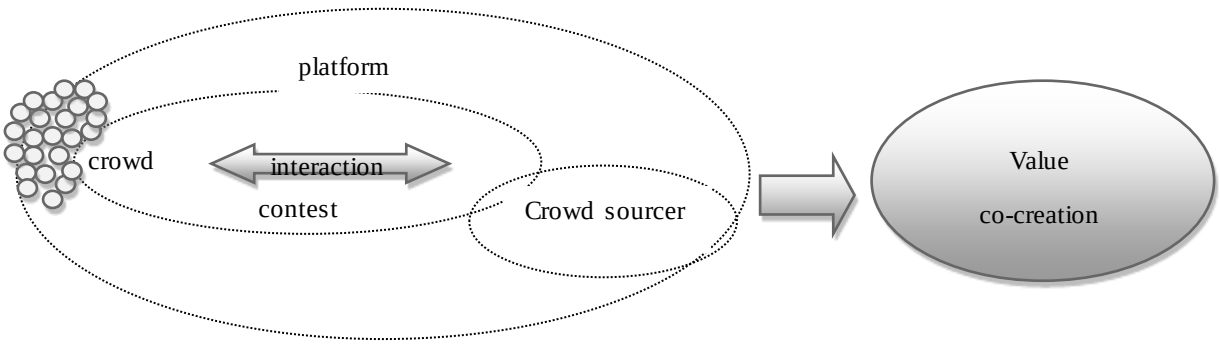

Figure 1. A crowdsourcing value co-creation oriented practice
Source: adapted by Colurcio (2016)

The platform is the infrastructure element of the practice and the contest constitutes the mechanism of the technical operation; interaction is the main process of the practice.

The platform identifies the digital space and sets the context for the meeting of the different players making available applications and tools that encourage and nurture the development of relations, the collection and management of information, as well as the transparency of the relationships. The platform is a set of functional attributes that define the marketplace in which

the crowd and crowdsourcer meet. The platform offers many possibilities: from simple opportunity to look around and / or to gain visibility to the development of effective business relationships. The platform provides the necessary space for the orientation of the crowd and crowdsourcer and for the development of the relationship, but does not in itself guarantee the relationship. The interaction and, therefore, the triggering of value creation process, is allowed by the contest. The contest is the feed mechanism of the practice: lays down the timing, terms, requirements and rewards of the relationship. The process of interaction is the heart of the practice of crowdsourcing as it allows the development of the fundamental condition for the co-creation of value (Vargo, Lusch, 2009). The interaction consists of dialogue or effective collaboration between different actors, enables the creation of value not only for all those involved, but also for visitors to the platform or that are marginal users. The value is co-created by crowdsourcer and crowds and can be distinguished in i)value for crowdsourcer, ii) value for the platform, iii)value for users of the platform (not participating in the contest) which takes on different meanings and values depending on the specific recipients.

7. Conclusions

The crowdsourcing platform allows the development of new business models by opening outsourcing possibilities, which allow for higher margins and at the same time, offer opportunities for development and learning. Compared to the traditional outsourcing of an asset or a service, indeed the crowdsourcing digital platform allows the interaction with a multiplicity of actors in a very short time (the duration of the contest) and, therefore, the activation of the knowledge spiral knowledge. Such a process generates learning and increases the value of the available resources of the subjects involved in the interaction. However, crowdsourcing hatchs non-negligible risks in terms of sustainability of the business model. On the one hand, the value generated through the platform can be easy capture by actors who have not participated in the process impoverishing the actors who contribute to the process with their own resources to obtain a higher value, but fail to capture (value destruction). Crowdsourcing is still in an embryonic state that, apart from some success stories, is transformed in most cases in a promotional experiment aimed at increasing visibility of companies and professionals at least in Italy.

To assess the impact and the effects, in terms of business performance, further research are called for. First, a longitudinal analysis, should to verify the sustainability of the initiatives in the medium term (at least three years after the launch of the platform).The study is exploratory and has been developed through a qualitative methodology that made possible to analyze in depth a new and scant understood phenomenon. Further research should be directed to a detailed survey of the phenomenon and its analysis for different business sectors in order to highlight any contextual variables and objective variables.

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Emerging Trends within the Public Sector in Flanders: Towards a Self-organising Centre of Government

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Abstract

Changes in the socio-economic environment of the public sector challenge their internal management. Increasingly, organisations perform their managerial tasks in a result- oriented way, often by introducing private sector managerial techniques. More and more, innovative management techniques and mechanisms are explored, whether on a small project based scale or on a larger scale. So there is the rise of "new" policy instruments and the way administrations organize themselves.
In this paper, we examine the way the *Flemish Department of Public Governance and the Chancellery* is dealing with its new role as centre of government. Such a centers of governments are gaining importance in a complex political scenery confronted with wicked issues within a changing societal context.
Besides its positioning within the societal context, there is also a major internal shift within the department. Inspired by innovative management techniques, a transition is going on from a rather classical hierarchical structure to a network governance structure constituted by a set of self-organizing teams. From one day to another, all the hierarchy was removed within the departement. From 2015 on, the departement is organised as an self-steering network organisation.
In the paper, we present the changing positioning of the department and the way the internal transition is initiated and implemented further. Although the transition is initiated foremost in order to meet the requirements of a centre of government, we focus on the way the management of the departement as such. Besides, in the empirical part of the paper, we also use the data of a survey within the organisation dealing with the support of the transition and the new working principles. We also reflect on the way the theoretical ideas of self-organization are reflected in the management of the department.

Keywords: Public sector innovation, self-organizing teams, centre of government

JEL classification: D73

1. Introduction

Self-steering. Internet giants and developers of electric cars are fascinated by concepts of self-driving cars that will help us travel safely on our busy roads. In the public sector, we are also seeing more and more organisations that are focusing on the self-steering concept. Small-scale as well as major initiatives with self-steering as the trendy buzzword are popping up around the world.
A certain level of self-steering is often initiated as a way of dealing with the increasing complexity of societal problems in an equally complex environment where public authorities are seeking their (innovative) role. In the context of the complexity of the societal problems, self-organisation is now considered to be an organisational form that allows the public authorities to be much closer to the subject of their policy. In other words, the existing hierarchy is perceived in certain cases as an obstacle to solving societal problems (Tjpkema, 2003). Introducing "flatter" organisation structures is believed to be the alternative. Furthermore, the attention for self-steering also fits a new vision for how government should work. Instead of a controlling government we are gradually shifting to a facilitating government that is nested in a network of societal actors.
It is also in this context that we should position the Department of Public Governance and the

Chancellery. In the beginning of 2015, the organisation chose to become a self-steering networking organisation. The self-steering character refers mainly to the internal organisation, while the network organisation relates to the positioning of the department with regard to the other actors (Provan & Kenis, 2008). This evolution of the Department of Public Governance and the Chancellery must also be seen within the context of its role as centre of government within the Government of Flanders. For a discussion on the Department of Public Governance and the Chancellery (DPGC) as centre of government, we refer to the work of Vanhee & Erauw (2016). In the present contribution, we wish to discuss the "self-steering" aspect and the extent to which there is support for this organisational form within the organisation. In particular, we will take a more detailed look at the concept of "self-steering" before we discuss the results of the transition barometer.

2. Self-steering as a form of innovative work organisation

The extent to which and the method for implementing self-steering may vary significantly. The self-steering may only affect a very specific aspect of the work organisation (for example, arranging work schedules) or it may reshape an entire organisation based on the very same principle. The basic idea is that responsibility is granted to the core of the organisation, to groups that are given a framework and freedom to shape their own work activities. In this respect, self-steering is generally not about goals to be achieved, tasks and assignments, but about how they are implemented (Colman e.a., 2015).

Self-steering implies that the work organisation is supported by strong base units in the organisation such as teams. The requirements specified for such teams are consequently quite challenging. Organising self-steering work requires best practices and a culture which are adapted to this particular situation. In theory, the "manager - worker" relationship is replaced by a group where everyone manages everyone on an equal basis, and everyone can be approached by any other member of the group. In addition, every member of the group is expected to be committed to all the other members of the group. However, various roles may be assigned within the group to make things workable. Who is responsible for communications? Who assigns tasks? Who contacts others? Who is in charge of reporting? Who monitors progress? Et cetera.

The private sector is once again a source of inspiration - also for self-steering. The question is whether these private-sector solutions can be applied in a public context. Where is all this attention for self-steering in the public sector coming from? In the first place, it may provide an answer to the growing complexity of societal problems that currently require a different approach. It is in this context that we must place the changing role of government. Cost-cutting is another aspect of this organisational form. Its implementation obviously involves the reduction of the number of hierarchical levels and this may result in savings (Vermeer & Wenting, 2014). In addition, self-steering also promotes the development of individual employees. The concept implies that the skills of employees are optimized within self-steering teams, and this encourages intrinsic motivation (Marchington, M., 2000; Visser & Bunjes, 1995).

The following elements are mentioned when defining a self-steering team: a fixed group of employees, with a specific set of work activities, whereby the team itself takes care of preparing, organising, implementing, planning and controlling. In particular, self-steering teams not only take care of these activities, they are also responsible for them.

Many misunderstandings exist with regard to self-steering. For instance, it is not synonymous with free-for-all, chaos or uncertainty. And self-steering does not mean that all team members must be able to perform all tasks, or that the team leader has nothing to say and can't intervene when necessary. Another misconception about self-steering is that everyone must discuss

everything with everybody else and that one's own team counts most (De Bondt, e.a., 2016). An important principle is that comprehensive task packages must be measurable and clear. The team must also be given sufficient autonomy without affecting the mutual dependence and alignment within and between the teams. The number of team members varies between 4 and 20 and they can typically be employed for a wide range of tasks. A team-driven system for operations and rewards is key besides the team identity (Schuyt, 2013).

We often see that self-steering begins as a leap in the dark (Verlet e.a., 2016). So you have to be able to deal with (informative and strategic) uncertainty. Unfortunately, a cookbook for off-the-shelf self-steering has not been written yet. Self-steering needs to grow and bloom in the specific environment and is based on day-to-day activities. It not only requires performance management but also a serious dose of people management. In fact, confidence is one of the basic ingredients of self-steering. It's essential that self-steering starts with the objective of the organisation. In the context of government, this generally refers to providing services to citizens or other organisations.

In the following discussion we look at how the Department of Public Governance and the Chancellery started their journey towards a self-steering network organisation. More specifically, we will focus on the attitude towards this transition within the Department of Public Governance and the Chancellery (DPGC). To do this, we use the transition barometer that allows us to measure the temperature within the organisation.

3. Positioning of the Department of Public Governance and the Chancellery as an organization where self-steering is given a central role

The Department of Public Governance and the Chancellery (DPCG) is one of the horizontal departments with an umbrella role across the sector-specific (vertical) policy areas. This is where the department believes it can make a difference. This follows from the department's vision statement: "Through our outspoken role as liaison between the policy areas, between the political and the administrative levels, and between government and society, we strive together towards an effective Government of Flanders that deals with the societal challenges of today and tomorrow, and towards a better Flanders." (DPGC, 2015).

To shape this ambition from an organisational point of view, we have chosen a self-steering network organisation. The teams will be the cornerstones of the new organisation. We have chosen a self-steering organisation with teams where responsibility and collegiality are central. In practice, team members always align first with their colleagues in the team. In fact, this means that the approval of practical matters shifts from the manager to the team.

However, strong teams are not enough to ensure that a department functions properly. Effective collaboration between the teams is just as important. This can also be achieved by working project-based for example. An important advantage of projects is that they prevent stagnation in teams and provide the flexibility required to deal with current and new assignments.

The central actors in the department include the secretary-general, the advisory group and various working groups, including the network amplifiers.

The secretary-general leads the Department of Public Governance and the Chancellery. In this role, his is responsible for defining the mission, vision and strategy of the department, and he steers, co-ordinates and monitors day-to-day business in the department.

The secretary-general is assisted for the transition to a self-steering network organisation by the so-called advisory group. This is not a management body for decision making. This group is a kind of reflection room that supervises the conditions and all aspects related to the transition. This group is the ambassador of the principles of self-steering and is expected to spread these ideas throughout the organisation. This group also seeks to stimulate collaboration and networking in the organisation.

In addition, special working groups have been set up for specific themes related to the transition of the department to a self-steering organisation. They also develop best practices. All employees in the department are encouraged to participate in one or more working groups. Employees and teams can also start their own working group and give access to the entire department.

The so-called network amplifiers is one of these working groups. The network amplifiers is a large group of supporters. Their supporting role consists of five major tasks: intake for teams that request support, design work methods, share expertise, and pick up and identify signals on the work floor. The transition barometer is the product of this last assignment. It allows us to analyse the appreciation of the innovative work organisation by department employees.

4. A barometer to keep rout finger on the pulse: the transition barometer

4.1. Purpose of the transition barometer

The concept of the barometer consists of surveying all employees in order to gain insight into the support for the transition towards a self-steering network organisation. It is at the same time the ideal opportunity for learning about the requirements/needs/joys of department employees.

We can obviously consult the barometer on a regular basis. As we go forward, we can focus on specific themes depending on the requirements and needs. The survey is designed as a panel where we can monitor (while respecting privacy) the attitudes of employees over time. In this respect it is important that we can monitor the answers of specific individuals over time while respecting their privacy. In this discussion we will look at the baseline measurement of the barometer.

The content of the questionnaire is mainly inspired by similar instruments for measuring the support for transitions and the principles regarding self-steering prepared by the advisory group and launched across the organisation at the end of 2015. The survey is an online survey of all 229 employees of the Department of Public Governance and the Chancellery.

A total of 166 colleagues in the Department of Public Governance and the Chancellery participated in the survey. This means that we can rely on a satisfactory turnout of 72.5%.

This response was linked to the background characteristics of the respondents. This differences depending on the background characteristics of the respondents are limited. This is the case if we consider gender, age, full-time work or not, and the status of the employees (statutory, contractor or traineeship). The only characteristic that shows a difference is the job position in the hierarchy. The higher the position, the more respondents participated.

4.2. What do we learn from the readings on the barometer?

We will now briefly discuss the different sections of the questionnaire and the results of the first survey in the department. The questionnaire contains statements for which respondents can indicate to which extent they agree with the statements. Scores are used on a 5-points scale from 1 (disagree completely) to 5 (agree entirely). An additional answer, "don't know", was also provided.

4.2.1. Attitudes towards the transition in DPGC

We first discuss the attitude towards the actual transition. This discussion is inspired by the change radar which was described as methodology by Wigman (2011). The premise is that the multitude of questions can provide insight into the status of the knowledge, attitude, and behaviour regarding the transition (see COMM, 2015).

We learn that slightly more than half of all respondents know why the transition was introduced

and what the goal of the transition is (respectively 53.6% and 54.2% of employees agree or agree entirely with these two statements). About one fifth gave a neutral answer, while 22.9% either disagree to a greater extent or a lesser extent with these statements.

In addition, we also asked if the respondents were aware of the steps that would be taken to achieve the transition. Slightly more than four out of ten employees say they don't know how this will be done. One third gave a neutral answer, while slightly more than one fifth say they do know the steps to achieve these ambitions.

Two statements concern information regarding the transition. Well over 40% say they received sufficient information about the transition, while 22.3% do not agree. One third is neutral. In addition, 53.0% say they searched for this information about the transition and know where they can find it. 16,9% do not agree with this.

Two statements are specifically about the usefulness of the transition. We specifically asked about the usefulness of the transition for the department and also for his/her daily work. Slightly more than 40% believe the transition is useful for the department; just over a third believe the transition is useful for their own daily activities. One fifth believe the transition is not useful for the department, while one third believe it is not useful for their work.

Besides the feeling of involvement, we also asked about the level of active participation in the transition. Nearly 45% of employees feel they are involved in the transition and contribute actively. Slightly more than one third do not feel they are involved in the transition, while 28.3% say they do not contribute actively to the transition.

Strong mutual dependencies obviously exist between the answers to the various statements about the transition. For example, the degree of involvement in the transition is related to the level of active participation in the transition. In fact, we see that all aspects of the questionnaire regarding the attitude towards the transition are significantly mutually dependent. Moreover, based on a factor analysis/principal component analysis, we see that all statements in the questionnaire essentially measure the same underlying concept.

4.2.2. Working as part of a team

Teams play a central role in the transition of the Department of Public Governance and the Chancellery. For this reason, the roles and tasks granted to teams in the department play a key role in the Transition Barometer.

This reveals that half of all employees agree with the statement that teams are the ideal building blocks for the new department (50.6%). A quarter of them are neutral, while 11.4% do not agree. Slightly more than one tenth have no opinion about this (11.4%).

The survey reveals there is strong support for the idea that employees belong to a permanent team as well as temporary or flexible teams. Just under three-quarters of all employees agree with this statement (74.1%).

In addition, we also asked the respondents whether the teams should be structured in departments. Although the department did not choose to do this, 42.2% of employees thought this was a good idea. 19.3% disagree, while 30.1% neither agree nor disagree. The remaining 13.9% has no opinion about this. This indicates that some people are still attached to the traditional hierarchical structures.

It is clear that self-steering is a key element of the transition. In this respect, 55.4% say that there is sufficient interest in their team to work in a self-steering manner. 17.5% do not agree, while about the same number of people are neutral (17.1%). 9.0% answered "don't know".

The operating principles discuss the different roles that need to be incorporated in the teams. In this respect, the distinction between the different roles is not clear for 38.0% of all employees. It is clear for 30.1% of employees, while just over a quarter gave a neutral answer (24.7%).

4.2.3. The role of the teams

There is relatively little debate about the statement that decisions must first be aligned within the team; this is also the case for vacation planning in the team. Respectively 78.9% and 82.5% agree with these statements. Only 4.8% and 6.6% disagree with these statements.

There is a clear divide with regard to planning and evaluation. While 72.3% believe it's a good idea to let the team prepare the planning, only 37.3% like the idea of staff evaluations being made collectively by the team.

This is mainly for the roles granted to teams for aligning decisions, vacation planning, and the planning of work activities. Support is much lower for decisions regarding career breaks, while staff evaluations by the team receives the least support.

4.2.4. Confidence in the different actors

We subsequently surveyed the level of confidence in the different actors.We can also express the average level of confidence using a score range of 1 (very little confidence) to 5 (a great deal of confidence). It's clear that confidence in team colleagues is the highest (average of 3.89), followed by confidence in other colleagues in the department (3.51). The average scores for confidence in the advisory group and the network amplifiers is more or less neutral (respectively 3.07 en 3.11), while confidence in the transition is just under that neutral score (2.92).

In addition, we can use principal component analysis or factor analysis to find patterns in the assessments of the different actors. In factor analysis we only consider those respondents who answered all questions regarding confidence (65.1% of the total population). Two dimensions can be distinguished in this group. The first underlying dimension is the confidence a person has in the colleagues of the team and the other colleagues. A relatively strong correlation exists between both items (0.446).

The other four variables together constitute a reliable scale (Cronbach's alpha of 0.916). Within the sub-group of 4 variables, a strong correlation of 0.860 exists for confidence in the advisory group and the network amplifiers. We also see a strong correlation between confidence in the secretary-general and confidence in the transition in general (0.746).

4.2.5. Self-steering as binding agent in the new organizational form

The survey also focussed extensively on the attitude towards different aspects of the agreement framework. The principle of self-steering is a key element of the agreement framework. In the first place, the different respondents were asked to which extent the principle of self-steering was clear. We see that it is clear for nearly 60% of employees (57.8%). Nearly one fifth gave a neutral answer and slightly more than one fifth (21.1%) disagree with the statement that the self-steering principle is clear.

This finding must immediately be qualified further with the following statement that surveys the extent to which respondents agree with how the principle of self-steering must be applied. Just over one third state that this is clear for them (34.9%), while around the same number of respondents say it is not clear for them (34.3%). Another 27.1% answered with a neutral score. Respondents were also asked whether the new organisational form improves their personal work situation on the one hand and the Department of Public Governance and the Chancellery in general. We see that 9% have no opinion with regard to their own situation and 18.1% for the department. For this reason we will now discuss the percentages within the group that do have an opinion. Nearly 40% believe it is an improvement for their own work situation (39.7%). This share is slightly higher for the department (42.6%) insofar as it can be measured. About 30% gave a neutral answer for each case, while 29.1% disagree with the statement that it

improves their work situation and 26.5% for the department.
Access to information is the next element. Respondents were asked to which extent they agreed that everyone in the department has access to the all information. Once again we see that a significant number of employees has no opinion about this (13.9%). Of those who did have an opinion, 44.1% disagree with this statement, while 30.1% agree that everyone does have access to all information. This leads us to conclude that transparency is an important focus point.
Self-steering operations lead us closer to a flatter organisation without a hierarchy. However, does everyone like the idea of having no hierarchy in the department.The results reveal that 38.0% of all employees do not agree with this, while a quarter does agree with the statement that the absence of a hierarchy is a good idea. In other words, a significant number of employees are not against a hierarchy, on the contrary.
An important functioning principle in the new organisational form is that, in principle, anyone can take any decision. But are the employees supportive of this idea? Once again we see that a considerable number of employees are not partial to this principle. 44.0% of all employees do not agree with the statement that anyone can make any decision. 27.1% do approve this principle, while 22.3% are neutral.

4.2.6. Net promoter score

The transition barometer also includes the so-called Net Promoter Score which measures the general temperature in the department. This is a simple but powerful instrument that measures customer satisfaction with a single question. For this classic test, we achieved an average of 5.76 on a scale from 0 to 10. This average has a standard deviation of 2.25. From the standard deviation, we can at least conclude that the scores vary strongly.
A distinction is made between three categories of employees based on their score: promoters, passively satisfied employees and critics. Promoters have a score of nine or ten. Passively satisfied employees have a score of seven or eight. Those with a score lower than 7 are referred to as "critics" in their operations. When applied to the scores for the department, the results are 52.4% critics, 42.7% passively satisfied employees and 4.8% promoters. This results in a Net Promoter Score of -47.6%.

4.2.7. Buy-in for the network organization as organizational form

The following questions are about support for the network organisation as organisational form. We asked colleagues to which extent they believed that a network organisation is ideal for tackling the challenges that face the Department of Public Governance and the Chancellery. A significant number of employees could not answer this question, i.e. 27.7% to be precise. Of those who could answer, more than half (53.3%) thought it was a good idea, while 11.7% did not agree. The remaining third was neutral.
In addition, we asked to which extent a self-steering network is considered to be a suitable organisational form for the entire Government of Flanders. Respondents were less enthusiastic about this statement. Of those who can (and want to) reply, more than 40% do not agree, while nearly half do agree (41.3% vs 32.2%). The remaining quarter of respondents who answered give a neutral appreciation. Once again, more than a quarter of all employees answered "don't know" (27.1%).
A last point is the provision of administrative services for the outside world. This is also a good time to ask how the transition will help the department provide services more effectively for its customers. Here we also see that more than a quarter cannot give an answer. The opinions of employees who responded are divided. More than 40% are neutral, 29.5% disagree, while 28.7% agree.
We also asked to which extent the new organisational form will enable the department to

respond with more flexibility to societal changes. 18.1% could not answer this question. Of those who could answer, just under half agree (48.5%). 27.9% are neutral, while just under a quarter disagree (23.5%).

4.2.8. Clarify of the rules and the role of the different actors

The next aspect in the analysis is about the clarity of the role of the different actors in the department and the operating principles. For the overall statement about the working environment and the rules in the department, we found that this is not clear for nearly half of all employees. It is clear for just under one fifth. 19.3% of employees say that it is clear where the responsibilities lie in the department. Slightly more than half of the respondents say that it is not clear where the responsibilities lie in the department. This is definitely an important focus point.

We also asked about the clarity of the role of the different actors, i.e. the advisory group, the network amplifiers, the secretary-general and the different expert groups. Of these four actors, only the secretary-general seems to have a relatively clear role. Almost half of the respondents say that his role is clear, while just over one fifth indicate that this role is not clear (respectively 48.2% vs 22.3%). The roles of the other actors are found not to be clear by proportionally more respondents. For respectively 36.1% and 39.2% of the employees, the roles of the advisory group and network amplifiers are unclear, while they are clear for respectively 30.1% and 26.5%. The ambiguity of the role of the expert groups has the highest score. More specifically, 44.6% say their role is not clear, while 21.1% indicate their role in the department is clear.

And finally we asked about collaborating in processes and in teams. For this aspect we see that process collaboration is not clear for many colleagues (36.1% vs 33.7% for whom it is clear). Respondents are much more familiar with collaborating in projects. This is clear for 46.4%, while it is not clear for 27.1%.

5. Conclusion: is the glass half full or half empty?

By focussing on a self-steering network organisation, the Department of Public Governance and the Chancellery have chosen resolutely for an innovative work organisation. The traditional hierarchy has been replaced by self-steering teams which constitute the cornerstones of the new organisation. The objective of this new organisation is to be able to respond more effectively to societal changes and to the department's role that consists of satisfying societal requirements and needs.

The present paper discusses how employees in the department appreciate this transition. It should be noted that it is difficult to comment on the trends we found, in particular because it is the first time the barometer has been calculated and we do not have a reference point. Moreover, some commentators may be of the opinion that the glasses are half full, while others may focus on the glasses being half empty. However, the following is a cautious attempt to draw a number of conclusions from all the figures.

The first finding is that the response to this survey is very high: 72.5%. In terms of the general attitude, we found that slightly more than half of all respondents know why the transition was introduced and what the goal of the transition is. However, four out of ten say they still don't know how we can achieve these ambitions. We also see that 40% are of the opinion that the transition is useful for the department, while one third believe it's useful for their own work situation. 45% of respondents feel involved in the transition, while one third does not.

There is clearly support for the teams as the ideal building blocks of the organisation. They are also given important roles to play for example in decision-making and planning. However, there is more resistance for staff evaluations by the team. We also found that 40% of employees agree with structuring the teams in departments. On the other hand, 40% indicate that it is not

sufficiently clear to them what roles the teams are expected to play.

In terms of trust, we found that the colleagues in one's own team merit the most confidence, while confidence in other colleagues within the department is also relatively high. Respondents have less confidence in the advisory group and the network amplifiers, while confidence in the transition in general is the lowest. In fact, the findings reveal a divide: nearly a third of all respondents have only a little confidence, while 30% have confidence and the rest is neutral.

Feelings towards the transition depend to a great extent on the perception of transparency. In this respect, it should be noted that nearly 45% do not agree with the statement that information about the transition is accessible for everyone.

The finding that not all employees are enthusiastic about the transition is reflected by the so-called Net Promoter Score. Based on this measurement tool, we have 4.8% promoters, 42.7% passively satisfied employees and 52.4% critics in the organisation.

Just more than half of all respondents support the network organisation as organisational form. However, this must be considered together with the 25% who have no opinion about this. Support for applying this transition to the entire Government of Flanders is significantly lower, while opinions are divided regarding the added value of the transition for the actual services we provide for our customers.

The survey has revealed that a lot of uncertainty exists among employees. This is particularly the case with regard to where the responsibilities lie in the department and the role of the different expert groups, and the working environment and rules in the department. We only have an average score which is higher than the neutral median for clarity of the secretary-general's role and project-based collaboration.

This report does not conclude that the glass is half full or half empty. We leave the conclusion to those who will shape the transition on a daily basis, i.e. all the employees of the Department of Public Governance and the Chancellery. The challenge will be to develop an approach tailored to the needs of individuals in the organisation, within the context of our societal assignment and with respect for the organisation's goals.

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Developing the profile of green consumer and family decision making model: a review

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Abstract
Ecopreneur's business activity involves the understanding of the relationships between creating and selling ecological products to eco-consumers and the environmental consequences associated with the purchase. In order to comprehend the market impact of their business, sales growth and market share, ecopreneur needs to know the demand of the green products. One effective method is to establish consumer profile modelling. Cross examining two related articles, we found the authors used socio-demographic variables and psychographic variables for profiling. They included ecologically conscious consumer behaviour to determine purchase intention and purchase behaviour. While the authors may have determined the factors influencing purchase behaviour, we discerned that the participants were students. In reality, eco-consumers are widespread. Little is known about its market in Malaysia. As such, we intend to re-examine and extend their works. At this stage, we aim to review three areas: green consumer profiling, family decision model and research methods to determine the eco-consumers' purchase intention and behaviour. For profiling, we identified the socio-demographic variable should be split into demographic and socioeconomic status per se. Combining these two constructs with psychographic variable provide a clearer discrimination of green consumers and their demand for the types of green products. Linking these constructs to family decision making process, we posit that dual-income parents with children will play more active role in eco-products purchase decision. Additionally, we aim to identify the sex- role orientation and children influence in family decision making. In decision making model, past studies used qualitative research such as interview and focus group. In this study, we propose to use sequential mixed method of qualitative interview follow by survey for our research design. This method provides the researcher to elaborate and validate the findings.

Keywords: Green consumer profile, family decision model, socioeconomic status, sequential mixed method

JEL classification: L26

1. Introduction

The environmental degradation caused by the depletion of resources and destruction of ecosystems have impacted consumers who are concerned with the environment. Furthermore, the uncontrollable used of pesticides in farms implicate long term undesirable effects on consumers' health (Ross *et al.*, 2000). Green consumers are aware of all these consequences. Given the choices, green consumer would opt to purchase environmentally friendly products for consumption. Eco-friendly product or green product is produced with the concern of minimal harm to the environment and human. This includes the end of product usage for

recycling (Minton and Ross, 1997). In most cases, eco-product sold in retail shops and supermarkets has identification or description that depicts its materials, sources, and method of recycling that differentiate from other non-green product.

Recently in the market, there have been significantly increasing growth of unnoticed niche market to a general market of green products. Nonetheless, not all environmental concern consumers are willing to purchase this product in the market. In order to comprehend the market impact of the business, sales growth and market share, ecopreneurs need to know the demand of the green products and understand the green consumer purchase behaviour. Profiling the consumers, ecopreneurs can understand green consumer purchase intention and behaviour, and eventually use the data for consumer segmentation. Additionally, ecopreneurs can improve their services, retaining existing consumers, and acquiring new ones (Royne, *et al.*, 2016).

In Malaysia, little is known about how widespread green consumers are. To initiate the local green consumer profiling, Akehurst et al., (2012) and Straughan and Roberts, (1999) studies were cross-examined. In these studies, socio-demographic and psychographic variables were used with ecologically conscious consumer behaviour to establish green consumer purchase intention and behaviour. However, we discerned that the participants were students and this cohort only represented a small segment of green consumers. In the market, eco-consumers are widespread. Profiling them would reflect the true spending on green products. In this aspect, we intend to re-examine the authors' research by reviewing the consumer profiling.

2. Literature review

2.1 Green consumer profiling

2.1.1Socio-demographic variables

Most studies integrated participants' demographics as part of the information to evaluate 'who' the consumers/buyers are (Meredith, 2013). Adding 'socio' to demographic, the term socio-demographic variables are often used.

In profiling consumer, Akehurst et al., (2012) used sex, age, literacy, income as socio-demographic variables in their research. While literacy (education) and income represent the socio- part of the consumers, the study found no significant relationships with green purchase intention. Similarly, when Ansar, (2013) adopted Akehurst's socio-demographic variables, the finding was identical. We suspect that the socio- indicators for education and income were not distinctively split for the analysis. Rather, as interpreted from the results, we reason the indicators could be analysed by its means in the multiple regressions and correlations analysis respectively. Furthermore, the analysis for education and income indicators in socioeconomic status (SES) is more complex than this (see SES literature review section). In this aspect, the demographic variable is separately analysed from the socio- factors.

2.1.2 Psychographic variables

Socio-demographic variable is often used alongside with psychographic variable to segment customers' data (Mullin *et al.*, 2000). Psychographic variable used in marketing literature explains 'why' consumers are interested to buy a product. It gathers the information relating to consumer's buying habits, spending, and values (Meredith, 2013). According to Bagozzi *et al.*, (1998) this variable refers to the state of mind of consumers' lifestyles, attitudes and motives and how they think and feel. Acquiring this information leads to better understanding of why consumers' behave in a manner and provides a better segmentation of consumer and product development (Henriques et al., 2009). Here, the psychographic characteristics are reviewed and identified in two perspectives: a) the consumer value on environment, and b) the consumer shopping behaviour.

Value on environment

Often, the psychographic variable varies with the objective of a research, but the eventual aim is to deduce what influence consumer buying habits and why they have interest in green product. In green consumer study, psychographic variables include altruism, perceived consumer effectiveness (PCE), environmental concern (EC), and political orientation (liberalism or conservatism). These measures have been suggested in addition to demographic variables (Straughan and Roberts, 1999). In this study, altruism is excluded due its complexity and unclear definition. Rather, we include perceived consumer effectiveness (PCE) as it measures the degree of belief in which an individual can contribute to the environment cause (Kinnear et al., 1974). The inclusion of consumer's attitude, knowledge, values could also identify consumer motives for buying eco-friendly product (Ukenna, 2012).

Individuals with the same attitude, belief, values and lifestyles are said to possess similar psychographic traits (Keegan, 2002). Attitude is the definition of an individual's preferences (Blackwell et al., 2006) and indicator of willingness to spend on eco-products (Chyong et al., 2006). Additionally, based on our observations, the inconvenience to shop could alter the consumer's attitude and divert the consumer preference to purchase non eco-products. Hence, in this study, the PCE and attitude are used as psychographic variables.

Shopping behaviour

Nowadays, online shopping has become popular in most advanced countries and has become trendy in some developing countries. In the near future, consumers have choices to combine traditional with online shopping. Advancing this research area, Smith and Swinyard (2001) and Sim and Koi (2002) have developed instrument that contain psychographic statements to evaluate shopper lifestyle. Anticipating this changing trend among Malaysia consumers, we aim to adapt some of the authors' psychographic variables of shopping lifestyle to differentiate green consumer's purchase behaviour.

2.1.3 Socioeconomic status

As discussed earlier, gender, age, race, income, and literacy were used for socio-demographic variables (Akehurst et al., 2012; Straughan and Roberts, 1999). If the socio-demographic variables are found to be significant, it offers an efficient way to segment consumer green attitudes and behaviour. However, some studies found the domains were contradictory (Roberts, 1996; Diamatopoulos et al., 2003). In Ukenna's et al (2012) study, they proposed incorporating social class or socioeconomic status (SES) with other demographics.

The key indicators for socioeconomic status (SES) are education, income and occupation. It measures the social standing or class of an individual or group as combination (Saegert, et al., 2006) and area-based (Lim et al., 2011). These indicators are mainly used for health research with the purpose for government or non-government body's interventions (Braveman et al., 2005) policy initiatives (Lim et al., 2011), consumption patterns among children in dissimilar SES (Page and Ridgway, 2001), and others. Noteworthy, there is scarcity of eco- related research that integrates SES indicators.

Parental education attainment

The integration of SES with other demographics yield researcher with better understanding of the change in social structure and life outcome since these variables is often correlated. In this era, SES determines one's access to education opportunities (Oakes and Rossi, 2003) and parental educational attainment will influence the family's overall SES position (Lim et al., 2011). However, this claim is inconsistent as some families with high SES have relatively low education level and vice versa (Oakes and Rossi, 2003). Generally, it is recognised that education attainment is prerequisite for better occupation and household income. As such, the addition of parental education attainment would suffice green consumer segmentation study.

Parental monthly income

In most instances, parental income contributes to household income and it is an undeniable fact that family's wealth accumulates faster with dual parental income. Researchers often have some difficulties to obtain accurate information on parental income in the questionnaire. Alternately to this approach, some authors substitute this strategy by using possession-based measure to evaluate household income and equate the parents' affordability of certain household possessions (Lim et al., 2011; Buchmann, 2002).

Nonetheless, Cowan et al., (2012) caution that this measure may not necessarily represent the accurate picture of household income or wealth as it varies in family life cycle. Typically, in Malaysia culture, the type of cars and houses own by family reflect to the general public the household wealth. Holding debt constant, these possession-based measures do provide some degree of accuracy to house wealth as they are considered as assets to a family.

Parental occupational status

In reality, the SES of children and young people is dependent on parental occupation, and occupational status. Higher-status parental occupation ensures lucrative income and better leeway for kids accessible to desired resources (Lim et al., 2011; Oakes and Rossi, 2003). A past study has shown that parental age correlates with occupational status and earnings. Mostly, when parents reached the age of mid-30s they would have achieved their desirable occupational status (Hauser et al., 2000). Implicitly, it is assumed that most Gen Xers would have reached this satisfactory occupational stage and status at this age.

In sum, by segregating the socio- from socio-demographic variables and analysing SES as composite measures, a clearer discrimination of green consumer profile can be discerned. Composite measures consisting of parental educations, incomes, and occupations are likely to have stronger correlation results (Marks et al., 2000).

2.2 Decision Making

In purchasing, decision making is a process of people making a selection out of the desirable options. The range of desirable and attainable options increases for consumers along with their buying power. Family members play a significant role in purchasing decision (Sidin et al, 2004) and together they can alter the decision making process (Chikwiche, et al., 2012). Past studies rarely included children in the loop for family purchasing decision process. Recently, there is a growing importance for marketers to include them (Flurry and Burns, 2005) due to their increasingly active role and influence in purchasing decision, their ability to generate own income through part time job and their role as the trendsetters in the family (Shoham and Dalakas, 2003).

Children's influence in family decision making differs by age and their influences increase with age (McNeal and Yeh, 2003). For example, older children are more influential in choosing restaurant for the family when eating out. Also, when they become older, parents tend to seek opinions from them on technological products as they are perceived to be more knowledgeable and experienced on the latest technology (Fikry and Bustami, 2012). Generally, there is some effect of children influence in family's decision making.

With regard to family decision making process, identifying the sex role for decision making is important for marketing management. Sex role ideology evolves from traditional view of distinctive role for male and female to equal distribution of power for both sexes (Sidin et al, 2004). The authors found that career oriented and highly educated women play more active role in family purchase for consumer durables, groceries and eating out decision. Comparing different cultural groups, Sidin et al, (2004) found no differences in sex role orientation. In other cases, families making joint decision were found in this modern sex role orientation and younger couples under the age of 35 were more likely to make joint decisions (Lee and Beatty,

2002). Joint decisions are more frequently made when family members are buying expensive products or making important decisions (Martinez and Polo, 1999).

2.2.1 Factors influencing purchasing decision

For green consumer, knowledge about environment and eco-product are important to family. Based on past studies, we posited five factors necessary for consumer to make decision that lead to purchase intention and behaviour.

Convenience

In Malaysia, anecdotal observations on the established supermarkets like Aeon, MyDin, Giants, Tesco sold scanty green products that limit the convenience of green consumer purchase. Unlike United States, Whole Foods Market, Trader Joes, and others are one-stop green supermarkets that provide convenience to green consumer shopping. Such store convenience minimises consumers' activities in shopping that could save time and effort (Bell et al., 1998). For dual income families, this one-stop shop convenience is likely to be the key attribute influencing the family decision to shop in such supermarket. With the under-developed transportation system in Malaysia, most consumers tend to drive to supermarket. For this reason, shopping after work or during the weekends has become a norm for most family. Accordingly, sufficient parking spaces are one of the attribute for convenience that attracts them to shop in the destination. Additionally, supermarket located close to their home or work will provide them spatial convenience and trade-off for poor public transportation system that enable them to reduce time and effort to reach the destination (Reimers, 2014; Reimers and Val, 2014).

Price premium

It is known that the prices for green products are generally slightly higher than other products in the supermarkets. Some consumers who have knowledge and concern about environmental issues are more willing to pay for a price premium for the products (Caputo et al., 2013). Contrasting this, the Norwegian consumers were reluctant to pay for such price for ecological foods (Torjusen et al., 2001). Similarly, the Lithuania consumers have doubts about green products and its certification (Kavaliauske et al., 2013). Nevertheless, some consumers are loyal to the product because they believe in home country origin that produces genuine green products and pay for price premium (Anselmsson et al., 2014). Additionally, brand uniqueness and price premium was found to be significantly related and consumer make choices on product based on its unique attributes.

Product quality

Consumer often trusts in the reputation of company in making quality products. Consumer's perception on product quality is often complex but generally product quality dimensions are viewed by its performance, conformance, reliable, and durable (Waller and Ahire, 1996). Interestingly, a local study found that consumer would consider environmentally friendly as part of quality requirement for product purchase (Kianpour et al., 2014). Others perceive willingness to pay higher price if there is price-quality relationships for eco-products (Imkamp, 2000). However, this is contradictory for highly price-sensitive consumer (Bernard et al., 2015).

Goods and services tax (GST)

In 2015, the Malaysia government introduced the goods and services tax (GST) on every goods levied on transactions made by consumers. This includes the importation of goods and services

(Shukry, September 2013). This tax scheme has confused most consumers on food price increase. Although the government assured the GST will not be imposed on staple foods like rice, sugar and cooking oil (TST, April 2015), this tax is applied on green products. With this added tax value cascaded to higher price for eco-products, eco-consumers are likely to account for this factor in purchase decision as it affects their monthly household spending.

Household spending

Lastly, household spending is one imperative decision factor that affects consumer purchase behaviour. Generally, there is a linkage between higher socioeconomic status family and spending on healthier food for health and wellbeing (Carrillo et al., 2013). Moreover, women are more likely to spend on foods that benefit their health (Pothoulaki and Chryssochoidis, 2009). In Malaysia urban area, the mean monthly household consumption was RM 3,500 (USD 1 = RM 4.00) and mean income was about RM 6,800 (DSM, 2014). This implies an average family would spend about 50% of the household earnings for the basic amenities. All other things being equal, a dual income family is more affordable than single income family in terms of household spending.

2.3 Ecologically conscious behaviour (ECCB)

Profiling green consumers using ecologically conscious behaviour (ECCB) is an effective measure to determine green consumer intention and behaviour in purchasing eco-products as it considers a wide variety of behaviours (Akehurst et al 2012; Straughan and Roberts, 1999). Ecologically conscious consumers tend to purchase products that are manufactured with least harm on the environment (Roberts, 1996).

Akehurst et al (2012) found consumers with higher ECCB have shown higher green purchase intention and has positive impact on green purchase behaviour. Straughan and Roberts (1999) professed that ECCB use as standalone construct is not an effective method for profiling the green segment. The authors proposed that it should incorporate socio-demographic variables and psychographic variables.

2.4 Green consumer purchase intention (GPI) and behaviour (GPB)

GPI implies consumers are likely to purchase an environmentally friendly provided the product's green attributes are genuine (Oliver and Lee, 2010) and GPB refers to the consumer's final act of purchase facilitates by intention (Akehurst et al., 2012). Past studies revealed some consumers with high ecologically conscious do not necessarily have purchase intention. They perceived risks in using the products as they are concerned with how products are produced and distributed. Often, the intention to purchase these products is the result of a trade-off between the environmental issues and the individual consequences of using this particular product (Imkamp, 2000). Local consumers may not have this in-depth reflection or concern on the complete supply chain of green products affecting their purchase intention and behaviour.

3. Scope of study

In this research scope, we focus on household with parents from Generation X or Gen X cohort, with dual income, and have at least one child in the family. In our literature search, there was no specific definition for those who were born as Gen X. For example, Casini, et al., (2015) specified those born between 1972 and 1981; Appelbaum, et al., (2005) used cohort born between 1961 and 1981; Littrell et al., (2005) suggested between 1965 and 1975. We adopted Appelbaum's, et al., (2005) definition as it states a twenty years timeline. Added to the scope, we adopted Stevens-Garmon's et al (2007) approach to household survey where each household is categorised into user and nonuser group for green products. Assumption is made

that some non-green consumers are unaware of their purchase include green products. The scope is narrowing to green products sold in retail shops and supermarkets, and probing consumers' intention to use the traditional and/or online shopping for these products.

4. Research Method

Based on the literature review, the research framework in Figure 1 is proposed. In this study, we aim to use sequential exploratory mixed method of quantitative research design follow by qualitative interview. The framework consists of reflective and formative measurement models. All constructs are reflective model except the decision making construct is formative model. In the former, the latent constructs cause the measured variables and in the latter, the measured variables cause the construct (Hair et al., 2010). This method provides the researcher to elaborate and validate the findings. For hypotheses testing, the IBM SPSS analysis of moment structures (AMOS) software is used.

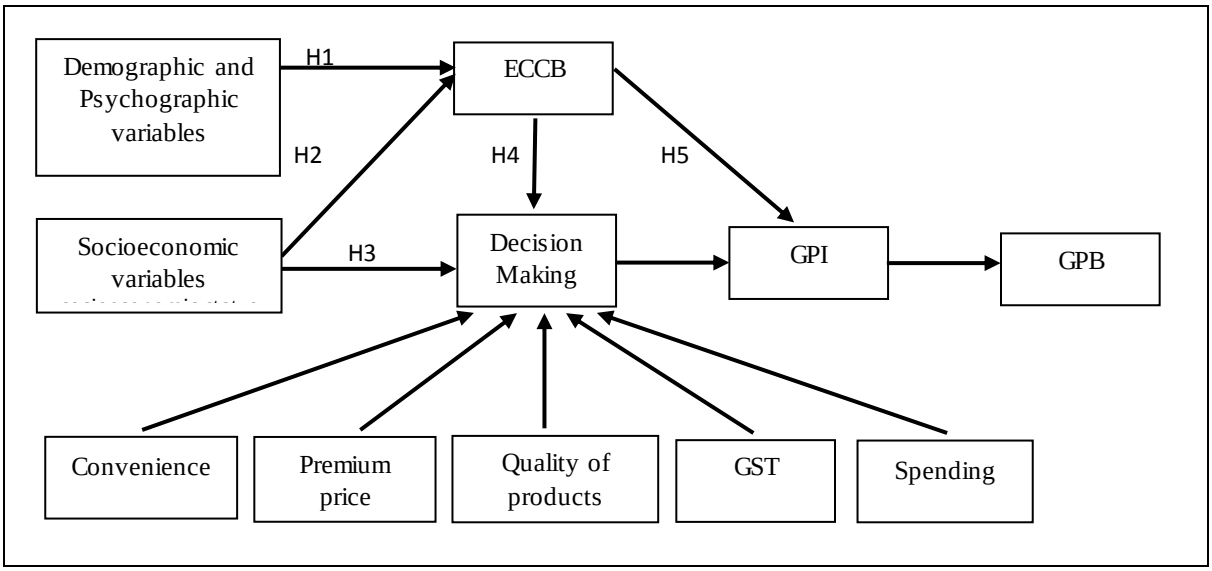

Figure 1 – Research framework of green consumer and family decision making model
Source: Developed for this study

H1. Demographic and psychographic variables (perceived consumer effectiveness, attitude, and lifestyle) are relevant in explaining the ECCB.
H2. Socioeconomic status (high SES vs. middle SES vs. low SES) is relevant in explaining ECCB.
H3: Consumers with higher SES are likely to involve more family members in decision making for green product purchase.
H4: There is a positive relationship between ECCB and family decision making.
H5: There is a positive relationship between ECCB and GPI.
H6: There is a positive relationship between family decision making and GPI.
H7. There is a positive relationship between GPI and GPB.

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Business Process Management As a Strategy to Implement Organizational Innovation

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Abstract
Nowadays companies need to innovate products and services in order to create value for customers, reduce costs and improve business performance. An initial analysis of the organizational structure is essential, ensuring the adjustment to market needs through the redefinition and monitoring of business processes. Innovation is not only technological or digital, but also organizational. In fact the concept of technology can be interpreted more broadly, recognizing that "technology" is incorporated in all activities of the business system. To realize an organizational innovation, a winner strategy can be adopted to secure the survival of companies, in terms of productivity growth and cost reductions. Business Process Management is a methodology that provides an approach to process improvement, making it possible to pass from an uncooperative to a synergy strategy. Thanks to the adoption of Business Process Management methods, supported by specific software tools and the use of new ICT technologies, it is possible to streamline the operations management, identify risk indicators and performance and ensure the rapid adoption of corrective policies and improvements. This paper provides academic support by focusing on the approach of improvement, from an integrated and comparative perspective, with the methodology of Reengineering; this has emerged from the literature as a significant number of studies pay more attention on the Reengineering approach. From a practical point of view, this paper aims to provide an effective contribution by proposing an example of business process management analysis according to a perspective of improvement, demonstrating the usefulness and potential of this method.

Keywords: Business Process, Management, Improvement, Organizational Innovation.

JEL classification: M31.

1. Introduction

Nowadays businesses operate in a context in which it is essential to innovate products and services in order to create value for customers and manage the business complexity.

In order to do so, an analysis of the organizational structure must be made through an intense redefinition and monitoring of business processes in order to implement continuous improvement while ensuring its adoption to market needs. Many researchers have been investigating workflow techniques to improve business processes, managing critical situations in advance (Wang e Wang, 2006).

Most companies continue to take a functional organization, historical model based on the specialization of labor: employees perform the same activities, operate within the same department, focus on single function results and los global goals.

This kind of approach is surpassed by the process approach, with an overall and transversal point of view, which makes it possible to continuously monitor the operations and ensure the

implementation of effective and efficient actions.
The integrated management of processes occurs through the use of new Information and Communication Technologies and specific business management software in order to simplify, speed up and optimize processes, identifying risk indicators and performance.
Generally, the introduction of innovations within organizations is the result of a complex process that starts from the outside, by a consulting firm (Vargas Sánchez, 2012) that promotes the use of integration tools, sharing the information at all business levels.
From a practical point of view, Business Process Management is a methodology for improving the process, considered as a winner strategy, which secures the survival of companies in terms of productivity growth and cost cutting from an uncooperative to a synergistic strategy.

2. Technological and organizational innovations to support business improvement

The advent of ICT has increased the effectiveness of organizational systems, improving communication and sharing information at all levels.
As a consequence there is a huge transformation in goods and services, production systems and activities, and business organization: processes become more efficient and timely, offering a wide range of innovations and causing structural changes (Di Carlo & Santarelli, 2011).
In this context, digital innovations have a key role in growth, innovation and employment. With reference to the "Digital Economy Outlook 2015" (The report on the digital economy (2015) of the Organisation for Economic Co-operation and Development (OECD) published by the Committee on Digital Economy Policies, concerns the role of the digital economy as an engine for innovation and growth; the aim is to present the measures thanks to which the OECD countries can maximize the potential of the digital economy), Italy is defined as a country in which the use of digital technologies is limited, there is a strong need to change the managerial logic and develop digital skills (such as the digitization of the flows and processes).
The adjustment to the evolution of digital markets is a necessary step in order to survive: the "Digital Transformation" is affecting all sectors, bringing with it the rapid rethinking of business models and processes.
As a result, innovation is not just technological or digital, but also organizational. In fact technology should be interpreted more broadly, recognizing that it is incorporated in all activities of the business system (Silvestrelli, 2014).
In spite of the past, companies have been continuously innovating strategies, structures, operational mechanisms, business models and accounting and management tools: these changes can be defined as organizational innovation (Riccaboni & Giovannoni, 2006) and the focus is the continuous improvement of performance in order to achieve effectiveness and efficiency.
From a management point of view the "value chain" refers to the value-added activities connected to each other and it is necessary to identify "bottlenecks" in order to reduce waste, inefficiencies, and negative results.
Therefore, the opportunity to remove organizational weaknesses, identify the causal factors and implement corrective actions is seen as continuous improvement.

2.1. Improvement measures

Once companies decide to adopt an organization for processes, they need to be managed. Managing the processes means acting on them in order to achieve improvements in efficiency through the reduction of costs and waiting times, making them fast and lean and of higher quality, by creating value through integrated actions.
The interventions to achieve improvement are divided into two categories: Business Process Reengineering and Business Process Improvement.

The aim of the former approach is to reconsider processes, executing a big bang action, bringing about a dramatic and radical rethinking of the company. The origin of this intervention dates back to the 90s, when Michael Hammer and James Champy popularized this radical model in their book "Reengineering the Corporation: A Manifesto for Business Revolution" where, for the first time, there was talk of a radical redesign of business processes to achieve dramatic improvements (Hammer & Champy, 1993).

Professor Hammer argued that through a review of non-value added processes it is possible to identify and eliminate "no-core" activities, ensuring a reduction in costs and improvement in quality (Serrano Gómez & Ortiz Pimiento, 2012). In the following years, Champy (1993) defined Reengineering as a way to achieve radical improvements in quality and productivity (O'Neill & Sohal, 1999) while other authors defined it as a way to obtain substantial improvements in methods, techniques, procedures and organizational models (Maraschi, 2011).

It is essentially a traumatic change for the company, which changes its objectives, normal mode of operation, its vision and mission, the allocation of human resources, enterprise and organizational culture, metrics, analysis and the use of technologies (Kettinger et al., 1997). Since this approach requires a substantial investment, time and risk, generating discontinuities in management, it is only used with a declared criticality.

It is necessary to promote an improvement approach, without waiting for the occurrence of criticality but anticipating it with dynamic management, as a priority.

The latter approach, the Business Process Improvement model, does not require a radical rethinking of the company but it is a more flexible and less invasive approach than BPR (Paul et al., 2010) with the introduction of gradual changes, in order to prevent, manage and remove criticality through measurement and monitoring of performance.

The improvement model makes it possible to anticipate the needs of customers, increasing the performance through the removal of unproductive activity, waste, lead-time, and operating costs, by providing less bureaucratic organizational structures that are more flexible and more responsive to meeting the demands of customers (Cook, 1996).

Moreover, the performance levels decrease over time. Consequently a company that does not improve is probably surpassed by competitors who are able to meet the demand of its customers faster (Andersen, 2007).

A company must be able to improve its operations, focusing on the improvement of the processes. The problem of companies is not the quality of their products or services, but the level of quality of the processes, which is the consequence of the first (Brajer-Marczak, 2014). As result a new discipline, known as "Business Process Management", emerged and focused on making a company's business effective and efficient. Its main objective is to define, optimize, monitor and integrate business processes in order to create organizational processes. The use of ICT and specific BPM software is necessary to streamline the operations management, model processes to business needs, identify risk and performance indicators and implement the improvement of policies more quickly.

Interest in BPM is growing, both in practice and in research (Manfreda et al., 2014). This approach represents a necessary step for companies, especially for small and medium-sized Italian companies. It could be used in times of economic crisis to effect a "change in management", implementing a recovery strategy in order to be competitive in the domestic and international markets.

Hammer (1996) states that the customer is not interested in our organizational structure, strategic plans or financial conditions but in the value that we offer. For any organization it is necessary to know how to manage the change, to understand how the components of the organization are related to each other, to recognize the wishes of the internal and external

customers, measuring organizational performance (Van Rensburg, 1998). Therefore the organization needs to be governed and improved through the analysis of some indicators, which represent an essential information tool for the company in order to achieve the objectives previously established.

3. Technological and organizational innovation to support business improvement

Business Process Management is a way to make a strategy of synergy operational: with the help of new computer technologies it is possible to represent business processes, ensuring the traceability of all the resources and their interaction.

The BPMN language (Business Process Modeling Notation) is a standard notation for the mapping and modeling of business processes that permits the definition of a set of rules to interpret and represent diagrams and processes in a unique way.

The primary purpose of BPMN is to create a link between the business process modeling notation and execution languages, providing a notation that is understandable to all business users, such as analysts, technicians and managers, avoiding incorrect interpretations and inconsistencies.

Business process mapping represents the decomposition of management flows through the identification of the connecting points between the different activities, highlighting interactions, interdependencies, responsibilities, identifying activities that generate slowdowns or delays and introducing constructive changes and eliminating any bottlenecks.

This activity is also used to monitor the company's allocation of human, material or technological resources used in the business and to carry out a thorough cost-benefit analysis of economic activities (for example, whether to produce internally or to outsource), to identify and eventually eliminate the processes or activities that are inefficient, redundant or unnecessary, without added value.

From a practical point of view, this approach can be useful for companies in order to measure and overcome inefficiencies. The process mapping is divided into a series of consequential phases: the identification of business processes in order to distinguish the different components (input, output, objectives, customers, suppliers, resources, constraints and rules); the identification of "core" and "non-core" processes; the collection of information to describe the process, consulting quality and operating manuals, business documents, interviews or questionnaires to senior management; the modeling of the process using graphic representations. Once the inefficiencies are identified, business improvements must be applied in three different phases: as-is analysis, to-be analysis and choice of the better solution.

During the "As-Is" analysis, the processes are considered in their current state, including the inefficiencies. The identification of non-value added steps and description of reality, related to the acquisition of data on the cost of human, material and instrumental resources, help to identify gaps that can be solved with appropriate solutions, using the "to-be" analysis (how the company should be and how it should operate).

By comparing both perspectives, the differences which require intervention by implementing corrective actions become clear. A detailed "Gap Analysis" allows gaps to be identified, as well as the causes and the solutions needed to make an improvement, optimizing results in terms of cost and time, thanks to a dynamic control.

After the gaps have been identified, the actions to be taken and the objectives to achieve need to be quantified by measuring current and future performance and determining the order of priority to achieve the desired situation in a rapid way.

Interventions often involve the clear definition of roles, greater sharing of information, eliminating unnecessary and redundant activities and introducing technological innovation.

It is fundamental not only to make an improvement but to repeat it over time to achieve

excellent results. In this context, specialized software is required to create simulations, to choose the better allocation of resources (material, intangible, personal and financial), saving costs and time. Anticipating the changes in technologies, the structure of demand and consumer preferences, companies would not realize the Structure - Conduct – Performance paradigm, but the Performance - Conduct – Structure one: this is the performance measurement to influence corporate behavior and thus the structure of the company and, in general, the sector.

In the process of strategic planning it is necessary to consider the following aspects: to invest in internal staff training activities with continuous technical and professional updates; to use information tools for sharing business information; the use of management systems based on ISO standards in order to apply the business rules and respect their conformity (quality, ethics, 231model, environment, safety, etc.).

Moreover, companies should take the Resources - Competencies - Capacity paradigm into consideration to ensure an efficient allocation of material and immaterial resources in the departments, considering also the skills and ability of staff in order to achieve efficient management.

4. Case study: Business Process Management in the financial sector

4.1 Case description

The case study method helps researchers to examine a "concrete case" in a "real life" situation (Yin, 2014). Thanks to the case study approach it is possible to investigate a phenomenon in a truthful context and make use of a variety of different instruments of data (Yin, 2012).

"Yin presented at least four applications for a case study model:

1. To explain complex causal links in real-life interventions
2. To describe the real-life context in which the intervention has occurred
3. To describe the intervention itself
4. To explore those situations in which the intervention being evaluated has no clear set of outcomes" (Tellis, 1997, 3).

In order to demonstrate how process innovation leads to better management efficiency results, a practical example of analysis, detection and management of business process criticality is presented, with an improvement perspective.

This analysis has been separated into three research questions: are a comprehensive view of processes and performance measurement the starting point for making operational change improvements, involving benefits for the single problem and achieving a result of better overall efficiency? Through the right allocation of resources is it possible to contain waste and reinvest resources in a more efficient way? Is it possible, through the application of dynamic models, to manage unpredictable situations?

The case study described deals with the examination of business problems in a banking institution with a strong organizational impact: the introduction of a new legal provision regarding the taxation of financial income created an unsettling situation for customers, who subsequently stormed the telephone helplines for information on the impact the taxation would have on existing or new financial positions.

From an analysis of the results, the company identified weaknesses that questioned its current way of operating. By looking at a growing number of calls to the customer services line, the Bank wanted to know how to manage requests in the future, once the provision was implemented. The problem, which was due to a sudden rise in the number of calls to the telephone helplines, and the long average duration of calls given the increased need for information by customers, exposed the Bank to the risk of customer dissatisfaction.

In fact customers could opt to transfer investments to other credit institutions, causing a negative

impact on business performance. Therefore, the aim was to reduce the number of abandoned calls due to the excessive waiting time required to speak with an operator and the duration of each call. To do this, the company intended to reallocate the activities among the current workers, resorting, if necessary, to the expansion of the existing automatic telephone answering system. The hiring of additional workers could be a solution to the problem, but the Bank did not intend to resort to forms of outsourcing. Through the use of business process management methodologies, it was possible to strategically measure the degree of the problems, thus managing changes in advance and building a solution through hypothetical scenarios while seeking to maintain the efficiency of the services offered to customers.

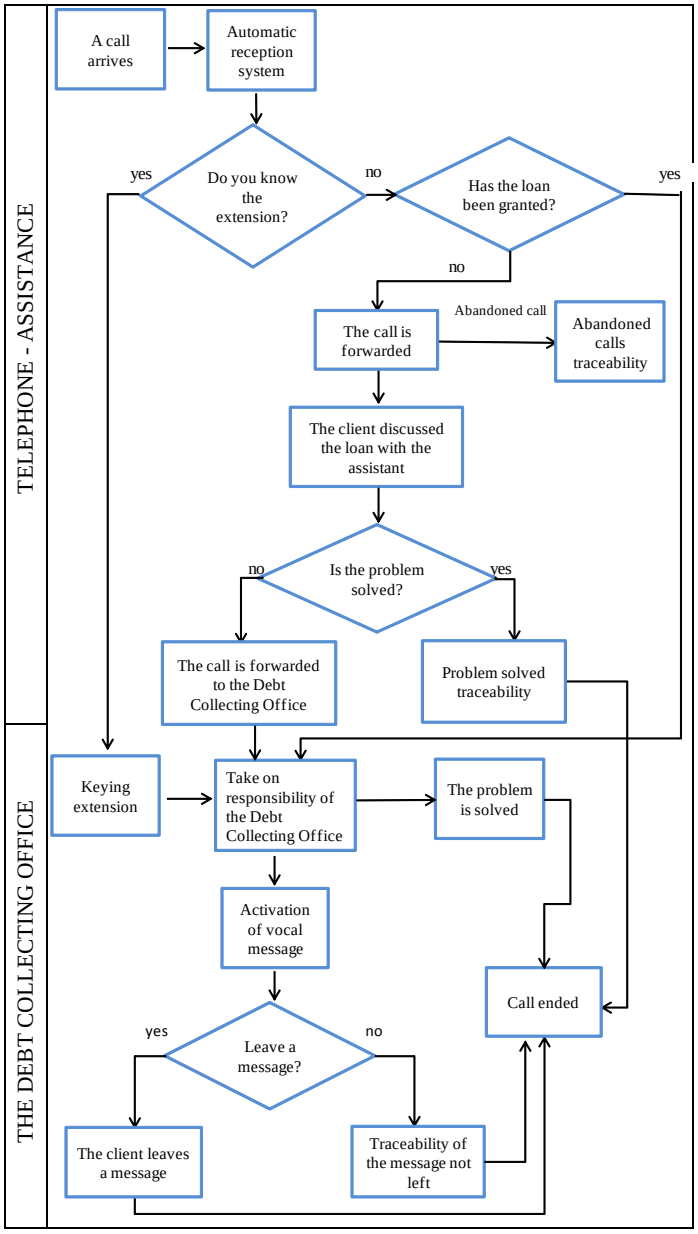

Figure 1. Process Mapping
Source: our elaboration

4.2 As-Is Analysis

"As-Is" analysis studies the current operations in a realistic way: there are two departments, the Telephone-Assistance and the Debt Collecting Office, available 8 hours a day from Monday to

Friday, each one with 3 workers. In the first department every employee earns € 25 per hour (€ 35 in case of overtime); in the second one, each employee earns € 50 (€ 75 in case of overtime). With the use of Business Process software it is possible to reproduce the initial situation and simulate it for a predetermined period of time, identifying bottlenecks and no value added activities.
The first experiment shows about 8000 calls per month, more than 1500 are abandoned due to excessive waiting times, with 18% of calls abandoned. The total cost of staff is about € 45.900 per month, more than € 15.400 is attributable to Telephone-Assistance. In this case the process is completed for 46%, with an average duration per call of 5 minutes. Consequently, the aim of the bank is to reduce the number of abandoned calls and the duration of each call.

4.3 To-Be Analysis: Hiring of a new operator

One solution could be the recruitment of a new operator in the first department (which is the bottleneck of the process), so as to spread the number of incoming calls over a larger number of operators. This would significantly reduce the rate of abandoned calls to 3%, lowering the number of dropouts to 210. Consequently, there is an increase in personnel costs: by hiring a new resource the duration of each call is around 5 minutes and the process is completed for 60%, achieving better results of efficiency.

4.4 To-Be Analysis: Introduction of the automatic telephone response system

The third simulation reduces the number of dropouts without increasing personnel costs. By introducing an automatic management phone system it is possible to distinguish between customers who have already obtained credit and potential customers. Therefore the telephone assistance department would spend less time in solving problems that are not its responsibility. Reducing costs and the percentage of abandoned calls to 0% by relocating responsibilities in a better way between the two departments and reducing the waiting time to 3 minutes, means it is possible to improve and maximize the level of efficiency, completing 80% of the processes.

	Sim. 1	Sim. 2	Sim. 3
Total number of calls	8.151	8.151	8.151
Total end well calls	3.778	4.733	6.522
Total minutes to complete the process	5,12	5,30	2,91
Total number of abandoned calls	1.483	210	0
Rate of Abandoned calls	18%	3%	0%

Table 1. Report of calls
Source: our elaboration

	Total costs (Sim. 1)	Resources (Sim. 1)	Total costs (Sim. 2)	Resources (Sim. 2)	Total costs (Sim. 3)	Resources (Sim. 3)
Telephone-Assistance	€ 15.355,52	3	€ 20.462,33	4	€ 15.334,76	3
The Debt Collecting Office	€ 30.525,00	3	€ 30.525,00	3	€ 30.525,00	3
Total	€ 45.880,52	6	€ 50.987,33	7	€ 45.859,76	6

Table 2. Total costs and resources available for each department
Source: our elaboration

5. Conclusions

The business process methodology permits a focus on the changes that lead to substantial improvements in efficiency and quality of services offered. The modeling and simulation phases are necessary to identify the kind of processes in which waste, inefficiency, excessive working hours and duplication of procedures emerge.

A subsequent Business Process Improvement phase has the purpose of introducing changes that allow the company to achieve the desired objectives of increasing the efficiency and utilization of resources, trying to reduce production costs, identifying the points in which bottlenecks occur and the resources that are not exploited. First of all, companies that want to implement a Business Process Management policy should change their vision from a functional to a process one and then choose a method that would enable them to achieve the desired goals.

The first step is the analysis of the existing process. It is then necessary to implement changes that would allow the goal to be achieved, in this case the 8,000 monthly requests from new and existing customers, creating a new process called the "To–Be" process.

The solution is divided into two different choices: one aimed at changing the process and one at maintaining the same production process, but with a better management of resources. In the first solution the objective was reached, but the increase in demand forced the company to employ additional workers to cover the largest number of orders, and to eliminate the bottlenecks created in the process. The second solution facilitates achieving the desired goal maintaining the same number of resources and respecting the conditions imposed by the company. This simulation is the better solution in terms of number of completed transactions, costs, lead-time and it minimizes the risk of losing customers.

This case demonstrates that it is essential for enterprises to undertake mitigating actions to manage risks related to change which, if not analyzed in time, expose the company to problems that are harmful for its survival. Thanks to this strategy it is possible to control workflows, to reduce business risks, make efficient use of resources and improve customer service. This paper contributes to promoting the adoption of this dynamic approach, guaranteeing a clear representation of rules. The trace of resources and the business process are precisely defined and represented. In fact, unlike the static methods, the use of dynamic tools and methods allow the company to analyze the whole process in detail, to map it, measuring the interaction with other processes in terms of time and cost, while respecting the constraints of the business system. Through the help of mathematical algorithms it is also possible to simulate scenarios of improvement, anticipating threats and changes in the market. Therefore, Business Process Management is a method for realizing a winning strategy, moving from an uncooperative to a logical synergy.

This approach is essential in order to achieve organizational improvement using an efficient business model and promoting the integration and the share of information. Consequently, the use of technological and organizational innovation is a crucial factor for the survival of businesses. It presupposes change, the revisiting of existing assumptions, the introduction of new decision-making processes, organizational models and operational mechanisms.

To implement the innovation of products, processes and business models, companies should adopt process measurement techniques which are the only support for Management when reacting to external changes with an incremental approach. Many companies are equipped with Data Warehouse or Business Intelligence systems and believe these can solve the asymmetric information between the different departments. But this is a way to aggregate "polluted" data, because the result of aggregated data could possibly be compromised by errors that are not immediately visible. Instead, the Business Process Management method can anticipate situations by measuring the impact that possible changes may have on the individual process and on the interactions with other processes.

In addition to international standards, European and national regulations are increasingly in favour of this approach to provide homogeneous metrics between companies, not only those in the same industry, but also from various sectors. In European countries there is a lot of interest in the development of flexible and dynamic mechanisms for routing and creating the strategic control of workflow management. This kind of analysis provides the tool to overcome difficulties by identifying the best applicable solution and represents a potential opportunity for expanding business by exploiting the inefficiencies of competitors. This approach is a necessary step for companies, especially for European ones that could use the economic crisis to make a management changes and implement a recovery strategy to compete in the domestic market. The ultimate aim of innovation is to increase the success of the company, making it more competitive in terms of higher quality, lower prices, efficiency in service and times, therefore not only technological and digital innovation need to be introduced but also organizational and process innovations, thus improving the way to do business. There is no doubt that this methodology is essential to perform in speed, costs, flexibility, satisfied relationship and the attention to managing business processes is the key to realize a better efficiency and organizational effectiveness (Armistead et al., 1999). Finally, the success of innovative companies is their ability to move from complexity to risk management, from research to precise knowledge of waste and inefficiency. In managing innovation it is necessary to rethink the allocation of resources to govern uncertainties. To do this, it is fundamental to embed innovation in emerging managerial models, so that these dynamics can be better governed, measured and aligned to business strategies (Denicolai, 2010).

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To What Extent Does Gender Marketing Influence the Parental Purchase Decisions of Children's Products, and How Would These Customers React in a Genderless Informational World?

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Abstract
This research study explores the extent to which parents rely on gender marketing when purchasing products for their children, and how these consumers would react in a genderless informational world. The project presents theories found in consumer behavior and child psychology, including Scott Wards Theory of Consumer Socialization, Judith Butler's views of sex, gender, and gender identity, and the idea of Unconscious Branding by professor Douglas Van Praet. The methodology used for the completion of this research can be subdivided into two forms of primary research: an open questionnaire and an online survey. The study uses APA formatting to structure the above-mentioned section, and alters it to include both a discussion and a methodology evaluation subsection. The project gives examples of gender marketing and its uses for the past decade, it shows how parents aim to control the practice, and it identifies the existence of three types of parent buyers: The Id-Mom, Ego-Dad and Super-Ego-Parents.Gender marketing does, to different degrees, influence parent-buying behavior both consciously and unconsciously. The extent to which these forces impact each parent is directly correlated to the level of critical thought and social desirability bias they find within. These three categories define parents that would react independently from one another when faced with a genderless informational world. Future directions of research suggest an extension of the research study to include a longitudinal design that will allow for the tracking of the respondents' actions and opinions over time.

Keywords: gender marketing, purchase decision, consumer behavior

JEL classification: M31.

1. Introduction

1.1 Gender Marketing: Defined, Discussed, And Depicted

For the purpose of this academic research, gender marketing will be defined as the intended alteration and adaptation of marketing policies, as dictated by the target gender, and its constant reinforcement with the central aim of increasing a product's sale. Though dating back to the mid 20th century, this 'antiquated and potentially damaging' (Parsons, 2015) practice has resurfaced and finds itself under scrutiny and debate. Disappointingly enough, the 1970s saw a 70% non-gender-labeling rate in all children's products – a percentage that has since decreased to below a healthy half. (Robb, 2015).

1.2 Butler's Gender, Sex & Gender Identity

In order to fully understand, assess, and appreciate this research project it is vital to distinguish and discuss the existing and conflicting views of gender, gender identity, and sex. In Judith Butler's 1999 feminist book titled 'Gender Trouble' we are presented with contradictory opinions concerning the types, characteristics, and expression of gender. "The distinction between sex and gender serves the argument that gender is culturally constructed: hence, gender is neither the causal result of sex nor as seemingly fixed as sex" (Butler, 1999). By accepting this theory we are able to assume that sex and gender, while interrelated, differ in their cultural and biological construction and individual physiognomies. Having established a discrepancy between the two terms most people consider to be synonyms, we must now identify and define the interjection of gender identity. A person can identify him or herself with

a gender when, and only when, this person becomes "intelligible" in conformity with "recognizable standards of gender illegibility" (Butler, 1999). Gender identity therefore assumes viability when the identified person concedes to "various roles and functions that result in social visibility and meaning" (Butler, 1999). Notable failures of "intelligibility" are considered to create "persons who fail to conform to the gendered norms of culture by which persons are defined" (Butler, pg. 28). These 'anomalies' belong to neither gender, resulting in the impossibility of them being defined in terms of gender identity and sex. If gender is, thus, a "cultural interpretation of sex (Butler, 1999), gender identity can be defined as the connection of both "biological and culturally constituted selves") and their "established continuity and self-identity over time" (Butler, 1999).

1.3 Ward's Consumer Socialization Model

In order to identify the sources responsible for a child's developmental and social learning behaviors we will use Ward's Consumer Socialization Model of 1985 (Association for Consumer Research, 1985). This model provides a multi-theoretical approach and presents how "individuals develop consumption-related cognitions and behaviors" from a young age. Ward identified the pivotal importance of environmental forces, or "socialization agents", in children's development, and the construction of their attitudes and behaviors. The theoretician then discusses Jean Piaget's Theory 1936 of Intellectual Development. The French genetic epistemology researcher has identified three basic building blocks to the process of child cognition: Schemas, Assimilation & Accommodation, and the Four Stages of Development. The relevant aspect of Piaget's study is the identification of Schemas, or environmentally observed "index cards" that aid developing children in learning the "rules" of the world around them (American Psychological Association, 1988). All of the schemas gathered by infants and adolescents gradually increase in complexity with age and can be applied to numerous aspects of their life, ranging from what they do in a social situation, to what they like and what they eventually develop into purchasing patterns. If Piaget's study is accepted as a universal theorem, for the purpose of this research we may note that a child does indeed learn from his/her environment – ranging from the heart of the family to the 4,000 advertisements a 10 year old is bombarded with on a weekly basis. Piaget's schemas develop well into adulthood and can be considered essential pieces in the molding of an individual.

Having established the importance of a child's environment in their cognitive upbringing we must now consider the "socialization agents" Ward identified as being the main facilitators of this education. These social learning theories differ from the developmental models of cognitive growth in the sense that the latter requires subjects to be "actively involved in the education, whereas the first emphasizes the environment's impact on consumer socialization regardless of subject passivity" (Association for Consumer Research, 1985). Ward identifies "learning from socialization agents (to) often (be) inferred from the socializee's interaction with the various agents… television ads, parents" (Idem). By accepting Ward's 1985 theory we may henceforth deduce that from infancy to adolescence a child unwillingly waivers his or her right to educational choice and is thus a result of the environment and socialization agents she/he finds himself a part of.

As we take into consideration Ward's 1985 theorem we are able to conclude that parents are vital influences in the cognitive and social development of a child. If parents themselves are bombarded with a clutter of marketing messages on a daily basis and then proceed to pass them on to their child, then we can consider gender marketing a *source* and child-rearers *facilitators*. The effects of gender marketing, as described above, are dangerous and long lasting. This parent-child developmental relationship becomes a vicious circle, indirectly affecting generations to come.

2. Methodology

The project's methodology combines two forms of primary research, the first being an informal written, open questionnaire with one of the biggest gender-marketing opposing parental communities, "Let Toys Be Toys", and the second in the form of an online survey. In describing these forms of research we must first understand why this coalition is of relevance for this academic study. The first form of primary research provided this study with insights into the Western mentality of the gender marketing aware parents of the UK and how they are able to recognize, filter and explain the practice to their children. This information acted as a catalyst for the formulation of the online survey, allowing for the creation of questions that challenged respondents. The two procedures of primary data collection reinforce one another.

2.1 Participants

The analysis will be conducted in partnership with Chicco Romania, the country's largest chain of highly priced-positioned children's toys, garments and accessories. The retailed has agreed to facilitate the completion of this survey through its diffusion via their official mailing lists (See Appendix 2).

The participants targeted for the facilitation of this investigation are retailer Chicco Romania's most loyal customers, a total of 1,000 men and women ranging in age from 25 to 45 years with an above-average disposable household income. The respondents present a random selection of both mothers and fathers with children between the ages of 0 and 12. The reason for this delimitation is that, as mentioned in the *Literature Review* section of this research study, children will begin to detect bias in advertising and media beginning with 12 years of age. Seeing as this survey is intended to understand how parents react to the practice of gender marketing and further impose their gathered information on their offspring, the respondents must have children that are not yet on the brink of their *tween years*. Members of the initial population with children older than the age of 12 were deliberately excluded for the completion of this survey.

The sample will be randomly selected from a population of 2,378 through the use of Excel Random Sample 7.0. The chosen sampling procedure is that of controlled probability samples where every element in the population is given a nonzero chance of being selected. A total of 1,000 participants have been randomly chosen from Chicco Romania's database. This research study includes the analysis of 1,000 respondents, as it reduces the complexity of response analysis and simultaneously maintains a representative sample. Respondents were offered a financial incentive of a 10RON (£1.76) voucher in exchange for their participation.

2.2 Materials

A survey was assembled and employed that contained five visual aid scaling, two comparative ratio and five dichotomous nominal scaling questions. The survey was constructed online and distributed via direct emailing. This form of quantitative research has been employed due to its low cost and sense of respondent anonymity, "removing the interviewer bias and lowering social desirability bias" (Pearson et al., 2015).

2.3 Procedure

Romania has been chosen as the geographical location of this study because aside from it being of personal interest, it is also a post-Soviet influence Eastern European country. Research has shown that "the lagging economic crisis has resulted in marketing budget cuts, in the decrease of creative professional salaries, and in the overall misalignment of promotional messages" (Galos, 2012). National marketers no longer understand their market, which is why this constitutes the perfect location for the conduct of this research study. More so, in one of the

most important national psychological studies completed in the last decade titled "Psihologia Poporului Roman: Profilul Psihologic al Romanilor" (The Psychology of the Romanian People), Romanian psychologist Daniel David identifies "general distrust as being one of the fundamental characteristics of Romanian culture" (David, 2015). The tradeoff between this incredulity and parental purchase behavior will be interesting to observe and analyze.

Subjects were first thanked for their purchasing loyalty to Chicco Romania and then told that the survey would help the retailer improve their product range and seasonal collections. Respondents were then made aware of the Data Protection Act of 1998. The structure of this survey allows for exploratory research as it aims to provide insight, allow for flexible research, and collect qualitative data. The methodology follows a descriptive research design in order to describe market trends and collect data through a planned, structured survey. This form of primary research resulted in both quantitative and qualitative information. While the survey itself has first been written in English, its translation into Romanian was necessary for the ease of the respondents and for the possibility to increase the survey's reach. In avoiding any possible translational bias, this study has been rewritten in Romanian by a professional translator of S.C. OMNIA LINGUA S.R.L, Traduceri Autorizate Romania.

The survey has been constructed, distributed online for measurement, collected for response, and edited to represent data. The chosen survey output is computer based, through the issuing of individual emails. All randomly chosen respondents have received a personalized email containing the survey, altered to include their names in both the subject line and the survey introduction. E-mail reminders have been issued at two and four weeks post the initial survey distribution, highlighting the 10RON voucher attached for he survey's completion.

The survey construction takes into account Dillman's Total Design Method (Dillman, 2000). The survey eases subject participation through the reduction of perceived costs and the increase of perceived rewards. This is achieved through the ordering of questions with the most interesting ones at the beginning, personal information enquiries in the middle, and the biased questions at the very end. Respondents therefore feel that the survey is not only short, but also easily worded and quick to complete. The survey includes visual aids in the form of five randomly ordered images, and graphical design is used to ease completion. Lastly, the survey increases respondent trust through the use of official stationery.

Taking a look at the survey construct (See Appendix 3), we are able to identify a number of different question designs. The inclusion of nominal, comparative ratio, and visual aid scaling helps in maintaining both survey interest and in helping the research questions target respondents through a number of facilitated enquiries. The first and second survey questions follow a dichotomous nominal scaling approach, simply asking parents to select one of the two possible simple answers. Once we have identified the sex of the parent and his/her role in the purchasing of their children's products, the survey asks respondents to allocate 100 points in order of importance to five main motives behind their buying behavior: recommendations, brand, availability, marketing and price. The 100-point allocation will not only establish what the main purchase motive is, but also how parents make these decisions based on personal importance.

Questions four to eight provide a total of 5 images and follow a visual aid nominal scaling approach, with an added qualitative explanation. The images depict the same simple, bland, brand-less plush teddy bear that could easily be "assigned" to each gender. This toy has been approved by Chicco Romania as it carries little to no resemblance to any competitor product and it doesn't influence respondent answers by being a labeled Chicco product. While questions four and five present a color-altered teddy bear, one hot pink and the other one an electric blue, they offer no additional text. The question simply asks if the respondent would purchase the product and if yes, why. These first two inquiries simulate a blunt form of product

design in terms of gender marketing. Questions six and seven are designed to simulate the promotional messages parents are faced with on a daily basis, one reading "THIS IS FOR BOYS" in a bright pink color, while the other "THIS IS FOR GIRLS" in a beautiful shade of baby blue. This contradiction of colors aims to further challenge respondent cognitive activity. With these clear purchasing indications at hand, we must note that the teddy bear is a simple, neutral color – identical in both cases. These two questions aim to establish whether or not marketers really do get a say in purchase decisions, especially when the product is undifferentiated. The last question that includes a visual aid presents the same simple beige, neutral teddy bear, with no marketing message attached. This toy is a metaphor for the possible genderless informational world that marketers find themselves on the brink of and it challenges parents with the possibility of a new marketing era.

Survey questions nine to eleven establish the number, gender, and ages of the children in question, whereas question twelve aims to identify respondent bias regarding the issues discussed. The final question is constructed on a Likert Scale, a multidimensional rating scale on an odd number rating system, designed to include a neutral answer in its very midst. The questions asked are simple and straightforward, each implying a conclusive belief on behalf of the respondents. Statements such as "sex and gender is the same thing" challenge parents to not only distinguish between the two, but also to undertake an analytical approach in regards to their own children and their upbringing thus far. Seeing as the bias and opinion questions are the last in this survey, the previous enquiries build up to the mental stimulation necessary for their response.

While the survey's structure has been kept largely the same for the entirety of this research, questions 4-8 (the visual questions), have been randomly arranged for each respondent so as not to induce any bias. The images differed in order but have maintained their essence and purpose. The controlling of random errors in design has been achieved through the anticipation of primary research errors including validity errors, measurement errors, coverage errors, sampling errors, non-response errors, and processing errors. In order to avoid these pitfalls, the survey has completed and updated sampling its frames, reduced random probability sampling to make sure certain members of the population are not deliberately excluded, and tried to increase response rates through advance notices, survey personalization, and individual incentives.

2.4 Discussion

As mentioned above, the survey was sent via email to a total of 1,000 possible respondents, randomly chosen from 2,378 candidates. Following both reminder emails, the total response rate for this survey stands at 16.6%. This result was surprising, especially considering the efforts made in order to control and prevent non-response errors. Possible explanations could include a general disinterest, lack of a palpable financial reward, or insufficient retailer-consumer trust.

Of the randomly selected sample, the respondents were 96% women and just 4% men. This could show that mothers are more involved and interested in choosing the product categories available for their children's cognitive development. Of those surveyed, 96.5% were the main household purchasers of children's products. Below (Figure 1) you will find an averaged visual representation of the parental purchase motives. A total of 28% of respondents stated that price firstly determines their purchase, with brand closely following at 27.25%, familial and friend recommendations at 20%, and availability and marketing at 14.5% and 10.25% respectively. Price was expected to be one of the main purchase catalysts – especially when the survey is conducted in partnership with a high price positioned children's brand.

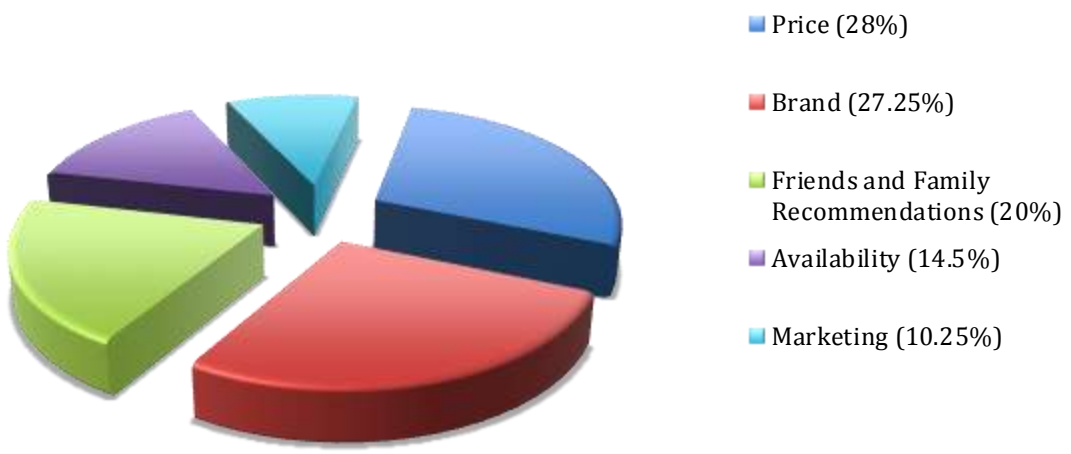


Figure 1. Male and Female Children's Product Purchase Determinants

Surprisingly, respondents named *brand* the second most important factor, overlooking essential elements such as recommendations and availability. This response has possibly been thwarted due to the survey's origin – Chicco Romania. Parents have answered in the way they assumed they should, ultimately altering survey results due to social desirability bias. Having looked at the general parental purchasing factors we must now consider the data collected by gender in order to analyze if parental roles influence the buy. The male averages comprised the point division in the following order: 36.6% of fathers think price is a children's product most important determinant, with availability (24.6%) and brand (21.4%) close to follow. To dads, external recommendations account for only 14% of their purchase decisions, whereas marketing and promotional activities have limited effect at an incomparable 3.8% (Figure 2).

Figure 2. Male Children's Product Purchase Determinants

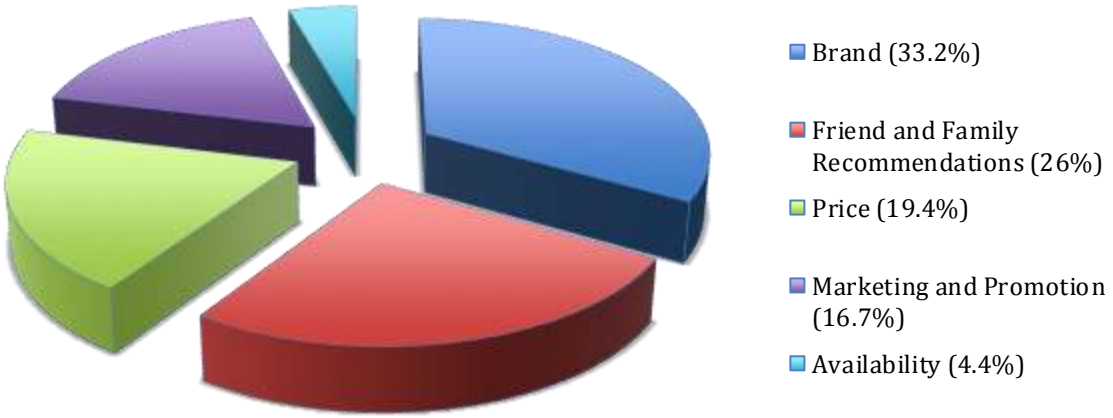


Figure 3. Female Children's Product Purchase Determinants

Female purchase determinants vastly differ from men's, with mothers citing the main factor behind their buys to be the brand (33.2%), external recommendations (26%), followed by a toy's price (19.4%), marketing campaigns (16.7%), and general availability (4.4%). As opposed to fathers, mothers tend rely their purchase decision less on price and availability and more on brand and recommendations (See Figure3).This behavior could reflect the effect of gender marketing on parents themselves, with money conscious, pragmatic, economic fathers and emotional and gullible mothers at opposite ends of the spectrum. Regardless of these differences, both mothers and fathers position marketing on the last two places as catalysts for their purchases, indicating that parents believe they are immune to these promotional activities and do not comprehend the underlying influence that they hold. This survey question was designed to challenge respondents in asking if both the brand and the existing product promotion have affected their buying choices – even though they are directly reliant on one another. As David Aaker cites in his 1996 revolutionary book *Building Strong Brands*, "an orange is an orange…is an orange. Unless, of course, that orange happens to be a Sunkist, a name eighty percent of consumers know and trust" (Aaker, pg.119, 1996).

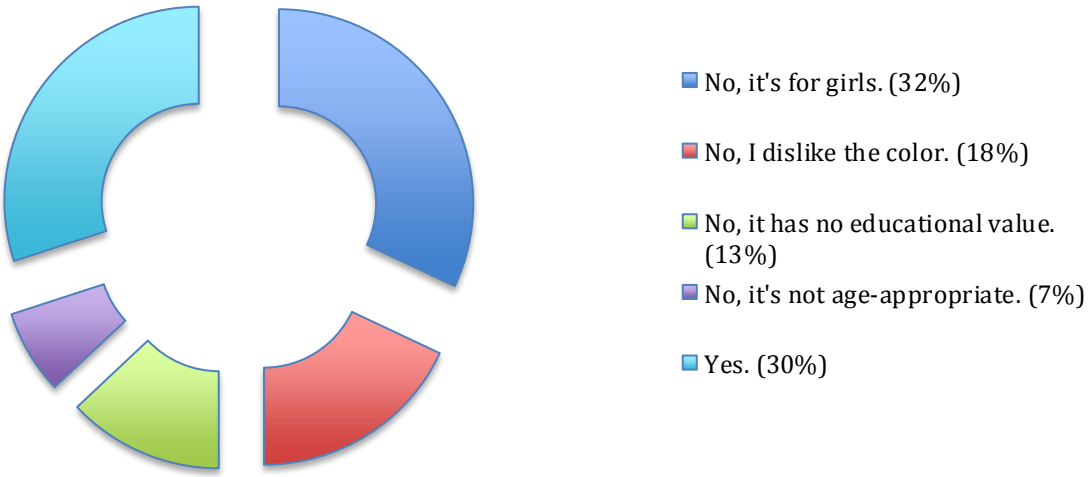


Figure 4. Would You Purchase The Pink Teddy Bear?

32% of respondents would refuse to buy a pink teddy bear because "it is for girls", a total of 18% would not make the purchase because "they personally dislike the color, it is too flashy", 13% of parents consider the pink toy to have "no educational value", 7% of parents would not buy the product because "it is not suitable for their child's age" and 30% of the subjects would go through with the purchase (Figure 4). Of the respondents that refused the purchase based on it's supposed "girly" appearance, 100% of them have boys.On the contrary, the purchase decisions for the stuffed blue bear show that 27% of parents would refuse the purchase because "it's blue and for boys", 24% of respondents would make the purchase, 14% are afraid the play toy is "not suitable for the child's age and could present a choking hazard", 14% "dislike the color", 11% consider that the product has no "didactic purpose", 8% of parents think the bear "looks unnatural" and a mere 2% consider their offspring would "not appreciate and play with the toy" (Figure 5).

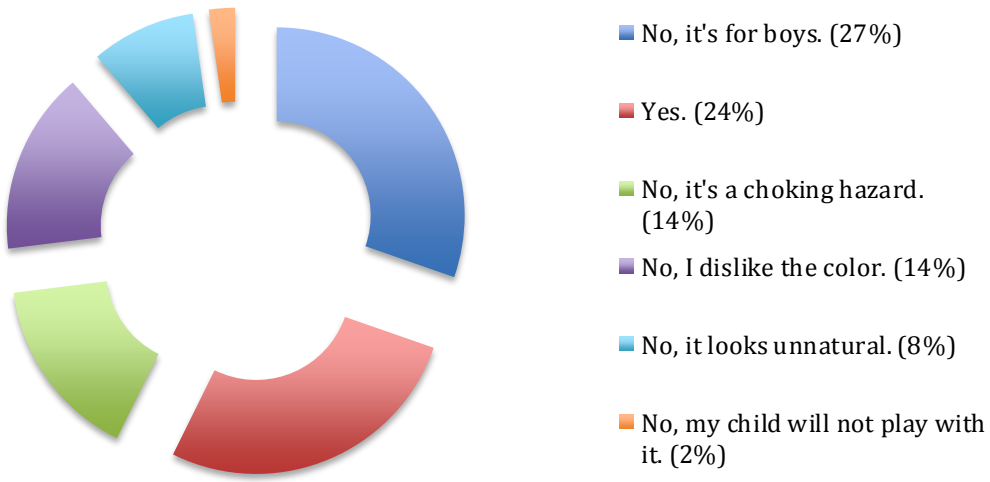


Figure 5. Would You Purchase The Blue Teddy Bear?

When looking at the purchase of the same neutral colored bear with a present marketing message, the data changed. When the identical plush toy presented a promotional message reading "This is FOR GIRLS", a total of 51% of respondents would make the purchase. Similarly, when the neutral bear held above it a message reading "THIS IS FOR BOYS", 55% of parents would buy it. The final visually represented survey question depicted the same neutrally colored plush bear, but this time it presented no gender indication. Purchase patterns in this case dictated a total of 57% parent buys (Table 1).

Promotional Message	PURCHASE	NO PURCHASE
"THIS IS FOR GIRLS	51%	49%
"THIS IS FOR BOYS	55%	45%
NO MESSAGE	57%	43%

Table 1. Neutral Teddy Bear Purchase Patterns

Of the sample of respondents, 18% had more than one child. This could constitute as a sampling error because the parent is familiar to the upbringing of both genders and thus, may have a different experience and approach to gender marketing. 46% of subjects were making purchase

decisions for their girl, whereas a total of 54% were buying for their boy. Finally, when looking at the relationship, opinion and knowledge each parent holds about gender, sex and gender marketing, we can identify the following: a total of 61% of respondents agree and strongly, 8% disagree and strongly disagree, and 31% are neutral when considering if gender marketing plays an important role in the purchase decisions they make for their children (Table 2).

Similarly, 77% of parents agree and strongly agree that they buy children's products based on the sex they are intended for, with only 9% disagreeing and strongly disagreeing to the statement, and 14% taking a neutral stance concerning the matter. Lastly, when asked if sex and gender is the same thing, 39% of parents agreed and strongly agreed, 25% were recorded as unbiased, and a total of 36% disagreed or were in complete disagreement.

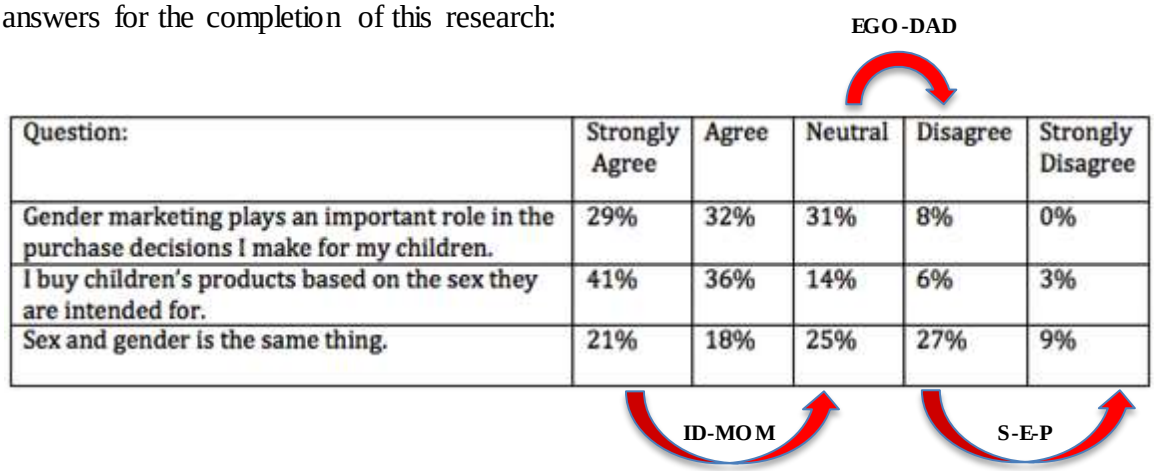
Question:	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Gender marketing plays an important role in the purchase decisions I make for my children.	29%	32%	31%	8%	0%
I buy children's products based on the sex they are intended for.	41%	36%	14%	6%	3%
Sex and gender is the same thing.	21%	18%	25%	27%	9%

Table 2. Gender Marketing Influence on Purchase Decisions

3. Conclusion and Future Directions of Research

3.1.Conclusion

The survey revealed a number of behavioral patterns, brought to light specifically through the visual questions depicting the on-sale teddy bear. In order to provide this research study with a clear, concise summary, three main descriptive categories have been derived, each describing a specific parent persona. These identified character traits and definite purchasing behaviors are titled after Freud's well-known theory of the human psyche: the Id-Mom, the Ego-Dad and the Super Ego-Parents (See Appendix 4). The previously mentioned groups will establish to what extent parents rely on gender marketing for the purchase of their children's products and how they would react (in terms of buying behaviors) in a genderless informational world. As we may find above in subsection 5.2.D, respondents have provided a total of three essentials answers for the completion of this research:



The parents that agree and strongly agree that gender marketing plays and important role in the purchase decisions made for their children are the parents that buy children's products based on the sex they are intended for, and consider sex and gender to be the same thing. These individuals are heavily subconsciously affected by the influence of gender marketing. Parents within this category would refuse a children's toy 'because it's for girls/boys', and reject it based on its positioning towards the opposite sex of their child. The Id-Mom focuses on the instinctive, primal desires they construct based on the external influences they encounter. These parents would not change in purchasing habits when faced with a genderless informational world, but would instead rely on their innermost stereotypical heuristics to do their shopping for them.The Ego-Dad category is defined by all of the subjects that have answered the above questions in a neutral manner. They are moderately reliant on and affected by gender promotion, though more critical in thought. Parents would refuse to buy a children's product based on its general unpleasant color or on the possibility of it being a safety hazard – and rarely comment on the sex it is intended for. They are seemingly impassive to gender marketing yet subconsciously still influenced, with some critical thought and reflection is involved. These individuals would not change purchase behaviors in a genderless informational world, but would rather rely on both their gender stereotypical knowledge as well as their critical outlook to do the job. Finally, the Super-Ego-Parents present a new, rare wave of highly gender marketing informed parents who identify these harmful promotional messages on an everyday basis and are able to accept that their child has the right to choose their path in cognitive development. The responses provided by this category to the questions asked above include "disagree" and "strongly disagree". These individuals would thrive in a genderless informational world, encouraging a mentality shift towards the dissipation of gender stereotyping. The data presented above may resemble an example of the possible apparition of a general mentality shift towards the Super-Ego-Parents. As parents begin to understand and critique the practice of gender marketing, they are not only more attentive to what information surrounds their offspring, but also more alert as to how they discuss these external influences with their child. Parental education is the first step to a child's free choice in cognitive and gender identity development. Parents are seemingly unaffected by gender marketing – or so they like to appear. As discussed above in the work of Douglas Van Praet, "influence is born by appealing to emotions while overcoming rational restraints" (Praet, 2012). Neurologist Antonio Damasio, professor at the University of Southern California, has formulated the "landmark somatic marker hypothesis", showing that decision-making is often based on the "feelings that are tagged and stored in the body and our unconscious minds" (Praet, pg.86, 2012). If this is indeed the case, we may conclude that subconsciously, all parent purchase decisions, to a greater or lesser extent, rely on the teachings of gender marketing with the continuous support of societal gender stereotypes. The fight between the conscious and the subconscious minds is seen in all three of the identified parent categories, with the subconscious triumphant in the mind of the Id-Mom and with it being trampled by cognitive thought and rationality in the Super-Ego-Parents.The future of gender marketing is more than uncertain, now that the "traditional lines that were once drawn so definitively around broad product categories that entire marketing teams and experts even branded themselves as experts in marketing to women or men are now breaking down" (Bhargava, 2015). New York Magazine's October-November 2015 issue discusses the debated themes of gender and consent, providing a dictionary of unfamiliar sexual terminology including: "*genderqueer*, a person with an identity outside the traditional gender binaries, *agender*, a person who identifies as neither female nor male, and *cisgender*, or the state in which the gender you identify with matches the one you were assigned at birth" (Marchese, 2015). If the lines between genders have been blurred to the extent that we may now use the French 'neutrois' to describe our

individual gender (or lack thereof), how are marketers worldwide expected to effectively target individuals they no longer understand? While the practice of gender marketing is not one to be quickly dissolved and forgotten, creatives must now focus on "rethinking gender roles and societal relationships", as well as embrace the cultural mentality shift and start making gender "irrelevant while expanding (their) target market" (Bhargava, 2015). A genderless informational world would force parents to question their methods of child upbringing and allow for a greater chance of developmental choice and youngster self-expression.

3.2 Future Directions of Research

Future directions of research for this study include further exploration into the underlying decision making motives of parents in order to establish if these customers really are resistant to gender information or if they present a form of demand characteristics. More so, a longitudinal design would allow the study to "track responses from the same sample of respondents over time" (Solomon, 2006), in order to establish if what people say they will do is really what their actions show. The question remains: if people are consciously unbiased, are they just as unconsciously unbiased as they try to appear?

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Segmentation of Supplementary Post-Graduate Education (Case for a Russian University)

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Abstract
The process of supplementary education has great influence on the quality of life of modern people. Only continuous perfection of his professional skills will enable a person always to be in demand on the labor market. Modern universities offer a wide range of programs and courses for supplementary post-graduate education. High competition in this field makes the universities identify the most promising directions for training specialists that are required not only in their country but also on international markets. The Marketing department of People's Friendship University (Moscow) in May 2016 conducted a survey to identify the most attractive segments for promoting supplementary post-graduate education. The paper presents a method of the market segmentation and the results of the study. The target of this work is the segmentation (the principle of choosing) of the continuing education market to ascertain the most economically prospective regions and lines of work in the sphere of training and further professional development. The methods of market segmentation are widely known by marketing specialists. They are described in the works of P.Kotler, J.J.Lamben, M.Porter and other known academics in the field of marketing. The author of modern continuing education's concept is E. Faure. Principles of this concept are taken into account. Nevertheless for specific market segmentation there are specific factors that can be discovered with the method of field market research. The combination of a priori method based on desk research and a posteriori segmentation using mass surveying (questionnaire polls) allows to develop an algorithm for identifying an ideal segment for specific higher education institute.

Keywords: Continuing education; Supplementary post-graduate education; Market segmentation criteria; Marketing research.

JEL classification: M390 Marketing and Advertising, I210 Analysis of Education

1. Introduction

The need for educational services is closely connected with the situation on the labor market. We can see an increase in the requirements for knowledge and ability of the work candidates. The labor market situation makes many specialists constantly increase their qualification, add to it or even completely change it. Competitiveness and demand for a person in the constantly changing social-economical conditions lead to a need to systematically increase their level of education. Thus the processes of so-called continuing education and extensional professional education got developed.

These tendencies are used by educational facilities which offer, along with the traditional professions, various programs and courses for further training and retraining. With the emergence of new technological possibilities in the sphere of distribution and provision of educational services, the organization of such assortment of education programs became available to many educational institutions. For example, in Moscow region there are hundreds

accounted organizations which offer services for learning a foreign language. This means it is possible to organize any educational programs in practically any place. This encourages the competitiveness of the educational services market, which constrains the prices (thus reducing the profitability while increasing the costs) and forces the educational facilities to carefully choose their "own" markets of educational services and their "own" consumers. On the basis of marketing researches and assessments the strongest high schools/higher education institutes form a demand for their services, in other words, they act as a typical commercial organization, investing significant funds into their promotion.

In May-June 2016, marketing department of Peoples' Friendship University of Russia (PFUR) conducted a marketing research. The main aim of this research is to defined opinions (desires and possibilities) among the foreign people concerning their attitude towards the idea of receiving post-graduate education. Three surveys were conducted in this research. The parameters of surveys are presented in the "Table 1".

Type of survey	Data	Target group	Number of respondents
1. Survey in Internet (social networks)	01.04.-28.04.16	Persons with higher education from Asia, Africa and Latin America.	1221 people (random sample). Average age – 25 years.
2.Survey at the Conference	03.05–04.05.16	The Forum of foreign students studying in Russia	249 people from 56 countries. Average age – 23 years.
3.Survey PFUR graduates	07.05-20.05.16	A graduates of PFUR (different years of graduation)	296 people. Average age –49 years.

Table 1. Types of marketing surveys

Source: developed by the authors.

PhD, A. Zobov - the head of Marketing department, managing by the research process. He developed the total concept of research and defined their details. D. Yampolskaya - associate PhD, analyzed the results. She developed main principles of segmentation and a posterior segmentation's scheme. O.Vasilyeva - senior lecturer, was the head of student's group. She managed by the research of Russia's image recognition in different global regions. All authors participated in creation of PFUR's marketing strategy for the nearest years.

2. General description of continuing education

The essence of continuing education lies in the fact that the person remains in the process of constant education / retraining and understands its necessity. Education begins with a pre-school facility and finishes with a post-graduate training program or a doctorate.

Continuing education can be viewed as a process of creative accomplishment and a new socio-cultural trend. People study not just because their employer requires so, but "for their own sake". In May-June 2016 a survey was conducted among the foreign graduates of Peoples Friendship University of Russia (PFUR) concerning their attitude towards the idea of receiving post-graduate education. The survey covered graduates of various years, mostly accomplished specialists with good working positions. "Figure 1" shows the results of this survey, where it states that nearly 60% of the respondents were eager for continuing studying after receiving their main education.

Most of the people were expected to be educated according to their employers' requests and guidance, but 50% of the respondents stated that they were ready to be educated (to pay for their education) on their own accord. Only 15% of the responders showed no desire for further education. Others stated that they "weren't sure".

The concept of continuing education was formed in 1972 after Edgar Faure's "Learning to be" report for UNESCO (Faure, et.al. 1972). His concept was named as a leading one for reforming in education. In his report Faure uses four principles for the continuing education architecture:

- vertical integration (education must take course during the whole life)
- horizontal integration (acceptance of formal and informal education)
- democratization of education (a more broadly spread involvement of the students)
- educating society (restructure of the educational system).

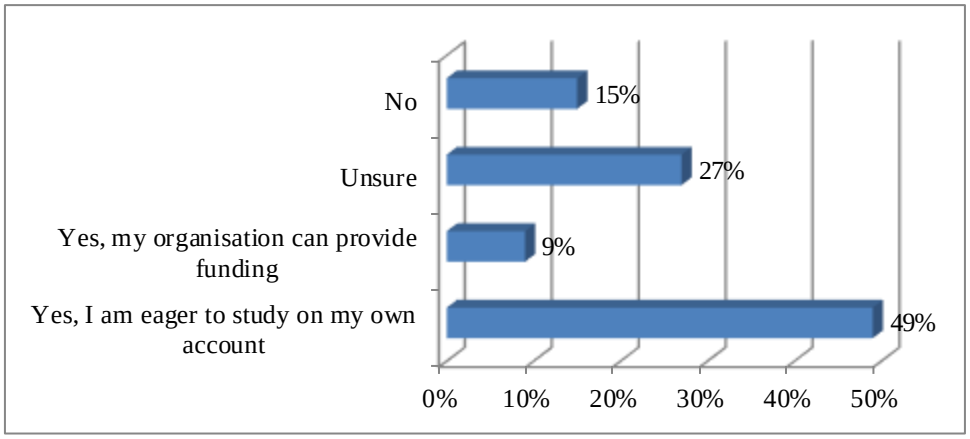

Figure 1. Post-graduates' attitude towards continuing education
Source: survey conducted by the Marketing academic department of PFUR, May 2016.

Continuing education is a growth process of educational, general and professional potential of the individual throughout life. Many educational structures - primary and parallel, basic and advanced, state and public, formal and informal - are involved in the support of the process of continuing education. By increasing their educational and professional educational level, one has the opportunity to qualify for a higher income. At the same time, professional growth leads to higher productivity, higher production standards, development of enterprises and industries. In this paradigm, continuing professional education (CPE), which gives an opportunity to enhance their professional competence, receives a special role and importance. CPE occupies a central place in the structure of the current system of continuous education and is an instrument to preserve the competitiveness of professional and career development of the employees.

In the recent years the role of CPE is increasing both in Russia and around the world. This is due to the fact that the dynamism and the cyclical nature of economic development increase the threat of unemployment and the competition on the labor market, as well as in-house competition. Heads of organizations and companies are interested in advanced training and professional retraining of their employees, as it ensures a competitive organization. CPE is not just one of the most powerful mechanisms of supplying the human resources market with candidates of relevant expertise: anyone can cover their need for self-improvement to adapt to rapidly changing conditions of life.

Types of continuing education	The contingent of students	Training time	A document on education (state standard)
Professional retraining (obtaining a new type of professional competence)	Specialists with a higher education, graduates and post-graduates	From 750 hours of total labor input	Diploma of professional retraining

Professional retraining (obtaining an additional qualification)	Specialists with a basic or higher education	From 250 hours of auditory classes	Diploma of supplementary (to the higher) education
Training	Specialists with a basic or higher education	From 16 to 250 hours	Certificate
Traineeship	Isn't allocated as an independent form, it may be part of CPE program, as well as a separate discipline and practice. An additional professional program can be fully fulfilled in the form of traineeship/probation or be just a part of it.		

Table 2. Types of CPE and their characteristics in the Russian Federation

Source: developed by the author based on the Federal Law № 273 "On Education in the Russian Federation."

Before the crisis in Russia over 1,000 subdivisions of additional professional education are qualifying more than 400,000 professionals yearly through the professional training and retraining programs (Malakhov, 2010). The current CPE system in the Russian Federation is transforming with due regard of market mechanisms, is organizationally rebuilding itself to meet the needs of the regional labor markets. In accordance with the Federal Law № 273 "On Education in the Russian Federation", the system of additional vocational training is being implemented in the "Table 2".

3. The basic principles of the CPE market segmentation

The CPE market development at the moment is also affected by the processes of globalization. Educational services market is no exception. Large modern universities as well as commercial companies of other economic sectors are actively working with international markets. Post-graduate education centers are being created and are successfully operating, which, based on modern technologies (distance education, franchising, online courses, etc.), are promoting their services around the world. This is true not only in terms of direct, educational impact, but also in terms of the spread of social and cultural values of a particular country. Education becomes part of the dissemination of ideas, views and principles. For Russian universities international activity is a relatively new thing, and a well-known problem of marketing - market segmentation of potential and actual consumers of educational services – becomes an important element in creating the CPE system.

It is widely known that the market segmentation process is presented as the following sequence: selection of the criteria for segmentation, market evaluation of these criteria and forming of the target group of consumers. For the market of educational services such criteria are:

- Accessibility (image-wise) of the region;
- Economical characteristics of the region;
- Characteristics of the target audience (potential consumers of CPE).

It is advisable to start the segmentation of the educational services market with an assessment of the image of the higher education institute and the country in which it is located. This qualitative characteristic is very important, as it is the key reference point in the selection of an academic institution. It is common that the potential consumer uses no other criteria for evaluation / selection of educational institutions. The Image is a comprehensive index, which is composed of many factors. For example, the image of the university affects its position in the international rankings, the views of the employers, opinions of the graduates, the news in the press and on the Internet etc. But the potential customer can't always assess and compare all of these specific factors. He forms a certain opinion, which we propose to consider as the first criterion of the segmentation. If the image of the institution or country where the institution

is located isn't acceptable for the consumer, the former assessment of the segment is not necessary as long as the situation does not change.

If the Image meets the expectations of the potential consumer, we proceed to the assessment of the economic situation in the region. The first step is to assess which sectors are the "engine" of the economy, which production and service industries are most developed. This will enable to make the segmentation "from above", i.e. to identify the sectors of sustainable development, which are present in each country. In this aspect, there is also the need to assess the level of unemployment and to determine the most popular professions/specializations. The idea of what professions are the most prestigious is formed. This creates a complete list of specializations for education organization in the given country or region.

The next step in the process of segmentation is to assess the potential demand or allocation of potential consumers according to the three criteria: higher (university) or specialized secondary (college) education, their motivation to obtain CPE and the paying capacity of this audience. The result is a quantitative assessment of the demand:

a) how many potential customers are present in this country;

b) what percentage of the total target group is motivated for further study;

c) which tuition fees are acceptable for the target audience

Thus, having conducted an assessment on the proposed criteria above, the institution can form the conclusion on the feasibility of entering this market with their offer of educational programs and courses. Segmentation algorithm is shown in "Figure 2".

4. Identifying attractive regions for the development of CPE programs for a Russian university

4.1.Image accessibility of the region

In the modern conditions of sanctions of various kinds, for many Russian enterprises and organizations operating on foreign markets, reputation, image factors come to the forefront. From this perspective, it is advisable to start the segmentation with an assessment of the general mood of the people of the given region towards Russia and Russian education in particular. Opinion of the ordinary people is of upmost interest, rather than that of the official sources, as the two often do not coincide. To determine this position, the academic department of Marketing of PFUR conducted a survey on the social networks with people from Africa, Asia and Latin America. Note that the European region was not asserted, as the level of competition in the field of education is very high, and, taking into account the anti-Russian sanctions, the situation is not conducive for the entry into that market. The target group of this survey consisted of young people with higher or incomplete higher education.

To determine the general attitude of the potential consumers towards Russia, a well-established association method has been applied. The respondents who were willing to respond to a questionnaire on education, were asked to write down their associations with Russia. Below are the results of this poll.

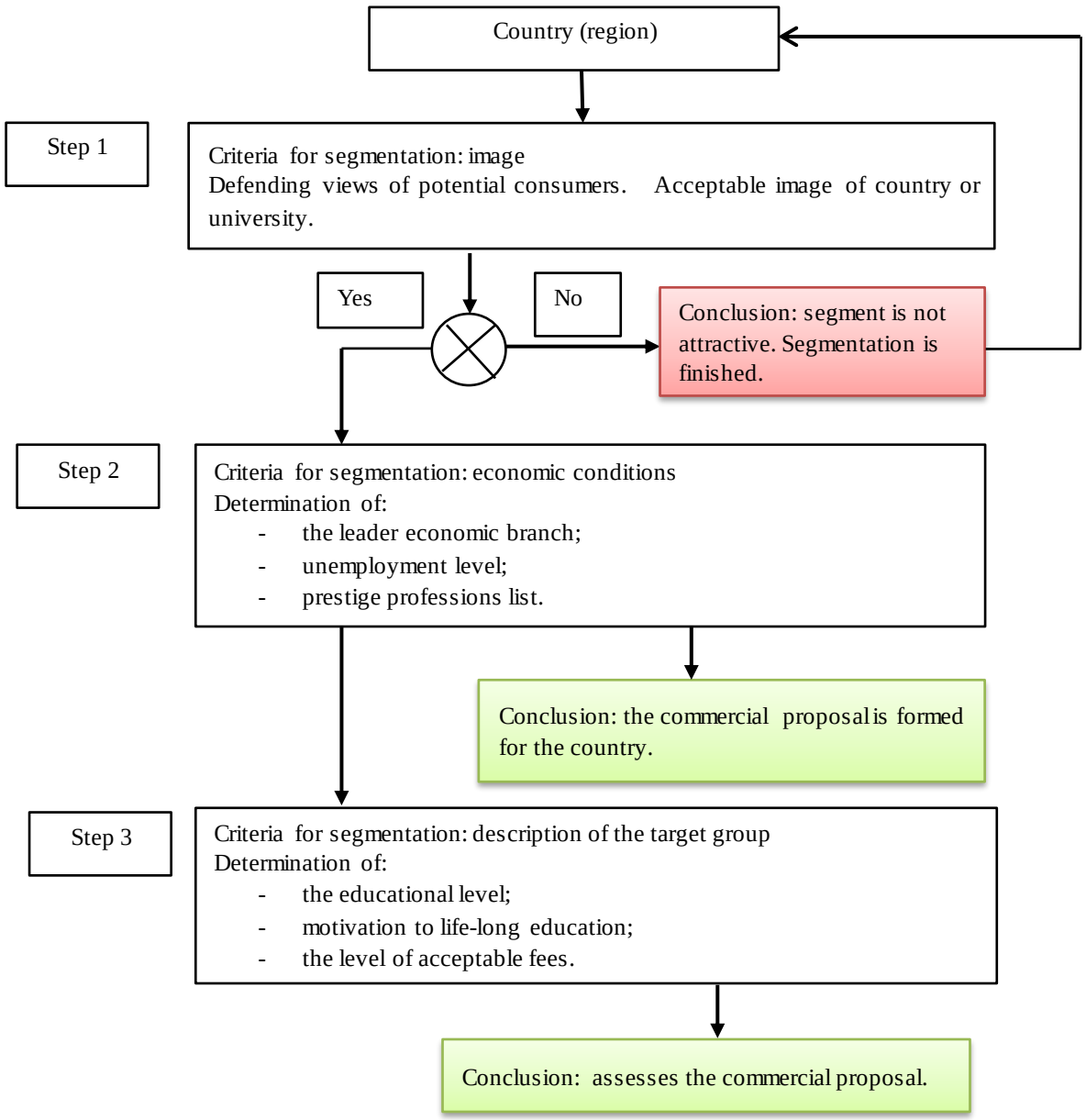

Figure 2. The principle steps of global market segmentation
Source: developed by the author on the base of survey

The African region. In general, respondents from this region were rather friendly towards Russia, they noted the versatility, strength, political power on the international scene and special culture. Importantly, one of the named advantages of Russia, according to the respondents, was quality education. It was stated that Russia is an interesting and great country. With this in mind, its image is directly connected to its political leader. Most noted that Russia is a friendly, multi-ethnic country with many different cultures, therefore, they are willing and not afraid of studying in it. Answers came from the following countries: Morocco, Mozambique, Uganda, South Africa, Ethiopia. A total of 204 respondents.

Figure 3. The most commonly named associations with Russia by people of the African region
Source: survey conducted by the Marketing academic department of PFUR, May 2016.

"Figure 3" shows a collage of the most frequently named associations. President V. Putin is a symbol of Russia. If you look at other associations, they are either neutral or positive. As of clearly negative associations, only government corruption can be attributed. In any case, people with education know of Russia and perceive it positively.

The African region on the whole is attractive for promotion of educational services of CPE of People's Friendship University in terms of the image. Russia is perceived as a friendly country with a strong leader and an acceptable level of education. The desire to study in it is of interest.

The Asian region. The survey involved over 700 people from different countries in this region. These include Vietnam, China, India and Sri Lanka, Indonesia, Mongolia, Jordan. Opinions in relation to Russia in this region were not as uniform as in the previous case. Residents of Vietnam and China were most willing to answer the questions.

"Figure 4" shows the associations of the Vietnamese people. Here we yet again see the leading position of the Russian leader and Russian stereotypical attributes - bears, winter and even borscht and shchi (traditional soups).

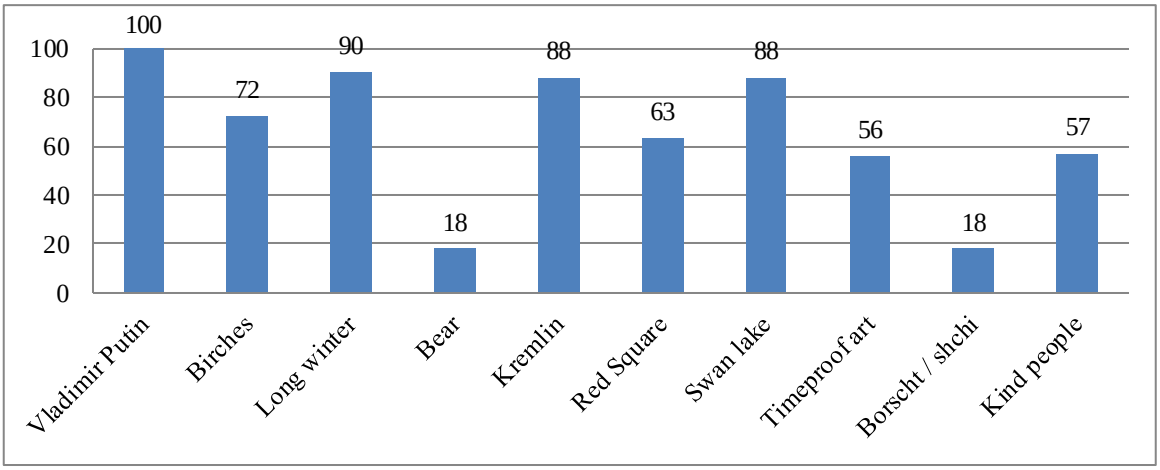

Figure 4. Associations with Russia by people of Vietnam
Source: survey conducted by the Marketing academic department of PFUR, May 2016

In the assessments of the respondents from China our common communist past could be traced. Apart from Putin, Lenin and Stalin have been mentioned. In addition, there were many neutral associations - snow (winter, cold), vast fields and beautiful women (a significant number of young men have been among the respondents).

Similar associations were given by the respondents from other countries: Vladimir Putin, Kremlin, power and authority. Some said that Russia is simply a "good country". Sochi was remembered. There were also answers from which we can judge that the respondents did not have any associations with Russia and weren't at all interested in the country. Russia has an image of a large, cold, but friendly country, led by the strong President V. Putin. The country does not arise negative emotions, with the exception of Indonesia, where most reviews were of neutral and negative character.

From the image point of view the Asian region can also be seen as attractive one for development of educational services.

The Latin American region. The survey involved over 270 people from different countries in the region. These include Brazil, Colombia, Argentina, Mexico, Ecuador, Peru, Chile and Venezuela. Association with Russian respondents in the region was similar to the previous regions, although there were some differences. "Figure 5" shows the typical associations of the Latin American region residents.

The most common associations were made with the geographical location of Russia - the cold, the winter, the snow. The respondents expressed the opinion that Russia is a country with much potential, large and "unknown". Also, respondents mentioned the special culture and beautiful girls (!). As in previous cases, in all the countries President Putin's name was mentioned. There were also communist symbols, indicating a stable association with the past of our country. There was a significant number of responses of "do not know" in countries such as Chile, Mexico, Ecuador, Peru. In general, the region is increasingly focused on the United States (Mexico) and on the Spanish-language Europe (Argentina, Brazil).

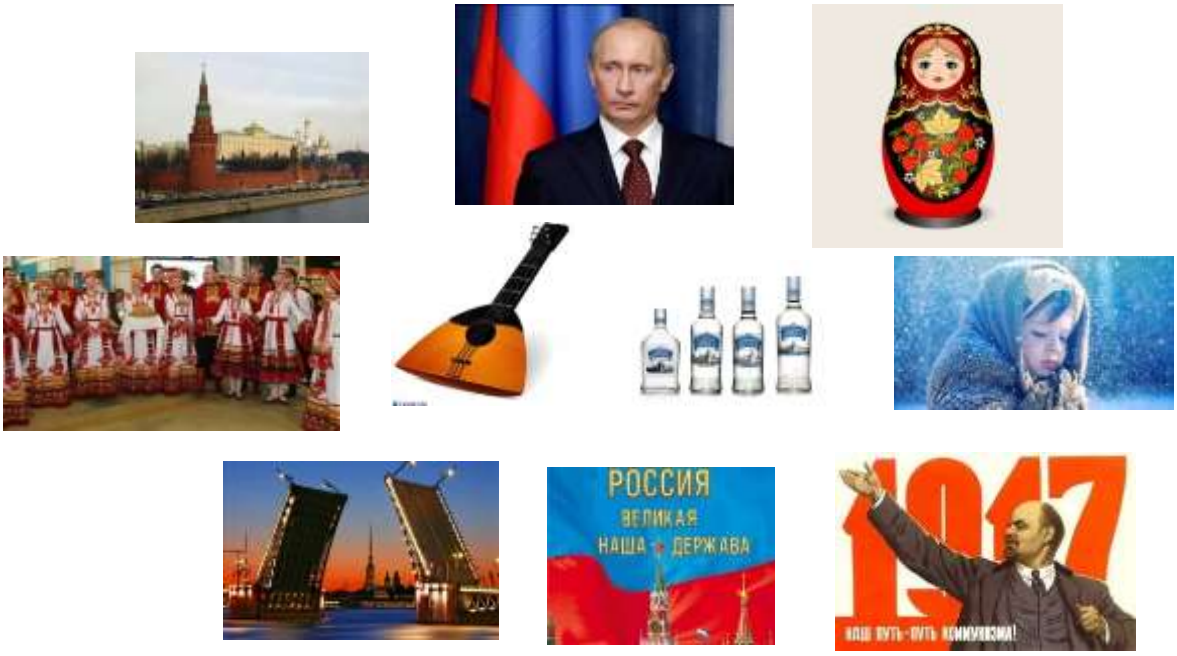

Figure 5. Typical associations with Russia by respondents from the Latin American region
Source: survey conducted by the Marketing academic department of PFUR, May 2016

Summing up the first stage of the process of segmentation, it can be concluded that, according to the survey respondents, selected randomly, and the "snow ball" method, Russia's image in the countries of Africa, Asia and Latin America is not negative. Explicitly negative, rough estimates have not been received here. To rank the regions, the first place is the African region, followed by Asia, with Latin America closing the rating, where Russia, according to this study, is viewed as not a very attractive country, and often an unfamiliar one.

4.2.Characteristics of the economic situation of the countries

In the second phase of the segmentation only those countries were examined that have most actively responded to the questionnaire posted in social networks, and which suggested positive associations. Assessment of the economical situation of the region for promotional goals of education services was conducted on three main positions:

- An overall assessment of the GDP and its structure;
- Description of the rate of unemployment;
- The most prestigious professions / specializations

1) The estimation of the economical potential was made on the basis of statistical data of the «Trading Economics» American agency, and included the following basic indicators: GDP & annual growth rate, GDP per capita, unemployment rate. Those countries of the regions were selected for the assessment which had the largest number of responses:

- The African region: Egypt, Algeria, Tunisia, Tanzania, South Africa, Uganda, Mozambique and Morocco.
- The Asian region: Vietnam, China, India, Mongolia, Jordan.
- The Latin American region: Colombia, Argentina, Ecuador, Peru and Venezuela.

These economic conditions of the selected countries are shown in “Table 3”.

Country	GDP, 2015, $bn	GDP annual growth rate, %	GDP per capita, $	Unemployment rate, %
African Region				
Egypt	331	3.8	2707	13.3
South Africa	313	-0.2	7575	24
Algeria	167	1.4	4157	9.5
Morocco	100	4.5	3238	10
Tanzania	45	7.1	842	3
Tunisia	43	1	4235	13
Uganda	26	-1.3	1718	4
Mozambique	15	5.3	510	22
Asian region				
Vietnam	194	5.5	1685	2
China	10866	6.7	6416	4
India	2074	7.9	1806	5
Mongolia	11.76	3.1	3944	11.6
Jordan	37.52	2.3	3976	14.6
Latin American region				
Argentina	548	0.5	12128	6
Venezuela	510	-7.1	12794	7.3
Colombia	292	2.5	7448	8.8
Peru	192	4.4	5974	7
Ecuador	101	-3	5337	7.4

Table 3. The main economic characteristics of the countries whose citizens participated in the survey

Source: compilation made by authors from Trading Economics statistic portal (http://www.tradingeconomics.com/)

From the economic point of view, among the countries whose inhabitants took part in the survey, the most promising countries in the African region are South Africa, Algeria, Egypt and Tunisia. In these countries there is a higher GDP per capita and a significant unemployment rate, i.e., people will seek to change their status, including doing so through education. In the Asian region, all of the chosen countries may be selected to promote the services. These countries show a fairly high GDP per capita and a balanced structure of GDP that allows finding demand for many specialties. Argentina, Venezuela and Colombia can be chosen from the Latin American region. These countries show a fairly high rate of GDP per capita and have not as strong a focus on the US, compared to other countries.

2) The evaluation of the most profitable areas of activity in the selected countries was made according to the «Salary Explorer» Internet portal, which shows the most popular and highly paid professions in different countries of the world. Emphasis was placed on the scope of activities, and not on the positions. This information will determine whether there are priority areas of training in a particular country, as it is logical to assume that people are eager to work in well-paid sectors of the economy. The data are shown in "Table 4".

In terms of capacity of a university (its competences and areas of training) which chooses from a variety of segments to promote their educational services, the most attractive areas are engineering and humanities (Russian language courses).

Country	Sphere of trade
African region	
Egypt	Commerce (retail and wholesale), banking, telecommunications, IT, education and tourism.
South Africa	IT, medicine and health, finance, law, marketing, mining (natural resources).
Algeria	Commercial business (retail and wholesale), IT, engineering and construction, finance and insurance, marketing.
Tunisia	Engineering, IT, telecommunications, marketing (commerce).

Asian region	
Vietnam	IT, education, engineering (construction), tourism and commerce.
China	IT, commerce, marketing (advertising), finance, engineering.
India	IT, medicine, commerce, financial sector.
Mongolia	Education, engineering, economics and law.
Jordan	Commerce, telecommunications, marketing, engineering.
Latin American region	
Argentina	Engineering (oil and gas), IT, public services (legal, insurance), commerce.
Colombia	Financial services, engineering (oil and gas), commerce, IT and telecommunications.
Venezuela	Engineering (oil and gas lines), IT and finance.

Table 4. The most prestigious professions in selected countries

Source: compilation made by authors from Salary Explore portal. http://www.salaryexplorer.com/best-paying-jobs.php

According to the above selection and some political and religious aspects (which are not specifically discussed in this article), and basing on the university competences, we focused on the following countries: South Africa, Vietnam, China, India, Mongolia, Jordan, Argentina, Colombia, Venezuela.

4.3.Characteristics of the target group

In the third step of the process of segmentation for the promotion of educational services it is necessary to evaluate the characteristics of the target audience: level of education, motivation to learn and paying capacity. Since we are talking about university CPE programs, the target audience will be those studying at universities or those who already have a higher education (bachelor, specialist). Statistical data on the number of school graduates enrolled in universities are presented in the report of the international organization UNDP (United Nations Development Programme). Data for the countries selected in the previous steps are shown in "Table 5".

Country	The number of high school graduates enrolled in higher education in 2015, %
South Africa	20
Vietnam	24.6
India	24.8
China	26.7
Jordan	46.6
Colombia	48.3
Mongolia	62.3
Venezuela	77.9
Argentina	80.3

Table 5. Data on the number of pupils, continuing their education at universities

Source: compilation made by authors from Human Development Reports. http://hdr.undp.org/en/countries/profiles/

A small percentage of individuals who continued their education at universities is only present in South Africa and Vietnam. Despite the fact that in India and China this percentage is small, it is compensated by the large number of the population in these countries. All other countries have a significant percentage of enrollment.

With the help of the Internet survey of residents from those countries with higher or incomplete higher education we received answers to the questions about their desire to improve their skills and pricing characteristics of this training. In the same survey the questions about the desire to learn the Russian language and to take up the program about Russia — Russian Studies, were included. The following results were obtained.

5. Conclusions

To define the most attractive segment researches compared parameters of the target groups from different regions as those have been received by us in the above research.

1). Attitude to Russia, Russian language and the program "Russian Studies" looks like the following:

- In Asian region - rather high interest has been revealed in studying both the Russian language and the training program «Russian Studies»: 60 - 70% in all the countries of the region, excluding Indonesia. Attitude to Russia is also positive.
- In African region - there is *also* high interest in studying the Russian language and in taking up RS program - about 60%. Attitude to Russia is positive.
- In Latin American region - the interest in studying the Russian language and RS program is low. Many answered "Hard to tell". Knowledge of the Russian language does not provide any advantage. Russia's image appears very mixed; the survey collected a lot of "I do not know" answers.

2). Economic condition:

- The population in the Asian region is ready to pay for continuing education up to an average of $4000 per year. Many are willing to pay for their education personally.
- Potential demand in the African countries is not such advantageous. Due to their poverty many governments seek to maintain free higher and supplementary education. On average, personally, people are willing to pay no more than $ 2000 per year, which is a very small value.
- From the commercial point of view the possibility of payment for educational services is comparably low in Latin America. The average amount through the countries studied was in the range of $2000 - 3000 per year. Many people can get education for free.
  Most popular professions in many countries are IT, engineering (construction and mining), commerce and medicine.

3). Characteristics of target groups:

- Motivation to life-long education and number of the high school graduates enrolled in higher education. In all region 60 to 70% of respondents are interested in raising their level of education.
- From the quantitative point of view are attractive the following countries: China, India, Mongolia and Argentina

4). Development strategy of the Russian university:

- The Russian university adopted the ***Asian region*** as a priority. In terms of directions of CPE training the clear preferences are not revealed. It speaks in favor of the need to prepare comprehensive programs, demand for which is approximately in equal proportions: medicine, engineering, and less in the agricultural area.
- Only corporate programs or courses on a public institutions level (eg. oil and gas companies, major medical associations) are deemed promising. It is advisable to seek companies that operate in ***Africa***. The special interest in engineering programs has been expressed. The Russian university has a good chance to become one of the most prestigious foreign universities in Africa, if low-cost educational programs for all basic directions of classical university are developed.
- The most promising way to penetrate to the market of educational services in ***Latin America*** is through cooperation with the leading universities, in particular in the direction of Russian Studies.

Common current problem: a very low knowledge level was revealed in the programs related to Russia (RS). This suggests that either these programs are not presented properly in the

universities or they have a very low advertising. Also, it can be concluded that common people have very little information about the Russian education.

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Social-Media Platforms and Marketing of Higher Education Institutions

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Abstract
The paper introduces the reader to social media as a marketing tool in the first section, then investigates the motivation behind using social media. In the following section it delves into basic and recommended strategies for successful marketing in these new online mediums, while focusing on their application in higher education institutions. In the last two sections two top ranked universities' social media presence is presented and analyzed, and lastly there is a discussion about the necessity and the means of measuring and tracking the effect of social media marketing.

Keywords: Social media marketing, Higher education, social media measurement

JEL classification: M31

1. Introduction: A new marketing power

Social media is a growing phenomenon across all age groups, ethnicities, sexes, countries and regions and has been fuelled by the rapid expansion of the internet and of 'smart' devices. It has been changing some parts of business and education, yet it is still growing and its' final impact is unknown. A recent article suggests that the number of social network users will be growing to almost 3 billion by 2020 (Statista, 2014).
Universities, as most individuals and organizations, are leveraging this tool for marketing purposes. Extremely interested in proper use of this new type of web, as 16-24 year olds are most active on social media (ofcom, 2014), universities still lack clear guidelines (as most of the business worlds also lacks guidelines for proper social media usage). The aim of this paper is to bring up the main points of a social media presence, along with a brief description of these new and popular channels by studying and comparing the most successful colleges that have adopted this marketing paradigm.

1.1. Main social media channels

The most important tools of this 'new web' are social networking sites, blogs, microblogs, video sharing sites, photo sharing sites, review sites and social bookmarking sites. Social media is quite varied and for every type of social media there are at least 2-3 important and similar sites (Facebook, vkontakte, xingxing; YouTube, vimeo, metacafe etc.). To my opinion, the channels listed are the most important and contain newcomers which will have the most significant growth in the near future.
Social networking sites

This is the most common and, probably, the most well-known category (due to Facebook). Social networks, otherwise known as social networking services, can be defined as "*web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system*" (Boyd and Ellison, 2007).

Defining such a complex entity is difficult, yet the central theme of SNS (social networking sites) is, without question, communication. More specifically, dialogue, interaction and connection. It gives its users the feeling of being part of a community, the prehistoric need of belonging to a group, a "tribe". As Seth Godin so wonderfully explained in his book (Godin, 2008), we still have a tendency to form groups based on our passions, hobbies, products we are passionate about, etc.

The most important social networking sites, by number of worldwide unique monthly visitors (Chaffey, 2016) are Facebook with: 1.59 billion, Qzone with 640 million, Tumblr with 555 million, Instagram with 400 million and Twitter with 320 million. Instant messaging apps are also included in this ranking but they do not fit the classic definition of social networking sites.

Blogs

Blogs, short for weblogs, are a very popular platform for expressing thoughts, idea leadership and establishing yourself as a thought leader/influencer. The most popular blogs are not written by a single individual, but are actually multi-author blogs, so-called `congregator` blogs. A few of these top blogs are (estimated and ranked by ebizMBA, 2014b) Huffington Post (110,000,000 estimated unique monthly visitors), Business Insider (25,500,000 estimated unique monthly visitors), Mashable (23,000,000 estimated unique monthly visitors), Gizmodo (21,500,000 estimated unique monthly visitors), TechCrunch (12,500,000 estimated unique monthly visitors, Engadget (12,000,000 estimated unique monthly visitors) and Kotaku (10,000,000 estimated unique monthly visitors). The global alexarank of these sites, mainly based on estimated unique daily visitors is: 153 – Huffington Post, 311 – Business Insider, 416 – Gizmodo, 475 – Engadget, 482 – Mashable.com, 556 – TechCrunch and 943 Kotaku.

Microblogs

A microblog is a way of communicating short, on point messages (usually 140 characters). Great for news and interesting snippets, twitter and twitter copies have become a staple various TV shows, which have sometimes even completely cut and pasted the "tweet" system into their website for live coverages of ongoing news. Microblogs are also used as ways of piquing the interest of the target audience and ultimately bringing them to the main site/channel. According to an online article (Shiwangi, 2014) which used Alexa Rank and Google Page Rank, the top two microblog sites are: Twitter (the original microblog, which limits posts to 140 characters in order to make the site mobile-friendly) and Tumblr (which is now mostly based on gifs and photo/video content though it does have a short text component). There are a number of similar sites which also have a very high Alexa rank, including Yammer, which is the business/corporate version of twitter that aims to increase business productivity.

Video sharing sites

An online research shows that video sharing sites are extremely popular among young adults (Guimaeres, 2014), with the main reasons for usage being "Social Need" and "Leisure & Entertainment" (Wang, 2014).

YouTube is the most popular of the video sharing sites, with more than 1 billion users, and the most reach than any other cable network(in the US) for ages 18-49 and also 80% of its user base located outside of the USA (youtube,2014).

With an Alexa Rank of 2 both globally and for America (Google is first), YouTube is one of the sites that have shaped this generation. People used to store ever-increasing amounts of

music in digital format, on their hard disks and have playlists with thousands of songs; one of the reasons the iPod was revolutionary was the fact that it allowed even more songs than a usual Walkman cd player for storing and on-the-go playback. Currently, 80% of Americans use an on-demand music streaming services such as Spotify or YouTube (Nielsen, 2016). Furthermore, the number of teens that use sites such as YouTube in favor of old-fashioned physical storage of albums is even bigger, with the 2010 figure at 64% (Kerr, 2010)

It's only normal that companies have turned to YouTube for advertising. A couple of years ago the most used buzzword for social media marketing on YouTube was "viral". Viral videos were the golden goose which every advertising agency hoped and wished for. Now viral videos are still sought after, but organizations are taking a more long-term, balanced approached towards YouTube marketing; sponsorships are also quite popular, with companies giving out products to well-known vloggers (video bloggers) that review products for a living.

While YouTube is the most popular video sharing site, it is just one of many. Vimeo, Veoh, video.yahoo.com, dailymotion.com, metacafe.com, break.com, viddler.com, blip.tv and howcast are other very popular YouTube competitors. Some video sharing sites are free, some are paid and some have central themes such as howcast, which features how-to videos.

Another subcategory of video sharing sites are streaming sites. While it is true that YouTube has a live streaming feature, twitch is actually the most popular self-standing site for video streaming, mostly due to its focus on game streaming

The most recent, and most representative of social media sites that has gained a lot of traction recently is Vine, a site with corresponding mobile applications that lets users post extremely short videos. The most popular short videos shared on this site, called "vines", are comedic in nature.

Photo sharing sites

Another category that has taken off recently, photo sharing sites are very popular not only among photo enthusiasts, but also among regular users which use them for storing and showcasing. The most popular sites are flickr.com, Photobucket, DeviantArt, shutterfly, ImageShack and smugmug.com. Some of these are free, while others require subscriptions. Most organizations that use social media also have a presence on a photo sharing site.

The newcomers, truly representative sites for social media in this category are Instagram and Snapchat. Instagram is a social network based on the mobile app which encourages expression through photographs which have been tweaked through a multitude of filters and artistic processes. The strong surge in smartphone ownership coupled with the high quality of smartphone cameras have propelled this network into the social media top of networks and ended up in an acquisition by Facebook for 1 billion dollars in cash and equity. It is worth mentioning that Instagram now also supports video, and Twitter also supports inline video and photo, trying to compete with these social media networks which are powerhouses in their respective categories.

Snapchat is similar to Instagram, with its main, distinguishing feature being that the messages disappear from the servers and the recipient's phone after some time.

Review sites

Review sites are another reason why social media is so powerful, and this generation of Internet-connected customers has a much stronger voice and presence than in the past. Sites and apps such as Yelp, Foursquare, TripAdvisor Foodspotting, etc. have changed the way consumers interact with organizations. While, in the past, organizations had the upper hand when it came to their image (both online and offline), now that image is very much in the hands of consumers (organizations still have a saying in this, but the balance of power has shifted towards individual consumers). With online reviews, the ability to complain anywhere — especially since almost every social media site has introduced a check in and review function

— means that companies can no longer afford to stay out of the dialogue while betting on heavy advertising and consumer ignorance.

Organizations are now forced to at least acknowledge, if not solve a customer's grievance, and they must do so in a very narrow time frame, as this instant gratification age has shortened everyone's patience, attention span and definitions of what "timely" means. In social media, timely is a few hours, 24 at most. Otherwise, the snowball effect can transform something bad into something horrible by virtue of the interconnected and always online nature of the internet (considering global businesses which always have fans online, even if it's nighttime in the country where they are based).

Social bookmarking sites

Sites such as Delicious, Digg, Stumbleupon, and Pinterest have the purpose of organizing and sharing resources for a specific topic. Professionals can use these to organize themselves and also promote materials by adding it to their bookmarks list.

The latest entry and most spectacular one in this group is Pinterest, which is focused on curating, and not necessarily creating photos. Pinterest is based on a "board" system, where users "pin" photos on a board, thereby curating an album with a specific theme. Compared to the photo sharing sites, Instagram is more about personal expression and connecting with others, in the way Facebook is, while Pinterest is more of a google for photos on Do-it-yourself, for inspiration when decorating, fashion, etc. While based on photographs, Pinterest fits the description of social bookmarking sites.

We consider Pinterest to be one of the top 5 social media sites most used by companies right now, even though it's so new. Facebook, Twitter, LinkedIn, YouTube and Pinterest are the 5 which are staples on almost all corporate or institutional websites when searching for social media channels.

Other social media sites

An honorable mention goes to sites that empower individuals to sell their crafts online on an easy-to-use platform. Etsy, this online store for hand crafted and artisan items uses the power of the web and smartphones to connect buyers and sellers.

Etsy is the biggest store of this kind, with a reported 40 million members in June 2014(Statista, 2014), but there are others such as BigWanda, Shopify, quirky (which is unique in that it focuses on designing and using a voting system to create the winning designs), Bonanza, Folksy (only UK), Artfire, etc. This category could be called Consumer to Consumer, as app services like Uber, Etsy, AirBnB connect buyers with a large, sometimes worldwide audience.

Another important category of sites that don't really qualify as social media marketing are crowdfunding sites such as kickstarter.com and Indiegogo.com. Here people can share their plans to create a certain object/product/movie/book/etc. and ask for funding. Contributors are usually rewarded with something, either a better price if they pre order the product or appearances in the game/movie/book, if they pay more than a certain amount.

1.2. Why are people using social media?

According to a recent survey (Mcgrath, 2014), the most important reasons for using online social networks are staying in touch with friends, staying up to date and filling up spare time (being entertained).

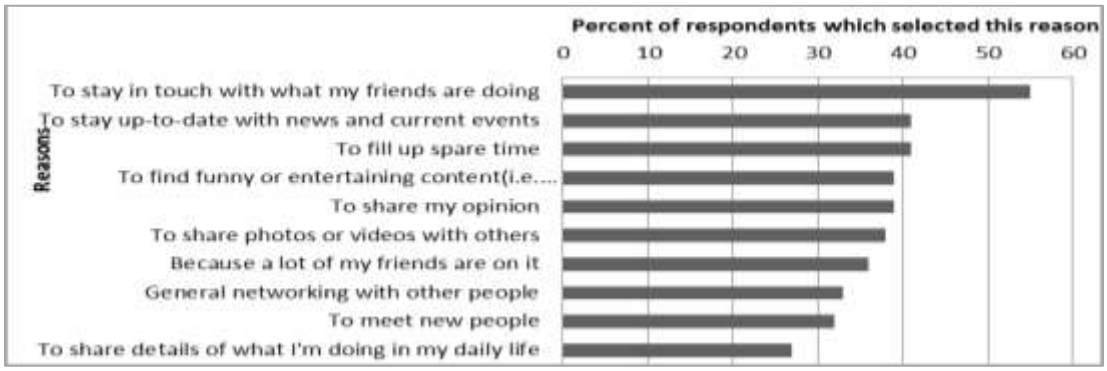

Figure 1. The reasons for using social media networks

Source: http://www.globalwebindex.net/blog/top-10-reasons-for-using-social-media , respondents aged 16-64

We can group these motives in 3 main categories: belonging/communication, entertainment and self-expression. As previously noted, this "me-me-me" generation (Stein, 2013) is quite engrossed in narcissism and self-expression, gets bored quickly (hence the need for entertainment) and suffers from much more peer pressure than the "me-generation" (baby boomers).

Another study included social capital as a motivation for using SNS (social networking services), where social capital is defined as *"the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition*"(Bourdieu and Wacquant,1992).

A very interesting breakdown of SNS usage motives is given by Sledgianowski and Kulviwat (2009), which identify 5 personality factors that are directly correlated with the intention to use and the actual usage of social networking sites:

- playfulness (*i.e.*, enjoyment and pleasure)
- the critical mass users who endorse the technology
- trust in the site
- perceived ease of use
- perceived usefulness

The study also adds that normative pressure (other people's expectations of one's behavior) had a negative relationship with the usage of online social networks.

In these 5 factors we can identify the need for entertainment (i.e.: playfulness) and belonging (i.e.: critical mass of endorsing users) but we must note the trust issue along with the perceived ease of use and perceived usefulness. Perceived usefulness is most interesting, because one could argue that perceived usefulness helps rationalize using an app focused on entertainment and "killing time" rather than actual business or work.

2. How are universities using social media?

Universities have been increasingly adopting social media as part of their marketing mix in the last couple of years. Some are better suited for video sharing sites (MIT), some make better use of the blogs and microblogs (Harvard) and some are just experimenting or have adopted these tools because of the competition.

2.1. Basic rules and guidelines in social media marketing

First of all, social media marketing is, like any marketing, based on a plan. No significant progress can be made unless the university is certain about its target market and its goal.

Does the university want more brand awareness, is it trying to gain image capital ("look cooler"), is it trying to expand its customer relationship service online, is it trying to promote its events and faculties? Different goals require different platforms and different approaches.

The next step, once a plan is established, is creating a social media policy for all the employees of the university. There are some great examples out there, such as Liberty University's social media toolkit (Liberty.edu, 2016) and Harvard's 'Guidelines for using Social Media' (Harvard University, 2016).

Hubspot recommends the following steps for universities embracing social media (Klamm, 2011):

- Develop a Strategy and Set Goals – as previously mentioned, no marketing is complete without a plan
- Pick and Choose Your Platforms – a great point that hubspot makes is that you can't just jump on all platforms, as this would be more detrimental than helpful. Social media is very time consuming and requires monitoring and a fast response time
- Empower and Support Individual Departments – if you can manage to attract and involve different departments and faculty members, you whole institution is working towards your goal on social media, without you having to spend more
- Put Guidelines in Place – people need guidelines, especially when interacting with the public in the name of the institution. Having guidelines also increases the comfort level of members who would otherwise feel threatened by this new marketing tool, and it also has value from a legal standpoint, protecting the institution from unwanted lawsuits
- Develop a Consistent Voice Across Platforms – As noted in Liberty's social media toolkit (Liberty, 2016), a consistent voice is tied in to a unified brand identity, a unified and known goal, and a unified communication style (though this need not apply to individual faculty members)
- Communicate Across Campus – This is one of the most important and overlooked necessities in social media. A cross-department team is needed in social media, as it will be a 'university spokesperson' and customer relations touchpoint with your customers at the same time, therefore people will ask about different aspects of the university and only a cross-department team will be able to answer these questions promptly, accurately and coherently. When facing actual or potential students (or other stakeholder categories), the higher education institution must show unity, team play and cooperation. This helps create an image of a highly functioning institution and also helps cut back time and energy spent on information searching between different university 'silos'.

Two very important building blocks of social media are monitoring and listening.

Listening is the act of paying attention to what people are saying about your university on social media and thus understanding them and the tone of the conversation, which will help you respond appropriately.

Monitoring is similar to listening, but must be permanent, as , in this global era, people are always having conversations about your university (i.e.: you have a global MBA program, there will always be potential students discussing it on the other side of the globe, even if in your country it's night time, holiday, etc.). Coming back to an earlier point, it's not wise to participate in all types of social media because people have become extremely impatient on these types of channels; they are checking them daily, hourly sometimes and expect your university to do the same and respond in what could be considered an unreasonable amount of time, otherwise your social media effort will work against you, stirring up frustration and negative feedback.

2.2. Top US universities in social media

The top universities in social media (in the US), as ranked by Engagement Labs (team eValue, 2016) are:

Ranking	Facebook	Ranking	Twitter
1	Baylor University	1	University of Wisconsin-Madison
2	Texas A&M University	2	Texas A&M University
3	Ashford University	3	Baylor University
4	University of Wisconsin-Madison	4	Indiana University
5	University of Texas at Austin	5	University of Utah
6	Cornell University	6	University of Missouri
7	Georgia Institute of Technology	7	North Carolina State University
8	University of Illinois at Urbana-Champaign	8	University of Florida
9	Virginia Polytechnic Institute and State University	9	University of Illinois at Urbana-Champaign
10	University of Oklahoma	10	Florida State University
11	Mississippi State University	11	University of Colorado Boulder
12	West Virginia University	12	Purdue University
13	Pennsylvania State University	13	University of Kansas
14	Texas Tech University	14	University of Tennessee
15	Texas Christian University	15	Georgia Institute of Technology
16	Wake Forest University	16	West Virginia University
17	University of Michigan	17	University of Washington
18	Indiana University	18	Vanderbilt University
19	University of Florida	19	University of Iowa
20	Princeton University	20	University of Nebraska-Lincoln
21	Miami University	21	University of Arizona
22	University of Iowa	22	Texas Tech University
23	University of Phoenix	23	Virginia Polytechnic Institute and State University
24	North Carolina State University	24	Washington State University
25	University of Nebraska-Lincoln	25	University of Texas at Austin

Ranking	Facebook	Ranking	Twitter
26	Kansas State University	26	University of Southern California
27	University of Kansas	27	Ohio State University
28	Boston College	28	University of Oregon
29	Harvard University	29	Texas Christian University
30	Capella University	30	University of Virginia
31	DeVry University	31	University of Notre Dame
32	Duke University	32	Berkeley College
33	Dartmouth College	33	University of Arkansas
34	Brown University	34	Louisiana State University
35	Rutgers University	35	Iowa State University
36	Yale University	36	Pennsylvania State University
37	Syracuse University	37	Mississippi State University
38	University of Mississippi	38	Arizona State University
39	Berkeley College	39	Harvard University
40	Columbia University	40	University of Mississippi
41	Vanderbilt University	41	Clemson University
42	University of Pittsburgh	42	Boston College
43	University of Arkansas	43	University of California, Berkeley
44	University of Minnesota	44	Syracuse University
45	University of Pennsylvania	45	Auburn University
46	Strayer University	46	University of Michigan
47	Northwestern University	47	Stanford University
48	University of South Carolina	48	Princeton University
49	University of Kentucky	49	University of California, Los Angeles
50	University of Maryland	50	University of Kentucky

Figure 2. Top 50 US universities and Colleges on Facebook and Twitter

Source:https://www.engagementlabs.com/press/baylor-university-texas-am-university-and-university-of-wisconsin-madison-graduate-with-social-media-distinction/

2.3. University of Wisconsin-Madison and Texas A&M University — social media presence analysis

Texas A&M University has numerous Facebook accounts, from individual department/faculties accounts and sport-specific accounts (baseball, football, and athletics) to accounts for the library and dining services. It posts frequently, the minimum time between posts is a couple of hours and the maximum a couple of days. The content it shares include events, infographics about admissions, graduate satisfaction surveys, alumni achievements, university achievements and professor achievements. People are quite engaged with these posts, with like numbers in the thousands and shares+comments in the hundreds. It's quite interesting to see that the account holder responds to some of the comments, which suggests true listening and monitoring is taking place on their Facebook accounts. It's also interesting to note that except for their main page, their other pages vary in engagement considerably, with some being almost deserted during certain time frames, yet they still post regularly.

On Twitter, Texas A&M have an incredible presence. First of all, they have around 15 different accounts, including one for their career orientation center, and not to mention the Dog Mascot (Reveille IX) account. Their main account doesn't tweet daily, but when it does it tweets 5 to 10 times a day and the most important aspect is that it promotes the other social media channels as well(we found references to snapchat, Pinterest and periscope tv). With around 199 thousand followers, the topics addressed in the main account are quite diverse, yet sports-related ones produce the most engagement.

Pinterest is the social media platform where Texas A&M shines once again. With around 14,700 followers and 32 boards, it is remarkable to see how much branded merchandise the university carries. With ideas from how to decorate your room with A&M branded products to how to show your love and appreciation as an alumni, their Pinterest account has it all, from accessories to mugs. A special board is dedicated to studying tips, one to dorm life, one to

marriages in campus, one to the dining service. This is a really extraordinary Pinterest account which could use more cross-channel promotion, as 14,700 followers is a small amount, but understandable considering Pinterest's user demographics (which is mainly women in their 30's) and its currently small market share.

Texas A&M's YouTube consists of one main account and a few more accounts for departments. Their main strategy is to upload videos from interesting activities, such as football matches, research breakthroughs, but also life on campus, marching band songs, etc. They also curate videos made by other users, categorizing them on their YouTube channel. With a total of approximately 2, 1 million views and 8,355 subscribers on their main channel, their engagement is average, but expected from YouTube channel, with likes ranking from hundreds to thousands and comments in the 2 digit range.

The most viewed channel is their Texas A&M Athletics account, with 12,534,417 views and approximately 26,000 subscribers. Their main channels all have links to their other social media accounts in the 'about' page, though the department channels do not have all the links.

University of Wisconsin Madison's Facebook account has approximately 270,000 likes. Their sometimes post daily and sometimes leave a couple of days between posts. They have an average engagement rate, with post likes averaging around 1,700 and shares around the hundreds. From browsing their posts, only one mention of periscope.tv came up, and their main page only links YouTube and Instagram, which is quite unfortunate especially considering they came first on the eValue analytics in the twitter section. Their other accounts (mostly for different „schools"/departments) have a very low engagement rate and subscribers in the low thousands.

UWM's (University of Wisconsin Madison) main Twitter account has approximately 130,000 followers, yet their engagement rate revolves around under 100 retweets/favorites and a dozen or so comments per post. They are very active, with multiple tweets daily, yet some days go by without a tweet. Cross-linking to snapchat, YouTube and Facebook is common. As usual, football/sports tweets garner much more than the usual retweets/favorites (even as high as 300+). Their other twitter accounts are all but deserted, with average subscribers ranging in the 8000s but lots of post with almost no engagement (barely a dozen retweets).

UWM's Pinterest account is diverse, with 32 boards. It resembles the Texas A&M Pinterest account but the engagement rates are extremely low (most pins have under 10 repins). Its approximately 4,000 followers don't seem to be really interested in their university's Pinterest account.

With 4,489 subscribers and 2,267,943 views on YouTube, University of Wisconsin Madison's main channel is less about curated playlists and more about interesting videos like their fundraising efforts nicknamed „All ways forward", their candy making classes from the Food Science department or videos of their most successful alumni. Their other channels are much poorer in both views and subscribers. As far as social media integration, only one of the accounts has links to the other platforms, while most only have links to the google plus account. The regular engagement rate for their YouTube channel is under 10 likes, while views are somewhere in the low hundreds.

3. Social media metrics

As noted earlier, social media marketing is still a marketing effort and thus follows the basic marketing rules, one of which is to track the effectiveness of what you're doing. This can be ambiguous in social media, yet some basic, clear cut ways exist, such as key performance indicators.

Traffic data – How much referral traffic did your website/landing page generate from social media channels?

Followers/subscribers/likes/view – What is your follower count, and how many are liking and viewing your content?
Engagement – Are people commenting, retweeting, repinning, "favoriting", sharing your posts? Or are they passively viewing and perhaps liking/+1ing?
Certain software such as Google Analytics, Bit.ly, Hootsuite, Followerwonk, Hubspot and others offer many more interesting metrics, some free, some paid, but you can also generate your own.
For the more statistically inclined, social media ROI (return on investment) can be calculated according to a formula shared online by others or an in-house made formula. Schottmuller (2013) recommends calculating value by using equivalent pay per click value (Google ads) cost:
1. Social media mentions' value
Number of brand or product online social mentions,pins,etc.*(CPI)equivalent display ad impression costs= $ Display Ad Impressions Value
2. Referrals advertising value
Number of social referral clicks to website*$(CPC)equivalent display or social ad costs= $ Social Ad Value
The article (Schottmuller, 2013) presents many more useful formulas for calculating user-generated-content value compared to company paid content and other metrics; many social media analysts such as socialbakers, hubspot, sociagility, etc. have created their own engagement, ranking and ROI metrics. The problem with Schottmuller's formulas are they don't actually take into account the cost of labor, of producing the ads and managing the social media sites, therefore they don't calculate true ROI, which involves dividing the benefits to the costs.
Therefore when measuring social media ROI it is essential to use the cost involved to actively participate in these online platforms. Social media is not free, even without buying business accounts or sponsored posts. The main cost is labor time, though special software or hardware might also be an issue. Lee from buffer, a social media management app, shares an interesting way of calculating ROI by using lifetime value and actual web analytics (Lee, 2015). He suggests that a customer's conversion value is his lifetime value divided by your conversion rate.

$$\text{Customer conversion value} = \frac{\text{Customer Lifetime value}}{\text{number of views needed to gain one customer}}$$

In this example, if our conversion rate is 2% (1 in 50 people become customers), and we know that a customer's lifetime value is 1000$, then a customer's conversion value is 1000$/50=20$. Multiplying this number with all customers coming from social media gives us the "benefits" number for the ROI formula.
Furthermore, Lee(2015) suggests that costs for social media are divided into fees(promoting posts, sponsored content, etc.) and labor. Therefore the ROI for social media is:

$$\frac{\text{Total customer conversion value-Cost of converting fans into customers*100}}{\text{Cost of converting fans into customers}}$$

Conclusion
Social media marketing is an interesting and new form of marketing. As any form of marketing, it necessitates planning, tracking and well thought out goals. Does it suit universities? Yes, it does, as most of their target market is using them. Can it be used exclusively? The short answer is no, it is just another tool in the university's bag of marketing tricks. Is it free? No, definitely

not, it actually requires quite a significant amount of time, cooperation, overview and coordination in order to be a truly efficient marketing method, and sometimes could use the help of paid software and hardware. Does it truly impact the "bottom line" of a university, its number of students? This is very hard to quantify, with the most probable answer being "yes, it has a role in increased enrolment levels", yet its biggest contribution is to brand awareness, brand equity and student satisfaction/loyalty (which can also carry over to alumni donations). All universities should add social media to their marketing arsenal, but they must choose their platforms wisely in order to be truly present and garner a significant amount of brand engagement, which leads to student satisfaction and loyalty.

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Characteristics and Development of Social Media as a Marketing Communication Tool

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Abstract
The purpose of this paper is to provide a careful analysis of the characteristics and evolution of the major social media platforms used both in Romania and abroad, as well as some practical insights on the consumer use of social media platforms and its business and marketing communication potential. Development of modern technologies and various devices has increased the willingness to communicate through channels that are interactive and attractive at the same time. Therefore, nowadays there are virtual communities whose members participate, receive and share information and at the same time bring something new, socialize and become influencers. Dynamic changes in the online environment as well as its evolution require a new approach, from a marketing perspective, of how social media platforms can be used to improve communication between a company and its consumers, users or potential customers. In this context, the analysis and practical insights presented are useful for entrepreneurs and managers who are interested in using social media as part of their marketing communication strategy.

Keywords: social media, marketing communication, Internet, interaction, interactivity

JEL classification: M31

1. Introduction

The digital era has had a great impact on the way we communicate, both for individuals and for organizations. Although traditional and online marketing communication channels play a major role in an organization's communication strategy, social media has gained an increasingly important role in sharing news and creating permanent dialogue with targeted audience. As noted by Hoffman and Novak (1997), "the web is a virtual, many-to-many hypermedia environment incorporating interactivity with both people and consumers".

In 1969, Leonard Kleinrock described the Internet as "an invisible global infrastructure serving as a global nervous system for the people and processes of this planet" (Tungend, T., 1969). As he admitted, Leonard Kleinrock (2010) did not foresee the powerful social networking side of the Internet and its rapidly growing impact on our society. Internet users no longer limit themselves to merely look for information or to send and receive e-mails. The Internet has become more than a medium for information, interaction or a form of entertainment. The rapidly increasing number of users and their expectations has led to the development both in number and complexity of applications and online platforms. In the beginning we talked about the consumer as a simple receiver of the information. Now, however, we are talking about pro-active audiences who play the role of information producers in the virtual environment. People

experience the cyberspace as an alternative to real life. A worldwide statistic (Statista, 2016) shows the number of social network users from 2011 to 2015 and estimation for 2016 (Table 1).

	Year					
	2011	2012	2013	2014	2015	2016 (estimated)
Number of users (billions)	1.22	1.4	1.59	1.91	2.14	2.34

Table 7. Global number of social network users
Source: Statista, 2016

In 2011 there were 1.22 billion users and the number is increasing every year. As such, in 2016 it is estimated that approximately 2.34 billion people will access a social network regularly, which is up 9.3% from 2015. The increased global usage of smartphones and mobile devices offered new possibilities for users, with mobile applications that allow them to access their accounts from different devices.

According to a Nielsen report (2012) about social media, Internet users devote to social media networks about 20% of the overall time spent online. Furthermore, in the United States, the time spent using social media platforms has increased by 37% in July 2012 compared to July 2011. Nowadays, "fill up spare time" is one of the most common reasons for using social media networks, and the daily time spent on social media is up to 30% of online time, which is an average of almost 2 hours per day (GlobalWebIndex, 2016).

These percentages, but also the continuous multiplication of social media platforms, bring up those features that catch and keep the consumers attention for a long time. But what is *social media*? In Andreas M. Kaplan and Michael Haenlein opinion, social media is "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content" (Kaplan and Haenlein, 2010). Simply put, Dan Zarrella (2010) suggests that to better understand the social media concept it should be presented in contrast with traditional media features. Most of the content which appears in traditional media is paid for. However, new web technologies perform a much faster information transmission and, moreover, without costs which would significantly affect the marketing budget. Virtually anyone can post on a blog, on Twitter or on YouTube, materials that will shortly attract millions of online views for free. Essentially, social media means blogs, microblogs (e.g. Twitter), social networks (e.g. Facebook, LinkedIn), media-sharing websites (e.g. YouTube), forums, virtual worlds (e.g. Second Life), websites that contain reviews (e.g. Yelp).

In social media, the success enjoyed by a post is quantified in the number of followers, fans and likes, and virtual communities are formed based on common interests. Therefore, the fast feedback, the interaction with consumers, the quick transmission of information at low cost are some of the reasons that place social media as a primary tool used in companies' marketing plans. But each social platform has its own features and should be used depending on the marketing communication objectives. For this reason, the main features of the most used social media platforms will be introduced below.

2. Characteristics and development of social media as a marketing communication tool

Many researchers and practitioners (Kotler and Keller, 2008, Zyman, 2001) argue that marketing communication can be considered the voice of the organization and through marketing communication an organization has the ability to manage relationships with current and potential customers in order to build its commercial image, and to interact with other stakeholders in order to obtain a favorable image (Popescu, 2003). Depending on the nature of

the message and the context in which it is transmitted, marketers can use one or more channels simultaneously. The new perspective that the concept of integrated marketing communication brings into literature is that each channel enhances the sum total of all the others. This is the catalyst used in the continuous strive to achieve synergy, that is "the added value of one medium as a result of the presence of another medium, causing the combined effect of media to exceed the sum of their individual effects" (Naik and Raman, 2003). Therefore, the combined impact of multimedia activities such as television, print, radio, direct response, sales promotion, sponsorship, events and public relations, together with the Internet, can be much greater than the sum total of their individual effects.

In 2011 more than 50% of social media users were connected to brands via social media (Van Belleghem, Eenhuizen and Veris, 2011) and this number is increasing every year since companies are willing to invest increasingly more in this segment. Social media development has registered lately a particular increase in the number of users. The advantages of social media are well known, like creating an interactive connection between businesses and their audience, at a low cost and in a timely manner, and with a much higher efficiency compared to other traditional communication channels. This makes it more important and necessary for companies to be present on Facebook, Twitter, LinkedIn and other social media platforms in order to succeed online (Kaplan and Haenlein, 2010).

2.1. Facebook

Created initially as a closed circuit social network for the Harvard University students, Facebook has become perhaps one of the biggest online success stories. From September 2006 the network is open to everyone. Nowadays, Facebook has 1.71 billion monthly active users and 1.57 billion mobile monthly active users (Facebook, 2016). In Romania there are about 8.5 million users, with more than 40% of the population, and more than 88% of Internet users (Facebrands, 2016). Given Facebook's ranking at the top among social networks, we do not misjudge when we conclude that absence from Facebook equals a lack of an online social life. Facebook members can become friends with other members and at the same time can become fans of Brand Pages. Here, brand fans can share their experience with the brand or company and thus a community of people with common interests is created. On these webpages, companies convey messages of interest to their fans, post audio/video and run marketing campaigns.

A first method to receive the coveted likes as simple, inexpensive and fast as possible is to suggest the page to friend lists or just to those who you think would be interested in. After the first 25 received *likes* you can also hold a Vanity URL such as www.facebook.com/YourChosenName. Another specific instrument of the social network is Facebook Insights, which is a free package available for the webpage administrators that helps them constantly monitor the business page activity and figure out which kind of content works and which does not. Besides these, there are many other applications specific for business pages that provide support to the page administrators or to simple visitors.

An analysis of the Fan Courier's official Facebook page, the leader in express courier services in Romania, shows their social responsibility side in their Facebook posts (22%), although it is not a very well-known corporate social responsibility policy, because they have lots of projects that are not in the public eye. They also make employment announcements (13%) on Facebook page, give information content (20%) about national holidays program or special posts accompanied by the hashtag #FANfacts or "Courier Dictionary" (used to inform the public about special terms used in this field), and public relations content (45%) about financial results, investments, inauguration of the first regional hub in Brasov, events, or celebrating their employees football team success. There were no advertising posts for their services on

Facebook. The analysis was made on a total number of 45 Facebook posts from 1st May 2016 to 20th July 2016. The company also encourages feedback with the customer satisfaction questionnaire section, allowing users to post comments. Although there is a lot of negative feedback, as customers seem to see social media as an alternative/additional channel to customer support services, the company has a transparency policy, as they make these messages public. In terms of replies, the company doesn't respond to every negative comment. However, sometimes other customers interfere and bring arguments in the company's defense. Most replies are apologies and requests for more details in private messages in order to find a solution. Another type of reply is providing useful information to customers when they ask for it. In addition, in terms of integration, the Facebook page has a "Contact us" button which redirects customers to the official website page.

In the same period of time, an analysis of 30 Facebook posts of Urgent Cargus, an important competitor on the express courier services market, shows that most posts are related to advertising the company's services (43%), public relations content (26%) about events, national holiday greetings and a press release for attempted fraud. Other posts are related to sales promotion (13%), general information for customers (13%) and only one employment announcement. In terms of replies, the company acts in a similar manner as Fan Courier, but the Facebook page doesn't have a customer satisfaction questionnaire section or a "Contact us" button, only a general information section.

2.2. Twitter

Twitter is recognized as the network through which the news spreads extremely fast in the form of 140 characters messages nicknamed tweets. Twitter is a microblog due to the short and disconnected messages that it distributes. The platform was created in 2006 and gained worldwide popularity, with almost 313 million monthly active users in June 2016 (Twitter, 2016). This makes Twitter a potentially powerful marketing communication tool.

The word twitter describes the form of short messages (max. 140 characters) sent through the website. On this social network a brand can capture its fans interest if it offers the latest news about various topics such as: ways of leisure, personal development, news of the company (employment announcements, sales promotion etc.), promotional campaigns. So-called followers, who are interested in finding the latest information provided by a certain source, will be notified every time a new message is posted. A distinguishing feature of the messages sent on Twitter is that they are public for everyone. However, certain messages can be targeted and thus they become visible only to subscribers. As a social network, Twitter was created around the idea of following brands. When you choose to follow another Twitter user, his/her user tweets will appear in reverse chronological order on your main Twitter page. For this reason, it is desirable for companies to have as many followers as possible. A tweet is like a short Facebook status update, but, unlike the EdgeRank Facebook's filter, every tweet arrives at every follower's feed. In 2015 Twitter made a few changes, experimenting with the order of tweets in the timeline, and making them appear in a different order from the reverse chronological one (Bell, 2015). In February 2016, a post on BuzzFeed (Kantrowitz, 2016) reported that Twitter was going to start algorithmically ordering tweets, which prompted users to tweet negative comments accompanied by the hashtag #RIPTwitter.

Retweets are basically the most powerful mechanism which help the messages spread to as many users as possible on Twitter. Basically, it is a way to cite and, thus, forward an interesting post, indicating the source. Other interesting and useful applications are TweetDeck – an application used to sort friends in the network, Tweetie – an application for Mac and iPhone, HootSuite – an application used to automatically send a message on a certain date.

A research by Taecharungroj (2016) indicated that Starbucks use three types of original and

retweeted content: information-sharing, emotion-evoking and action-inducing content. Also, the most frequent replies by Starbucks to individual users express apologies and provide further support, information and positive comment. Less common replies are gratitude, enquiry and question, and chit-chat.

Hong's study in the online news industry (2012) shows that there is a positive association between Twitter adoption and online traffic, and this association depends on the size of online networks created on social media sites.

In Romania, Fan Courier, the company analyzed from the perspective of its Facebook presence, joined Twitter in July 2012, but makes little use of this platform. The tweets redirect users to Facebook posts. Fan Courier has under 300 followers and the last media content is from 14th November 2014.

2.3. LinkedIn

LinkedIn was launched in 2003 as the most important social network for business-oriented professionals. In 2012, a study report (Qualman, 2012) reveals that LinkedIn is used by 95% of the companies that use social media for recruitment. At the moment, the social network has 450 million members in over 200 countries, most of them from outside the United States (LinkedIn, 2016). On LinkedIn, the company communicates about its products, services and job opportunities. Users meet people with similar interests, who operate in the same field or in related fields and receive or provide feedbacks on business ideas. Therefore, LinkedIn is more than just an online CV by itself, as it requires interaction (van Dijck, 2013). Unlike other social networks, LinkedIn does not include all the photo-sharing features. The basic function is to create professional networks, so it is widely used by applicants for jobs and recruiters (Papacharissi, 2009). As far as the interaction with other network members is concerned, this platform provides many versions such as: searching for other members through connections, be them personal or belonging to other members, the opportunity to post an employment announcement and joining certain groups dedicated to specific topics of interest. Another advantage of the network is that it provides the opportunity to make recommendations about a person depending on your experience working together. Unlike Facebook, LinkedIn designates a special space for testimonials on the person's page or in the business group. The recommendations are important for every user on the network.

2.4. Blogs

Blogs have had an extremely fast maturation from their emergence to their differentiation by topics, from individuals to companies, from having a blog as a way to share your thoughts to having a person delegated to blogging within a firm. From the early 90's to the current period blogs have grown from simple diaries to internet marketing tools. This transformation gave birth to very attractive and easy to use platforms such as WordPress (known as the most used blogging platform), Blogger, Typepad etc.

The nature of blogs may vary widely depending on the objectives for which they were created, from simple personal diaries to political and commercial marketing tools. They also vary depending on the author – from a single one to an entire community. Many blogs allow visitors to respond through comments, which are also public, thus creating a community of readers centered on that blog, while others are not interactive either by blocking comments or not responding to them.

A blog can be an excellent marketing communication tool which many managers and entrepreneurs use to give insight into their company. For example, Steven van Groningen, the CEO of Raiffeisen Bank Romania keeps a personal blog, and more entrepreneurs, like Marius Ghenea, Florin Rosoga –a trainer and author in personal development- found the potential of

blogging for building better connections with customers and other stakeholders. Over the last four years, BRANDfog (2016) studied the role of social media in the development of industry leadership, brand trust and brand reputation and their results indicate that the CEOs engagement in social media makes a brand more honest and trustworthy. In a small to medium business (Centeno and Hart, 2012), the majority of brand managers are the main voice of public relation and advertising, as well as other brand communication activities, also an essential part of personal sales. With this in mind, it could be beneficial for them to be the ones in contact with the media in order to raise awareness and interest about the brand.

Some of the marketing opportunities that blog communities can provide are: (Grosseck, 2006, p.422) business promotion, product promotion campaigns, PR tools, receiving feedback, more precise targeting, engaging consumers in product development or distribution, reduced publication costs, brand loyalty and a source for marketing surveys.

Regardless of the type of blog or the platform it uses, the difference between a frequently visited blog and an abandoned one will always reside with its content, the facilities it provides, and also the promotion method used.

Conclusion

In this time and age the consumer is the one who takes control of what he wants to purchase and consume, what messages he wants to be exposed to and so on. In this context, the organization is no longer the only source of information for consumers. Social media is a valuable support that provides them with an enormous potential for information and communication and the possibility of interacting with each other (Arnott and Bridgewater, 2002) as virtual communities are a new form of socialization (Seraj, 2012).

In this paper we provide a careful analysis of the main characteristics and evolution of the major social media platforms used both in Romania and abroad. We also describe some practical insights on the consumer use of social media platforms and its business and marketing communication potential. We contemplate a continued growth in the number of online platforms, of virtual communities, some of them demonstrating success, while others being quickly abandoned. This puts the user in a position which offers choice and at the same time it raises his expectations. Of course, each community has a life cycle. Just like traditional social groups, virtual communities can divide and form smaller new communities.

Consumers are exposed not only to the organization's messages, but they also absorb information about the company and its brands from other independent sources. Word-of-mouth communications and publicity are the most common forms of external brand communications (Berry, 2000). All that an organization undertakes, from marketing campaigns to designing packaging, distribution and after-sales services, has an impact on its brands (Popescu, 2003). Therefore, an integrated approach in terms of marketing communication is required so that the efforts are worthy.

The analysis and practical insights presented are useful for entrepreneurs and managers who are interested in using social media as part of their marketing communication strategy. Future research could bring a more complex investigation on how Romanian entrepreneurs use social media as a marketing communication tool. Also, the role of social media in building the brand-consumer relationship could be another interesting subject of a future research.

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Social Media Instruments' Use and Importance for the Marketing Communications Mix - An Exploratory Analysis on Companies' in Romania

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Abstract
The emergence and unprecedented popularity of social media among consumers has dramatically changed the balance of forces involved in the attention economy: who pays attention to what, who influences these decisions and how they are monitored and measured, which is the response speed, and most importantly, how all this is monetized. The social component of the Internet is not just hype, it's a fundamental change in the way consumers shop, play, communicate, get information, interact, collaborate or create and the whole relational universe of an individual is involved. Taking this into account, the article presents the main outcomes of an exploratory qualitative research investigating the marketing activities of companies in the consumer goods sector (FMCG) in Romania (with a focus on online marketing activities), with the purpose of investigating the use, overall knowledge, importance and evolution of specific social media tools for the companies' marketing communications mix. The article comprises a summary of relevant research related to social media marketing, the description and analysis of the research methodology and the main outcomes, followed by limitations and conclusions.

Keywords: Social media, integrated marketing communications, fast moving consumer goods, qualitative research, communications strategy

JEL classification: M31

1. Introduction

The main features of social media that differentiate it from traditional media result from the powerful interactivity of this relatively new environment. In the academic literature there is an increasingly widespread belief, according to which the growing involvement and engagement between consumers and brands has to be addressed beyond the purely transactional level, in order to include all other potential points of contact with the brands (Schultz and Peltier, 2013). The two-way communication flow, between consumers and brands allows such a level of interaction between the two that social media users become active participants in the brand communication program. Among the effects of having such involved consumers one can mention brand equity increase, customer retention, return on investment (ROI), as well as positive word-of-mouth (both online and offline) (Vivek et al., 2012).

A common conclusion which can be drawn from most social media definitions is that it represents more than the mere sum of the instruments and technologies used and equally important components are user generated content, as well as the online communities in which it is consumed (Mazurek, 2009, Weber, 2009). A thing that has become increasingly stressed by academic articles on the subject is that more than ever modern organizations are no longer asking themselves whether or not to invest in social media tools, their benefits and importance being undeniable today, but instead are considering what specific social media tools to use, in what way and how much. Although the modern communication tools, such as social media, don't replace traditional instruments and techniques, but rather complement them, there is still much to be determined and studied on the most effective ways to integrate these tools into a coherent integrated marketing communication program (Tuten and Solomon, 2014).

Nowadays, most consumers expect organizations to be present online in general and in social

media in particular, hence they must find the best and most effective ways to establish this presence (Nair, 2011). Social media offers a wealth of opportunities for companies to listen to their consumers, to engage them in activities and of course, communicate and establish relationships with them. However, it should be kept in mind that there may also be some negative effects which result from a poorly managed social media presence or lack of concrete objectives and strategy. Some organizations actually invested millions of dollars in social media, in response to the pressure of its popularity, without understanding how to accurately manage it, or knowing the steps to be followed in order to build a coherent social media strategy (Divol et al., 2012).

According to Porter et al. (2011) this seems to be a real problem for modern companies, given that more than half of the Fortune 1000 companies which sponsor virtual communities rather destroy than create value for themselves and their clients. Therefore, social media management and overcoming existing barriers are two intensively studied subjects by experts and academics, most studies of this kind stressing the paramount importance of incorporating the social media strategy into the overall strategy of the organization (Fournier and Lee, 2009, Bottles and Sherlock, 2011, Nair, 2011, Andzulis et al., 2012, Bruhn et al., 2012, Drillinger et al., 2013). It is important that organizations realize that social media is more than just an information distribution channel, therefore it is equally important to determine why social media is effective from a strategic perspective for the company and what it wants to achieve in this context (Bottles and Sherlock, 2011). For this reason, experts recommend integrating social media into the company's communication mix in a consistent manner, rather than simply substituting other means of communication with it (Wilson, 2010, Bruhn et al., 2012). In addition, companies must understand that they don't have absolute control over the social media content present on different platforms (Cafasso, 2009). However, most organizations still try to control as much as possible the content available on social media, instead of allowing users greater freedom so that they can post content directly to their community pages (Parsons, 2011). By allowing more freedom, companies can actually take advantage of social media features, such as the existence of user-generated content, rather than fight them.

2. Social media instruments

In August 2008, Brian Solis, one of the most prominent thinkers and opinion leaders of online marketing and digital transformation, created "The Conversation Prism" in order to provide marketing strategists and experts a visual tool, a map, to help them take into account unforeseen opportunities related to the digital environment and evaluate them through a holistic lens (Solis, 2015). Thus, Solis has succeeded in providing a unique and fresh perspective on the entire social media ecosystem. "The Conversation Prism" is now at version 4.0, being in fact a longitudinal study in digital ethnography, looking into dominant and promising social media tools and organizing them according to the way they are used by consumers. It is a very valuable and important instrument for the entire industry because it is the only map of its kind based solely on research, managing to explore social media development since its emergence. Basically, "The Conversation Prism" is one of the most complex and comprehensive visual studies on how social media tools are used and how they have evolved over time. Brian Solis proposes no less than twenty-six different categories in which the most popular social media tools are divided. These include everything from the already popular social and professional networks, wikis, blogs to the "quantified self" (recent trend to use various technologies and applications in order to share statistics related to personal performances with the network of friends) and "crowd wisdom" (eg BuzzFeed, reddit, digg, NowPublic etc.) or social marketplace (ex: Airbnb, Etsy, Groupon, Kickstarter, etc).

Another very interesting classification and explanation of social media instruments is that of

Tuten and Solomon (2014) who organized the social media space into four main areas, according to similarities in use and established objectives: Social Community, Social Publishing, Social Entertainment and Social Commerce (Figure 1).

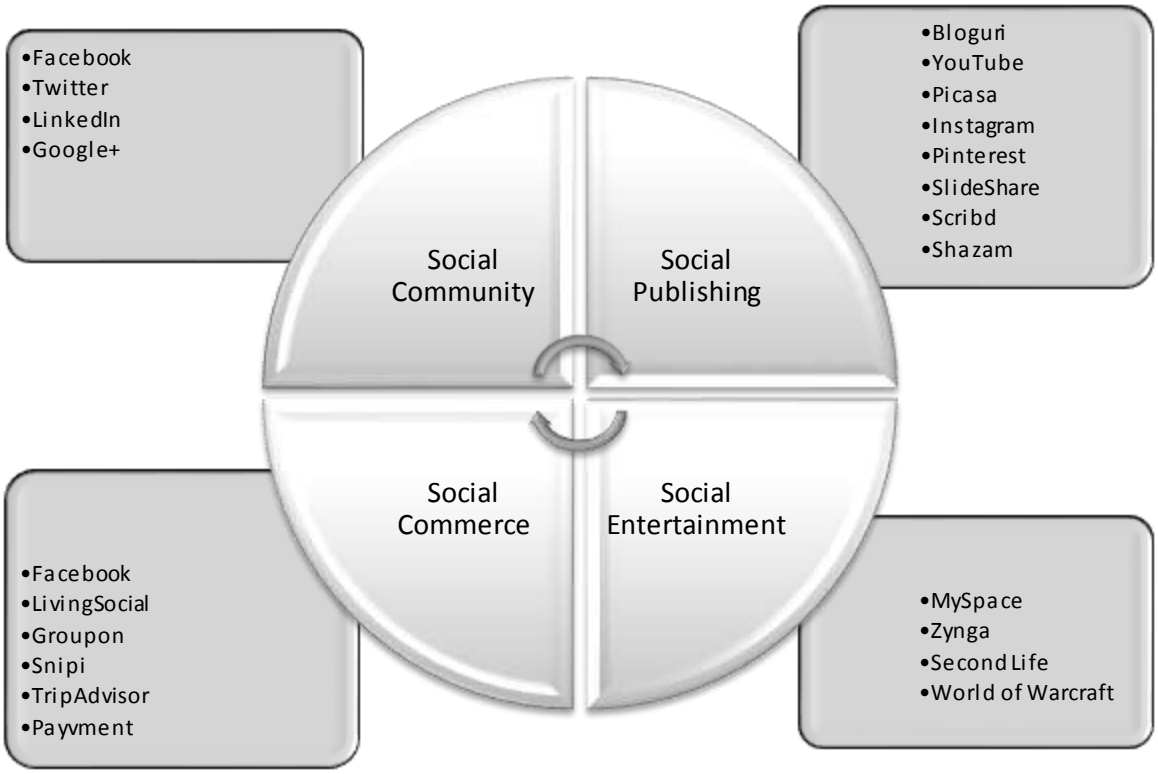

Figure 1. The four areas of social media and examples of component tools
Source: Tuten and Solomon, 2014

3. Research Objectives

To provide an objective view of the social media ecosystem in Romania, it is absolutely essential to interview the specialists who establish the organizations' communication strategies, as well as those who implement these guidelines and interact with the audience through social media, representing the interests of their companies. Thus, a realistic image of social media marketing practices within these companies can be outlined, as well as the gaps in knowledge and faulty approaches which need improvement.

The research objectives of this exploratory qualitative research have been:

O1: Identify the experts' perceptions on social media in general

O2: Discovering the role, limitations and importance which marketing experts assign social media taking into consideration the achievement of specific marketing objectives

O3. Identify the specific social media use by companies, of the decision and motivation behind this choice

O4. Understand how companies' social media activity is budgeted

O5. Exploring how companies allocate human resources to manage social media activities (internal, external or mixed teams)

4. Research Methodology

The investigated collectivity comprises specialists in marketing and communications from Romania, recognized in the field of social media, in terms of the nature of the position they occupy in the company and their experience. The respondents' selection criteria were based on three main elements. First, participants had to hold a management position in the marketing

department (Marketing Manager, Marketing Director) or a management or seniority position within the department in charge of managing the company's social media presence (Media Leader Digital Media Manager, Digital & Consumer Intelligence Manager, Digital Marketing Manager). Second, a minimum of five years' experience (marketing in general or social media in particular) and a seniority of at least one year on that position (so that they had a direct contribution in shaping social media guidelines and activities, be it allocated budgets or strategies formulated) were considered necessary so that respondents could share a mature and well documented vision on the company, the market as well as the studied phenomenon. The third element which was taken into account was the activity sector of the companies represented by the experts. Thus, the considered activity sector was that of fast moving consumer goods (FMCG) present in Romania.

The researched group was composed of six marketing and communication experts from the largest consumer goods companies with a presence in Romania (detergents, cosmetics, personal care products, baby products, food). They agreed to participate in the study and responded positively to the invitation of the author (sent via email or face to face) out of a total of twenty invitations sent to relevant persons of the largest FMCG companies on the Romanian market, with a social media activity in the last year.

The data collection method used by the author was the semi-structured interview, as it was considered to be best suited to adequately address the issue, the exploratory nature of this research and to achieve the objectives set out above. Interviews were conducted during February 2015 - March 2015 at the headquarters of each company, depending on the time availability and schedule of each of the respondents. The interviews lasted 70 minutes on average, and the discussions were saved in audio format, with the consent of the persons interviewed via a free mobile application (Voice Memos). The information analysis was done using content analysis (Schreier, 2012). Interviewed specialists' responses were grouped by exhaustive categories and topics according to research objectives. The research analysis and results are supported by relevant quotes from these responses.

5. Analysis of research results

The analysis and results of the qualitative research among marketing and communication specialists from companies in Romania were grouped into themes and categories according to the research objectives set at the beginning, hence the author will present them according to these objectives for a greater ease in examination.

5.1. Identify the experts' perceptions on social media in general (O1)

All experts have defined social media as the virtual space, consisting of a plurality of platforms and applications that enable online interaction between people or people and companies/brands characterized by specific actions ("like," "share," "post", "comment") and the expression of any type of user-generated content (photos, videos, writings etc.). Moreover, most respondents highlighted some key features of social media, essential both for the company as well as for the individual users: transparency, real-time communication, relevant and up to date information ("fresh information and different viewpoints on the same subject "), openness ("unfiltered communication channel"), direct interaction which is closer to consumers, the benefit of providing prompt or even instant feedback, an answer or a position about any public reaction of a person or institution and a good way to contribute to the successful management of a company's image crisis. Furthermore, interviewed specialists mentioned that often, social media is a very effective way of always being in contact with a large portion of their target audience and a great way to find very valuable information and details from their perspective, which can be used in ongoing activities or to increase the quality of the future ones.

One of the interviewed experts revealed a very interesting perspective on social media, namely their purpose to "promote connections that bring a positive impact on the lives and wellbeing of users".

5.2. Discovering the role, limitations and importance which marketing experts assign social media taking into consideration the achievement of specific marketing objectives (O2)

All interviewed experts believe that social media is important for their company's present communication strategy, being mainly used to convey advertising messages to consumers and to enter into a dialogue with them in order to promote company's various brands and products or to improve its reputation.

A very interesting opinion that some respondents shared was that it is not mandatory for all companies or brands to be present in social media, but certainly the impact of a direct interaction with the target audience has a qualitatively higher effect and in most cases, some positive results. In addition, respondents believe that once the company's social media presence is established, it is very important that it remains consistent in terms of activity, as companies cannot get relevant results without sustained communication in this environment.

Regarding the limitations of social media use, interviewed marketers and communication experts mention some situations to avoid: establishing the company's presence in these environments without a consistent and appropriate budget, addressing and sharing potentially sensitive, confidential subjects, inappropriate social media use by not adapting messages to the channel used, the target audience or the objectives - "Communication cannot be inappropriate under any circumstances, and social media is based on communication. I do not think there are situations where it is inappropriate to use social media, but yes, there are situations where social media is used inappropriately and then it can generate undesirable effects. The same way we communicate, the messages broadcast in social media must be adapted to what we want to broadcast, to whom we are addressing and of course to what we hope to achieve. "

5.3. Identify the specific social media use by companies, of the decision and motivation behind this choice (O3)

All interviewed marketers mentioned Facebook, YouTube and Instagram as the most popular social media tools used by their companies. Several also mentioned Twitter and LinkedIn ("we promote through our employees who are active on these social networks and we serve them as a business card"). The decision to use these tools over others was made taking into account primarily the budgets available, the company's objectives in general and the communication ones in particular, as well as the efficiency of these channels given by the presence of the target audience and the intensity of their use. Some respondents noted that they took the decision to use social media for their company because of the need to be always connected with their target audience, beyond the traditional methods already used and also the need to expand and improve their customer relationship. In addition, some of them have admitted that before starting their social media presence, they first analyzed the activities of the other big players in the industry, as well as the platforms used by their target customers, while others analyzed the type of campaign one has to implement, the company's policy involving regional content and marketing communication development for the brands in the portfolio.

The main social media activities of companies are the promotion of company's products and brands by posting relevant information about them, posting content and showing empathy with consumers on indirect topics to the advertised product, surveys, products usage tips and tricks, contests and promotions - "it is certain that we pay more and more attention to online communication environments. It is a channel that has skyrocketed in recent years, therefore we

must be active in communicating with our consumers. In our industry, TV is still the main promotion channel but the online environment has also shown a spectacular potential."

5.4. Understand how companies' social media activity is budgeted (O4)

Regarding companies' social media activities budget, all the interviewed marketers and communication specialists revealed that they develop it at the beginning of every year and represents a certain share of the total media and communication budget of the company. To set this importance quota, companies take into account the objectives pursued, the time required to achieve these objectives as well as the risks. Moreover, all respondents said they also take into account the return on investment (ROI) when discussing the annual budget approval. Some respondents recognize that depending on objectives and priorities, the monthly social media budget may vary or be recalculated - "we adjust our budget to the objectives pursued. There are months in which we must push on promoting a certain product because we have it on TV and in-store promotion as well. There are months in which we have national promotions and so on. We always plan the online budget correlated with the rest of the environments in which our products are present".

Interviewed marketing and communication experts believe that on average the social media budgets allocated by companies in the fast moving consumer goods sector are about "10% - 15% of the total media budget".

Another interesting thing to emphasize is that respondents pointed out that although there is a company level total social media budget, it consists of the allocated brand level budgets, depending on the specific strategic objectives of each of them.

5.5. Exploring how companies allocate human resources to manage social media activities - internal, external or mixed teams (O5)

All interviewed marketing and communication specialists disclosed that the use mixed teams to manage their company's social media activities. These mixed teams are usually composed of the brand managers and an interactive agency (an advertising agency specialized in online and digital marketing). Some companies even have a more complex social media management team, setting up a special sub department inside their marketing department. This sub department typically consists of a single person (with the position title of Digital Media Manager/Digital Marketing Manager/Social Media Manager) working closely with each brand manager and partner agency.

This mixed teams solution is considered to be the most effective for companies due to the different value that each team member brings, and also because of the advantages linked to a coherent communication and real-time responsiveness to user interactions: the people inside the company know the brands and their strategic positioning and communication the best, while the partner agency employees have an overview of the social media environment in general as well as the industry in which the company operates and rich technical knowledge related to specific social media tools - "This is a team work where each person contributes their own expertise to ensure the best possible and consistent communication for our brands in social media. The two components fit together perfectly and I think they are the ideal recipe to conduct online activities. There is a risk that the person inside the company is too focused on brand promotion and the use of a too corporate language, while the digital agency has the task of reminding us that we are indeed talking about the brand, but we should also not forget whom we are speaking with and how."

In connection with the responsibilities each team member has, they are very well defined. Company employees responsible for managing social media activities outline the strategic directions related to communication objectives, products in promotional focus, communication

direction as well as expected results. The interactive agency and its staff have as main aim the implementation, in an appropriate social media language, of the business objectives communicated by the customer (company), which includes managing Facebook pages and YouTube channels, creating content for them, as well as applications development and competition monitoring.

6. Conclusions and future research directions

For most companies in the fast moving consumer goods sector in Romania, the social media presence is seen as a necessary but not sufficient condition to achieve their marketing objectives. Social media provides organizations with the possibility of direct and personalized interactions with consumers, with prompt answers or feedback to any person or institution's reactions, with receiving users' feedback about companies' brands and products, as well as an effective means to contribute to the successful management of company image crises.

Used inappropriately, social media can also cause inconveniences to companies. For example, the lack of a consistent and appropriate budget, addressing and sharing potentially sensitive or confidential topics by employees in social media or not adapting messages to the instrument used, the target audience or the objectives pursued, can do a lot of harm to the company and its image.

So, at the moment, social media is assuming an increasingly important role in the consumer goods companies' communication policy, being mainly used to convey advertising messages to consumers and to enter into dialogue with them in order to promote various company brands and products or to improve its reputation and its brands.

The social media evolution trend is towards providing larger control and power to users, to the detriment of companies, therefore, in order to interact with their target audience, organizations will have to reinvent the way they interact with consumers, having to make them voluntarily talk about brands. Using personalized content, offered without restrictions, can be an alternative so the company addresses each separate social media instrument, while always bearing in mind the consumer's need for knowledge. The social media development trend will be observed in the increasing budgets allocated for it by companies, as well as more and better trained human resources, allocated to social media management activities.

Therefore, in order to be successful in social media, companies have to invest long-term, to have consistency, continuity and creativity. They do not have to use as many social media tools as possible just because "they are fashionable," but must choose those that allow access and a better communication with their target audience and serve the objectives pursued. Companies must ensure they provide relevant and personalized content for each channel in order to attract the attention of targeted consumers. Also, the best results can be achieved only by integrating social media in the overall communication strategy of the company, traditional media and social media being complementary and contributing to maximizing each other's effects.

An important future research direction is to carry out a representative quantitative research among the companies present on the Romanian market (divided by sector and company size) which will use as a cornerstone the results of the present research. This quantitative research should examine in-depth the social media use, place and role in the overall marketing strategies of companies in Romania.

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The Brand of an Athlete - Reconsidering Its Dimensions

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Abstract
In a world of multiple and diverse sports products (equipment, events, teams, athletes, merchandising, training and coaching services, broadcasting, etc.), the branding process requires a very dedicated approach in terms of product's characteristics, customer profile and market particularities. This article presents the branding process of an athlete, considering a transition from the classical model to a more sophisticated one, in which the brand dimensions are adapted to the nowadays importance of social media and social interactions. Most of the specialized literature is focused on the core dimensions of the athlete's brand (athletic performance, outside the court lifestyle and physical appearance). However, we can see that athletes with the same theoretical core dimensions have very different images, thus leading to the idea that there's more to building the athlete's brand than previously shown. Before presenting the results of a qualitative research on Romanian athletes' image, the article will highlight the usefulness of measuring athlete brand image both for the athlete and the sponsor/endorser.

Keywords: Brand, athlete, sports marketing.

JEL classification: M31.

1. Introduction

In a world of multiple and diverse sports products (equipment, events, teams, athletes, merchandising, training and coaching services, broadcasting, etc.), the branding process requires a very dedicated approach in terms of product's characteristics, customer profile and market particularities. Thus, branding an athlete is different than branding a sports team or an event. This article will focus on the branding process of the athlete, starting from the specialized literature on this subject and then showing how we can develop the existing models of athlete's brand image in order to include more aspects, that are more and more relevant when building and managing this brand.

Most of the specialized literature is focused on the three core dimensions of the athlete's brand (athletic performance, outside the court lifestyle and physical appearance). However, we can see that athletes with the same theoretical core dimensions have very different images, thus leading to the idea that there's more to building the athlete's brand than previously shown.

It can be argued that the athlete needs also a permanent and coherent marketing activity (athlete's media engagement, existing sponsorships and endorsements and the use of symbol/stage name), separated by the core dimensions, as in not sufficient to be a good athlete or a good person or just good looking, you must know how to use these features to your advantages. Important here is the athlete's engagement in media, considering that fans want to know about their favorite player and, moreover, interact with him/her (here social media plays a very important role). We build the athlete's brand to attract sponsorships and endorsements, but we do not think about the fact that there is also a reverse relationship here. The associations with different organizations can influence the brand of an athlete in a positive or a negative way, thus we must look and these associations as part of the athlete's brand. The use of a symbol/stage name can help better explain or even impose the brand on the market. For example, the NBA player Dwight Howard uses the symbol of Superman, which sends a message of power and invincibility.

Beside marketing actions, a second addition to the athlete's brand model that this article

proposes refers to the external factors, considering that the brand of an athlete depends on the good or bad image that his/her club has (you can think how easy is to build up a brand for an athlete playing for Real Madrid, for example, compare to building the brand of a player from an unknown football club). An important external factor is also the values of the sport he/she is playing (elegance for gymnastics, toughness for box or resistance for marathon runner, all these contributing to the image that one makes of a player without knowing anything about him as a person). Going even wider, we must take into consideration that the brand of an athlete is influenced by the national perspective on sports. For example, there are countries where athletes are not seen very good, since from the beginning people had to choose between sports or school, thus those who have chosen sports are seen as not very bright. In an opposite manner, in the US, being an athlete is something that is worth praising, knowing that such a person had made sacrifices in his life balancing sports and school.

All the above-mentioned factors will be integrated in a new model for branding the athlete, showing how they can influence this process and setting the premises for a statistical viable testing in order to make the transition from a conceptual model to an operational one.

2. Literature review on Branding in Sports

Defining the brand concept is not an easy process, as we can find a "plethora of definitions" (Chernatony & Dall'Olmo Riley, 1998) in the marketing literature, but the concept doesn't have yet a universally accepted one, not to mention building a brand model. Maurya and Mishra (2012), leading from an earlier classification of Chernatony and Dall'Olmo Riley (1998), present 12 themes that we can find in the existing definitions of the brand concept: brand as a logo, brand as a legal instrument, brand as a company, brand as a shorthand, brand as a risk reducer, brand as an identity system, brand as an image in consumer's mind, brand as value system, brand as a personality, brand as relationship, brand as adding value and brand as an evolving entity.

The American Marketing Association (AMA) defines the brand as a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." (AMA, 2007) Considering that this definition is rather outdated, the association comes with an added definition: "A brand is a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary." (AMA, 2009).

One of the most known branding experts, David Aaker, discusses the brand from a value point of view – brand equity. He defines this concept as the set of brand assets and liabilities linked to the brand – its name and symbols – that add value to, or subtract value from, a product or service. These assets include brand loyalty, name awareness, perceived quality and associations (Aaker, 2009). In the marketing literature, the equity represents the basis of building brand models, one on the most valued being Keller's Customer-based Brand Equity (CBBE). According to this model, building a strong brand involves four steps: (1) establishing the proper brand identity, that is, establishing breadth and depth of brand awareness, (2) creating the appropriate brand meaning through strong, favorable, and unique brand associations, (3) eliciting positive, accessible brand responses, and (4) forging brand relationships with customers that are characterized by intensive, active loyalty (Keller, 2001).

In the sport industry, Keller's model represents a blueprint for specialists that define sports brands and build models for this industry (Gladden & Funk, 2002; Kunkel, Funk & King, 2009; Parmentier & Fisher, 2012; Arai, Ko & Kaplanidou, 2013).

The literature for sports branding can be classified upon the sport element that is discussed:

team, event, league, athlete. Considering the multiple differences between these sports elements, a singular model for brand building will be impossible.

There are authors that focused on branding for sports teams (Gladden & Funk, 2002; Braunstein & Ross, 2010), trying to identify ways of building the brand starting from the existing literature and adding layers according to the special characteristics of sports. One of the most known model for sports team brand model is the one developed by Gladden and Funk (2002), called Team Association Model (TAM), which consists of 16 dimensions divided into 3 categories: attribute (success, head coach, star player, management, stadium, logo design, product delivery, and tradition), benefit (identification, nostalgia, pride in place, escape, and peer group acceptance), and attitude (importance, knowledge, and affect). Braunstein and Ross (2010) have a different approach on team brand, starting from the existing literature on personal brand. They have tested the brand personality in sport, the dimensions incorporated into the instrument being derived from Aaker's original Brand Personality Scale. The resulting structure of the instrument included 40 items assessing the following six identified factors: Competence (14 items), Sophistication (10 items), Sincerity (7 items), Ruggedness (3 items), Community-driven (3 items), and Classic (3 items).

On an even bigger level, there are authors that analyzed the brand of a sport league, such as Kunkel, Funk & King (2009), who developed a League Brand Associations Model (LBAM). Their study started from the need to see if team brand dimensions are also applying to sports leagues. Using the dimensions identified by previous mentioned authors in sports team brand, Kunkel et al. results suggest that 12 team-based brand associations can serve as league-based brand associations: commitment, tradition, excitement, star player, rivalry, nostalgia, community pride, socialisation, diversion, logo design, league management, organizational attributes.

In most sports marketing literature, the brand of an athlete is approached either from the perspective of personal brand or Keller's Customer-based Brand Equity. Using existing literature on professional image, celebrity, as well as personal brand studies, Parmentier and Fisher (2012) present the brand of an athlete as a result of linking professional image (specializing and seeking high-status playing opportunities) and mainstream media persona (providing publicity visible persona cues and creating opportunities to enhance end-consumer awareness).

However, there are more authors that addresses athlete brand image starting from Keller's model. We can mention here the work of Arai, Ko and Kaplanidou (2013) who developed a Model of Athlete Brand Image (MABI) based on three dimensions: athletic performance, attractive appearance, and marketable lifestyle. In order to test the model, they have also developed a Scale of Athlete Brand Image (SABI), determining the importance of each factor and the relationship between them, as seen in Figure 1. The MABI consists of three dimensions (i.e., athletic performance, attractive appearance, and marketable lifestyle) and 10 sub-dimensions. The first overarching dimension, athletic performance, consists of four sub-dimensions (i.e., athletic expertise, competition style, sportsmanship and rivalry). The second overarching dimension, attractive appearance, consists of three sub-dimensions (i.e., physical attractiveness, symbol and body fitness). The third overarching dimension, marketable lifestyle, consists of three subdimensions (i.e., life story, role model, and relationship effort) (Arai, Ko & Ross, 2013).

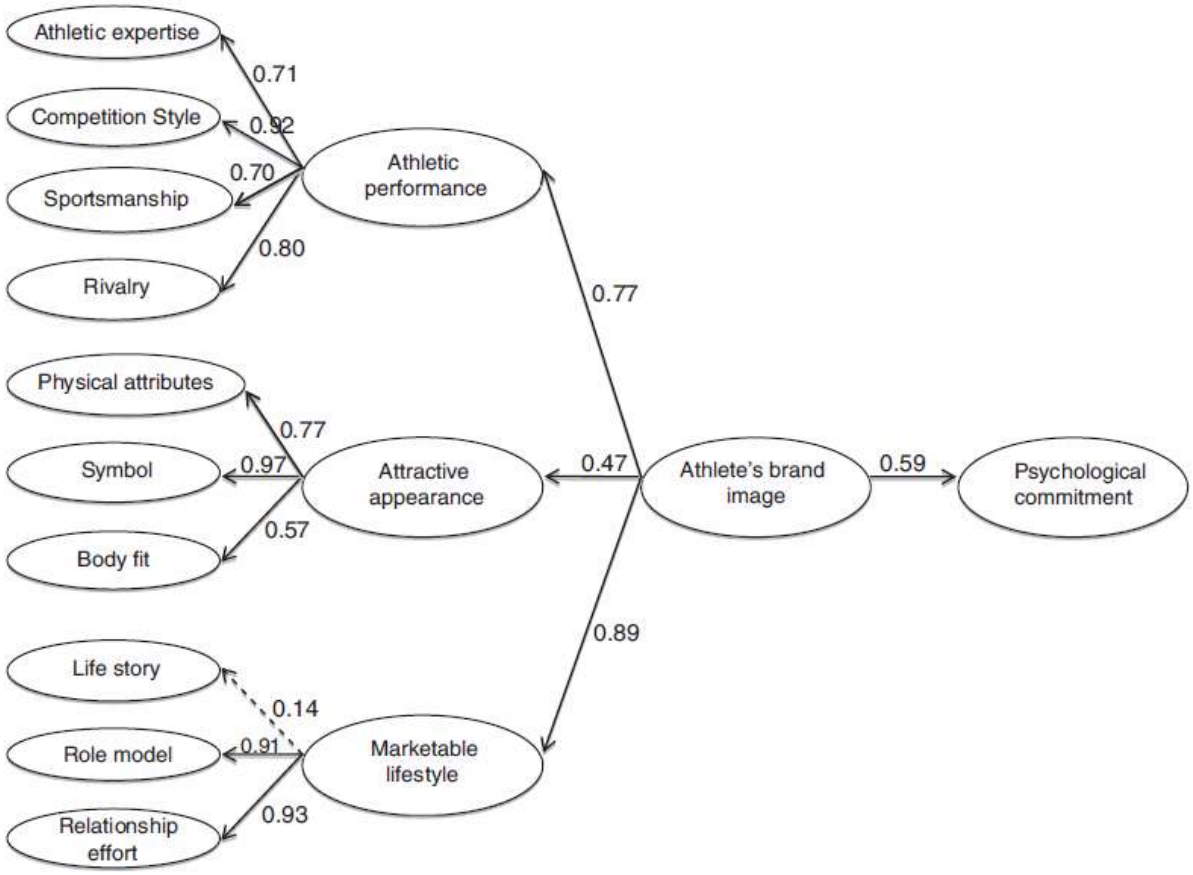

Figure 1. Model of Athlete Brand Image
Source: Arai, Ko and Kaplanidou (2013), p. 397

3. Researching the Image of Romanian Athletes

3.1. Research Methodology

In order to test how the above-mentioned literature on athlete's brand is matching the specific characteristics on a national market, a qualitative research was conducted, with the main objective of evaluating the brand image of Romanian athletes.

For this research, a qualitative method was used, considering that the focus was on mental associations and motives that led to such associations. Five focus groups were organized, two with young people that play sports, two with young people not involved in sports activities and one mixed. The participants were aged between 18 and 30, residents in Bucharest.

The focus group was structured on 4 main topics:

- Young people attitude towards sports;
- Brand awareness for Romanian sports personalities;
- Athletes that young people like and the reasons that led to this positive image; the same thing for international athletes;
- Athletes that young people dislike and the reasons that led to this negative image.

3.2. Research results

3.2.1. Young people attitude towards sports

Generally, young people tends to have a negative attitude towards sports, most of the time linked to its compulsory status in school.

"I don't like it very much because it was forced on me in school"

"I don't do more than it's already imposed by the educational system"

However, there is a segment of young people that describe themselves as being active, thus sports represent an important part of their life.

"My relaxation comes from jogging"

"When I'm at the gym, I can defuse after a day's work"

At a declarative level, Romanian young people see the benefits of practicing sport activities, however most of the time they postpone this activity in favour of other entertainment options.

"I will like to do more sport, but I don't have the time"

"Once I get home, there are other things to do…and sports comes last"

3.2.2. Brand awareness for Romanian sports personalities

When asked at a spontaneous level, sport active young people can mention more easily sport personalities, most of the time having as top of mind athletes from their favorite sport.

Adi Popa (football), Simona Halep (tennis), Cristina Neagu (handball), Virgil Stanescu (basketball)

Those people rather inactive in terms of sports are divided in two categories:

- Those that are mentioning former glories of Romanian sport
  Gheorghe Hagi (football), Nadia Comaneci (gymnastics), Ion Tiriac (tennis), Cristi Chivu (football), Adi Mutu (football), Gabriela Szabó (running)
- Those that are mentioning athletes with high media coverage nowadays
  Simona Halep (tennis), Ana Maria Branza (fancing), Lucian Bute (boxing), Catalina Ponor (gymnastics).

3.2.3. Athletes that young people like and the reasons that led to this positive image

The Romanian athletes with the best image within the young generation are:
Simona Halep, Gheorghe Hagi, Cristi Chivu, Cristina Neagu, Catalina Ponor.
Among the reasons that led to this positive image the participants mentioned:
"Because she's winning a lot these days" – Simona Halep
"Because he's the best football player Romania had" – Gheorghe Hagi
"He's a family man"- Cristi Chivu
"She's a team player" – Cristina Neagu
"She is beautiful and delicate" – Catalina Ponor
Talking about international athletes with a positive image, the ones mentioned the most were: *Michael Jordan, Novak Djokovic, Lionel Messi, Cristiano Ronaldo, Usain Bolt, David Backham, Zlatan Ibrahimovic, Lebron James.*
The reasons behind such a positive image are:
"He's funny"
"Because he's communicating a lot with his fans, especially on Facebook and Twitter"
"He has a very attractive line of clothes"
"He looks very good"
"He's cool"
"Because he's the king of basketball".
As it can be easily observed, the participants were better at mentioning and discussing foreign athletes, as the Romanian ones are not so publicized and used in promotional campaigns.

3.2.4. Identifying the athletes that young people dislike and the reasons that led to this negative image

When talking about athlete with a bad image, the first name that came up was the one of Adrian Mutu, a football player that, even if appreciated for his athletic performances, he will be remembered for his drug problems. As it turned out, in this category of athletes with a bad

image participants mentioned "*football players in general*".
Some of the reasons that led to this bad image perceived by the public are:
"Because of his drug problems"
"Because they don't act like athletes, they party and drink"
"Because all I know about them is linked to a scandal"
"They don't know how to speak correctly"

Correlating the information obtained from this qualitative research with the athlete's brand image model presented in the second section of this paper, we can conclude that there are more factors to be considered in the nowadays sports environment, as will be presented in the following section.

4. Reconsidering the Dimensions of the Athlete's Brand Image

The model presented in this section will take into considerations the literature review results, considering the factors identified there as core dimensions, to which will be added two new categories: marketing actions and external factors, as seen in Figure 2.

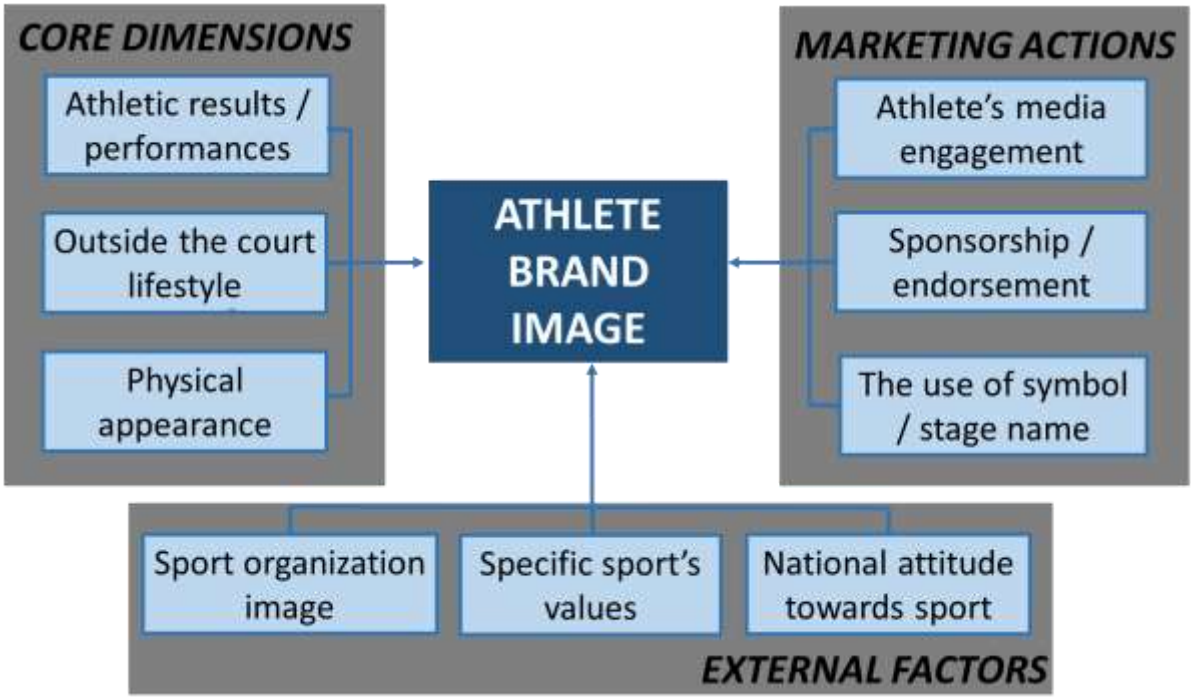

Figure 2. Athlete's brand image model
Source: realized by the author

4.1. Core dimensions

The first category of factors that build up the athlete's brand image – core dimensions – refers to the athletic results / performances, outside the court lifestyle and physical appearance.

Athletic results / performances

When considering the image of an athlete, the first natural thing to mention will be his/her performances on the court, this being the most mentioned dimension in sports brand literature. For celebrity athletes is extremely important to remain competitive in order to provide the most marketing benefit (Chadwick & Arthur, 2010).

Outside the court lifestyle

Considering the social role that an athlete must have, his/her image is now extending beyond the game, into the public life and even personal one. Outside the court lifestyle is nowadays maybe even more marketed than the actual sports results, considering the fact that people can better relate with the everyday actions rather than the extraordinary on court performances. If managed correctly, this dimension can transform the athlete into a role model, leading to a very respected image both among the sports fans and regular people, as well as potential sponsors and endorsers.

Physical appearance

The third core dimension puts emphasis on the physical appearance of the athlete, considering that the attractiveness of a fit body always sells. When we think about sports we think about fit people, about a healthy body and mind and this is the reason for which the image of an athlete can be built on this dimension. Sometimes this is the only dimensions used in order to build the brand of an athlete and we have here some examples of sportspeople that everyone knows, but few can mention a sport-related fact about them (titles, championships or other career performances).

4.2. Marketing actions

The above-mentioned model takes the core dimensions and builds up from that, using marketing actions. The main reason for which this model extracts the marketing actions and puts them all together in a specific category is related to the fact that marketing makes the athlete visible for the public and, if this connection element is not considered, then it is most likely for the athlete to remain anonymous.

Athlete's media engagement

In early athlete's brand image models, we can find a sub-indicator that relates to this one – relationship efforts (included in the marketable lifestyle), referring to the athlete's positive interactions with fans. However, considering, for example, just the expansion of social media, it's imperative to treat this dimension with the due importance.

With so many of social media outlets now available, an athlete's overall reach is nearly unlimited. He/she can target specific audiences – whether it's the fans, supporters, and/or business opportunities. The athlete should engage with their audience on a daily basis by posting updates, responding to comments, and providing fresh content (Burgunder, 2016).

As mentioned earlier, people search for someone to relate to, thus the athlete must have the same characteristics and values, and, moreover, have the willingness to engage with his/her fans. We could see this also in the qualitative research presented in section 3, when young people explained their likes also in term of engagement (*"because he's communicating a lot with his fans, especially on Facebook and Twitter"*).

Sponsorships and endorsements

Sponsorships and endorsements are most of the times used only to monetize the athlete's brand. As it is difficult to put a number besides this concept, most organizations use the amount of money earned by the athlete through these deals as an indicator of the athlete's value. However, we must see these associations also in terms of input factor in athlete's brand.

We build the athlete's brand to attract sponsorships and endorsements, but we do not think about the fact that there is also a reverse relationship here. The associations with different organizations can influence the brand of an athlete in a positive or a negative way, thus we must look at these associations as part of the athlete's brand (a good example here is Cristiano Ronaldo that had for a long time an endorsement with Herbalife, leading to an image of a complete athlete that is taking care of his health; however, in 2014 Ronaldo made a quite strange turn in this matter when associating with the fast-food chain KFC).

The use of a symbol / stage name

If build correctly, this dimension can better explain or even impose the brand on the market. For example, the NBA player Dwight Howard uses the symbol of Superman, which sends a message of power and invincibility. LeBron James is seen as the king of basketball, which equals with being number one, but without the need of also stating it. In Romania, Gheorghe Hagi is mentioned in media as the king (having more than 250,000 results on search engines with this association), Adrian Mutu is referred as the brilliant (for his remarkable moves and actions on the football field).

Having a stage name or a symbol that is well-known and accepted by the people can represent the foundation on which the brand is build. Continuing the example of LeBron James, we can see the symbol of a crown also in his logo.

In order to be used for brand building, the symbol/stage name must be in the control of the team that manages the athlete, in other words, must be a positive association, that favors the athlete.

4.3. External factors

Sport organization image

The brand of an athlete depends on the good or bad image of his/her club. Building up a brand for an athlete playing for Real Madrid is more effortless compared to building the brand of a player from an unknown football club.

The popularity of a team and/or sport commonly acts as a trigger to increase awareness and athlete associations. For instance, many supporters applaud athletes while they are playing just because they are members of their favorite team (Hasaan et al., 2016).

Specific sport's values

Besides the generic sport values, such as discipline, hard work, sacrifice, teamwork or fair play, an important external factor is also the values of the sport the athlete is playing (elegance for gymnastics, toughness for box or resistance for marathon running), all these contributing to the image that one makes of a player without knowing anything about him/her as a person. The convergence between specific values of the athlete practiced sport and athlete's own values can enhance also the brand. This dimension is also important when a company decides to sponsor or endorse an athlete, as the sport's values must align with the ones of the company.

National attitude towards sports

To expand further, we must take into consideration that the brand of an athlete is influenced also by the national perspective on sport. For example, in Romania we do not see athletes in a very good light, since from the beginning people had to choose between sports or school, thus those who have chosen sports are seen as not very bright, a wrong association in most cases. In contrast, in the USA, being an athlete is something that is worth praising, knowing that such a person had made sacrifices in his life balancing sports and school.

In Romania, this relatively negative perception of athletes is a consequence of several factors, among which media plays an important role. As seen in the previous section that presents the results of the qualitative research, when explaining the bad image, people say all the information that they have on athletes is linked to a scandal. It's a very well-known fact that media most of the times uses sports for profit and in very few occasions for public education. Taking the profit objective into consideration, the reasonable thing to do is build a positive image for the factors that can bring you money – such as sports. Thus, is incomprehensible how Romanian mass media tends to focus on the scandals and afterwards wonders why people are not watching sports on TV.

5. Managerial implications and future researches

The need to build a model for athlete's brand image stands in the fact that this offers opportunities both for the athlete and his/her partners (sponsors, endorsers, sports teams and leagues):

- For the athlete:
  - Obtaining financial resources through sponsorship and endorsement;
  - Getting good contracts;
  - Potential extension of the brand after retirement from sports;
- For sponsors/endorsers:
  - Identifying the most appropriated associations;
  - Sports Assets Portfolio Management (Pinto, 2013);
- For sports teams/leagues:
  - Building own brand through the synergies of the club's athletes individual brands;
  - Obtaining financial resources and sponsorship/endorsement contract by using the athletes as competitive advantages.

And this model it's not just about building the brand, is also about maintaining it, which can be equally difficult, considering that sports are very dynamic and most athlete carriers are so fluctuant in terms of performance.

The present state of the research showed that for each factor mentioned in Figure 2, there are a lot of sub-factors that need to be tested in order to see the relevance of their influence. These will be the next phase of the study: identifying these sub-factors and building up a research methodology in order to determine which factors and sub-factors are relevant and to what extent.

6. Conclusions

In a world in which winning represents the main objective, having a coherent process for brand building is the key of success. The world of sports it's a complex and heterogenic one, in which athletes, even good ones, can be lost easily. This is the reason for which the athlete must have a brand build upon specific characteristics, both related and unrelated to his performances, characteristics that will be presented to the public through a continuous marketing activity, taking into consideration the external factors that can affect the athlete's brand, such as his/her team image or the national context related to sports.

As we can see, we need a holistic approach to building the athlete brand, as no factor can stand alone and lead to a better image than their synergy. And all these factors are subject to change upon the sum of all his/her experiences within the sports field and beyond.

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