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Contents

CALL FOR PAPERS - 7TH INTERNAITONAL CIRCLE CONFERENCE

Hosted by:

Escola Superior de Hotelaria e Turismo do Estoril (ESHTE)

(Estoril Higher Institute for Tourism and Hotel Studies)

Estoril/ Lisbon

Portugal

7th - 9th April 2010

Keynote Speaker: Prof. Leo Dana - Senior Advisor to the WTO for small businesses

The 7th (annual) International Conference for Consumer Behaviour and Retailing Research is organised by Centre for International Research in Consumers Location and their Environments (CIRCLE).

The Centre engages in interdisciplinary research and consultancy projects in order to explore and examine consumer behaviour in local, regional, national or international

Contexts for a range of service industries including events, finance, hospitality, leisure, marketing, retailing and tourism. All research activities/projects/conference proceedings are disseminated with the dual purpose of assisting managers and practitioners who work in the industry as well as fuelling further academic study and debate in this important emerging research area.

Investigating international/global environment, the Centre is international itself – with the following partnering institutions: Leeds Metropolitan University (Tourism, Hospitality and Events, Faculty of Business and Law, Innovation North), Estoril Higher Institute for Tourism and Hotel Studies, Portugal; University of Nicosia, Cyprus; Zagreb School of Management, Croatia; University of Applied Sciences Albstadt/ Sigmaringen, Germany; The Graduate School of Business & Economics, University of Zagreb, Croatia; University of Applied Sciences Vorarlberg, Austria; King Fahd University of Petroleum & Minerals, Saudi Arabia; University of Canterbury, New Zealand; University of Applied Sciences Liechtenstein; University of Szczecin, Poland; University of Central Lancashire, UK; University of Gloucestershire, UK; University of Salford, UK; University of Rijeka, Croatia; University of Sarajevo, Bosnia; University of Calabria, Italy; University of Reggio, Italy; Business Academy Chalkida, Greece; University of Sapienza, Italy; University of Siena. The 6th conference saw the membership rise to over 70 universities with new members from Macedonia, Albania, Taiwan, India and Japan. With more participants/members and more partnering institutions joining the CIRCLE, the sustainable quality development and positive competition will be the catalysts of fruitful academic and professional co-operation in the field.

The 7th International Conference for Consumer Behaviour, Tourism and Retailing Research Conference has two goals. The first goal is to provide an international environment for different academic/professional approaches and discussions on recent development in consumer behaviour and retailing theory/practice in contemporary turbulent business arena.

The second goal is to provide the opportunity for young scholars, practitioners and PhD students to have their work validated and benchmarked within the benevolent academic and professional community of colleagues from different international contexts. The young scholars, studying for their PhD are invited also to their symposium and to meet with their supervisory team.

With more participants/members and more partnering institutions joining the CIRCLE, the sustainable quality development and positive competition will be the catalysts of fruitful academic and professional co-operation in the field.

Focus of the Conference will be on various aspects of contemporary political, economic, social and technological environment for international business practice(s) and their target market(s) with special emphasis on retailing, hospitality, tourism and events.

The Conference Tracks will cover the following areas:

Marketing Communications And The Impact On Consumers

Innovative Practice And Methods In Marketing And Consumer Behaviour

Role Of Relationship Marketing On Consumer Behaviour

Marketing Concepts and "Tools" Within the International Context for Retailing, Hospitality and Tourism.

Quality And Service Operations In Hospitality Management

Changing Impacts Retailing Through Strategy, Marketing And Policy

Inter-Cultural and Globalisation Aspects in Retailing, Hospitality and Tourism.

Retailing And Merchandising For Local And International Organisations

Sustainable Policy, Politics And Events

Economic, Social, Technological, And Environmental Impacts

The Pilgrimage Management And Religious Festivals

Contemporary Cross-Cultural Festivals

Costing And Pricing Strategies For Hospitality, Tourism And Events Organisations

Enhancing Graduate Employability In Retailing, Events, Hospitality, And Tourism

International Forum Of PhD Students: Work-In-Progress Challenges

Fashion Marketing

There is also the symposium for PhD students. This year it will focus on

International forum of PhD students: work-in-progress challenges

Meet editorial board members and discuss the opportunities for publication

There will be 2 sessions for Poster presentations for any participant

Paper submission/Poster presentations and Review Process

Please send an abstract of no more than 500 words by 26th October 2009 to the Organising Committee. Abstracts should clearly state the purpose, results and conclusions of the work to be described in the final paper. Key words (3-5) should be enclosed to abstract. Please, provide full names, affiliations and

up-to-date contact details (postal address, university/business address, e-mail, and telephone and fax numbers).

Both abstracts and final papers will be double blind reviewed. Authors will receive abstract acceptance notice from the Organising Committee by 23rd November 2009 - at latest. Full papers should be submitted by 25th January 2010. The following should be the correct format for the submission of abstracts and papers:

English is the official language of the 7th International Conference for Consumer Behaviour and Retailing Research.

Submission format

All abstracts and final papers should be submitted in English, checked for correct grammar and spelling, both a hard copy and e-mailed to g.vignali@mmu.ac.uk in Microsoft Word format.

PhD Students

All participants in the status of PhD students will be contacted by 15th January 2009 and suggested to join the International forum of PhD students: work-in-progress challenges – informal moderated workshop on PhD planning, methodological choice and data collection. In addition PhD supervisors will be there to discuss the research process and offer some thoughts for best practice.

PhD students can also present at the conference. For those students who wish to present their work formally, at the conference, please follow the Paper Submission and Review Process that has been shown above

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Registration fee:

The fee will be £360[sterling] and this includes the proceedings, subscription to the IJMC, lunches, coffees and the Gala dinner. Two half day excursions.

PhD students will have a £100 discount.

Details of venue, accommodation and transport and extra activities will be sent out to all the participants nearer the time.

Details will be posted on the journal web page, the circle web page and the university web page late summer 2009

VALUE BASED MANAGEMENT IN SMALL AND MEDIUM-SIZED COMPANIES – THREATS AND OPPORTUNITIES

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Abstract

Surveys show that up to now small and medium-sized enterprises (SMEs) hardly have introduced value based management as a management approach. Globalisation and financial crisis have led to a higher competition for liabilities and equity. This is not only the case for publicly listed companies but also for SMEs, as we can see at the moment with the credit crunch. Therefore companies have to align them better to the needs of the capital providers which mainly focus on a risk-adequate return. Value based management principles and instruments are very much suitable to support a capital-provider perspective. Proponents of value based management approaches rate the shareholder's view as central aspect for the management of a company. Value based management is an overall management approach that aims at the sustained and consistent long-term creation and maximization of shareholder value. Despite the results of studies showing little dissemination of value based management in SMEs there is a number of hints that SMEs make use of some value based management criteria. Perhaps value based management has however to be adapted to the specific company.

After a brief introduction to value based management a comparison between studies about value based management will be given. The characteristics of SMEs will be worked out. The most important aspects of value based management for SMEs will be elaborated and described. Based on these empirical findings some thoughts will be developed how value based management could be introduced in SMEs. The main threats and opportunities of value based management will be discussed. Finally there will be an outlook.

The paper investigates value based management for SMEs from an academic perspective. Nevertheless the findings are very helpful for owners or managers of SMEs considering value based management as an option to improve access to equity and liabilities as well as implementing a long-term orientated holistic enterprise management. SMEs using value based management will gain competitive advantages not only on short sight but also in the long run.

Key words: value based management, small and medium-sized enterprises, value management

Introduction

Value Based Management (VBM) is one of the central management philosophies. The first application of VBM approach can be seen in the concept of shareholder value developed by Rappaport in 1986. Aspects of VBM include creating value, management for value and measuring of value. (Koller, 1994:87). VBM has been widely discussed in the economic literature. VBM is not, however, aimed solely at increasing the value of the business, but represents an approach to management that makes sustainable economic development possible. VBM can, in principle, be implemented by any business, irrespectively of its size or its utilisation of the capital market. Large, stock market-orientated businesses have been using the concept of value based management for years (Britzelmaier, 2009a:11). Although Small and Medium-Sized Enterprises (SMEs) are a crucial part of the German economy representing the vast majority of the companies (Mulhern, 1995:83), surveys show that up to now SMEs hardly have introduced VBM as a management approach.

By contrast, environmental changes such as new regulations for granting credits (Basel II) and efforts to implement IFRS for SMEs are fostering the usefulness of the basic principles of VBM as a management concept for SMEs (Müller, 2006:237; Rautenbach and Müller, 2007:1821). Besides these impulses globalisation and financial crisis have led to a higher competition for liabilities and equity which enhances this usefulness and necessity. Therefore companies have to align them better to the needs of the capital providers which mainly focus on a risk-adequate return.

Because of the discrepancy between the lack of studies on VBM in SMEs and the rising reasonability and necessity, our aim is to explicate the characteristics of SMEs, to consider the most important aspects of VBM for SMEs and to derive main threats and opportunities of value based management.

Comparison between studies about Value Based Management

An increasing amount of publications, symposia and media presence about SME can be observed (Becker and Ulrich, 2009:2). All surveys show that the German economy is characterized first and foremost by around 3.6 million SMEs. Some 99.7 percent of all companies are SMEs. Most SMEs are managed by the owners themselves, meaning that for the majority shareholder and management of the company are frequently the same. Companies are often handed down from one generation to the next. Around 95 percent of German companies are family-owned. Figure 1 illustrates the SMEs in Germany by their legal form.

Figure 1: SMEs by their legal forms, Germany
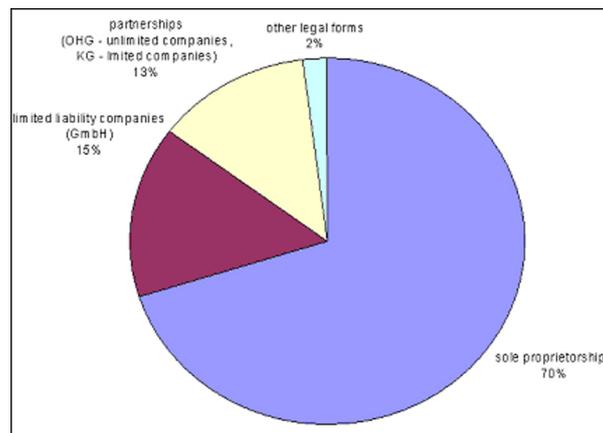
Nearly 70 percent of all SMEs perform as sole proprietorships meeting almost no formal or legal requirements. A sole proprietorship is the typical legal form for German SMEs of all sectors. Especially in manufacturing as well as in wholesale and commission trade a large number of SMEs are constituted as limited liability companies (GmbH). It can be assumed that the legal form of a limited liability is primarily chosen to restrict the financial risk of the involved owner-manager(s). This is to say that enterprises in the legal form of limited liabilities in most cases have to be regarded as classic SMEs; as long as the do not exceed the

respective quantitative size-thresholds (Institut für Mittelstandsforschung Bonn, 2009).

We will compare the results of three studies about VBM in SMEs in Germany. The surveys were launched with mostly the same criteria.

In April 2006 Günther and Gonschorek published the results of their survey which was launched in the period of January and February 2006. In their study, 2,000 German small- and medium-sized companies randomly selected through a stratified sample were investigated by using a standardized written questionnaire to receive information about the dispersion of value-orientated attitudes,

application of VBM methods, and factors of influence supporting or hindering the diffusion of VBM in German SMEs. Based on 307 usable questionnaires valuable insights have been gained into the attitudes of managers and owners about

value based management, applied methods, and interconnections with other management systems (Günther and Gonschorek, 2006). Figure 2 will show this.

Figure 2: Management instruments in SMEs (Günther and Goschorek 2006)
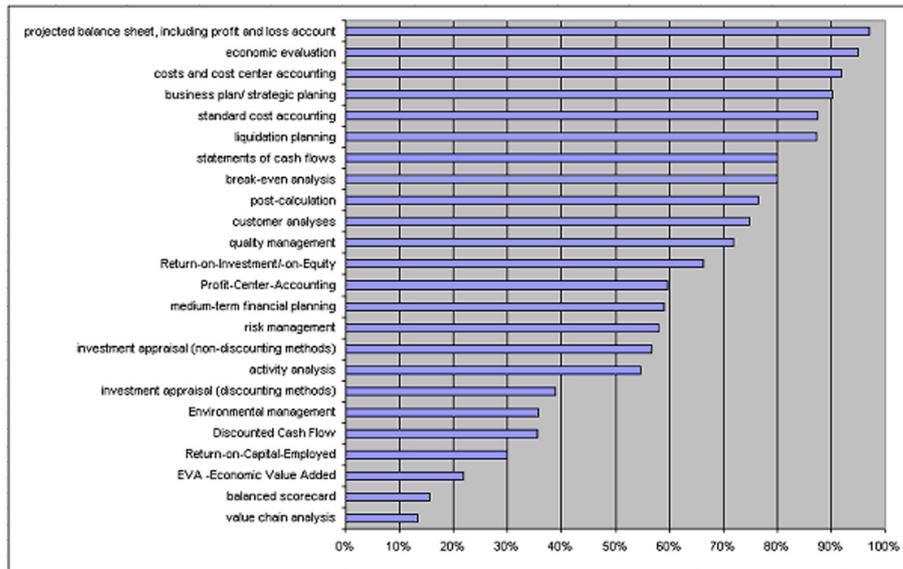
Figure 3: Management instruments in SMEs (Berens and Krol 2009)
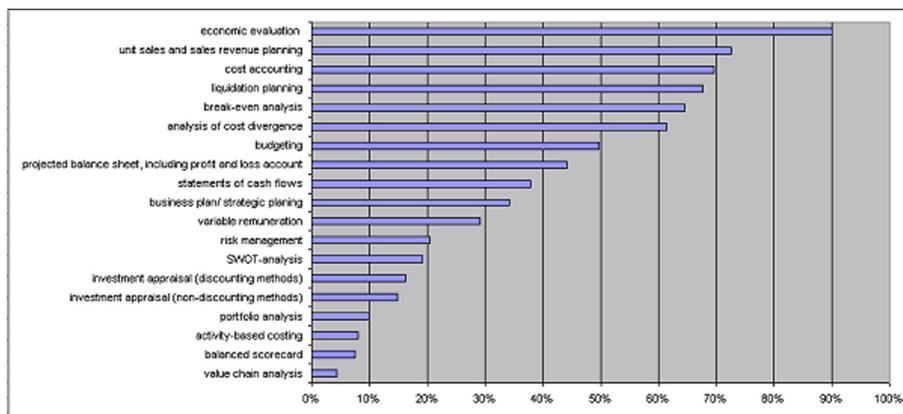
The aim of Berens and Krol was to attain explanation about the status quo of the management of small business and above the implementing state of value-oriented principles in the enterprise management of these companies. Their evaluation outlines the central results of the survey to the „VBM in SMEs". A data base of the following results are 214 useable

questionnaires (Krol, 2009). In the following figure the management instruments are shown which are used by these companies.

It is evident that in particular operative management instruments are widespread by the management of the questioned enterprises.

The latest survey especially directed on SME in Germany has been conducted and published Britzelmaier, Thiel Kraus to find more about the relevance and the instruments of controlling in SME. 180 companies took part in the study. The following figure shows in details the result of the empirical study in specific on the controlling instruments which are used in practice in the participating companies (Britzelmaier, Thiel and Kraus 2009:12):

It shows that in smaller companies operational controlling instruments are still more common than strategic ones and also the organisation of controlling activities is dependent on the company size.

All three surveys show clearly: Focusing on different management instruments it can be concluded that operational controlling instruments are more widespread than strategic respectively value based ones.

Characteristics of SMEs

Small and Medium-sized companies can be described by means of quantitative and qualitative criteria. There are several quantitative definitions. The Institut für Mittelstandsforschung Bonn (Bonn Institute for Research into Medium-Sized Companies) classifies businesses with up to 499 staff or an annual turnover of a maximum of € 50 million as medium-sized companies. Quantitative criteria cannot, however, reflect the variety of medium-sized businesses. They must be extended to include qualitative factors in order to identify the characteristics of medium-sized companies (Institut für Mittelstandsforschung Bonn, 2009: KMU-Definition des IFM Bonn).

Figure 4: Controlling instruments in SMEs (Britzelmaier, Thiel and Kraus 2009)
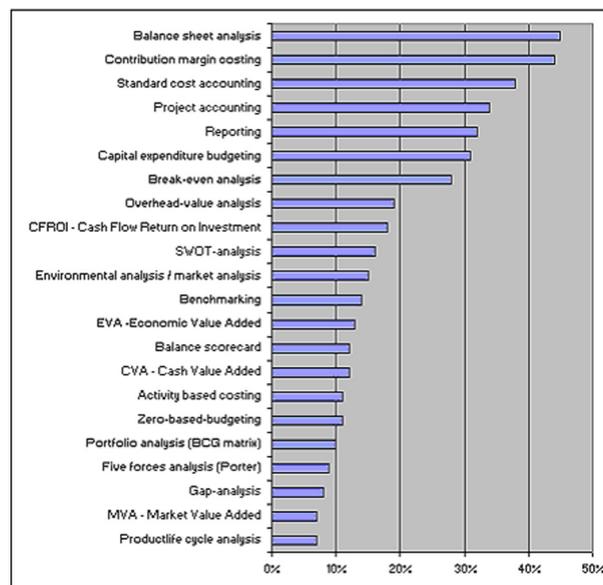
Alongside their legal and economic independence, SMEs are distinguished by the identity of their ownership and management. The functions of the owner and those of the manager are carried out by the owner-manager. Thus, the principal-agent problems of large businesses are less relevant. As the owner-manager is normally the sole decision-maker, he is of key significance for the business and has a correspondingly high level of influence on management. The positive characteristics resulting from this individual-dependent business structure, such as high adaptability and flexibility with regard to strategy and planning are matched by some disadvantages. Many activities are carried out by one person fulfilling several roles in medium-sized companies. Thus, the risk arises of management being far too patriarchal, carried out by a manager who is not sufficiently qualified.

Management is frequently very tightly bound to operational activities. This is regarded as a cause of the "neglect of both strategic and formal planning" that can be observed. This phenomenon of a failure to set concrete business targets and the absence of an institutional planning process in medium-sized companies is described as a planning loophole (Tappe, 2009:32).

A clear separation of the personal, meta-economic targets and the primarily financial, business targets is often not possible. The study by Krol also shows the great significance of meta-economic targets, which are independent of the business and/or are in family ownership for medium-sized companies in particular (Krol, 2009:10).

Being tied in to a narrow, regional network of relationships is also characteristic of medium-sized enterprises. The significance of these relationships for the success of the business is clearly higher than is the case in large enterprises. Krol's study also shows the great importance of other stakeholders alongside the owners in setting business targets (Arbeitskreis „Wertorientierte Führung in mittelständischen Unternehmen", 2003: p 525).

A further feature lies in supplying resources. Usually there can be no recourse to other staff and separate controlling departments that guarantee the necessary support for management often do not exist. Mostly, there are just a few individuals who have expert knowledge in the business, which leads to reliance on these staff. In addition, the information and communication technology and therefore the documentation, too are normally much more modestly set up in comparison to large businesses (Arbeitskreis „Wertorientierte Führung in mittelständischen Unternehmen", 2003: p 525).

SMEs often do not have access to the capital market as they do not meet the requirements of the modern capital market. Modern forms of equity financing are often rejected. This leads to great dependence on financing by the local banks, which can be regarded as an important stakeholder in the business. This is also shown in Krol's study, in which just under 78% of medium-sized businesses state that they "frequently" or "very frequently" draw on credit from their local bank. (Krol, 2007:4).

The most important aspects of Value Based Management of SMEs

We assume that VBM consists of two basic ideas: The consideration of payment-related factors (e.g. cash flow) with respect to the timing of their accrual is preferred to factors connected with accounting. Furthermore, investments are only regarded as advantageous if a net present value is achieved, taking into account capital costs commensurate with risk. Consideration of these two principles leads to a better distribution of capital: management and decision-making are long term and more clearly related to strategy. This approach can, in principle, be adopted by any business, irrespective of its size and its utilisation of the capital market. The orientation of value based management towards long-term profitable growth suits medium-sized businesses perfectly (Koller, 1994:10).

First of all, an adequate management accounting instrument should consider value based principles. By this we think that preferably a simultaneous consideration of return and risks should be ensured (Gleißner, 2005:17). However, it might also be possible to use different instruments that are separately return or risk oriented to create an overall compensation of return and risk focus in the company. It is rather important that in SMEs the management accounting instruments ensure the provision of decision-relevant value oriented information for the corporate management. Hence key metrics could be used to measure VBM in SMEs. It is not possible to establish a universal measure for VBM due to heterogeneity of SMEs across the world. When measuring VBM for each firm, specifics of each of them have to be considered. It is important to establish an evaluation criterion which has adequate management accounting principles. Traditional accounting measures that were used in 1980s and 1990s have been criticized due to their limited scope for subjectivity of the most recent comprehensive accounting principles. These constructive criticism followed adoption of shareholder value. Shareholder value carries some significant metrics which include Shareholder Value, Economic Profit/EVATM and Market Value Added, Cash Flow Return on Investment/Cash Value Added and Total Business Return (e. g. Ross et al 2003; Britzelmaier 2009b).

Furthermore, we believe that a not reflected adoption of VBM-instruments used in listed companies is not adequate (Welsh and White, 1981:18). Specifics of SMEs necessitate a stakeholder orientation of the management accounting system more than a shareholder orientation. This is due to the high degree of interaction of the SMEs with their environment. This leads to the perception, that in addition to capital orientation, social aspects have to be considered as well, when developing a VBM concept for SMEs. The VBM approach should be derived from a resource-based view of a SMEs endowment with capabilities. Resources are seen as fundamental units of creating value (Achtenhagen and Naldi, 2004:1). Because of limited financial and IT-resources, however, processing huge amounts of data is problematic in many SMEs.

As a conclusion we can say, that the exact definition of VBM always has to be made with respect to the specifics of a firm. This requirement can be met by establishing a modular concept of value based accounting (Beckmann et al, 2002:1217). Using such a modular approach allows a stepwise implementation of different instruments and methods which in sum builds a tailored VBM for each SME. However, VBM has received little attention thus far either in academic studies or in its practical application. Surveys shows the conclusion that SMEs display an underdeveloped use of VBM even in connection with those instruments and controlling processes that could be used by such an enterprise. At the same time, larger medium-sized businesses tend to make rather more use of value based instruments for management.

Treats of Value Based Management

The principle-agent problem is regarded as one of the main reasons for the introduction of VBM in large businesses. There is usually an asymmetry of information between the owners, who constitute the employer or principal, and the management, which is regarded as the employee or agent. By means of value based control, the management can be forced to behave in the interests of the owner. As a result of the identity of owner and management that exists in most medium-sized companies, no principal-agent problem exists and there is no requirement for a control function of this sort. Thus, this incentive for value based management is not important to many SMEs (Britzelmaier, 2009a:19).

The limited resources of medium-sized enterprises represent a serious obstacle to VBM. The documentation and IT structures necessary for the introduction of complex VBM systems often do not exist. This can lead to the absence of the information required for an accurate and detailed calculation of value based metrics. The definition and calculation of the necessary parameters requires an understanding of corporate finance and is associated with considerable cost. The entrepreneurs surveyed by Krol also see this shortage of resources as the biggest obstacle: 38% consider the purchase of new IT solutions necessary, 35% regard an increase in the number of staff as necessary and 30% anticipate higher costs. Krol's study shows that "considerations of complexity and cost constitute, above all, the possible discouragements for a (value based) extension of the management instrument" (Krol 2009:19).

As a result of the mostly technical nature of the careers of medium-sized entrepreneurs, a lack of information about the instruments used in VBM can be detected. 31% of entrepreneurs identify this as a barrier to implementation. This lack of information cannot be overcome, however, because of staff limitations, a shortage of resources and the frequent reluctance to call on external consultants (Krol, 2009:3).

The rejection of the concept of VBM can be regarded as a further reason for its limited dissemination. A large number of SMEs mistakenly links the term shareholder value with the rise and fall of the New Economy. Its bias towards short-term maximisation of share price is in contrast to the long-term orientation that represents a key target of medium-sized businesses. Furthermore, VBM in practice is frequently equated with a one-sided orientation towards the interests of equity investors who might be only committed in the short term. Many entrepreneurs see the strict orientation of the business activities towards the interests of investors as irreconcilable with the social and ethical responsibility arising from their narrow relationship with employees, customers and suppliers. In addition, the viability of the introduction of VBM concepts is called into question (Keppler, 2004:98).

The limited dissemination of value based management in SMEs can also be explained by the fact that no generally accepted concept has been established that takes into consideration the

specifics of medium-sized companies. Concepts presented at conferences have not been put in use in practice (e.g. Roztocki and Needy, 1999). This can be traced back, amongst other things, to the heterogeneity of medium-sized businesses. In the development and application of VBM concepts and in the orientation of management, the specific situation of the business must always be considered, as well, which makes the development of universal concepts more difficult.

Opportunities of Value Based Management

There are factors both in the business itself and in its environment that make value based management seem expedient. The increase in the value of the business which is the aim of VBM offers protection from hostile takeovers, since hedge funds, for example, use unexploited value enhancement potential in particular in medium-sized companies, this is also significant for businesses that are not stock-market orientated.

SMEs are also strongly affected by fundamental changes in the business environment. Strategic direction is the key competitive advantage in this environment, since only in this way the survival of the business can be guaranteed in the long term. VBM helps to close the planning loophole described above and can lead to an increase in strategic awareness in the business. VBM serves as a rational decision-making tool and makes flexible mapping of the dynamic changes in the environment possible in the business systems. The use of value based principles supports the identification of opportunities and risks that arise from the increasingly dynamic environment and thus helps to maintain competitiveness in international markets. The change in environmental conditions requires a sustainable increase in equity, alongside an increase in professionalism of management. The strengthening of the equity base of medium-sized businesses is necessary above all in view of the comparatively low rates of equity in medium-sized companies (especially in Germany). External investors only make capital

available if the investment is profitable enough for them. VBM can be seen as a prerequisite for the generation of external equity as it encourages a risk and yield-orientated perspective towards management (Krol, 2007:3).

Based on their high level of dependence on traditional bank financing, SMEs rely on meeting the stricter ratings requirements that apply as a result of the introduction of Basel II. When the factors and information that are considered in the context of compiling a rating are compared with the features and aims of value based management, close similarities emerge. The changes in the basic conditions of capital procurement as a result of the implementation of Basel II thus demand greater value orientation on the part of medium-sized businesses. The following figure exemplarily illustrates possible interactions between VBM and rating requirements concerning Basel II (Müller, 2006:237; Rautenstrauch and Müller, 2007:1821; Berens and Wüller, 2007:393).

The entrepreneur attempts to achieve not only financial, but also meta-economic targets. Here the risk arises that over time the meta-economic targets become the more important ones and threaten the long-term survival of the business. Value based principles can represent the opposite to meta-economic targets and form a rational basis for the decision-making process. Without a rational dimension to management, the long-term survival of the business would be threatened, as a result of which the personal aims of the entrepreneur would also be unachievable. The self-realisation of the business can only be placed at the centre of the business targets if financial needs are met in the long term (Behringer, 2004:14).

As a result of the legal status of the business, the owner is usually liable for its debts in the case of bankruptcy; furthermore, banks frequently require securities from the entrepreneur. Value based management serves as a concept for risk management that reduces the risk of the business going bankrupt and thus also secures the entrepreneur financially (Krol, (2007), p. 10).

Figure 5: Interaction between VBM and rating requirements concerning Basel II
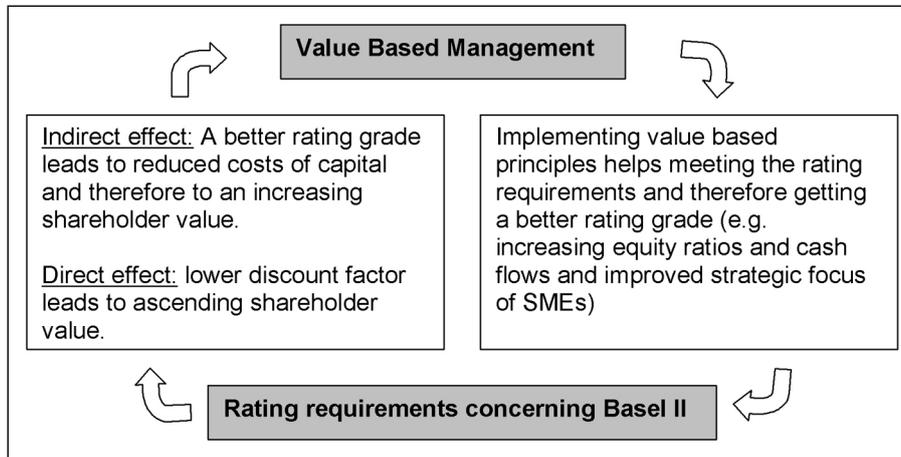
In the context of succession issues, too, VBM offers advantages. If the business is to be sold, value based control is expedient to achieve a higher sales price. Alternatively, the possibility of bringing in external management exists, as a result of which a principal-agent problem can arise. In this constellation the behaviour of the manager can be aligned to the owner in setting up a system of incentives and rewards in line with value based management. Furthermore, an emergency transfer can become necessary on the sudden absence of the entrepreneur through illness, accident or death. In this case, VBM that is already in place can maker the search for a suitable successor easier, without causing an existential crisis.

Conclusion

The aim of our literature study was twofold. Firstly, we wanted to find out the characteristics for SMEs and the most important aspects of VBM for SMEs and to show the need for value based ideas in the corporate management also of non-listed SMEs. Secondly, we aimed to characterise the threats and opportunities of VBM for SMEs.

We discovered that VBM can be used as a measure to align the interests of owners and managers. As this principal-agent problem does not exist in many SMEs, this cannot be the central argument in favour of the introduction of VBM. A number of factors do, however, supports the application of VBM in medium-sized companies. As a result of the increase in value that can be

achieved through VBM, the business is better protected against hostile takeovers. In addition, value orientation supports the formation of strategy, which is particularly important in view of the planning loophole that exists in medium-sized companies. It can be observed that by means of VBM, competitiveness can thus be improved in a deliberate way, which, in view of increasing internationalisation and proliferation of technology, is necessary to ensure the long-term existence of the business. At the same time, VBM creates a better position for a rating under Basel II. Thus, access to outside capital is made easier and credit terms improve. Additionally it can be stated that, as far as the problem of succession is concerned, VBM is expedient. Therefore, it emerges that VBM is also advantageous to SMEs. The empirical studies carried out by Günther and Gonschorek, Berens and Krol and Britzelmaier, Thiel and Kraus show, however, that value based principles have only been disseminated to a limited extent in SMEs up to now. Limited resources, the absence of expertise and reservations on the part of entrepreneurs can be seen as the key obstacles to the application of VBM in medium-sized companies. Furthermore, no generally accepted concept that takes the particular characteristics of medium-sized companies into consideration has been established thus far.

Transferring the concept of shareholder value without changes is not regarded as sensible. Rather, the existing concepts should be organised in such a way that they take account of the characteristics of medium-sized companies described above. To

align VBM to the needs of SMEs, a concept should comprise non-monetary management factors as well as monetary performance measures related to the value of the business. As causing damage to the close, personal relationships typical of SMEs often brings considerable economic disadvantages with it, these should be considered. Furthermore, the concept should be easy to implement, so as to make application possible in view of limited resources. There is a need for further research, therefore, in order to drive forward the establishment of VBM for SMEs, as well.

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URBAN DESTINATION PERCEIVED VALUE: THE CASE OF BARCELONA

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Abstract

The aim of this paper is to analyze the value of urban destinations as perceived by tourists, by studying the differences between tourists of different nationalities who visit the same city. The bibliographical review identifies three major dimensions of perceived value: functional value, emotional value and social value. An empirical study was carried out in the city of Barcelona, interviewing a total of 992 tourists, 500 French and 492 Italian, two of the nationalities that most visit the city. The literature argues that cultural differences are more and more diluted in a global world, and especially among developed countries due to the homogenizing effect of information and communication technologies, hence the interest in verifying whether tourists from the two Mediterranean countries with similar levels of development have similar or different perceptions of a tourism destination. In the analysis of the data, first a study of the dimensionality, reliability and validity of the perceived value scale was carried out by means of a Confirmatory Factor Analysis using the Structural Equations Models Technique. Next a descriptive analysis was carried out applying the ANOVA technique, allowing identification of any significant differences between the means of several independent samples. The results reveal significant differences between French and Italians in the perceived value of the city of Barcelona. This has important implications as it permits government and managers to make more accurate decisions with regard to promotion strategies for urban destinations.

Introduction

Tourism can be classified in many ways according to its motivation, or what the tourist seeks from the practice of tourism. One of these classifications is urban tourism: that which takes place specifically in cities with the aim of discovering or getting to know their points of interest, from the town planning configuration, avenues, plazas, buildings, museums, to other types of attraction. The demand for urban tourism is multidimensional and frequently for different purposes (Pearce, 2001). A substantial number of tourists who visit urban destinations do so for reasons other than leisure, for example business, conferences, shopping, to visit friends and family (Edwards et al, 2008). Business tourism, however, which includes events such as fairs, congresses or incentive travel, has a very substantial leisure component, so it also responds to leisure motivations. This is therefore a form of mass tourism that is practiced in cities and implies the practice of cultural, gastronomic, sports, shopping, business tourism etc. This type of tourism, closely linked with cultural tourism (Edwards et al, 2008), focuses basically around the cultural offering of cities, (historic centers, monuments, museums), but also around the professional and recreational offer.

Before the 1980s the study of urban tourism was fragmented and not recognized as a specific field. Urban tourism as an area of research properly so called appears in the literature in the 1980s

(Edwards et al, 2008). In fact authors like Hall (1987) expound the potential of urban tourism to contribute to the regeneration of industrial urban centers in decline. Others like Ashworth (1989) emphasize the social and economic repercussions of urban tourism.

In recent years urban tourism has attained great awareness, up to the point where cities have become important tourism destinations. This type of tourism is booming, driven by the improvement in rapid, and in particular affordable, communications motivated in large part by the proliferation of the low cost airlines' business model which has led to the popularity of trips of short duration. International tourism is a global phenomenon that keeps on growing, and an understanding of tourists' behavior helps to manage the available resources better and to plan marketing strategies. The experiences in a single destination of tourists from different cultures and nationalities configure different perceptions, and knowledge of them helps local authorities, both public and private, to design mechanisms for decision making in regard to strategies of market segmentation, of positioning of the tourism destination (Kozak, 2001) and altogether of promotion of the destination.

Social and demographic variables such as nationality, age, level of income and gender may cause the perception of a tourism destination to vary (Ibrahim and Gill, 2005). In the context of international tourism, cultural values can distinguish one group of tourists from another in terms of their perceptions of the tourism destination visited and their attitude and behavior towards it (Lee and Lee, 2009).

Culture must be conceived as a mental programming that people have learnt during their infancy and is characteristic of a group, this collective programming of the mind being what distinguishes a group from others, and cultural differences are manifested in values which are interpreted as general tendencies to show preferences for a certain state of things over others, presupposing a certain stability (Hofstede and Hofstede, 2005). Thus individuals learn as children from their parents and educators what is good and what is bad, beautiful or ugly, dirty and clean, and these values remain unconscious in the course of their lives, emerging only when observing people's behavior (Grande, 2005).

Each group of people carries a set of common mental programs that constitute its culture. Most individuals belong to different groups, so we usually carry different layers of mental programming within us that correspond to different dimensions or levels of the culture. Thus we speak of national levels corresponding to each country, regional, gender or generational levels among others (Hofstede and Hofstede, 2005).

The analysis at country level is usually operational and convenient. Nevertheless when working at the level of country or nation-state one must be very cautious as physical frontiers in many cases do not coincide with cultural frontiers and furthermore it is frequent to find within a single country different territories with their own cultural identities forming multicultural nation-states (Usunier, 2005). Despite this, the inhabitants of the different countries usually share some cultural values in common, and indeed, the national and regional differences in the culture of today still reflect in part the frontiers of the old empires. (Hofstede and Hofstede, 2005). Hence in general, and in particular in the tourism sector, numerous studies take as reference the country dimension to explain different aspects of tourist consumer behavior: e.g. Iverson (1997), Kozak, (2002), Sakakida, Cole and Card (2004) or Lee and Lee (2009) among others. But although the presence of cultural differences and their impact has been dealt with in many aspects of human behavior, very few studies analyze tourists' perceptions of an urban destination in terms of their country of residence.

Part of the literature has argued that cultural differences are becoming increasingly diluted in a global world and especially among developed countries where income levels, mass media and technology converge in such a way that consumers' needs, tastes and lifestyles tend to homogenize. But according to Mooij and Hofstede (2002), this does not occur in Europe, where even though it is converging economically, each country has its own values strongly rooted in history and highly resistant to change, hence the interest in verifying whether tourists from two European countries with similar degrees of development have similar or different perceptions of a tourism destination.

In recent times we have seen how many cities have carried out ambitious projects (major museums, world exhibitions, etc.) which have favored the practice of urban tourism. In many cases it has served as a platform for economic development (Pearce, 2001) and advantage has been taken to offer solutions to urban problems. In Spain, some of the most significant projects are the Universal Exhibition of Sevilla, the International Exhibition of Zaragoza or the Guggenheim of Bilbao. But the most paradigmatic case of excellence is that of the city of Barcelona. Barcelona took advantage of two major events, the successful Olympic Games of 1992 and the Forum of Cultures in 2004, to change its landscape and turn itself into a city recognized internationally as a model of town layout and quality of life. In spite of the economic recession that followed the Olympic Games, Barcelona has continued to enjoy an uninterrupted growth of international prestige as well as a practically unanimous consensus as regards the quality and beauty of its urban development and habitability. As well as possessing the heritage of Gaudi and of other great artists, the city's process of urban transformation has been carried out by prestigious architects such as Foster, Meier, Viaplana, Calatrava and Isozaki, among many others. The quality of the work by these professionals has increased the admiration for the city even more (Balibrea, 2001). The Catalan capital has nowadays become a brand city, being the leading European city not a State capital in number of tourist visitors, 7.689.394 in 2007 according to data from Turisme de Barcelona. Also, according to the European Cities Monitor 2009, a study carried out by the Cushman & Wakefield consultancy on the basis of interviews with top executives of 500 firms, Barcelona is the fourth favorite city in Europe for doing business and the best European city in quality of life.

This, then, is a mature and consolidated destination with strong challenges and as such requires special attention from marketing professionals, so this study aims to emphasize the need to segment promotional campaigns in attention to tourists' cultural differences. In sum, the objective of this research is to analyze tourists' perceived value of urban destinations by studying the differences between tourists of different nationalities that visit the same city, Barcelona.

Perceived value

Perceived value has been an object of substantial interest in the literature on relationship marketing since the early 1990s, in particular in the services sector (Peterson, 1995; Ravald and Grönroos, 1996; Oh, 2003). At the present time this interest comes above all from the importance given by firms to the creation of value for their various target publics (Sánchez et al, 2006).

A review of the literature shows us how the concept has evolved with the passage of time (De Ruyter et al., 1997, 1998; Woodruff, 1997; Sinha and DeSarbo, 1998; Sweeney and Soutar, 2001). In general, perceived value is defined as the judgment or evaluation that the customer makes from the comparison between the advantages or the utility obtained from a product, service or relationship, and the perceived sacrifices or costs (Zeithaml, 1988).

It is therefore defined as a construct configured by two parts: 1) benefits received of an economic, social and relational order, and 2) sacrifices made by the consumer in terms of price, time, effort, risk and convenience (Lin et al, 2005). The beneficial component received by the consumer of the purchase includes the perceived quality of the product or service as well as a series of psychological advantages (Zeithaml, 1988). The sacrifices component is formed by both monetary and non-monetary costs, i.e. money and other resources such as time, energy or the effort that the customer must make. Thus, for the customer to buy the product or to buy it again, he or she must perceive value, incorporating benefits or reducing sacrifices (Doods et al, 1991).

Studies of perceived value in tourism services are consistent with the marketing literature, distinguishing as principal dimensions the quality of service, monetary costs and non-monetary costs (Petrick and Backman, 2002; Bulent and Qu, 2008).

The most recent conceptualization considers perceived value to be a multidimensional construct, incorporating an emotional component and a social component, which overcomes one of the classical problems of perceived value, the excessive concentration on economic utility (Zeithaml, 1988). Moreover, it echoes new theoretical progress in the area of consumer behavior; in particular the feelings, sentiments and emotions incorporated in purchasing and consumption habits (Sánchez et al, 2006).

While cognitive perceived value corresponds to the customer's processing of information, and is the rational component of consumption decisions, the affective component refers to the emotional benefits and emotions, such as fear, anger, envy, happiness, anxiety, pride, etc generated at the moment of the transaction (Havlena and Holbrook, 1986; Oliver, 1997; Sweeney and Soutar, 2001; Sánchez et al, 2006).

The most recent studies of the dimensionality of perceived value confirm the multidimensionality of the construct. Sweeney and Soutar (2001), on the basis of the studies of Sheth, Newman and Gross (1991), designed the PERVAL scale, with which they identified three major dimensions: functional value, emotional value and social value. Subsequently, Sánchez et al (2006), taking into account the earlier studies, developed another scale called GLOVAL, in which they identified 6 dimensions: functional value of installations, functional value referring to the professionalism of the contact personnel, functional value of the product or service, functional value of the price, emotional value and social value. We must, however, bear in mind that these scales have been tested on specific products and services, and in tourism destinations several products and services are combined.

The product at its broadest is defined as physical goods, services, people, ideas or places (Ibrahim and Gill, 2005) such as tourism destinations. But when a tourist visits a tourism destination he or she lives more than one experience: staying in a hotel, eating in a restaurant, shopping, making cultural

visits , all this in contact with the local people, so that his or her stay combines a whole series of different services provided by different people and organizations (Kozak, 2003; Bulent and Qu, 2008). For this reason this paper evaluates the post-consumption perceived value of experiences in an urban destination, understanding the latter as the sum of various products and services.

Methodology

For the measurement of perceived value, we used as reference the GLOVAL scale of Moliner et al (2007) and Sánchez et al (2006, 2007). In the dimensions infrastructures, professionalism of the personnel, quality of services and price, the contributions by Chi and Qu (2008), Kozak (2001), and Lee et al (2007) were also taken into consideration, and in emotional value and social value the Perval scale by Sweeney and Soutar (2001) was also taken into account. The items of the scale were adapted to the peculiarities and to the terminology appropriate for an urban tourism destination.

Thereafter, the items of the questionnaire were examined by experts from the world of tourism, who were asked their opinion about them in order to evaluate the value perceived by tourists who visit Barcelona. Furthermore, to test the items of the questionnaire a pre-test with 50 personal interviews was carried out during the month of October 2008. All this allowed the wording of some of the items of the questionnaire to be improved.

The items of the questionnaire were valued by means of a 5 point Likert scale where 1 = Totally Disagree and 5 = Totally Agree. Also, to ensure the quality of the questionnaires they were translated from Spanish into French and Italian by qualified native teachers experts in these languages.

A total of 992 personal interviews were carried out during the months of November and December 2008, 500 interviews with French tourists and 492 with Italian tourists, two of the nationalities that most visit the city of Barcelona. According to statistical data from Turisme de Barcelona, in 2008 6,659,075 tourists visited the city. Among these, 3,394,678 were foreigners from Europe, of whom 547,609 were of Italian nationality and 454,of French nationality. The interviews took place in the airport of El Prat (Barcelona) with tourists over 18 years of age who had just visited the city

and were returning home, thus ensuring recent perceptions of their experiences. At the same time the contributions of the study by Crotts (2003) were taken into account and the individuals were chosen according to country of residence.

In the analysis of the data, first a study of the dimensionality, reliability and validity of the perceived value scale was carried out using Confirmatory Factor Analysis by means of the Structural Equations Models Technique. This aimed to ensure that the construct being measured was indeed the one intended. This analysis also permitted us to refine the scale, eliminating non-significant items. Next a descriptive analysis was carried out applying the ANOVA technique which permits identification of significant differences between the means of several independent samples.

Results

Analysis of the dimensionality, reliability and validity of the measurement scales.

The first part of the analysis will focus on the study of the psychometric properties of the scale of measurement of perceived value. Regarding the analysis of the scale, in Table 1 we can observe that the probability associated with chi-squared reaches a value greater than 0.05 (0.20407), so the model presents an overall fit. Convergent validity is demonstrated by factor loadings greater than 0.5 and because each item contributes to forming only the dimension corresponding to it. The composite reliability of the scales at individual level are all satisfactory: Infrastructures 0.81, Professionalism of the personnel 0.90, Quality 0.87, Monetary costs 0.88, Non-monetary costs 0.87, Emotional value 0.88, and Social value 0.79. The overall composite reliability of the scale is 0.98.

Table 1 Analysis of the dimensionality, reliability and validity of the scale of perceived value (Fully standardized solution)

Items	Factor loading *
Infrastructures	
I believe the city is well communicated	0.74 (fixed)
I believe the city has a good airport	0.75 (10.49)
I believe it has a major port	0.66 (9.35)
I believe the public transport is good	0.74 (10.38)
Professionalism of personnel	
The personnel know their job well	0.77 (12.09)
The personnel are up to date in knowledge	0.79 (12.52)
They are always ready to help	0.85 (13.41)
They are kind	0.81 (12.80)
They look smart	0.75 (fixed)
Quality	
I believe the city offers high architectural / monumental quality	0.65 (10.20)
I believe the city has a high quality cultural offering (museums, theaters, exhibitions, concerts…)	0.71 (11.37)

I believe the city offers high quality leisure and entertainment	0.75 (12.14)
I believe it offers high quality in accommodation and restaurant services	0.73 (11.81)
I believe it has a wide range of quality shops	0.73 (11.81)
In comparison to other similar cities, Barcelona has a goodlevel of quality	0.78 (fixed)
Monetary costs	
It is a good destination for the price paid	0.67 (10.43)
The prices in restaurants and cafes are reasonable	0.79 (12.49)
Accommodation prices are good	0.82 (13.03)
Shop prices are reasonable	0.83 (13.22)
In comparison to other similar cities, Barcelona offers good prices	0.76 (fixed)
Non-monetary costs	
The cleanliness of the city is adequate	0.63 (8.61)
It is a safe city with very little crime	0.69 (9.29)
The degree of pollution is reasonable	0.72 (9.61)
The noises of the city are reasonable	0.69 (9.38)
Traveling times within the city are adequate	0.71 (9.59)
Time waiting in queues is reasonable	0.75 (9.95)
The crowds are bearable	0.66 (fixed)
Emotional value	
I feel content in this city	0.77 (13.46)
Its people give me good vibes	0.84 (15.06)
It makes me feel calm and happy	0.77 (13.52)
I enjoy the atmosphere of the city	0.82 (fixed)
Social value	
This city has a very good image	0.78 (10.45)
It has a better image than other similar cities	0.74 (10.08)
Many people that I know have visited it	0.58 (8.08)
People I know think my visiting Barcelona is a good thing	0.69 (fixed)

Note: Fit of the model: Chi-squared=565.93, df=539, P=0.20407; RMSEA=0.014; GFI= 0.89; AGFI=0.87. Composite reliability: Infrastructures: 0.81, Professionalism of personnel: 0.90, Quality: 0.87, Monetary costs: 0.88, Non-monetary costs: 0.87, Emotional value: 0.88, Social value: 0.79, Overall C.R. of scale: 0.98

* In brackets the t statistic.

29

Table 2 Discriminant validity of the scales associated with perceived value

	1	2	3	4	5	6	7
1. Infrastructures	0.72						
2. Professionalism of personnel	0.22	0.79					
3. Quality	0.28	0.21	0.72				
4. Monetary costs	0.16	0.25	0.21	0.77			
5. Non-monetary costs	0.21	0.23	0.18	0.21	0.69		
6. Emotional value	0.26	0.29	0.32	0.25	0.27	0.80	
7. Social value	0.21	0.21	0.28	0.21	0.20	0.36	0.70

Below the diagonal: correlation estimated between the factors.

Diagonal: square root of AVE.

Table 3 Means and significant differences for infrastructures

Items		N	Mean	Sig.
I believe the city is well communicated	French	500	4.00	
	Italians	492	4.09	
	Total	992	4.05	0.076
I believe the city has a good airport	French	500	3.91	
	Italians	492	3.99	
	Total	992	3.95	0.195
I believe it has a major port	French	500	3.93	
	Italians	492	4.03	
	Total	992	3.98	0.053
I believe the public transport is good	French	500	3.92	
	Italians	492	4.06	
	Total	992	3.99	0.013
Mean total French			3.94	
Mean total Italians			4.04	0.018

Significant differences for $p<0.05$

Discriminant validity is evaluated by means of the average variance extracted (AVE)(Fornell and Larcker, 1981). Table 2 shows the existence of discriminant validity, since the square root of AVE is always greater than the estimated correlation between the factors.

Descriptive analysis of the variables being studied

The descriptive analysis will be done variable by variable, taking the scale of measurement resulting from the analysis of dimensionality, reliability and validity carried out. This analysis studies the means, and the existence of significant differences of means between the two samples (French and Italians) is analyzed by the ANOVA technique.

As can be observed in table 3, the mean valuations of the infrastructures are high, and significant differences can only be appreciated in the item "I believe the public transport is good", being significantly higher for Italian tourists than for French tourists.

Table 4 values the professionalism of the personnel, significant differences being appreciated in the items "they are kind" and "they look smart". The Italians value both items significantly higher than the French.

Table 4 Mean and significant differences regarding professionalism of the personnel

Items		N	Mean	Sig.
The personnel know their job well	French	500	3.69	
	Italians	492	3.75	
	Total	992	3.72	0.201
The personnel are up to date in knowledge	French	500	3.66	
	Italians	492	3.72	
	Total	992	3.69	0.264
They are always ready to help	French	500	3.67	
	Italians	492	3.71	
	Total	992	3.69	0.456
They are kind	French	500	3.74	
	Italians	492	3.86	
	Total	992	3.80	0.038
They look smart	French	500	3.77	
	Italians	492	3.91	
	Total	992	3.84	0.007
	Mean total French		3.70	
	Mean total Italians		3.79	0.060

Significant differences for $p < 0.05$

Table 5 Means and significant differences in quality

Items		N	Mean	Sig.
I believe the city offers high	French	500	4.24	
architectural / monumental quality	Italians	492	4.23	
	Total	992	4.23	0.837
I believe the city has a high quality				
cultural offering (museums, theaters,				
exhibitions, concerts…)	French	500	4.16	
	Italians	492	4.11	
	Total	992	4.13	0.345
I believe the city offers high				
quality leisure and entertainment	French	500	4.06	
	Italians	492	4.11	
	Total	992	4.09	0.392
I believe it offers high quality in				
accommodation and restaurant services	French	500	3.96	
	Italians	492	3.98	
	Total	992	3.97	0.738
I believe it has a wide range of quality shops	French	500	3.97	
	Italians	492	3.97	
	Total	992	3.97	0.993
In comparison to other similar cities,				
Barcelona has a good				
level of quality	French	500	4.01	
	Italians	492	4.04	
	Total	992	4.03	0.660
	Mean total French		4.07	
	Mean total Italians		4.07	0.925

Significant differences for p<0.05

Table 6 Means and significant differences in monetary costs

Items		N	Mean	Sig.
It is a good destination for the price paid	French	500	3.56	
	Italians	492	3.74	
	Total	992	3.65	0.001
The prices in restaurants and cafes are reasonable	French	500	3.41	
	Italians	492	3.41	
	Total	992	3.41	0.937
Accommodation prices are good	French	500	3.43	
	Italians	492	3.49	
	Total	992	3.46	0.256
Shop prices are reasonable	French	500	3.52	
	Italians	492	3.54	
	Total	992	3.53	0.686
In comparison to other similar cities, Barcelona offers good prices				
	French	500	3.52	
	Italians	492	3.59	
	Total	992	3.56	0.214
Mean total French			3.49	
Mean total Italians			3.55	0.134

Significant differences for p<0.05

Regarding quality (table 5) all the mean values are very high and no significant differences are observed in any item.

Regarding monetary costs (table 6), significant differences are only observed in the item "It is a good destination for the price paid". The French are significantly more critical than the Italians.

Regarding non-monetary costs, in table 7 significant differences can be observed in three items: "The degree of pollution is reasonable", "The noises of the city are reasonable" and "The crowds are bearable". All three items are significantly better valued by the Italians than by the French.

Table 7 Means and significant differences for non-monetary costs

Items		N	Mean	Sig.
The cleanliness of the city is adequate	French	500	3.55	
	Italians	492	3.49	
	Total	992	3.52	0.290
It is a safe city with very little crime	French	500	3.20	
	Italians	492	3.31	
	Total	992	3.25	0.079
The degree of pollution is reasonable	French	500	3.07	
	Italians	492	3.37	
	Total	992	3.22	0.001
The noises of the city are reasonable	French	500	3.17	
	Italians	492	3.30	
	Total	992	3.23	0.023
Traveling times within the city are adequate	French	500	3.61	
	Italians	492	3.63	
	Total	992	3.62	0.746
Time waiting in queues is reasonable	French	500	3.53	
	Italians	492	3.56	
	Total	992	3.54	0.518
The crowds are bearable	French	500	3.19	
	Italians	492	3.41	
	Total	992	3.30	0.001
Mean total French			3.33	
Mean total Italians			3.44	0.013

Significant differences for $p<0.05$

For emotional value we observe very high mean values. Starting from this reality, we appreciate significant differences in all the items. The Italians value the items of this dimension significantly higher than the French.

Table 8 Means and significant differences for emotional value

Items		N	Mean	Sig.
I feel content in this city	French	500	3.96	
	Italians	492	4.14	
	Total	992	4.05	0.001
Its people give me good vibes	French	500	3.83	
	Italians	492	4.03	
	Total	992	3.93	0.001
It makes me feel calm and happy	French	500	3.83	
	Italians	492	3.97	
	Total	992	3.90	0.014
I enjoy the atmosphere of the city	French	500	4.03	
	Italians	492	4.16	
	Total	992	4.10	0.006
	Mean total French		3.91	
	Mean total Italians		4.08	0.001

Significant differences for p<0.05

Finally, regarding emotional value significant differences are only appreciated in the item "the people I know think my visiting Barcelona is a good thing". Once again the mean valuation of the Italians is significantly higher than the mean valuation of the French.

Table 9 Means and significant differences for social value

Items		N	Mean	Sig.
This city has a very good image	French	500	4.07	
	Italians	492	4.10	
	Total	992	4.08	0.483
It has a better image than other similar cities	French	500	3.84	
	Italians	492	3.91	
	Total	992	3.88	0.143
Many people I know have visited it	French	500	3.94	
	Italians	492	3.92	
	Total	992	3.93	0.702
People I know think my visiting	French	500	4.05	
Barcelona is a good thing	Italians	492	4.19	
	Total	992	4.12	0.003
	Mean total French		3.97	
	Mean total Italians		4.03	0.149

Significant differences for $p<0.05$

Conclusions

This study has determined, on the one hand, the dimensions that shape the perceived value of urban destinations and, on the other hand, has analyzed the differences in post-consumption perceived value of the city of Barcelona product for tourists of two different nationalities, French and Italian.

The main contribution of this paper lies in the particular nature of the study. Although many studies have incorporated culture as a key factor in their research, few deal with cultural differences in urban tourism destinations.

From the point of view of management, the results show that in general the mean scores given by Italians exceed those of the French sample. There are significant differences with regard to the perception of public transport, kindness and appearance of the personnel, with regard to the destination for the price paid, pollution, noise and

crowds, but particularly in the emotional dimension. We observe that the tourist compares the services of the tourism destination with those of his or her own country of residence. Thus, it is well known that France possesses more efficient public transport than Spain or Italy. Also, the French have always been very polite when attending the public. As to pollution, noise and crowds, the structures of Italian cities and of their historic centers make it very difficult to move around by vehicle, hence possibly they are better able to tolerate chaos, noise and pollution. But the main significant differences are of an emotional order. Spaniards and Italians share a southern culture with a greater degree of spontaneity and extroversion than the French, with colder landscapes and climate. In general Italians and Spaniards live more in the street, use the same products in gastronomy (olive oil, pastas, rice…) and share more hours of light. All this means that in general terms Italians experience Barcelona as a city closer to their culture than the French. These results are of special interest for the authorities

and managers of Barcelona but also for those of other similar cities. Segmentation of the different publics by nationalities permits the designing of promotion campaigns better adjusted to their receiving publics and therefore leads to a better optimization of resources.

Like any study, it is not without limitations. The main one is inherent to the nationality dimension itself. We must be very cautious with the results of the study, since when working at the level of country or nation-state it is frequent to find that they contain different territories with their own cultural identities, forming multicultural nation-states with different values.

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VALUE BASED MANAGEMENT IN EUROPEAN JOINT-STOCK COMPANIES – A STUDY AMONG THE DOW JONES STOXX 50 COMPANIES

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Abstract

Since Rappaport developed his idea of "Shareholder Value" in the 1980s during the last twenty years advancements of his approach has been brought into practice, among others the following are the most popular ones:

- Economic Value AddedTM (EVATM),

- Market Value Added (MVA),

- Cash Flow Return on Investment (CFROI) and

- Cash Value Added (CVA).

The main reasons for the spread of these value-based approaches are:

- the globalization of the capital markets,

- the spade of mergers and acquisitions during the 80s,

- the difference between the market capitalization and the fair value of a company,

- the need for incentive systems for managers to guarantee an adequate increase of - the company's performance (principal-agent-problem),

- the weakness of profit-oriented performance measurement.

During the last years some surveys have been conducted in Germany investigating the use of value based management in German companies. One Study analysed value based management for large companies in the Euro-zone. Up to now there was no study focussing on the use of value based management in a European context including companies outside the Euro-zone.

Therefore a study among the Dow Jones Stoxx 50 companies has been conducted to find out:

- Do they commit themselves to value based management?

- If so, what key metrics do they use?

- Is there a connection between value based management and executive incentive compensation?

- How do they report their value based concepts in their financial reports?

The basic data was taken from the financial reports of the last financial year of the Dow Jones Stoxx 50 companies based on the index of 31 December 2008. Where available other information (literature, company presentations, interviews etc.) has been analysed too. Sample characteristics had to be clearly defined to gain comparable results.

The results of the study answer the questions mentioned above and are astonishing in some aspects. In the paper a brief comparison with other studies will be made.

Key words: value based management, stoxx 50, survey, executive incentive compensation

Introduction and research objective

Since Rappaport came up with his idea of Shareholder Value in 1986 (Rappaport 1986), a lot of articles and books have been published about value-based management. A simple query "value based management" on http://books.google.com executed on 19 December 2009 led to 28.000 hits! One can assume that based on that amount of

publications there must be a big interest for the topic in companies as well.

The main reasons to introduce value based management are (e.g. Britzelmaier 2009a, p. 12 and pp. 15-22):

- the globalization of the capital markets,

- the spade of mergers and acquisitions during the 80s,

- the difference between the market capitalization and the fair value of a company,

- the weakness of profit-oriented performance measurement (window-dressing, no integration of return and risk, one period based),

- the need for incentive systems for managers to guarantee an adequate increase of the company's performance and

- the principal-agent problem.

Especially in Germany and France the idea of Shareholder Value has been discussed controversially. Authors like Freeman (1984) and Janisch (1993) brought up the Stakeholder Value as a supposed better concept. The discussion up to now not came to an end and we still can find protagonists of both directions. Interestingly some authors started to integrate both directions including corporate social responsibility as well as ecological aspects (e. g. Schmeisser et al 2009 or Martin et al 2009). From the author's perspective one should not forget that shareholder value often supports stakeholder value. A wealth company can save and create jobs.

Among the mentioned reasons for value based management there are three reasons of outstanding importance for the external financial communication: The competition for money from the capital providers, the deficits of traditional key performance indicators and the principal-agent-problem.

Due to the financial crisis we are confronted with credit shortage and more risk-averse investors. That means that a company looking for lenders or investors should show them that it is and also will be in the position to earn a premium on the cost of capital. To avoid window-dressing (e. g. by using "fair values" for certain kinds of asset backed securities) the use of modern value based management metrics could come closer to the financial truth. We also learned something about bonuses not only in the financial industry. There still seems to be a need to solve the principal-agent problem. This could be done by the use of value based management metrics (and bonus banks for instance) as well.

Following that argumentation companies should have an interest to use and communicate value based management via their investor relations. Therefore the financial reports of the companies included in the Dow Jones Stoxx 50 Index have been analysed to answer the following questions:

- Is there a commitment to values based management in the financial report?

- If there is one, can it be proven through the use of one of the value based management metrics?

- Is there a link between value based management and executive incentive compensation?

- What kind of value based management metrics is used to control the company?

- How do the companies report their value based concepts in their financial reports? Do they explain the used metrics in detail? Do they tell their cost of capital by percentage and/or amount?

Similar surveys have been conducted in the past, mainly focussing on German companies (Pellens et al 2000, Achleitner/Bassen 2002, Fischer/Rödl 2003, Aders et al 2003, Habersetzer/Hilpisch 2004, Droste et al 2006, PWC/Kirchhoff 2006, Quick et al 2008, Krol 2009, Schultze et al 2009):

Up to now there was no survey dealing with Europe's largest companies. Therefore the companies included in the Dow Jones Stoxx 50 have been selected. Compared to the Dow Jones Eurostoxx 50 which only comprises companies from the Euro-zone, the Dow Jones Stoxx 50 also covers companies from the UK, Switzerland and Sweden.

Table 1: Value based management studies

Author(s)	Year	Coverage	Data sources
Pellens et al	2000	DAX 100	Interview
Achleitner/Bassen	2002	DAX 100	Questionnaire
Fischer/Rödl	2003	DAX 30	Financial Report
Aders et al	2003	DAX 100	Questionnaire
Habersetzer/Hilpisch	2004	Top 20 leading insurers in Germany	Questionnaire
Droste et al	2006	DAX 30	Financial Report and questionnaire
PWC/Kirchhoff	2006	DAX 30	Financial Report
Quick et al	2008	Eurostoxx 50	Financial Report
Krol	2009	SMEs	Questionnaire
Schultze et al	2009	DAX 30 and 70 other companies	Financial Report

Value based management and value based management metrics

The idea of all value based management concepts is quite simple. Stern et al (2002) cite Roberto Goizueta, former CEO of Coca-Cola, who said: ""It is critical that all operations earn returns in excess of the cost of capital". Common for all concepts of value based management is the comparison of a return with its relevant cost of capital. Usually cost of capital is represented by weighted average cost of capital (WACC): Some value-based concepts are using cash flows other apply profit oriented figures. In this chapter a very brief overview of the main value-based metrics is given.

The two main concepts applied nowadays (see also the surveys mentioned above) are:

- Economic Value AddedTM and Market Value Added respectively

- Cash Flow Return on Investment and Cash Value Added.

Besides them one can also consider discounted cash flow calculations as value based management approaches.

Other profit-orientated metrics like ROCE or ROE should not be considered as value based management metrics because they do not integrate risk represented by the cost of capital and they cannot be compared between companies because of different reporting standards and different use of options to capitalise and valuate assets and liabilities. Of course one can compare ROCE with WACC or ROE with cost of equity, but we cannot talk about a standardised concept here.

The concept of Economic Value AddedTM (EVATM) has been developed by the consulting company Stern, Stewart and Co. (Stern et al 2001); the Market Value Added (MVA) puts the EVATM as a one-period based metrics into MVA which can be used as a multi-period system to valuate the company.

The EVATM can be calculated in two different ways: The value-spread approach and the capital-charge-approach. The value-spread-approach is shown in the exhibit 1.

Exhibit 1: Value-spread approach (Hauser 1999)
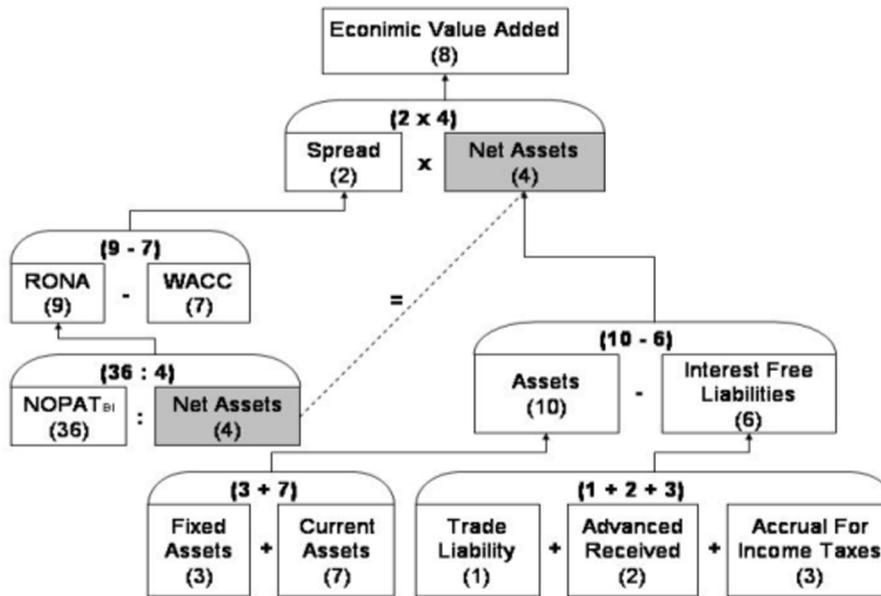
The transformation of the value-spread equation

$$EVA^{TM} = \underbrace{(RONA - WACC)}_{\text{Value spread}} * Net\ Assets$$

leads to the capital-charge equation

$$EVA^{TM} = NOPAT_{BI} - WACC * Net\ Assets$$

The Net Operating Profit after Taxes Before Interest (NOPATBI) is based on the Earning before Interest (EBIT) deducted by pro rata income taxes. Since EBIT comes from the income statement it is – due to options to valuate and capitalise and due to different accounting standards – not comparable between companies. Hence adjustments have to be made: The accounting model has to be transferred into an economic model. Operating, Funding, Shareholder and Tax Conversion have to be applied to gain a certain degree of comparability.

Exhibit 2: EVATM – From Accounting model to economic model (Hostettler 2002)
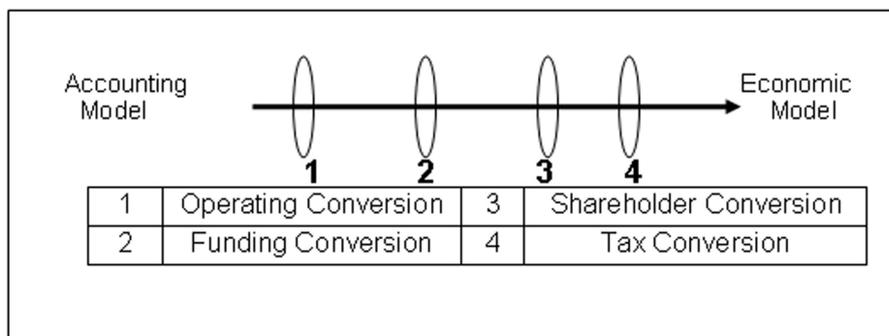
The MVA is s the discounted sum of all future expected economic values added (Stewart 1991). It equals the difference between the market value of the firm and the capital invested in the company.

The Cash Flow Return on Investment model was developed by the consulting company Holt.

Holt was taken over by the Boston Consulting Group in 1991. The internal rate of return method is applied to a whole firm. It is calculated using the Gross Investment (GI), the Gross Cash Flow (GCF), the Salvage Value (SV) of the Assets and the expected life time (n) of the assets.

Exhibit 3: Cash Flow Return on Investment (Lewis and Lehmann 1992)

Cash-flow Return on Investment
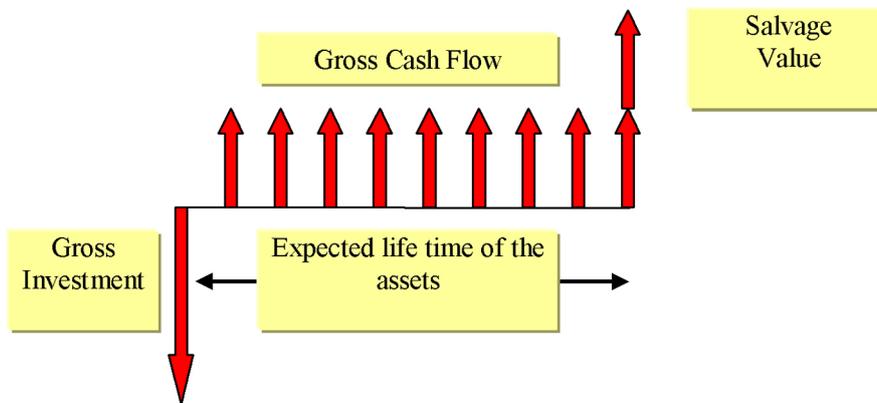
By applying the internal rate of return – method one has to solve the following equation for the CFROI (assuming constant cash flows):

$$0 = -GI + GCF * \left(\frac{(1+CFROI)^n - 1}{(1+CFROI)^n * CFROI} \right) * \frac{SV}{(1+CFROI)^n}$$

This can be done e.g. using Newton's method or based on the theorem on intersecting lines and regula falsi (e. g. Britzelmaier 2009) or using solver functions of spreadsheet software.

The model has been simplified in 1998. The formula of the new approach is:

$$CFROI_{mod.} = \frac{Gross\ Cash\ Flow\ (GCF) - economic\ depreciation\ (ed)}{Gross Investment\ (GI)}$$

where economic depreciation is defined as:

$$ed = replacement\ cost\ of\ systematically\ depreciated\ assets * \frac{WACC}{(1+WACC)^n - 1}.$$

The economic deprecation is an annuity to cover the expected replacement cost of the systematically depreciated assets at the end of their life time.

Both CFROI models are a benchmark to be compared with the weighted average cost of capital (WACC). CFROI is a multi-period concept covering the life span of the systematically depreciated assets.

One can use CFROI to calculate a one-period residual income comparable to EVATM. This is called Cash Value Added (CVA) and computed as follows:

$$CVA = (CFROI - WACC) * GI$$

Besides EVATM/MVA and CFROI/CVA one can also consider Discounted Cash Flows (DCF) as a value-based approach. The main DCF models are (for detailed information see e.g. Britzelmaier 2009a):

- Value of equity (Flow to equity- Approach)

- Value of firm (Adjusted Present Value-, Weighted Average Cost of Capital- and Total Cash Flow-Approach).

The value of equity can be calculated directly by using the equity –approach, to get the value of equity one has to deduct the value of liabilities from the value-of firm in the other approaches. DCF methods are value-based because a return (Cash Flow) is being compared with the cost of capital used in the discount factor.

Research methodology

The main key research questions for this paper were to find out if the Stoxx 50 companies are committed to value-based, if they are using value-based key performance metrics and if there is a link between value-based management and executive incentive compensation.

The Stoxx 50 companies have been chosen because they can be considered to be the largest companies in a European context. Compared with the Euro Stoxx 50 not only companies from the Euro-zone but also from the UK, from Sweden and Switzerland are included.

To find answers to questions mentioned above one can follow different routes. Interviews, questionnaires or document review. The information in this study has been taken from the financial reports of the year 2008. Hence information from all Stoxx 50 companies could be used, while using interviews or questionnaires probably part of the sample would not have been responded. Following the research objective (see above) there is a focus on how companies communicate to the outside, the analysis of their financial reports should fit perfectly. Where available other information has been added and cited.

Design of the survey

To gain reliable and valid results it is necessary to define the parameters and possible parameter values of the survey.

The names, domiciles and branches have been taken from stoxx.com website (http://www.stoxx.com).

The currency used in the financial report could be found there. Astonishingly not only EUR, GBP, CHF and SEK could be found in the reports but also USD. The closing prices of 31 December 2008 have been taken to convert all monetary data into EUR. This seems to be adequate according to Choi and Meek (2008). The following table shows currencies, exchange rates and number of relevant enterprises. The exchange rates have been taken from www.oanda.com.

The reporting standard was collected as well: It could be IFRS, US-GAAP or national GAAP.

A problem arose when thinking about a size-based classification of the companies. Consolidated total assets, consolidated sales and number of staff have been taken to measure the size. The information about the number of staff is very heterogeneous in the financial reports (average number, number at the end of the year, headcount, full-time equivalents). It is assumed that the information given in the reports is comparable.

Surprisingly one cannot compare the sales figures within financial industry shown in the financial reports. One can find a "wild" mix of gross and net figures. Also fair value valuation influenced the figures very much in 2008. Therefore a simplified indicator had to be defined to make sales comparable in the included financial services companies.

For banks it is:

Net Interest Income   +

Net Fee & Commission Income

=   Total Revenue

For insurers it is:

Net premiums from Insurance Contracts

=   Total Revenue

Companies have been classified to XL, XXL, XXXL and XXXXL since we're talking about the largest companies in Europe. To assign each company to one of the four clusters a scoring model has been used based on consolidated total assets, consolidated sales (simplified for financial services) and number of staff. Parameter values of the companies have been allocated to lower quartile, median and upper quartile of the sample.

44

After the definition of the general parameters also criteria for value-based aspects have to be defined.

First of all there is the question if one can find a commitment to value-based management in the financial report. Value-based management is meant in the sense described in the section "Value based management and value based management metrics" above. The answer can be "yes" or "no".

EVATM can be applied as equity- or entity- based model. Usually financial service's companies are using the equity-approach, all others the entity-approach. Some companies are using their own names for the mentioned concepts. This might be due to the fact that some concepts have their own trademarks.

If the company uses a value-based concept the number of pages dealing with it in the financial report has been collected (no explanation, less than 1 page, more than 1 page). It has been surveyed how the value-based key metric has been explained (no explanation, formula fully explained, formula partially explained, full verbal explanation, partially verbal explanation). The same parameter values have been used for the cost of capital. Also it had been checked whether the company told the amount of cost of capital. The duty to tell the cost of capital for an impairment test according to IAS 36 in the notes was not considered to be relevant for value-based management. Other key performance indicators have been collected as well. For companies using a value-based concept it has been scrutinised if it is linked to executive incentive compensation.

Findings

The Stoxx 50 company's financial reports have been analysed focussing on value-based management. If no information about value-based management in the financial report is given this is no evidence that the relevant company does not use value based management internally. But it can be assumed that the relevant company does not regard it as important enough to be reported externally.

34 out of 50 companies commit themselves to value-based management; that's a share of 68%. Value-based management seems to be an important issue for the majority of the sample.

Out of the 34 companies only 14 report on their value-based management concept. That means that only 41% of the companies committed to value-based management show which concept they use, 59% don't. It is astonishing that the 59% commit themselves to value-based management but don't say a sentence at all how to do that.

German companies are committed to value-based management very much, whereas French and British companies seem to like value-based approaches not very much. One reason might be that German companies are according to DRS 15 (German Financial Reporting Standard 15) obligated to publish information about their control system in their financial reports.

The commitment to value-based management is very heterogeneously in the different branches. It is shown in exhibit 5. There's no significant correlation between a commitment to value-based management and size of the company.

Out of the 14 companies showing a value-based management concept in their financial reports 11 do use EVATM, one applies CFROI/CVA, the two remaining utilise a DCF approach respectively another profit-based indicator.

Only 6 out of the 14 companies show a link between value-based management and executive compensation (4 German companies, 1 Dutch company and 1 British company - namely: Allianz, BASF, Daimler, EON, ING and HSBC).

There are big differences in extent and itemisation of reporting on value-based management. One company (Novartis) doesn't even explain the calculation of its performance indicator at all. Most companies tend to explain their indicator verbally (57%) but also a big portion (43%) prefers to present it as a formula (see table 5).

Most companies (71%) give a good explanation of their cost of capital calculation. Novartis again does neither report on how to calculate the cost of capital nor the value. Partially information only is given by Banco Bilbao, DIAGEO and HSBC.

Exhibit 4: Domicile (country) of the company and commitment to value-based management
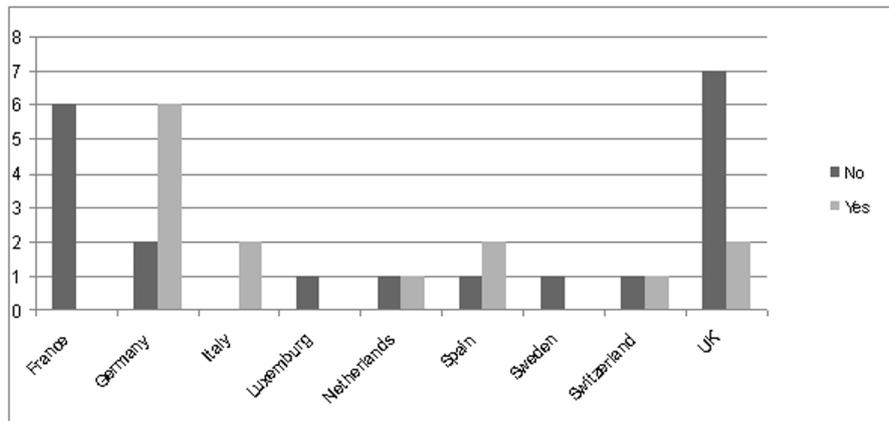
Exhibit 5: Branch of the company and commitment to value-based management
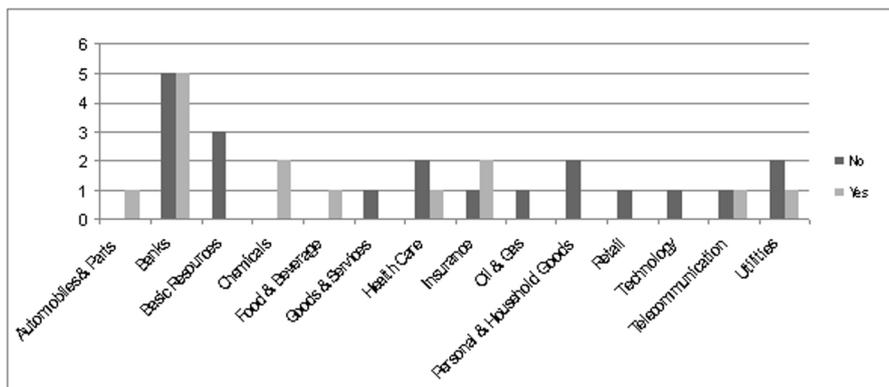
There have been a number of studies about the topic in the past. Most of them focussed on German companies. Only the Quick et al survey included companies outside Germany and was based on the Euro Stoxx 50 index which includes in contrary to the Stoxx 50 index only companies from the Euro-zone. . Table 6 shows the author(s) of each study, the percentage of companies committed to value-based management in the sample, out of them the percentage using EVATM and finally the percentage of companies linking value-based management to executive incentive compensation.

The table shows that there is a high commitment to value-based management in large companies. NON-DAX companies and insurers (Habersetzer/

Hilpisch) show less interest in value-based management then others. The DAX-percentage of Schultze et al is significantly lower then the percentage gained in other surveys. The question in this survey was different; the companies had been asked what value-based indicator they use, not if they are committed to value-based management. A comparison between the Euro Stoxx 50 (Quick et al) and the Stoxx 50 companies (Britzelmaier) gives the impression that companies outside the Euro-zone might be less committed to value-based management then those inside the Euro-zone.

Over the years EVATM became the leading value-based management indicator, CFROI and CVA are only being used by a small number of companies. This is very astonishing because EVATM is profit-

based and can be easily manipulated therefore. To avoid window-dressing the users of EVATM should apply adjustments, the so called conversions. According to Homburg et al (2004) only 58% of the DAX-companies adjust their figures at all, 42% don't. EVATM might be easier to implement and also easier to understand then the CFROI/CVA with its internal rate of return- or economic depreciation-approach.

Out of the companies with a value-based management approach most show how they calculate their cost of capital. Some companies already link their value-based management approaches to executive incentive compensation.

There might be an upward trend to do so in the future cause by the financial crisis experience.

There are discrepancies between questionnaire-based and financial report-based surveys. Anders et al (2003) argue that a "distorted sample" in questionnaire-based surveys might be the reason. Value-based oriented companies obviously tend to respond to questionnaires about that topic better then other companies.

Table 7: Comparison of different studies

Author(s)	Value based Commitment	Percentage EVA[TM**]	Information about calculation and/or value of cost of capital	Linked to executive incentive compensation
Pellens et al	83,3%	13,6%	65,2%	25,4%
Achleitner/Bassen	78%	50,0%	58%	N/A
Fischer/Rödl	86,66%	84,62%	61,11%	N/A
Aders et al	97%	39%	84% (use hurdle rates)	53%
Habersetzer/Hilpisch	40%	88%	N/A	N/A
Droste et al	N/A	69,23%	76,92%	N/A
PWC/Kirchhoff	not comparable, because scoring model			
Quick et al	82%	84,62%	N/A	N/A
Krol	excluded because focussed on SMEs			
Schultze et al DAX	43%*	N/A	53% (value) – 37% (calculation)*	N/A
Schultze et al NON-DAX	23%*	N/A	21% (value) – 7% (calculation)*	N/A
Britzelmaier	68%	78,57%	71%	42,86%

* data from financial year 2005 (study includes data from 2000 – 2005)

** ROCE and other profit-based indicators without a link to cost of capital are not considered to be value-based in this survey

Conclusion and outlook

The survey showed that Value-based management is not only a topic for German companies but also for the very big European companies. Most companies of the sample commit themselves to value-based management, but not all of them show what key indicator they are using and if they are applying one at all. The information given about the value-based management concepts and the cost of capital in the financial reports is good but still can be improved for one or the other company. Connecting executive incentive compensation to value-based management is not very popular yet, but might change due to the experience from the financial crisis. It is astonishing that EVATM is the most widespread approach despite its profit-based shortcomings.

The survey has been conducted on information given in the financial reports. A next research step could be done with interviews to gain a higher degree of detail and to justify the results acquired from the reports.

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QUANTITATIVE ANALYSIS OF THE COMPETITIVE ENVIRONMENT AND CUSTOMER BEHAVIOR IN THE ECONOMIC CRISIS: THE CASE OF CROATIA

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Abstract

This study is based on the quantitative testing of the hypothesis that the current economic crisis significantly changes the customer perception and behavior patterns, which, in turn, implies the restructuring of the competitive environment. Study presents the results of an empirical research, based on the representative sample of households in the Republic of Croatia, collected by using the methodology of Computer Aided Telephone Interviewing. Multivariate statistical methods are used to explore the changes in customer perceptions and behavior, as well as to indicate the possible pattern of competitive restructuring during the economic crisis.

PROLOGUE: Perceptions of the economic crisis in the South-East European (SEE) region according to the previous qualitative research

A previous research project, based on the qualitative research methodology (a combination of focus groups and individual customer interviews), provides interesting results (Alfirevic, Pavicic & Znidar, 2009) which may serve as a starting point for the quantitative analysis of the implications created by the global economic crisis. The research project has been conducted in the first quarter of 2009 throughout the SEE region (Slovenia, Croatia, Bosnia & Herzegovina, Serbia) on a stratified indicative sample of 580 respondents, in

the age group of 18 to 65 years, residing in the major cities in the region (Ljubljana, Zagreb, Split, Sarajevo, Banja Luka, Beograd).

The cognitive maps of the associations to the term recession have been created by grouping the appropriate responses. In Croatia, they implied expectations of higher unemployment, lower income and increased financial strain, which leads to the extensive sacrifices, often described in terms of less 'enjoyment in life' and negative emotions, such as uncertainty, pessimism, stress, fear, anger, etc. The mid- and long-term anticipations related to the economic situation in Croatia were related to the increased tensions – both in economy (i.e. increasing unemployment and financial uncertainty) and society (as reflected by the expectations of more criminal activity in society, general pressure on standard of living and lifestyles, as well as increased tendencies toward social unrests).

Respondents tend to assign responsibility for the crisis to the political elites, who are generally mistrusted, especially for the inefficiency of the economic policy. The economic position of the national economy has been associated with the long-term policy weaknesses, with the global crisis just triggering the latent tendencies in the Croatian economy. The notable exception among public figures, as perceived by the Croatian respondents, seemed to be the governor of the Central Bank, Mr. Zeljko Rohatinski, being described as an "expert", rather than a "politician". Some typical statements

from the Croatian respondents include the notions that "(…) we have always been in a certain kind of recession, with the current global crisis only being an excuse to proclaim the recession in Croatia, as well (…)" (female respondent, 34, employed, resident of Zagreb), while "(…) our politicians are not competent enough to face the crisis, which is the reason for populism, aiming toward the 'quick fix' before the local elections (…)" (male respondent, 31, employed, resident of Split) .

The comparative qualitative results from Slovenia demonstrated lower pessimism than in Croatia, with most respondents focusing on the issues related to the consequences of integrating Slovenian economy into the European and global mainstream. Although some negative remarks were related to the political elites and their (in)competence in meeting the consequences of the crisis, trust toward institutions seems to be higher than in other SEE countries.

Bosnian and Serbian respondents reacted in a similar manner: due to many years of poverty and extreme hardships, the idea of economic crisis/ recession has been perceived as 'something normal'. The popular opinion on the topic has been summarized by a respondent, who referred to a common joke in the region that "here (i.e. in this country/region, op. aut.) everything has failed so far, so will the crisis, as well" (male respondent, 31, employed, resident of Sarajevo). The distrust of the elites seems to be even higher than in Croatia, with almost all the elites being described in terms of being "corrupted" and/or "incompetent". However, many hardships endured during the 1990s, especially for the respondents from Bosnia and Herzegovina, instilled the feeling of the crisis not being as hard as portrayed by the 'Western' media and public opinion. As formulated by a senior citizen of Sarajevo: "(…) we have been very weak for some time now and can not 'sink' much deeper – we could be starving, but considering that we were able to survive the war, we are definitely able to survive this, as well (…)" (female respondent, 63, retired).

The consumer confidence in the region could be characterized by the expectations related to the future economic growth, which has been presented in a previous paper by Alfirevic, Pavicic & Znidar (2009, p. 309) and reproduced in the following figure.

Figure 2. Perceptions of future economic growth in the SEE region
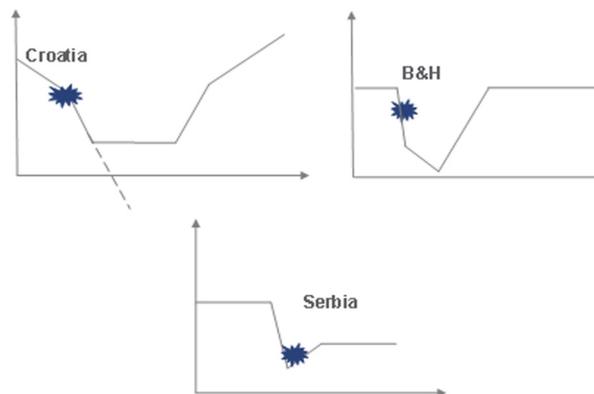
Source: Reproduced from Alfirevic, Pavicic & Znidar, 2009, p. 309

The current year (2010) is expected to be the 'turning point', with the recovery taking place during the 2011-2012 period. The differences related to the individual countries in the region can be perceived in terms of the duration of the crisis and its severity. Even the pessimistic Croatian respondents anticipate a prolonged stagnation, while the pessimism in Bosnia and Herzegovina takes the expectation of a prolonged crisis, with its peak taking place only in late 2010, or even 2011. At the other hand, Serbian respondents feel that "the crisis" has been a regular part of their lives since the early 1990s and the beginning of the Kosovo conflict. However, the grounds for such a perception

is based on the assumption that the difficulties in recent history have been much harsher than both the 'reality', as well as the social discourses related to the economic crisis. Therefore, a certain level of the belief in special local characteristics of the local people and society, in general, may influence the economic behavior in the region. Namely, recession is sometimes described in terms of "not being the same as in the world", which has been especially the case in Serbia. This finding may be associated with another specific attitude, related to the resourcefulness of the local population, which does not have the custom of detailed planning for the future, but rather relies to "getting along", which resembles the concept of "muddling through", as implied by the idea of logical incrementalism in strategic management (Quinn, 1978).

Motivation and methodological determinants of the quantitative research

The qualitative research project, conducted by means of individual interviews and focus groups, has provided some preliminary insights into the changes of customer behavior and their potential impact to the strategies of the regional enterprises. In order to identify the more 'tangible' elements of the customer behavior, relevant for the strategic management, i.e. marketing strategy in the region, a more comprehensive quantitative research project has been devised. The project has been conducted on a nationally representative sample of households in Republic of Croatia. As the preliminary qualitative results have demonstrated noticeable differences in overall perceptions and expectations related to the economic crisis, the more comprehensive analysis required a separate analysis to be performed in each of the regional markets/environments.

In this paper, we present the results of a telephone-based survey, conducted in Croatia in August 2009, by using the Computer-Aided Telephone Interviewing (CATI) methodology, previously described by Pavicic, Alfirevic, Znidar & Soric Zelinscek (2009). Such a methodology guarantees a high level of survey quality and provides primary empirical data representative of the entire Croatian population, as described by the latest (2001) census (ibid). We also used one segment of the standardized PRIZMA questionnaire, usually applied to the omnibus research procedure, in order to collect comparable demographic data. The central part of the research instrument consisted of two segments. The first one comprised of 13 questions, related to the perceptions and expectations related to the economic situation and developments in national economy, as well as their implications for the consumer behaviour and confidence. Respondents' answers were assessed on a standardized Likert's scale, consisting of five levels of agreement with previously defined statements. The distance between the values of the Likert's scale can be considered as, which implies that the arithmetic mean of all cases can be calculated and the t-test applied to establish the means' differences.

The other set of questions consisted of 14 questions, describing the perceived use of time available to the household members in 2010. The respondents were asked if they plan to invest more time in performing additional paid work, or obtaining additional education. At the other hand, they were also asked how they intend to spend their free time, i.e. by going out (to restaurants, entertainment outlets, etc.), spending more time with their family, either outdoors (as related to sport and other elements of the healthy lifestyle) or by devoting to home-based activities (such as watching TV, using the personal computer/Internet, etc.). All answers in this segment of the research instrument were assessed on a simple scale, stating that a respondent intends to use the same amount of time for the proposed activity in 2010 (in comparison to 2009), or to increase/decrease it.

The nationally representative sample consisted of 234 responding households, whose answers were automatically coded by the CATI data collection computer system and transferred into the SPSS 16 statistical software package for data analysis.

Results of the quantitative research

As demonstrated by the following results (see Table 1), the long-term recession, but perceived to have only limited influence to the standard of living and the existing lifestyles, seems to be the general

notion related to the economic developments. Preliminary findings of the qualitative research also seem to be confirmed by the distrust of the political elite, which is considered to be unable to cope with the challenges of the economic crisis.

The idea of the Croatian economy and/or population as being 'specific' and less susceptible to the influence of recession does not seem to hold, as it has been suggested for the case of Bosnia and Herzegovina, i.e. Serbia. In addition, Croatian general population does not appear to either exaggerate, or downplay the significance of economic problems: recession is perceived as a real problem (and not a media ploy). However, due to the almost neutral position taken toward the perception of personal problems caused by recession and the need to change one's lifestyle,

it may be suggested that 'it happens to someone else'.

A subset of findings, related to some aspects of consumer behavior and financial arrangements during the perceived duration of the crisis (see Table 2), demonstrates somewhat 'balanced' attitudes toward spending. Most respondents do not expect to be able either to save, or invest any significant amounts out of their current income, but the disposable income is viewed as adequate for covering planned expenses. Namely, minority of responding households does not intend to use credit cards, or additional credit in the near future. Selling major personal assets, such as a motor vehicle, or real estate, is also not perceived as a required option, while some of the respondents may use some of their previous savings to compensate for the effects of the economic crisis.

Table 1. Attitudes and expectations related to economic crisis

	N (valid)	Minimum	Maximum	Mean	Std. Deviation
Recession will last for at least two more years.	234	1	5	4,09	1,432
Me and my family will have problems due to recession.	239	1	5	3,27	1,540
I and my family will have to change the lifestyle we maintained during the last few years.	240	1	5	3,14	1,693
The government has a plan how to survive the recession.	232	1	5	1,69	1,249
Recession will be less evident in Croatia than in other countries in the region.	230	1	5	2,06	1,448
The standard of living will be lower than during the war in the 1990s.	235	1	5	3,30	1,628
Recession is exaggerated by media and there will be significantly less problems than predicted.	236	1	5	2,61	1,569

Source: Research results

Note: Measured on Likert's scale of five levels of (dis)agreement with the statement in the first column of the table (1 = do not agree at all with the statement; 3 = neutral; 5 = agree completely with the statement).

Table 2. Expectations related to consumer behavior and financial arrangements

	N (valid)	Minimum	Maximum	Mean	Std. Deviation
I will need to use credit cards more to meet my financial obligations.	236	1	5	1,49	1,095
I will need to take additional unsecured credit to meet my financial obligations.	241	1	5	1,22	,723
I will need to spend the savings to meet my financial obligations.	237	1	5	2,25	1,553
I will need to sell my car, or real estate, to meet my financial obligations.	236	1	5	1,59	1,192
I expect to be able to save.	240	1	5	1,91	1,346
I expect to be able to invest.	233	1	5	1,65	1,216

Source: Research results

Note: Measured on Likert's scale of five levels of (dis)agreement with the statement in the first column of the table (1 = do not agree at all with the statement; 3 = neutral; 5 = agree completely with the statement).

Table 3. Differences of attitudes and expectations related to consumer behavior and financial arrangements from the neutral opinion (one-sample t-test results)

	t	df	Sig. (2-tailed)	Mean Difference
I will need to use credit cards more to meet my financial obligations.	-21,193	235	,000[**]	-1,509
I will need to take additional unsecured credit to meet my financial obligations.	-38,199	240	,000[**]	-1,779
I will need to spend the savings to meet my financial obligations.	-7,456	236	,000[**]	-,751
I will need to sell my car, or real estate, to meet my financial obligations.	-18,192	235	,000[**]	-1,413
I expect to be able to save.	-12,583	239	,000[**]	-1,094
I expect to be able to invest.	-16,880	232	,000[**]	-1,345

Source: Research results

** One sample t-test results are significant at 1% level of statistical significance.

Table 3. confirms that the identified means of equidistant Likert's scales are significantly different from the neutral value of the scale, with all the mean differences directed toward the lower end of the scale, which formally supports the previous findings.

Second part of the questionnaire concentrated on the planned usage of available time during the crisis, measured on the ordinal scale. Since equidistance between thevalues of such a scale can not be guaranteed, its mean values are presented by using the median (see Table 4).

If the threat to the standard of living was perceived as severe, it would be logical that respondents would be willing to devote more time to securing competitiveness on the labor market, either by obtaining additional education, or by looking for an alternative to the additional job. However, this is not the case, as respondents do not plan to engage in such activities at all. In addition, respondents in general do not intend to change the patterns of using their free time, although they do plan to devote less time to computer and Internet usage. The absence of motivation of Croatian respondents to devote more free time to activities related to increasing employability is especially interesting. It may signal that some significant incentives for the economically rational behavior are not present in Croatian society, which, nevertheless, can not be addressed by this paper. At the other hand, such a finding may be also interpreted in terms of Croatian respondents not perceiving the effects of economic crisis as relevant for their own standard of living, as previously implied. Tables 5-7 illustrate this point by providing distribution of the variables related to the usage of time devoted to the 'active reaction' to the economic crisis.

Table 4. Median values for the planned amount of time to be devoted to different activities

	Go out with friends/family	Spend time with family	Stay at home and watch TV	Stay at home and use the computer/ Internet	Spend time outdoors
N (valid)	243	243	241	243	243
Median	Plan to spend the same amount of time	Plan to spend the same amount of time	Plan to spend the same amount of time	Plan to spend less time	Plan to spend the same amount of time
	Try to get a new job	**Look for additional paid work**	**Play sweepstakes/ games of chance**	**Obtain additional education**	
N (valid)	242	242	243	240	
Median	Do not plan to spend any time on such an activity	Do not plan to spend any time on such an activity	Do not plan to spend any time on such an activity	Do not plan to spend any time on such an activity	

Source: Research results

Table 5. Distribution of the variable related to the usage of time devoted to finding a new job

TRY TO GET A NEW JOB	Frequency	Percent	Valid Percent	Cumulative Percent
Plan to spend more time	37	15,1	15,2	15,2
Plan to spend the same amount of time	32	13,3	13,4	28,6
Plan to spend less time	5	2,0	2,1	30,6
Do not plan to spend any time	**168**	**69,2**	**69,4**	**100,0**
Missing	1	,3		
TOTAL	**243**	**100,0**		

Source: Research results

It is interesting that as much as 69,2% respondents do not plan to look for a new (alternative) job, 62,2% are not looking for additional paid work, while 63,3% are not planning to obtain any additional education.

In order to isolate the attitudinal influence of the minority share of respondents both perceiving the recession as a 'serious' threat to their economic situation, as well as ready to respond to it, a combined index variable has been created (see Table 8). It comprises the three previously described potential responses, as being constructed by adding the values of three binary 'dummy variables'. Each of those takes the positive binary value (1) if a respondent plans to devote more time to finding a new job, taking additional paid work, or enrolling into an educational course.

Table 6. Distribution of the variable related to the usage of time devoted to finding additional work

LOOK FOR ADDITIONAL PAID WORK	Frequency	Percent	Valid Percent	Cumulative Percent
Plan to spend more time	54	22,4	22,5	22,5
Plan to spend the same amount of time	30	12,2	12,2	34,7
Plan to spend less time	8	3,2	3,2	37,8
Do not plan to spend any time	**151**	**62,1**	**62,2**	**100,0**
Missing	0	,1		
TOTAL	**243**	**100,0**		

Source: Research results

Table 7. Distribution of the variable related to the usage of time devoted to obtaining additional education

OBTAIN ADDITIONAL EDUCATION	Frequency	Percent	Valid Percent	Cumulative Percent
Plan to spend more time	38	15,7	15,8	15,8
Plan to spend the same amount of time	39	15,9	16,1	32,0
Plan to spend less time	11	4,7	4,7	36,7
Do not plan to spend any time	**152**	**62,7**	**63,3**	**100,0**
Missing	3	1,1		
TOTAL	**243**	**100,0**		

Source: Research results

Table 8. 'Active attitudinal response' to the recession

'Active response' index value	Frequency	Percent	Valid Percent	Cumulative Percent
0	158	65,3	65,3	65,3
1	48	19,8	19,8	85,1
2	27	11,3	11,3	96,4
3	9	3,6	3,6	**100,0**
TOTAL	**243**	**100,0**	**100,0**	

Source: Research results

Consequently, value of the obtained index variable ranges from 0 (for respondents who do not intend to spend more time in any of the activities, which could be described as a form of 'active response' to the economic crisis) to 3 (for those who are most active in their attempts to secure personal competitiveness on the labor market). The distribution of such a variable, presented by the previous table, is quite illustrative: while only 3,6% of respondents are most active, as much as 65,3% are not ready to respond in any way to perceived threats in the economic environment, but rather hope that the outcomes will not be (too) harmful.

Considering that all statistical preconditions for performing the ANOVA (analysis of variance) procedure have not been met, significant relationships among the previously presented questionnaire items and the inclination to 'actively respond' to crisis, have been obtained by using the crosstab procedure, accompanied by the chi-square ($\chi 2$) test. Empirical significance of the chi-square test values for the first set of items were as follows :

• Recession will last for at least two more years ($\chi 2$ sig. = 0,057 – 10% sig. level),

• Me and my family will have problems due to recession ($\chi 2$ sig. = 0,061),

• I and my family will have to change the life-style we maintained during the last few years ($\chi 2$ sig. = 0,167),

• The government has a plan how to survive the recession ($\chi 2$ sig. = 0,625),

• Recession will be less evident in Croatia than in other countries in the region ($\chi 2$ sig. = 0,644),

• The standard of living will be lower than during the war in the 1990s ($\chi 2$ sig. = 0,011 – 5% sig. level),

• Recession is exaggerated by media and there will be significantly less problems than predicted ($\chi 2$ sig. = 0,151).

Potential relationships among the items belonging to the second set and the 'active response' index variable are described by the following chi-square significance values:

• I will need to use credit cards more to meet my financial obligations ($\chi 2$ sig. = 0,005 – 5% sig. level),

• I will need to take additional unsercured credit to meet my financial obligations ($\chi 2$ sig. = 0,001 – 5% sig. level),

• I will need to spend the savings to meet my financial obligations ($\chi 2$ sig. = 0,292),

• I will need to sell my car, or real estate, to meet my financial obligations ($\chi 2$ sig. = 0,000 – 5% sig. level),

• I expect to be able to save ($\chi 2$ sig. = 0,169),

• I expect to be able to invest ($\chi 2$ sig. = 0,075 – 10% sig. level).

Crosstabs for the relationships, which could be flagged as significant according to the chi-square test results, reveal mixed results. For instance, as related to the perception of the duration of the recession, those who have the lowest 'active attitudinal response' do seem to be the most pessimistic. However, there is no clear pattern among the other respondents' groups. The same applies to the item, representing the belief that the standard of living might be even reduced to the

level below the one during the war in the 1990s . Therefore, it is difficult to reach a convincing conclusion related to these questionnaire items.

At the other hand, there is a clear trend related to respondents' financial forecasting: those characterized by a higher level of 'active attitudinal response' will less rely on debt (including credit cards, unsecured credit, cashing in the saving and selling major property items, such as a motor vehicle, or the real estate). This implies that the 'active attitudinal response' is intrinsically linked to the inclination to take on less debt in the unpredictable economic environment, but rather to increase the income earning potential. The only exception to such a 'rule of the thumb' seems to be the capital investment as a source of income, which seems to be met with equal pessimism from all groups of respondents (according to their 'active attitudinal response'), which can be linked to the easily comprehensible disenchantment with the capital market, after the heavy losses suffered by the investors in the outset of the crisis on all regional markets, including the Croatian ZSE (Zagreb Stock Exchange).

EPILOGUE: Implications for strategic marketing/strategic management of regional enterprises

Rhodes & Stelter (2009) warn that the organizations need to balance the incentives for rapid action with the need to act cautiously. At one hand, a business should defend its position (especially the financial one) by a range of cost-cutting measures, while the significant sources of future development (such as research & development) should not be endangered by the 'defensive measures' (ibid.). The role of a firm's marketing capabilities, which can be summarized in the term of market orientation, in such a specific situation/environment has not been clearly examined. However, since a high level of market orientation can be interpreted in terms of intensive collecting market-related information and responding to it, i.e. learning from customers (Kohli & Jaworski, 1990), its effects may be limited under any particular/special characteristics.

This is emphasized by Grewal & Tansuhaj (2001), who argue that the effects of organizational learning, fostered by market orientation, are limited in crisis, since those are rather rare events, which make it difficult for managers to sense strategic direction and direct the learning activities within the organization. In this context, they discuss the concept of strategic flexibility and discuss the interplay of the market orientation, flexibility and firm performance after the crisis. Therefore, their results are not especially useful for the enterprises in the South-East European (SEE) region, which still struggle with the challenge of survival in the global economic crisis.

It is easy to refer to the strategic management theory, which offers many sophisticated concepts, embedded into the resource-based view, in order to recommend different modes of developing strategic flexibility. Nevertheless, many such approaches (as reviewed by, e.g. Matthyssens, Pauwels & Vandenbempt, 2005), may prove as too complex and impractical to achieve the required level of short-term stabilization. This requires addressing the issue of 'operative adjustments' during the crisis in the field of market-based strategies, which has been briefly done by S. H. Ang (2001). In a generic sense, businesses respond to crisis by "looking inward" (ibid, 266) and adjusting the elements of its marketing offering to the decreased demand and lowered prices. These measures need to be based on specific changes in customer behavior, which seem to be quite similar across cultures and economies of different levels of development.

For instance, in the 'classical' studies of consumer behavior during the oil crises during the 1970s in the US (Shama, 1981), as well as in the already cited study on the Singaporean consumers during the Asian crisis in late 1990s, similar conclusions have been drawn. In both cases, customers acted rationally, by reducing the overall spending, choosing cheaper and more durable products and switching to local brands and shops. 'Big-ticket' items purchase has been delayed and more attention paid to finding information about the products, their performance and durability. Similar results have been reported by Zurawicki

& Braidot (2005) for the case of Argentina, with the noticeable differences between the segments of respondents, belonging to the upper middle and middle/lower middle income brackets.

The situation in Croatia does not seem to fit well into these consentient findings: while they do believe that the crisis will last rather long (at least two more years), Croatian consumers might perceive that 'the crisis happens to someone else' (i.e. instead of their household). They tend to be rather resistant to the idea of changing their lifestyles and seem rather confident in the belief that the additional sources of financing the required expenses will not be required. In addition, a very small amount of respondents belongs to the group which intends to counter the negative effects of the economic crisis with some rational action(s). In addition, exactly this group does not incline toward taking any new debt during the crisis.

Provided that the majority of responding households does not plan any major changes in their behavior, or response to the crisis, it is questionable whether the 'classical' expectations related to the consumer behavior, developed in the US, Latin America and Asia are also applicable in the region. It is difficult to reach any reliable conclusions on the basis of a single quantitative survey, although its sample can be considered as nationally representative. Therefore, it can be suggested that the consumption patterns in Croatia might not be altered as dramatically as suggested by studies in other contexts, at least when the considerable purchases are excluded from the analysis.

Affordable financing packages may be a significant enabler of supporting purchase decisions, since most consumers still seem to be rather optimistic, when it comes to assessing the consequences of economic crisis to their household's lifestyle. The increases caution may, at least in mid-2009, limited to the consumption of financial services and changing patterns of household savings/ investments.

The suggested findings are rather favorable regarding the recovery opportunities for the Croatian enterprises, although they comprise an alarming characteristic of the general population, related to the extremely low share of individuals ready and willing to take active measures in increasing their competitiveness on the labor

market. It could be suggested that the majority of respondents are resorting to borrowing and maintaining hope that the recovery will take place. This might of interest even to the social scientists, i.e. all those interested in general social trends in the SEE region, as it is unexpected that the 'debt society', distinctive for the periods of prosperity in the U.S., might be, in some of its aspects, reproduces within the SEE region in the period of economic crisis.

Regional implications of the research are left to further investigation, as the previous qualitative results demonstrate that the Croatian respondents are more pessimistic than Serbians, as well as much more optimistic than the respondents from Bosnia and Herzegovina. Therefore, replication of such a quantitative study in these countries could provide interesting insights into regional differences relevant for the managerial and marketing practice.

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APPENDIX

Table A. Duration of the recession vs. 'active attitudinal response'

		'Active attitudinal response' to the recession				TOTAL
		0	**1**	**2**	**3**	
Recession will last for at least two more years	**I don't agree at all (1)**	18	5	5	2	30
		11,92%	10,64%	17,86%	25,00%	12,82%
	2	5	3	0	0	8
		3,31%	6,38%	0,00%	0,00%	3,42%
	3	9	10	3	0	22
		5,96%	21,28%	10,71%	0,00%	9,40%
	4	11	6	3	2	22
		7,28%	12,77%	10,71%	25,00%	9,40%
	I agree completely (5)	108	23	17	4	152
		71,52%	48,94%	60,71%	50,00%	64,96%
Total		**151**	**47**	**28**	**8**	**234**
		100%	**100%**	**100%**	**100%**	**100%**

Table B. Expectation of much lower standard of living vs. 'active attitudinal response'

		'Active attitudinal response' to the recession				TOTAL
		0	**1**	**2**	**3**	
The standard of living will be lower than during the war in the 1990s	**I don't agree at all (1)**	29	17	10	0	56
		18,83%	34,69%	40,00%	0,00%	23,73%
	2	15	4	1	2	22
		9,74%	8,16%	4,00%	25,00%	9,32%
	3	39	5	0	2	46
		25,32%	10,20%	0,00%	25,00%	19,49%
	4	8	6	2	0	16
		5,19%	12,24%	8,00%	0,00%	6,78%
	I agree completely (5)	63	17	12	4	96
		40,91%	34,69%	48,00%	50,00%	40,68%
Total		**154**	**49**	**25**	**8**	**236**
		100%	**100%**	**100%**	**100%**	**100%**

CELEBRITIES AND DESTINATIONS: BRAND CHOICE ATTITUDE MEASUREMENT AND DEMOGRAPHICS

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Abstract

Celebrities pertain to endorse products, services and, ultimately, destination brands. With the advent of destination branding, a window of opportunity remains for NTAs and DMOs to use celebrities to market destinations. As such, their use as destination endorsers is increasing worldwide and, specially, in the Asia-Pacific Region.

Organizations deciding for a new advertising campaign seldom decide for a celebrity endorsement based on quantitative research. Often embark on trying to unveil the best match between potential endorsers and the target audience before considering the feasibility of the campaign as to oppose to other types of advertising campaigns.

This article aims to determine whether celebrity brand advertising has a positive effect on brand choice and determine which demographic segments hold a significant more positive attitude towards it. Using a random sample where a street style intercept survey mode was used, attitude was assessed by means of a semantic differential scale ranging from one to nine.

Results provide an insight on the influence of CBA in terms of brand choice as well as providing a more precise scope for the targeting of CBA campaigns.

INTRODUCTION

Competition amid destinations has grown significantly in short time span and destination Marketers endeavor to highlighting their competitive hedge, i.e., building and sustaining a distinctive brand of their destination.

Within this course of action celebrity brand advertisement (CBA) is often used accounting for its' recognition as an effective advertising alternative. In tandem, destination branding is a quite recent topic which found increased interest among scholars who had been contributing for a better understanding of tourist's consumption behavior. Nevertheless, research studying both destination branding and the celebrity endorsement process in a co-branding perspective are scarce.

The rationale for this study is that celebrity brand advertising is a co-branding process designed by the brand manager(s) between the destination brand and the endorsing celebrity. We argue that both endorser image and brand image serve as a medium for a destination brand choice decision. For managers this may serve as a celebrity brand advertising guide as to determine its usefulness at preliminary stage of the analysis of a celebrity brand advertising campaign.

The co-branding approach, studies the effect of the two or more brands aimed at enhancing consumer's cognitive and affective attitudes towards a brand and, influencing consequently their brand choice when comparison situations arise.

The relevance of this study in Macao comes from the fact that there are a few on going campaigns that use celebrities and, to the extent of our knowledge, no study on celebrity endorsement advertising has been endeavored in Macao in order to assess Macao SAR residents' and visitor's perception of celebrity brand advertising in terms of brand choice.

The theoretical construct is illustrated in the figure 1. Besides, the use of celebrities to endorse products and destinations has been more concerned about

the cost of the campaign than the use of research to unveil the potential impact of the endorsement itself.

Therefore, this exploratory study aims to:

1) Study the effect of celebrity brand advertisement on respondents' brand choice and,

2) Determine which are the demographics that hold a more positive attitude towards CBA in Macao and nearby regions.

LITERATURE REVIEW

As differentiation becomes a key driver for customer-focused destinations (Gilmore, 2002) adding to a growing exposure by destination customers to a paramount amount of information on destinations attributes and benefits (Billings and Scherer, 1988), the use of celebrities by Destination Management Organizations (DMO's) and ultimately by National Tourism Authorities (NTA's) is happening.

DMO's and NTA's. make use of promotions and advertisement in order to enhance awareness of destination's unique benefits amid the hierarchy of factors in the tourists' purchase decision process (Buhalis, 2000).

Taiwan NTA has chosen a set of top Taiwan celebrities to endorse the campaign "Two Island One Culture". Jackie Chan amid the myriad of endorsements made was assigned as the Hong Kong Tourism Board (HKTB) ambassador. He is also representing the HKTB in major Hong Kong markets. In Japan, he was endorsing Japanese celebrities to work as local promoters for Hong Kong Tourism Board. Portugal has endeavored on a campaign using Mariza, an internationally renowned fado singer as "The Portuguese ambassador". Australia New Zealand as well as Malta, have done similar campaigns.

Research has found that celebrities are more effective than other types of endorsers, such as "the professional expert", "the company manager", or "the typical consumer" (Friedman and Friedman, 1979). Celebrities may increase purchase intention, brand image, brand awareness, brand recall, help with the introduction of new brands or repositioning as well as providing an associative mutual benefit in situations where the celebrity is -himself- a fan of the product.

Overall, celebrities such as movie stars and soccer players are credited by marketing professionals for getting the right message, to the right customer in the right time-frame with considerable success in an environment cluttered with information.

Recently, Van der Veen (2008) using an open-ended questionnaire sustained that when customers decide for a destination for their annual holiday a high social and psychological risk is involved. In this stance, the right celebrity may create a more favorable evaluation of the advertisement portraying a celebrity endorsement of the destination.

In tandem, destinations, consist of a bundle of tangible and intangible components, and can potentially be perceived as a brand (Ekinci and Hosany, 2006). A Brand that can generate a differentiation can help to create a set of unique and favorable links in consumer's memory (Keller, 2003). Consistently, as reported by Blain, Levy and Ritchie (2005) and Morgan, Pritchard and Pride (2002), destinations are being marketed as Brands.

Brand names are credited for consumer goods as a basic element of a firm's market offering that aids consumers' understanding of offering's features. They may serve as an encoding and retrieval cue for brand-related information, indicate the often intangible product properties that must otherwise be learned by experience or taken for granted or even, serve as a powerful heuristic cue for evaluation and choice decisions. As a consequence, the brand name can have a significant impact on long-term brand performance, outpacing its role as a mere element of the marketing mix (Park, Sung, and Shocker, 1996). We argue that above-mentioned reasoning also applies to destination brands.

Likewise, celebrities can bee seen as brands (Seno and Lukas, 2007). In the most prominent recent work over celebrity endorsement theory Seno and Lukas (2007) drawing on McCraken (1989) model and Keller (1993, p.3) research on brand image, see the celebrity endorsement process as a co-branding process also known as brand bundling or brand alliance.

Figure 1 – Theoretical construct illustration
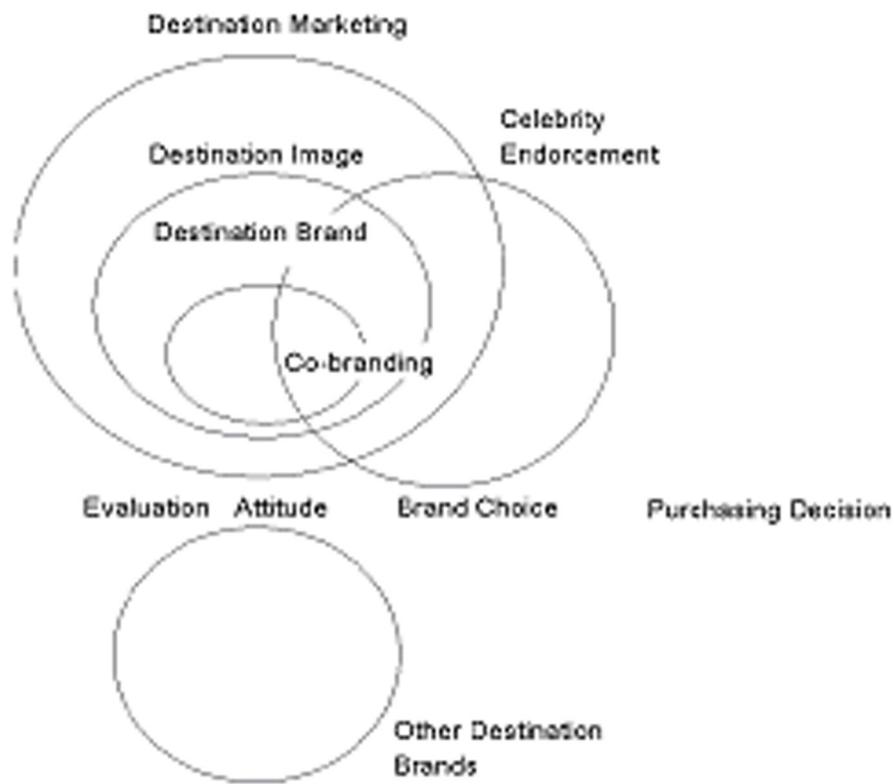
Figure 2: Modified model from Aaker (1996) for the co-branding of two brands in a dynamic process wherein outcomes are translated into inputs of the process of co-branding (endorsement).
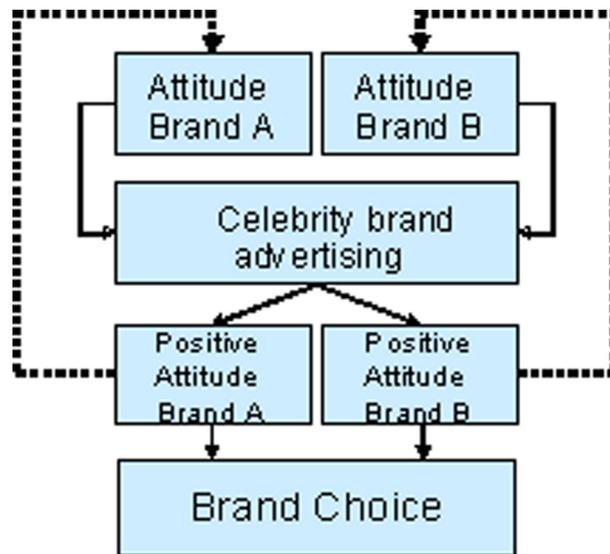
Corroborating Seno and Lukas (2007) in conceptual terms, we strongly believe that the endorsement of destinations by celebrities follows a close-related path, hence shifting the study of the celebrity endorsement process from previous models (source credibility, source attractiveness, match-up and congruency models) to the study of co-branding.

Reasons to consider this stem from the fact that the co-branding process as proposed by Seno and Lukas (2007) is a revolutionary vision of the endorsement process as it considers it a mutual beneficial partnership between involved parties (Motion, Leitch, and Brodie, 2003). This mutual beneficial relationship is a continuing and evolving interaction between the co-branding parties that can be managed in an exclusive and dynamic process positioning the co-branded product in a way that is difficult to reproduce by competitors (Keller, 1998).

Under such circumstances, we may infer that celebrities as brands are also part of this process of equity-creation as the consumer's perception of the same celebrity after the celebrity brand campaign is most likely different than the one before it. Therefore, the need to measure this equity creation process becomes necessary and we argue this may be conducted using brand choice.

If the endorsing process occurs as stated above it can better explain the interaction between celebrities and brands in an endorsement scenario. Rather than focus the realm of research on the endorser itself (source credibility and source attractiveness models) or the relationship between them (match-up and congruency models), the co-branding approach provides a possible explanation for the evaluation of the endorsement process as an interactive one within the myriad of meanings brand names may convey.

As such, we may infer on the feasibility of this approach to explain cross-cultural, multi-endorsement processes as well as the tarnishing of brands (when celebrities go astray) or even when the endorser attractiveness (physical or not) seems not to match a brand image, notwithstanding, the unexpected success of a celebrity-brand campaign.

Further, co-branding is particularly useful to explain the endorsement process when accounting for the affective and cognitive elements of it wherein celebrities convey meaningful messages to consumers through advertising by opposition to the behavioral elements of attitude formation (Baker and Churchill, 1977). According to this author, celebrity endorser's effect on intentions to purchase was that celebrity endorsement works on the cognitive and affective components of attitudes rather than on the behavioral components.

These meanings, as McCraken (1989) refers, are projected to the brand under their constant search for gender, class, age, lifestyle, time and place so as to define themselves towards the world they live in. Empowered by these meanings brands become filled with the symbolic properties, which in turn, celebrities are expected to provide in an endorsement process thus, most likely changing consumer's attitude towards the brand.

Then again, DMO's deciding for a new brand advertising campaign before embarking on trying to find the best match between potential endorsers and the target audience should consider its' feasibility within their overall brand strategy as to oppose to other types of advertising campaigns.

From a consumers' perspective, when choosing a destination, they are most likely confronted with more than one destination (brand) to choose from. In such circumstances of confrontation, the consumer will have an explicit evaluation for each alternative (Billings and Scherer, 1988). This evaluation will create an intention which is similar to the kind of judgment influencing the purchasing decision of a brand (Biehal, Stephens and Curlo, 1992).

To this judgement process we may call it brand choice and define it as the systematic process of evaluating different brands (comparing) selecting one and rejecting all the others (Biehal, Stephens and Curlo, 1992).

We argue that the study of celebrity brand advertising should be placed à priori, as an influential factor of the decision processes (brand choice) and at the beginning of the elaboration of the marketing campaign. For such purpose we have modified Alsmadi (2006) measurement instrument to do so.

Alsmadi (2006) has studied this phenomenon for Jordanian consumers and measured the influence on consumer's attitude in terms of brand choice. This author as paved the way to explore a more quantitative approach to the study of celebrity brand advertising hence the endorsement process, providing instruments to be used for the assessment of celebrity brand advertising.

Alsmadi (2006) measured brand choice as an aggregation of the following constructs: brand recall, brand awareness, brand acceptance and purchase intention. Therefore we formulate if:

H1: Celebrity Brand Advertising is likely to have a positive effect on respondents' brand choice.

The moderating effect of demographics in consumers' attitude toward celebrity brand advertising is also highlighted by Alsmadi (2006). Therefore we infer on the influence of gender, place of residence, education, age, progeny and income. Accordingly, we formulate that:

H2: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to respondents' demographic characteristics.

For clarity of analysis hypothesis are breakdown into its parts as follows:

- H2.1: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to gender;

- H2.2: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to place of residence;

- H2.3: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to education.

- H2.4: There are significant differences amid respondents' brand-choice due to age (alpha ≤0.05).

- H2.5: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to progeny.

- H2.6: There are significant differences amid respondents' brand-choice (alpha ≤0.05) due to income.

RESEARCH FRAMEWORK

The research framework below (see Figure 3) represents the concepts addressed in this study. The authors endeavored to study the attitude in terms of brand choice as this theoretical framework better explains the endorsement process.

Brand choice is presented as an aggregation of the attitude measurement of brand awareness, brand recall, buying intention and brand acceptance. Hence, brand choice is considered to be influenced by the effect of celebrity brand advertising.

Although the study is focus on brand choice, in order not to influence respondent's attitudes, the study was conducted on a broader scope by using a consistent methodology to address the brand choice, avoiding confining it to a specific celebrity and a specific product/service rather, respondents are expected to build their answers from previous exposure to this type of advertising and their consequences on their attitude, measured in terms of brand choice.

Consumers however, having different: backgrounds, upbringings and lifestyles, are expected to hold different attitudes towards this type of advertising. As such, demographics are considered in order to assess if these expected differences are indeed significant or not.

RESEARCH METHODS

The operationalization of the framework was done using a survey design approach (see table 1) framed for a quantitative type of research. In this section we describe measures used, instrument development and data collection procedures.

MEASURES

Brand choice was measured with four items adapted from Alsmadi (2006). Respondents were asked to indicate the extent to which they agreed to four statements in a 9-point scale (1-strongly disagree, 9-strongly agree). Reliability of the measure is 0.741 which is acceptable according to Churchill and Peter (1984). Each of the items measures one dimension of the brand choice construct, as indicated in table 1 below.

The questionnaire was validated with a pilot study, wherein academics and advertising practitioners contributed with comments. Final adjustments were made using a double translation method as explained by McGorry (2000). The best respondent level came from personal interviews.

Table 1: Influence of CBA on respondents' Brand Choice.

Question	Measuring
Q9 Advertisements that use celebrities help me make a **buying decision**.	**Buying intention**
Q10 Advertisements that use celebrities help me **remember the endorsed brand** when shopping.	**Brand recall**
Q11 Advertisements that use celebrities increase my **acceptance of endorsed brands**.	**Brand acceptance**
Q12 Advertisements that use celebrities increase my **awareness of endorsed brands**.	**Brand awareness**
Aggregation Q9-12	**Brand Choice**

DATA COLLECTION PROCEDURES

SAMPLE FRAME

As the perception of brands endorsed by celebrities is formed by tourist as well as residents and, considering this is only a preliminary and exploratory study, the author decided to include both in this study. Besides, considering the widespread of celebrity endorsement advertising in Macao, which is available in outdoors, magazines, newspapers, taxis and buses, it is reasonable to assume that everyone is exposed to this type of channels. Under such circumstances, residents as well as tourists were welcome to answer the survey.

SAMPLING AND SAMPLE SIZE

The minimum sample size was decided to be 250, but 266 completed surveys were collected. The survey was conducted using a street intercept style and a random sample method. Interviewers were experienced and trained specifically to entice respondents answering to conduct surveys. A gift (key-chain finder) was offered upon survey completion as recommended by Poon, Albaum and Evangelista (2003).

In order to guarantee interviewers' performance during the 3-hour sampling period a supervisor was assigned with the task to help the author bridge the language gap, maintain records and rapport on the number of interviews conducted. A first stage of validation of surveys was conducted on the day of sampling where completed surveys where separated from non-completed ones. Further training and on-site support ensured all issues regarding the survey were addressed.

As for the sampling places, by way of opportunistic information the author was able to identify the place and time where most of the excursions would be. The lotus flower square and the jetfoil terminal (site 1), Leal Senado Square up till St. Paul Ruins (site 2) comprise the sampling places chosen.

Sampling took place during lunch time 12:00 - 15:00 and on three different days: Saturday, June 13 site 1, Monday 14 site 2, Tuesday 15 on site 3. It was dispersed in one day of the weekend and two week days so that the sample would better represent the peak and shoulder periods in terms of visitors to Macao.

DATA ANALYSIS AND RESULTS

Several statistical techniques were used at the analytical stage, including Frequency analysis, Descriptive analysis, and Analysis of Variance (Two Sample t-Test, One-Way ANOVA) where applicable. The hypotheses were tested by Two Sample t-Test, based on the value of five (5) [scale midpoint]. The rationale was: the higher the value

the more favourable the attitude and vice versa. The testing for mean differences was based on (0.05) significance level as a decision rule (NS 0.05). Statistical differences where the significance level is 0.05 or less, and vice versa were accepted. All data analyses were performed using SPSS version 16.0 (SPSS, Inc., Chicago IL).

SAMPLE CHARACTERISTICS

Table 2 summarizes sample's (n=266) demographics, which was predominantly female (57%). Most of the subjects are concentrated on the age ranges from 18-44 years old which comprises the majority working force.

Additionally, the sample is almost equally divided into tourists and residents. Macao residents represented 45% of the sample and tourists represented more than half of the respondents (52%, Table 2). Tourists can be breakdown to their place of residence as follows: mainland China (32%) followed by Hong Kong (16%), Taiwan (5%) and other destinations (2%).

The educational level of respondents is high. Degree and post graduation holders represented more than two thirds of the sample (~68%). Basic academic qualifications which include primary and high school represented the other third of the sample (24%, high school, 9% primary).

Lifestyle was also considered as it can provide an indirect inference on the available time and disposable income. Half of the respondents were single (54%). Married (41%) and divorced (5%) comprised the other half. More than two thirds did not have kids (68%) but the other third pertain for their progeny.

At last, half of the sample population was living in with their parents (51%). To end, income distribution of respondents was concentrated in the lower income range from <999 to 10000 to 14999 MOP. As such, most of the sample consisted of people that had less than 14999 MOP as household income.

Table 2: Main sample demographics.

Demographics	Percent
Gender	
Male	43
Female	57
Age	
<18	2.3
18-20	10.9
21-24	24.4
25-34	28.9
35-44	18.4
45-54	9.0
55-64	2.6
>65	3.4
Income	
<999	13.2
1000-4999	24.1
5000-9999	22.2
10000-14999	31.2
15000-19999	4.1
20000-24999	0.8
25000-29999	1.1
30000-34999	1.1
35000-39999	1.5
>40000	0.8
Education	
Primary	9
High School	24
College	29
Post graduation or higher	38
Place of residence	
Macao	45
China	32
Hong Kong	16
Taiwan	5
Other	2

RESULTS AND DISCUSSION

SUMMARY OF RESULTS

Table 3: Overall attitudinal items breakdown by demographic segment.

		Attitude (% relative frequency)		
		Disagree	Neutral	Agree
	Overall attitude to CBA	28.75	26.90	44.95
Gender*	Male	18.26	32.17	49.57
t= -53.49, α=0.000	Female	7.95	32.45	59.60
Progeny*	With children	16.67	38.10	45.24
t= -52.263, α=0.000	Without children	10.00	30.00	60.00
Age Range*	18-34	7.60	28.07	64.33
F= 3.77,	35-54	24.66	38.36	36.99
α=0.001	55-64	14.29	42.86	42.86
Income in	Up to 4999	15.15	30.30	54.55
MOP	5000 to 9999	10.17	28.81	61.02
	10000 to 14999	10.84	34.94	54.22
Education*	High School and Primary	17.44	37.21	45.35
F= 2.72,	College	11.67	27.50	60.83
α=0.01	Postgraduates	16.67	16.67	66.67
Place of	Macao	11.67	27.50	60.83
Residence	China	17.86	39.29	42.86
	Hong Kong	2.33	34.88	62.79

(*) Stands for significant differences.

Youngsters (18-34), highly educated, females as well as childless respondents' are more likely to find that celebrity brand advertising has a positive influence on their brand choice attitude.

CONCLUSIONS

CELEBRITY ADVERTISING EXERTS A POSITIVE INFLUENCE ON BRAND CHOICE?

The findings indicate that almost half of the respondents hold a positive attitude towards celebrity brand advertising as an influential factor of their brand choice attitude (45%). Youngsters (18-34), highly educated respondents (College and Post-graduated), females and childless respondents' are more likely to find that celebrity brand advertising has a positive influence on their brand choice attitude.

WHICH ARE THE DEMOGRAPHICS THAT HOLD A MORE POSITIVE ATTITUDE TOWARDS CBA?

According to results obtained within this study from the six demographic variables studied gender, education, age and progeny play a predominant role as significant differences were found amid respondents' answers to the survey.

Attitude significant differences were determined for gender (t=-53.49, α=0.000, n=266), age range (F=3.77, α=0.001, n=266), education (F=2.72, α=0.01, n=266) and progeny (t=-52.263, α=0.000, n=266). By opposition to what literature found, respondents income was not influential over attitude towards brand choice. Likewise, the variable place of residence did not seem to influence brand choice attitude as well.

MANAGERIAL IMPLICATIONS

This study has practical implications. First managers should consider assessing the attitude towards celebrity brand advertising before deciding for a celebrity. This study provides a useful and replicable tool to create a more quantitative approach at the initial stage of the decision upon selecting a celebrity. In what concerns the attitude towards celebrity brand advertising we may conclude on its usefulness given the positive attitude towards the answers obtained.

A special note should be taken considering the significant differences identified for different demographic segments, namely, progeny, gender, education and age. According to this study, childless couples, highly educated respondents females and youngsters seem to render a significant more positive attitude towards celebrity brand advertising. This is especially useful for Marketers as they may better conciliate the target population of their campaign and the best combination celebrity-product chosen.

LIMITATIONS AND FURTHER RESEARCH

The lack of literature on celebrity brand advertising in Asia endangers the attempt to infer on results based on previous studies. Often the analysis is confined to compare data with western countries and in most situations with United States students. We have reasons to believe that the widespread of celebrity endorsement to Asia and especially in China shall provide a good source of research thus providing a path to better analyze trends in this type of advertisements. The moderating effect of celebrities in consumers brand choice renders a fertile ground for further research, especially, in what concerns on-line advertising (social networking) and advertising on television, films and videos. On the other hand, the nature of this study demands a permanent follow-up as these conclusions stem from consumer's perceptions, which, in turn, change over time.

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PREQUISITES OF DEVELOPING TOURISM IN TURKESTAN CITY AND OTRAR OASIS OF SOUTH KAZAKHSATAN REGION

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Analysis of the current state of tourism in many countries allows us to understand that its development should be accompanied by efforts to promote programs of inbound and domestic tourism.

Kazakhstan still occupies a modest position in the international tourist exchanges, although the end of last century was full of positive trends.

The development of tourism industry is very important for Kazakhstan. One of the steps to the development of international relations in the tourism industry was the fact that Kazakhstan became a full member of WTO, and a range of international agreements on cooperation in tourism. Kazakhstani Tourist Association has been created as well. The programme "Kazakhstan 2030" has identified a priority development of economy.

Kazakhstan worked out and adopted "The Law on tourist activity in the Republic of Kazakhstan" and "Concept of Development of tourism in the Republic of Kazakhstan". Tourism industry has been defined as cluster №1 by President of the country. Now the main focus is the expansion of international tourist relations, primarily in the interaction with the WTO and implementation of intergovernmental agreements in this field. Kazakhstan participates in international tourism exhibitions and fairs and other events to promote the tourism product.

Kazakhstan is also involved in two projects of UNDP and WTO to promote tourism on the Silk Road: "Technical assistance project on the Silk Road in order to establish close cooperation between Kazakhstan, Uzbekistan, Kyrgyzstan, Tadzhikistan and western provinces of China including tourism" and project "Regional Programme "Silk Road": strengthening potential of the country for regional cooperation and development ". The main objective of the second project is to identify 8-10 cities on the Silk Road, which meet the requirements and parameters of sustainable tourism development. In all these projects work is done in accordance with the large potential for the development of cultural tourism along the Silk Road of the South Kazakhstan region and the main tourist center - Turkestan.

Currently, the transformation of South Kazakhstan region, namely the city Turkestan in the center of the tourist industry is one of the main tasks. The potential of the city of Turkestan and Otrar oasis in this field is unlimited. Among 802 monuments of history and culture of South-Kazakhstan region: 528 belongs to the monuments of archeology, 42 - historical monuments, 226 - to architectural monuments. For example, the ancient city of Turkestan in the past was a political, commercial and cultural center of the Kazakh Khanate. With its beauty and elegance of the famous Mausoleum of Khoja Ahmed Yasawi and dedicated to one of the Sufi saints Arystan Bab. Otrar National Archaeological Museum-Reserve is located here. The mausoleum attracts many pilgrims from all over Central Asia.

Speaking to residents of the city of Turkestan in 2000, President Nursultan Nazarbayev said that "Every nation, every country must determine its spiritual center. The spiritual center in Kazakhstan will be the city of Turkestan, it is so not only for the Kazakh people, but also all Turk world ". These words of the Head of the State defined the development strategy of the city. "Program of development of tourism in the Republic of Kazakhstan for 2007-2011", approved by Presidential Decree of

29.12.2006 № 231, Turkestan identified one of the major tourist centers of Kazakhstan.

The purpose of tourism development in the understanding of the leadership of the city of Turkestan and Otrar neighborhood is to improve the social status of the local residents of the region. The industry is seen as a source of income of local residents. According to expert prognoses, a significant influx of pilgrims and tourists is expected in the Turkestan oasis of Otrar mausoleum Arystan Bab, their number may increase to 2 million people in 2012.

That is why by the order of the akimat of South Kazakhstan region the project "State program" Development of Turkestan as a spiritual, cultural and tourist center of Kazakhstan for 2008-2012" has been designed. The aim of this project is to create mechanisms to regulate tourism for its successful development in this region and creating a positive image of this region in Kazakhstan. According to forecasts, the project would increase the number of jobs, establish a system of standards and certification services, improve infrastructure and, ultimately, positively affect the region's economy.

This project aims at addressing the most important problems of the region: infrastructure - to further promote the tourism product of South Kazakhstan region, namely, the pilgrimage to Turkestan and Otrar Oasis (mausoleum Arystan Bab) it is necessary to improve tourism infrastructure, which is in poor condition. A poorly developed infrastructure is the main problem of the region but the entire Kazakhstani tourism. This primarily depends on the communications (roads). There are prerequisites for the establishment of ethno-tourism, ecological and hunting tourism, sports tourism, jeep safaris, camel safaris on the route of Turkestan, Bukhara. With regard to the primary

tourist infrastructure here, the issue is partly solved, built an economy class hotel in the vicinity of the mausoleum Arystan Bab; funding - for the development of tourism is not enough, government subsidies are needed as well. To attract investment in the tourist industry of South Kazakhstan region, there must be control over the monuments and mausoleums, and the quality of hotel services, support major domestic tourist companies, to facilitate the investor benefits in the form of tax, customs fees, etc.

According to experts, the main factors determining the attractiveness of tourism in the region are: the accessibility of the region, its nature and climate, attitude of local people to visitors, the infrastructure of the region, the price rate, retail sale, sport, recreational and educational opportunities, cultural and social characteristics.

Opportunities for promotion of tourism in the South Kazakhstan region are practically unlimited, and to increase the attractiveness of the region is now probably the best time to start contributions to its future.

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THE PROCESS OF IMPLEMENTING AND ENSURING A HIGH LEVEL OF CROATIAN TOURISM PRODUCT QUALITY

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Abstract

Ensuring a high level of tourism product quality sometimes becomes a determining factor in the selection of a particular tourism destination or of a specific tourism product on the competitive tourism market. In recent years quality has become an increasing priority of the development policy of each country. Tourism destinations that have not realized the importance and role of ensuring a high level of product quality, where the quality is based on international market standards, will not be able to achieve an adequate position and will be displaced from the market. Benefits that are gained by applying the quality system are multiple. Primarily, it increases the quality of the tourism services and products offered on the tourist market. Furthermore, it is equally important for the satisfaction of tourists and is identified as one of the important factors for creating a positive destination image. In addition, it contributes to reducing business costs, which also affects the productivity and profitability as well as increased competitive ability.

Increasing tourist satisfaction is one of the most important benefits that are achieved by implementing a quality system for the entire tourism market focused on meeting the desires and demands of tourists. To determine the real state of the Croatian tourism products quality in the paper the survey method has been used and surveyed populations were hotels managers, managers of tourism agencies and tourism experts. Therefore, the purpose of the paper is to determine the actual state and emphasize the importance of the implementation of high quality Croatian tourism products for a better positioning on the competitive tourism market.

Key words: tourism product, quality, tourism market, Croatia

Introduction

Many tourism theorists and practitioners agree that price is no longer a decisive factor in the selection of a tourism product. In a highly competitive market environment, the implementation of intangible elements such as quality is crucial. This paper, by analyzing the current situation in the Republic of Croatia, attempts to prove that the implementation of European standards of quality by the providers of tourist activities can be at an even better level. It will also analyze the reasons of slow implementation, i.e., extract and filter the best possible strategy for achieving competitive advantage and necessary innovations in business of the tourism activities providers. Taking into consideration that the tourism industry is largely a service business where the human factor plays a key role, an analysis was also conducted of the importance of the implementation of specific strategies in the field of education and training of employees in Croatian tourism.

Theoretical background and overview

Theoretical determinants of product quality

When discussing quality, we talk about quality itself, quality care and quality management. In the ever increasingly competitive world of commerce the product quality not only enables differentiation between products but also gives a competitive advantage over competitors' ones. The phenomenon of price being the main selling point

has long faded away. The mindset of an average consumer has made him think carefully about the benefits of quality in the longer run and their implications in the wider context of the society. The one thing everybody agrees on is that you cannot complain about quality and everyone wants to take advantage of it.

The term quality has been developing throughout centuries and has changed together with the development of societies, technology and science. From its first traces in the Bible as being 'good', quality has gone a long way to being classed as a product of a service capable by all means to meet its customer needs (Avelini Holjevac, 2002).

There are two approaches to the quality of products and services. The first approach (Weiermair & Fucs, 1999) focuses on the products characteristics whereas the second one is more orientated towards the end user. In this paper the focus will be placed on the tourist product, taking into account its features and characteristics, or more precisely, looking from the angle of the actual product on offer. Baker and Crompton first recognized the correlation between the quality of work put in by the person effectuating the tourist offer, level of satisfaction expressed by its user and the overall success of the business in question (Baker & Crompton, 2000).

On the other hand, Lazibat defines quality from the viewpoint of a manufacturer who wants to measure the success rated of a product intended for that market (Lazibat, 2009):

1. Conception rate–how well was it thought of?

2. Construction rate-how was it built up?

3. Effectiveness–how well was it conceived?

Kandampully for his part believes that demand creates the tourist product and he supports 'package deals' and all with the aim of promoting the quality of the offer (Kandampully, 2000). Looking at the behavior of the tourists, Hjlangler advocates the formation of a theory based on that very same behavior of tourists and their attitudes so that an adequate database of the touristic offer can be formulated (Hjalager, 2001). Many other theorists of tourism are carefully examining the quality of the touristic offer from the angle of tourist demand using the SERVQUAL methodology which is based on the difference between expectancy and perception (Hudson, 2003).

'Deming's PDCA circle' is a widespread theory which supports the thesis that the quality of products and services is a process that includes all decision makers at all stages from production till the end of the final product sale. If one element of this circle fails then the whole concept is ruined (Lazibat, 2009) :

1. Plan;

2. Do;

3. Check;

4. Act.

Importance of tourism product quality implementation

Ensuring a high level of quality in the current environment increasingly becomes a determining factor in the selection of a particular destination or of a specific tourist product in the competitive tourism market. In recent years quality has become an increasing priority of each country's development policy.

What is common knowledge supported by travel industry theorists and, more importantly, proved by tourists is the fact that what determines the choice of your holiday destination is not the price but the actual quality on offer.

This in turn creates a rather competitive situation amongst suppliers of the offer or service in question or those companies who are partly participating in the creation of the latter which in fact gives the person or company who are the providers of the offer in question a lot of choice.

Those at the top of the world travel market are conscious of the constant need to re-invent the quality of their product avoiding 'the old chestnut' of price manipulation at the expense of the service provider. They are aware of the fact that only products with quality substance can stay at the top, reaping financial rewards. What adds to the pressure to maintain the above mentioned market position is the ever present shortening cycle of products, directly resulting from stronger competition and savvier tourists.

One has to bear in mind the nature of the service industry and its constant craving for the inclusion of quality features in its offer. What is more, its characteristics of unintrinsic values,

inability to place it on an exact shelf, its votive behavior, compactness and unique ownership are all predispositions which further stress the importance of quality as part of the touristic offer (Keane, 1997). A potential tourist cannot 'feel the goods', so to speak, so he or she needs to rest assured about their quality. International quality standards and IS0 certificates are proofs that a product has its intrinsic value and high standard of quality. Quality criterions are imperative in gaining the earlier mentioned standards of quality, be it the case of an individual or company applying for them. Tourism is a service industry where a high degree of importance and responsibility is placed on an employee as he or she is the first point of contact with a potential client, so their education and more importantly investment into it, is one of the main pre-requisites in gaining desired recognition in standards and certified excellence.

Avelini Holjevac believes that there are fourteen invaluable factors making the quality of a tourist product or service complete (Avelini Holjevac, 2002):

-Availability (easy to access);

-Quality assurance (personnel is attentive, polite and educated);

-Options available to clients to change their mind hassle free;

-A high degree of professionalism on the part of the personnel, their ability to demonstrate knowledge about a particular product or service;

-Standard maintenance (proof of product or service high standard quality);

-Staff attitude (exceptional politeness, attentiveness towards clients);

-Time effect (spending time with clients extends positive impact on product or service time enjoyment span);

-A personal approach to each client (highlights their importance and staff's commitment);

-Aspect of humanity (bearing in mind that client's dignity should be respected at all times);

-Impact (product or service offers at all times);

-Discretion (ability to recognize client's need for this service);

-Responsibility (explanation about client's rights, duties and general responsibilities);

-Safety (assurance that product and service are safe and that client's life is not put at risk).

If we exclude at this point the general definition of quality of a tourist product or service, success in this regard, on a very competitive market can only be achieved if tourist companies or destinations offer a product or a service that a client wants, at exceptional degree of quality of both and at the right time (Eraqi, 1996). Eraqi, also advocates that in order to meet clients' needs it is also important that employees' working environment and conditions are also to their liking.

Every product launched on the market has to meet certain standard criteria. The World Travel Organization has formed six basic criterions that a travel agency or a travel company has to implement when launching a product or service on the market:

1. Security and insurance;

2. Hygine;

3. Accessibility;

4. Transparency;

5. Authenticity;

6. Environment appreciation.

These are the guidelines for a successful growth of a quality product (Meler, 2005):

1. Proportionally high degree of product quality;

2. Maintenance of the level of product quality;

3. Constant need for product and service improvement.

It is a logical sequence that a successful stay of a client and his or her revisit depend on a high quality product (Keane, 1996). Talking about quality also influences the choice of your next holiday destination. In air trafficking, the airport is the first and the last point of contact for many tourists and its quality appearance is of primordial importance and ups the rating of that particular destination (Martin-Cejas, 2006). This is how competition 'wars' are won over.

Ayala is one of the tourism industry theorists who say that a quality tourism product or service is on the par with eco products; clients who are educated and who are culture vultures are in the hunt for tourist products and services that would revive this experience (Ajala, 1995).

Destinations that have not realized the importance and role of ensuring a high level of tourism product quality, where the quality is based on international market standards, will not be able to achieve an adequate position but will rather be pushed out from the tourism market. Benefits that are gained by applying the quality system are multiple. Primarily, it increases the quality of the tourism services and products offered on the tourist market. Furthermore, and equally important, tourists express satisfaction which is one of the important factors for creating a positive destination image. In addition, it causes a reduction in business costs, which also affects the productivity and profitability as well as increased competitive ability.

Increasing tourist satisfaction is one of the most important benefits that are achieved by implementing a quality system for the entire tourism market focused on meeting the desires and demands of tourists. According to their needs, which are revealed by the market segment research, tourism products must be modified and diversified. Tourists whose needs are satisfied with the offered tourist product lead to an increased tourism product promotion. All of the above creates a positive destination image. Large numbers of tourists who were satisfied with a specific tourist product led to a competitive advantage in destinations that apply international quality standards. Increasing of positive image begins to imply a certain level of quality tourism products.

Changes of the mandatory measures that distinguished successful quality should be eluded by applying four points, and they are:

-Quality aims are the outcome of ever increasing and complex tourist requirements, which should be fulfilled in the first encounter with the tourism product.

-Quality should be present as an effective means of prevention, not only in eliminating defects and deficiencies.

-Desirable quality standards of tourism products and services will be achieved at a time when

there are no major disadvantages in content and structure of tourism products.

-Mandatory measures are introduced as the consequence of unsatisfied demands of tourists as users.

By applying international standards of quality, in addition to destination recognisability, recognisability of certain tourism products is also achieved where differentiation from competitor tourism products is accomplished. Tourism product recognisability directly influences shortening times from destination tourism products to tourists. Namely, a marketing strategy which is characterized by product quality and tourist satisfaction directly affects the recognisability and acceptance of the product, which happens faster than less quality tourism products. All of the above mentioned factors affect the opening of many possibilities and opportunities for tourism product placement on new markets because potential tourists are more oriented towards international quality standards.

The introduction of a quality system requires coordination of marketing in line with a total quality management system, which entails:

-Knowing where the destination stands on the market in relation to competing destinations.

-Timely planning of the development and improvement of products and also conducting measurements and adjustments for a comparative advantage over the competitors.

-Constantly gathering information from the market, analyzing the needs, expectations and degree of satisfaction of tourists.

-Underlining the features and advantages of the destination and enabling a better use of resources.

-Creating destination resources in order to achieve success in a certain segment.

-Highlighting high quality tourism products.

The process of implementation of quality in the Croatian tourism product

Tourism in Croatia plays an important role in the realization of the GDP as 15.75% of the latter in 2008 was finalized in this industry earning some

Euro 7.4 billion (Ministry of Tourism, Republic of Croatia). What is promising even greater financial results in this segment is the implementation of all aspects of quality as Croatia is deemed to be a quality upcoming brand on the World Travel Market.

What Croatian economy focuses on is pure quantity and this may be the case because, in terms of methodology, it is quantifiable i.e. economy growth, growth in sales, growth in tourist demand for the country. On the other hand, quality is not measurable and as such should be maintained at the highest possible level.

The implementation of total quality management in Croatian tourism is being carried out in conditions of severe competition on the tourism market, which is additionally affected by globalization processes. Considering the characteristics of tourism products this process is extremely sensitive, complex, demanding, but necessary. Total quality management of tourism products is a process that places emphasis on long-term organization and therefore continuous operation with a view to harmonizing the needs and expectations of tourists in choosing a particular tourism product. This system develops and coordinates the continuous monitoring and research of needs and wishes of tourists and their degree of satisfaction using a particular tourism product.

Total quality management in tourism is a model taken from the industrial sector, and is adapted to the specific characteristics of tourism and hospitality. The tourism industry took that model from the industrial sector because of the good results that were achieved in that sector. In tourism that model is focused on retrieved understanding of business rules on how productivity, quality and profit are a single entity modeled on the industrial sector. This has greatly affected the motivation and development to improve the quality of tourism services and products. Quality has become a decisive factor in the efficiency and competitiveness of the turbulent tourism market (Avelini Holjevac, 2002).

Considering the specificity of tourism services and products, which tourists cannot experience until they visit the specific destination, and for their own security, tourists are increasingly requiring certificates and other documents which could prove the quality of the product. Among the numerous certificates, those that certainly stand

out are ISO 9000 quality standards which include (Vizjak, 1998):

-ISO 9001 – standard that defines quality in the design of the product;

-ISO 9002 – standard that defines quality in production;

-ISO 9003 – standard that specifies the quality of training.

The official version as stated in ISO 9000:2000 describes quality as a level of group characteristics which are aiming to attain to the best (Lazibat, 2009). These standards have been recently added and include higher requirements for quality, which is primarily based on quality management, and explain the quality control, quality assurance, management by objectives, employee quality, providing guidance on the effectiveness of employees and ultimately the standard that governs the total quality control to satisfy tourists who choose the tourism product. Successful implementation of quality standards assumes implementation of certain parts of standardization of tourism products.

Guaranteeing the success of the total quality management process involves nine basic principles which are the foundation for the entire process:

-The compliance requirements of tourists;

-Managing and coordinating activities that contribute to improving the quality;

-Education, training and animation of all employees to advance the quality;

-Establishment of appropriate communication and teamwork, where one must take into account the fact that people produce quality;

-Exploring all who participate in the creation of tourism products in order to influence the process of improving the quality;

-Success is the basic measure for the degree of achievement of quality;

-Quality must be expressed in the first contact with the tourist product because mistakes made in the first contact are difficult to salvage;

-Quality management must be targeted and effective;

-The appropriate behavior among all participants in order to improve overall product quality.

To stay at the top, as a tourist destination it is important to have a continuity of a top quality product which is a tool against competition and enables higher market share. Croatia as a tourist destination should be viewed as a 'macro' brand, its counties should be seen as a 'mezzo' brand and its towns and cities are 'micro' brands (Govers, 2000).

Quality ought to be maintained at all levels (accommodation, entertainment, transport, agent representation, and offer as the whole). If any of these factors are affected, tourists are estranged from the enjoyment of their holiday and the experience of the destination gets a negative connotation (O'Niell &Black, 1996).

Data and methodology

To determine the importance of using research implementation quality products and either confirm or disprove the hypothesis set, besides secondary data analysis, primary data were collected. In order to identify the current situation of Croatian tourism products in terms of quality and also the possibilities of implementing and ensuring a higher level of quality, empirical research was done by interviewing three samples in Croatia which participate in the formation of the Croatian tourist product quality and they are: Croatian tourism experts, hotels managers and managers of tourist agencies. Croatian tourism experts include the persons that directly or indirectly participate in the creation of the Croatian tourism policy such as tourist boards (all sectors in every region), the Croatian Chamber of Economy – tourism departments for each region, persons employed at the Ministry of Tourism at the state and local level, persons employed in scientific institutions such as the Institute of Tourism and Universities that, among other fields, are focused on tourism. The survey consists of data that was gathered in 2007 and 2008 in Croatian counties by the authors. To confirm a certain thesis, besides sending the questionnaires, research was also done by phone. For this research every Croatian county was included. The questionnaire was structured and included six questions and they included the importance of the acquisition of specialized knowledge for the purpose of raising the quality of Croatian tourism and the adjustment

of the main providers of tourist activity to the requirements of the quality tourism market. Of the 100 questionnaires that were sent to the group of agencies/tour operators, 45 were returned and completed. The biggest turnout came from experts and they returned 54 questionnaires, which is more than half of the returned questionnaires, while the hotels returned a total of 48 survey questionnaires.

The method of measuring that we used in our research was the four-point Likert scale. Number 1 signifies the lowest level of importance and number 4 the most intensive importance of offered indicators except in the question about the implementation of European standards in the quality of the providers of tourist activities where the answers were ranked in three groups (yes, no, partly). Answers to the questions about the quality of tourism products among three groups of samples were compared with each other. We used the methods of descriptive statistics to analyze the data. Below are presented results of research.

Results

One of the key factors of the introduction and application of this process is certainly a human factor which in a given environment and in order to raise the quality of tourism products must acquire certain knowledge. Effective development and creation of new tourism products based on international standards of quality largely depends on the level and structure of the qualification of all participants. The specificity of employees who participate in the tourism product creation, promotion and distribution is that they meet with people from different backgrounds, with different levels of education, different social status and so forth. Such a structure requires the inclusion of tourist employees with a higher level of general culture and professional education as the only correct approach to creating positive destination image.

Competitive Mediterranean countries with the aim of increasing the quality of services place more emphasis on continuous testing and controlling of employees, establishing standards of work operations, motivation and stimulation, and permanent education, depending on the position of employees. Testing and controlling is the initial phase of managing employees that aims to remedy any deficiencies and allocates them to work places

where they will most effectively carry out their activities. Permanent education is of considerable significance in terms of ensuring quality tourism products and image of tourist destinations.

In the area of education and training of employees involved in the Croatian tourism destinations, with the aim of adapting to globalization trends and changes in the tourism market to achieve a positive destination image, the following strategies should be applied:

-Human Resources Development Strategy;

-Participation and involvement in seminars and conferences;

-Training of employees;

-Employee training in foreign tourism enterprises.

In the survey conducted on the three groups of respondents we placed the question of the importance of implementing these strategies, which led to the following observations:

The first group of respondents, agencies, put human resources development strategy in first place, with over 40% of answers. They think that it is extremely important, and almost 50% of them thought that it is important. They shared a similar opinion for the participation in seminars. Over 50% of them think that sending employees to international firms is extremely important for specialization and learning to raise the quality of the tourism industry, but thought that involvement in employee training was irrelevant. The second group of respondents, hotel managers, contrary to the first group, placed most importance on the training of employees (about 80%), in second place is the option of sending employees to foreign companies, third is participation in seminars while almost 30% thought that the adoption of strategies of human development is irrelevant. Unlike them, the group of experts put the adoption of human resource development strategies in first place, as almost 80% considered it very important, participating in seminars is in second place, while sending employees to foreign companies is considered less important. The conclusion is that human resources development strategy has to be adopted to ensure a higher quality of employees in tourism.

Needs to adopt new knowledge are of great importance, especially today when the new trends impose new requirements for knowledge in the tourism sector. Changes in trends are evident and they are primarily related to the way people spend leisure time, demographic changes and the like. All this affects the changes in the structure of tourism products offered on the market, but also the ability of employees so that their education must be aligned with the ever changing trends. New specialized knowledge, particularly interdisciplinary or multiskilling abilities, respond to the need for a new form of tourism products. There is also an increased need for flexibility of employees. To meet the requirements set by new business conditions employees have to possess new skills, good learning abilities and be able to conduct independent operations.

Meeting quality requirements in the tourism industry seems to be unlimited and impossible due to the constant appearance of new tourism needs; tourists are more demanding and as seen trends change rapidly. Tourist destinations have to do everything in their power to follow in accordance with this concept of quality tourism products because the conditions are becoming more and more complex. Control and performance is all the more difficult and requires great care that can only provide a good quality system with employees who have adopted specialized knowledge.

Under the influence of globalization, modern societies are predominantly consumer-oriented and it is logical that more value is attributed to those quality products with which it is possible to meet more needs of tourists. Besides the recognisability of tourism products, an important element in creating the tourism offer are certainly the providers of tourist activities that highlight hotels and agencies. The introduction of quality systems in business is becoming more acceptable and more common in the business tourism activities of providers in the world. Namely, each provider of tourist activities can be recognized in the market through its physical part, and that is highly categorized according to the laws which regulate the government, but other than that, also the service that is defined and some of its own internal standards or some internationally accepted standards such as ISO 9000. Organized in such a way, providers of tourist activities fail to achieve significantly higher prices because demand for them is expressed, and offer on the other side is limited. The establishment of a total quality management process is not a business goal

but a means through which successful business is achieved.

Considering the fact that the tourism market is increasingly feeling the impact of globalization processes, which changes all the relationships, the market seeks a more differentiated or specialized offer which emphasizes quality. Hotels in Croatia, in this way, are enabled by the international quality standards to receive special flags which make it easier to gain a higher market position. Beside the special flags which are not obliged to be pointed out, are the specific standards and specific qualities. The survey examined the use one of above mentioned flags. This specific flags are specific standards that help hotels to have additional facilities, equipment, devices and services can focus on specific market segments. According to the research conducted by providers of tourist activities from the hotels group, only 4% of the cases allegedly used this flag. This is one element that indicates an inadequate adjustment of the providers of tourist activities to the tourism market demands of globalization.

Furthermore, all three groups of respondents were asked about the implementation of European standards of quality by the providers of tourist activities that should apply such standards under the influence of globalization processes, and they provided the following answers.

All tested groups provided similar results. Thus, according to the agency group only 21% use European quality standards, while 33% do not apply them, and 46% of them partially apply. The answers in the hotel group were in accordance with the above specifications and according to them only 25% apply European quality standards, 38% do not apply, while 37% only partially apply. On the other hand, the experts gave their opinion according to which only 4% apply, 23% do not apply, while in their opinion 73% partially apply European quality standards (Figure 2).

Figure 1 The importance of strategies of education and training of employees in Croatian tourism
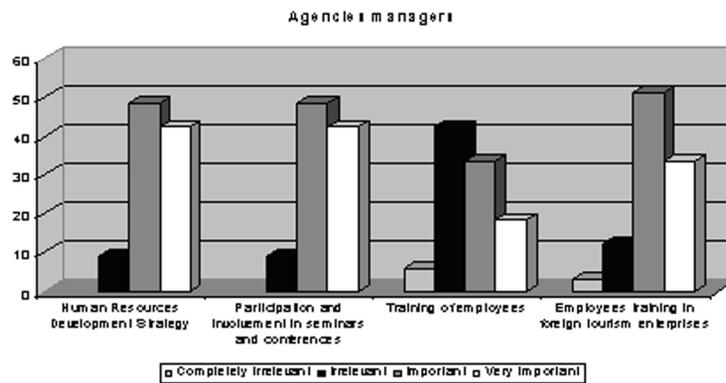
Hotels managers
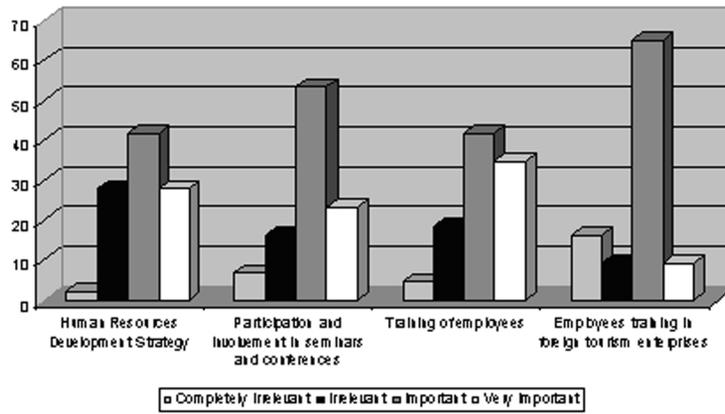
Tourism experts
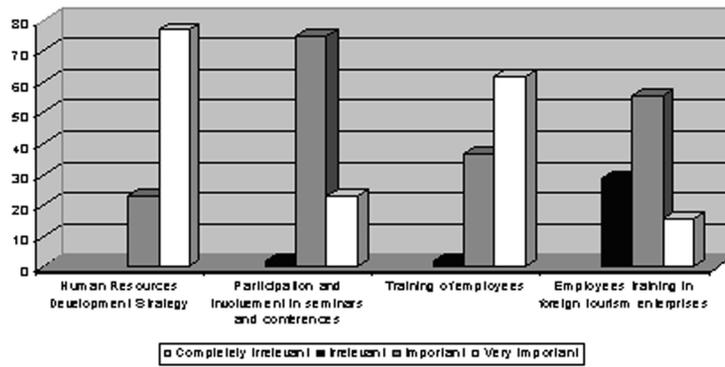
Figure 2 Implementation of European standards on quality by the providers of tourist activities
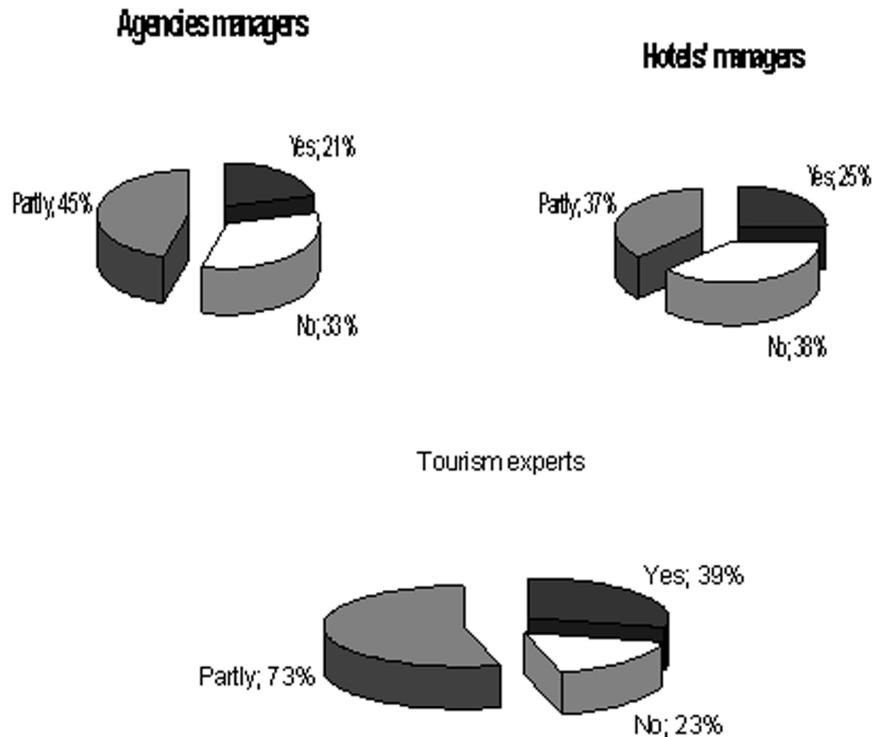
It can be concluded that European standards of quality are not sufficiently manifest in the major providers of tourism activities, and among the most important reasons for slow implementation of European standards of quality by the providers of tourist activities the respondents often emphasized the problems of ignorance, lack of external consultation, ignorance of employees in the implementation process, low motivation, age of employees and the costs of maintenance of quality standards.

The first group of respondents, agencies, answered that the most important reason for the slow implementation of European standards of quality is staff ignorance in implementation processes and more than 50% thought it was a very important reason, in second place are the costs of maintaining quality standards, followed by the problem of ignorance and lack of external counseling, while over 40% of them don't agree with the cause of low motivation, the price got less than 40% and age just over 30%. Respondents from the group of hotels managers also emphasized as the most important factor lack of involvement of employees in the implementation processes. In second place they emphasize the age of employees and the fact that it is expensive to maintain quality standards while they exclude low motivation as a non important reason, the problem of ignorance and lack of external consultancy. 25% of respondents from this group agree that those were completely irrelevant reasons. Experts also agree with the providers of tourist activities that the problem is primarily due to the lack of involvement of employees in the implementation process, followed by reasons of ignorance, low motivation and the expensiveness of maintaining quality, while they think that the lack of external consultation is an unimportant reason, and also consider age a completely irrelevant reason (30%).

It can be concluded that the results obtained in the survey determined the main reason for the inadequate implementation of European standards of quality by the providers of tourist activities, and this is insufficient involvement of employees in the implementation process, and also employees' age and on the other hand the lack of external counseling are less important reasons.

Figure 3 The reasons for inadequate implementation of European quality standards

Agencies managers

Hotels managers

Tourism experts
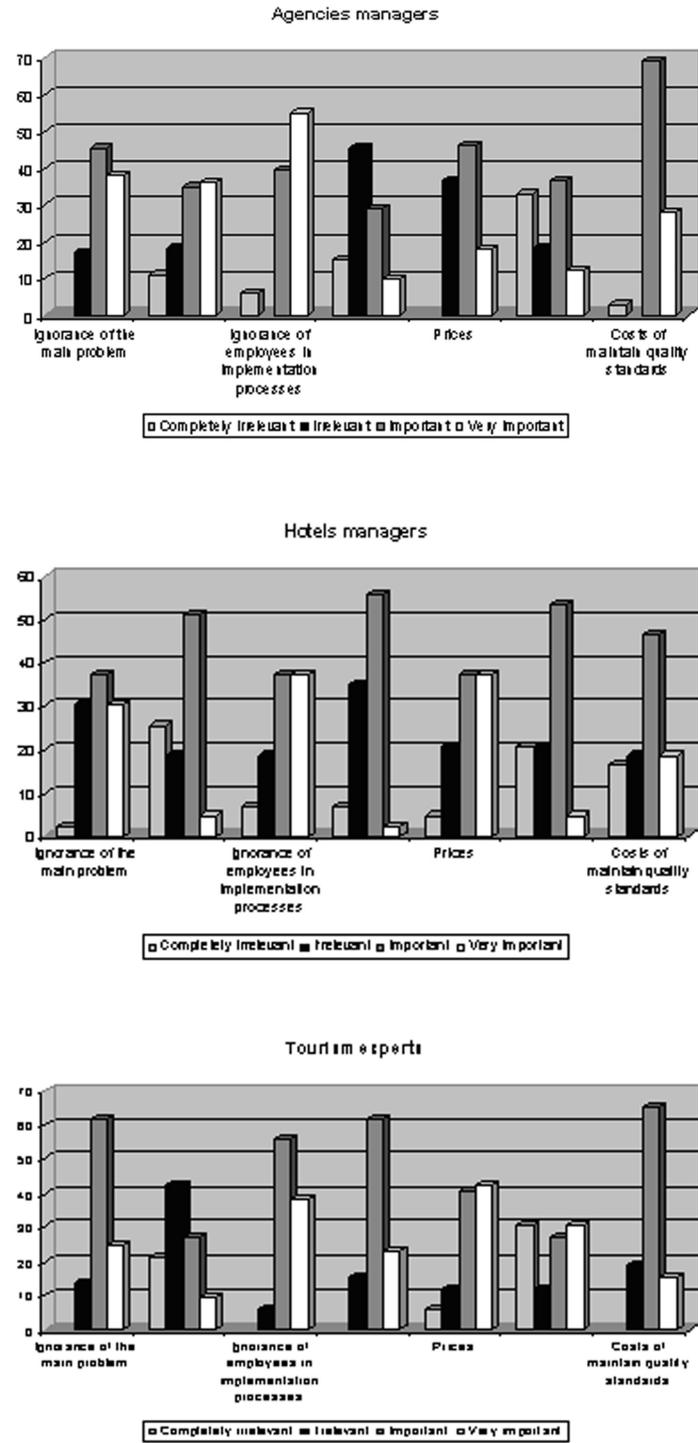
Figure 4 Necessary innovations in the business

Agencies managers

□ Completely Irrelevant ■ Irrelevant ▨ Important ▢ Very Important

Hotels managers

□ Completely Irrelevant ■ Irrelevant ▨ Important ▢ Very Important
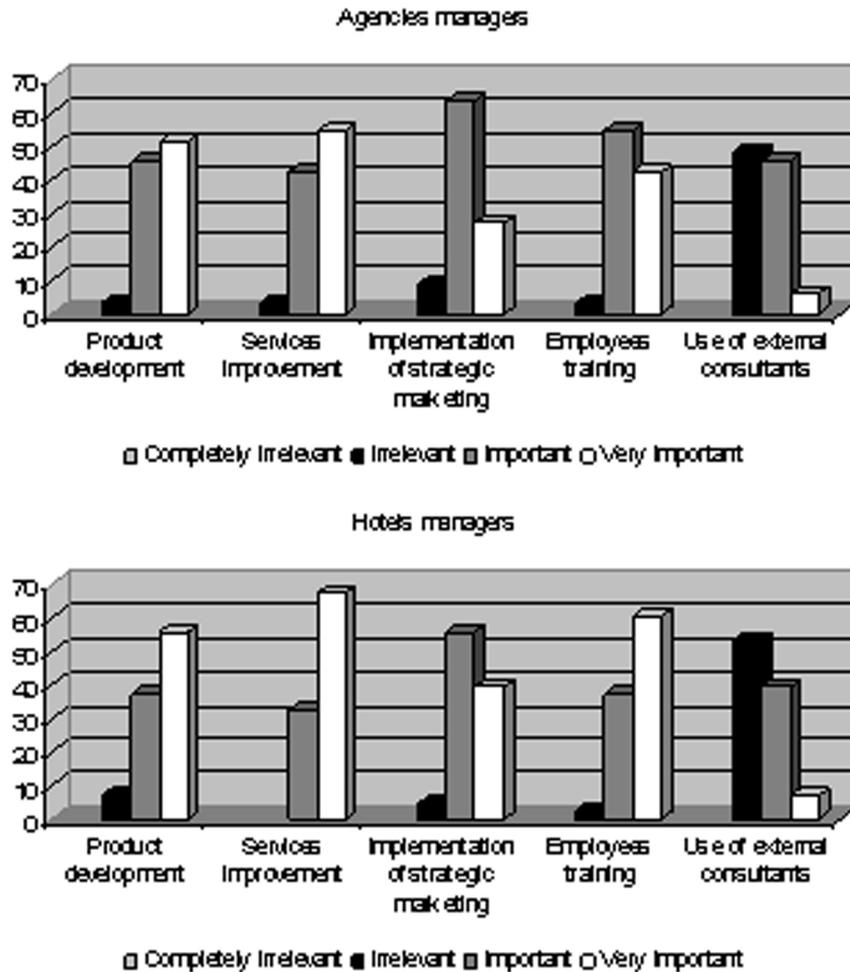
The next group of questions are related specifically to the providers of tourist activities in order to determine the mode of adaptation to globalization processes on the tourist market. This means that the group of experts did not receive this group of questions. The first question refers to the importance of the need for further innovation in business enterprises in the global tourism market. Similar data were obtained from both groups of respondents. In fact, the two groups of respondents highlighted services improvement as the most important. The first group of respondents, agencies, placed the development of tourism products in second place, and training staff in third. In fourth place, unfortunately, is strategic marketing while using outside consultants is considered completely irrelevant for further innovation in business. Hotel managers put training of employees in second place, in third place they put product development, while in fourth place they opted for application of strategic marketing. External consultants in their opinion are often completely irrelevant.

It can be concluded that there is a prominent rank among the mentioned elements, although in terms of globalization processes. The result of the application of marketing strategies in both groups of respondents is alarming. This element is at the fourth place (10%) in the group of hotel managers, while agency managers consider this element completely irrelevant.

Figure 5 Strategic orientations that providers of tourist activities use to achieve advantages over competitors
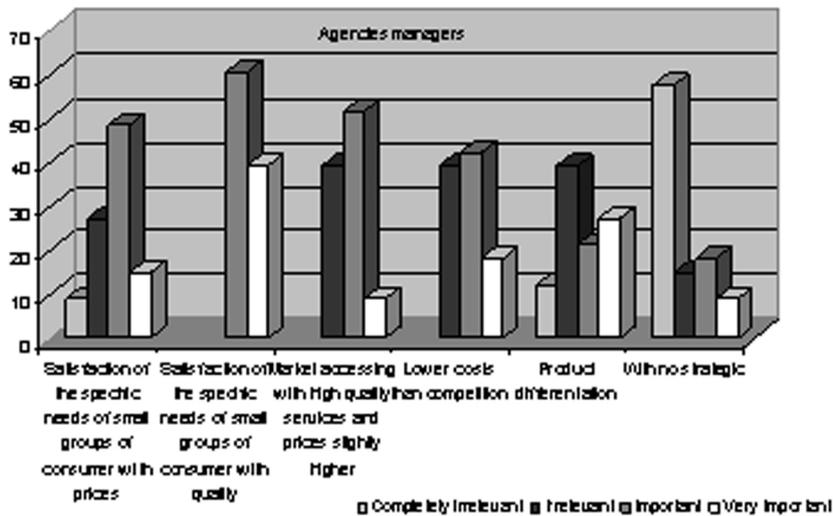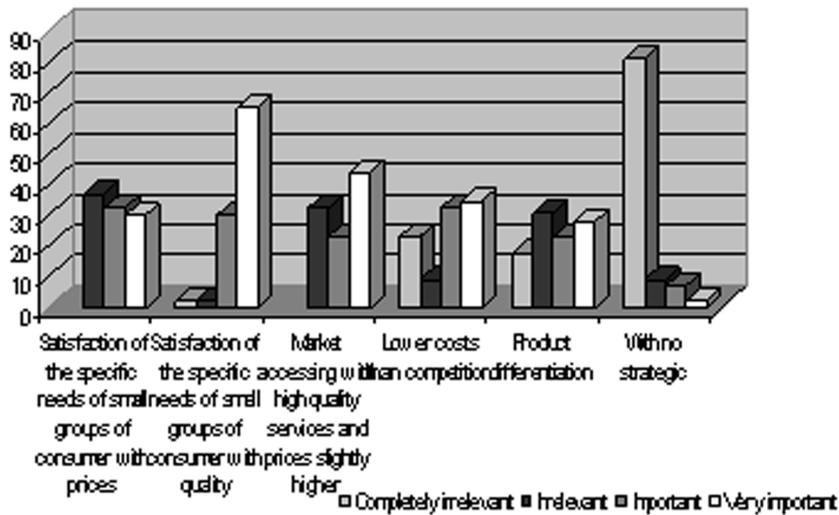
Furthermore, these respondent groups also ranked the strategic orientation that has been undertaken in order to achieve advantages over competitors on the tourism market. Respondents belonging to the agency group ranked at first place satisfying the specific needs of smaller groups of consumers with quality, followed by achieving lower costs than competitors and gaining market with high quality at prices slightly higher. It must be emphasized that these two elements were marked as irrelevant in as much as 40% of responses. This was followed by satisfying the specific needs of small groups with prices and product differentiation is at the bottom. Similar elements are ranked at the similar position as with previous respondents in the hotel group, also giving the first place to satisfying needs with quality, while the other elements produced divided opinions. In this case product differentiation was again placed in an inadequate position.

Figure 6 Activities that are applied for the collection of existing and creation of new knowledge in order to achieve greater competitiveness on the tourism market
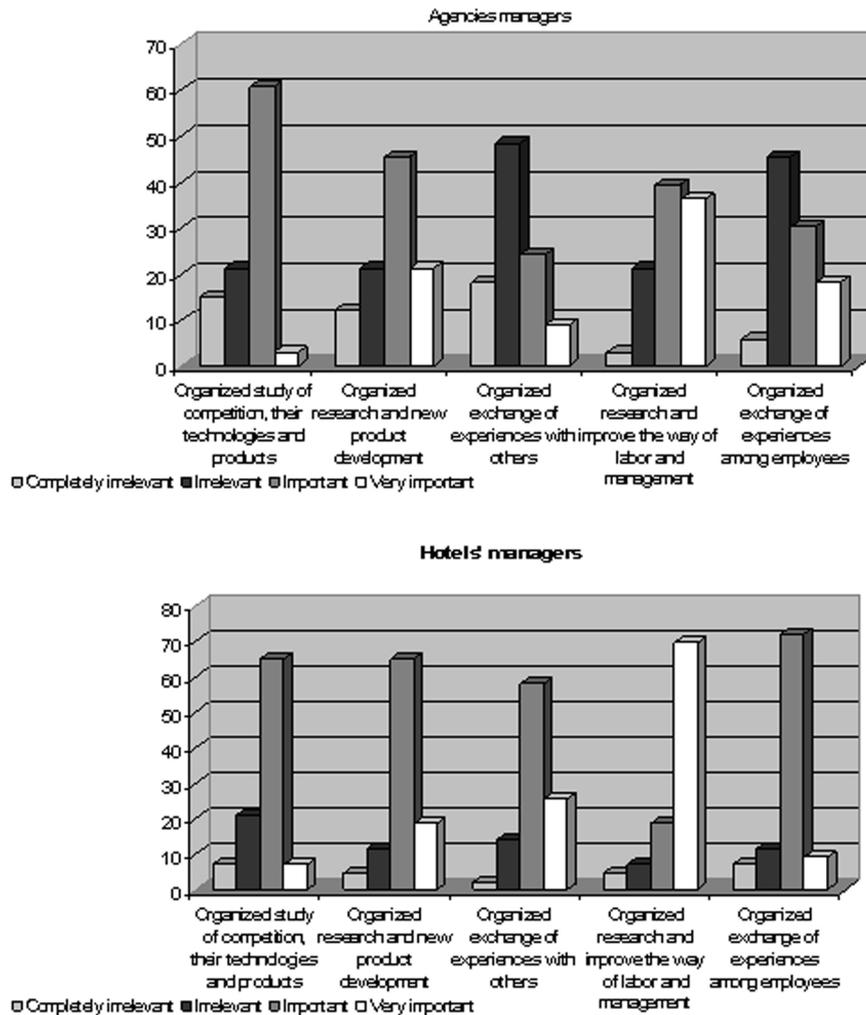
The question of strategic orientation is related to the question of action that is taken to collect existing and create new knowledge to achieve greater competitiveness on the tourism market. Both groups of respondents think that organized research and improved labor and management are very important. Respondents from the agency group ranked in second place the organized study of competition, their technologies and products, while exchanging experiences with others was in third place. A devastating result is that organized exchange of experiences among employees and research and development of new products ranked as an irrelevant activity for the collection of existing and creation of new knowledge in order to achieve greater competitiveness on the market. In the group of hotel managers, the element of exchange of experience among employees was ranked at second position, third is sharing experiences with others, fourth is the development of new products, and in fifth place is the study of competition, their technologies and products.

Conclusion

Based on research conducted on customizing tourism products in line with the modern conditions of market operations based on quality, we can conclude that the providers of tourism activities

are still inadequately prepared. Specifically, it was found that the globalization processes have had an influence on providers of tourist activities and there are lots of foreign international corporations that have arrived on the Croatian territory, but so far there has not been any action in the opposite direction, leading to penetration into areas outside of Croatia. This is largely due to the unpreparedness for the new modern business conditions which is apparent through the lack of or inadequate education of employees participating in the creation of quality tourism products. That has directly influenced the unsatisfactory implementation of European quality standards, with insufficient involvement of employees in the process being emphasized as the main reason for this problem.

In addition, insufficient attention is given to the implementation of strategic marketing and business consultation with external consultants, which could be of great benefit to help avoid unnecessary difficulties in doing business that nearly every company faces in the process of adjusting to globalization processes. Also, insufficient attention is paid to the differentiation of products offered on the tourism market, which is one of the important conditions for achieving competitiveness on the global market.

Considering the fact that in the selection of tourism destinations foreign tourists increasingly place emphasis on tourism product quality, we will have to focus more in our further development on those elements that support the implementation of quality such as education of employees who participate in the creation of quality tourism products, innovation of tourism products, improved service, the application of strategic marketing etc.

In Croatia, providers of tourism activities have started to adapt to the modern business conditions with a growing emphasis on quality of tourism products, but progress is still insufficient to enable us to get ahead of other competitive destinations on the tourism market.

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ANALYSIS OF TOURISTS' MOTIVATIONS AS A POSSIBILITY FOR SUSTAINABLE TOURISM DEVELOPMENT

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Abstract

The development of tourism product will be determined by the type of tourism activity that takes place. This will be partly determined by the nature of the destination and the socio-economic characteristics of tourists. Tourism begins with desires of travelers to travel and the ends with their satisfactions derived from such travel. In order to satisfy the market demand, a region must be able to provide a variety of development and services.

The aim of this paper is to determine the difference between what travel markets seek and what is provided for them in the Korca 's region. For this, are analyzed some hypotheses in reference to motivations and characteristics of tourists in the region in according to sustainable tourism development . These are analyzed with SPPS.16 .

This paper supports those of other authors who have found that tourist'motivations is an important vehicle for the formation of the image of a destination.

Key words: tourist' motivation, image of destination, sustainable tourism development

INTRODUCTION

According the research published on existing literature on sustainable tourism and ecotourism as its appropriate model for many destinations, was found that there are a lot of definitions on Sustainable Tourism, but the most acceptable one is that made from the World Tourism Organization:

World Tourism Organization (WTO) defines sustainable tourism as follows:

"The development of the sustainable tourism meets the needs of actual tourist and the hosting regions, while preserving and protecting the future opportunities."

Development of tourist industry on global level encouraged many European countries to address this industry. Albania as part of it, compiled the tourism strategy which ranks some of its priorities like: promotion of the importance of natural and cultural inheritance and the eco-tourism as a basis for new development opportunities; provision of a possible supporting management for tourism effects on countries with natural and cultural heritage. Also, it ranked number of advantages for the involving sectors such as: better preservation of places and countries with cultural heritage; new working places and increase of incomes from cultural tourism and ecotourism in local communities; local inhabitants will see the profits from local products. The strategy emphasizes the natural and cultural tourism which are considered as a profitable means to the rural communities.

If we consider the last years, there is an increasing tendency to improve the tourist facilities and to attract the tourist market which is interested for activities in open nature and relax in fresh and pure air. These demands could be met very well in Korca destination which is characterized from suitable climatic conditions and tourist facilities.

Considering this fact and the importance of the development of sustainable tourism in improving the life of the community as well, we have analyzed here the ways of tourism development consisting

in ecotourism as its ideal model and determination of existing and potential tourist market of this development.

METHDOLOGY OF RESEARCH

In realizing this study, a methodology combining primary and secondary data was used. A series of secondary sources, such reports from international organizations and other publications were provided through using electronic libraries of American, European universities and other sources like Internet and reports of important national and international organizations such as: World Tourism Organization, Eurostat, Bank of Albania, Ministry of Culture, Tourism, Youth and Sports and Ministry of Environment.

The methodological achievement of this study is based on a number of indicators which could be used in tourism planning process and provides necessary information to tourism managers and public administration.

As far as tourist sample is concerned, there was created one made of 70 persons, selected by chance in the tourist destination or the accommodating units of the rural area considered in study.

The questionnaire asked to tourists is made up of two parts: the first part aims to provide general information on tourist market profile, considering the object of visiting the destination, the information source used, the expenses; the second part aims to give information about the way how tourists perceive the holidays evaluating importance – performance analysis (IPA) for the tourist demand indicators. Such information helps in determining new tourist developments in the destination which relies on nature activities aiming to preserve the tendency of tourist visits.

Statistical analysis – The data collected from three questionnaires are recorded on SPSS 16.00 software, in order to be used for statistical processing. "Guide to doctoral research- SPSS Guide", December 2008 was used for this goal. To record data and an accurate processing of the questionnaires, their encoding was used.

GENERAL OVERVIEW ON EXISTING AND POTENTIAL MARKETS THAT VISIT THE AREA

There are no many studies which have accurately recorded the number of visitors visiting Korca Region and most specifically the number of tourists in rural areas, but it is evident that there is a growing interest for holidays in tourist villages, mainly in rural houses. It can be noticed that the data collected from hotels or rented houses for tourists are not real. If we analyze the tourists' markets that go to this destination, their number can be calculated through interviews with travel agencies, persons who work in hotels, etc. They can give us a clear view about tourists' types and approximately their number. To help in creating a database on tourists who visit the Korca Region, in May 2009, SNV and WTO financed a project "Data on Regional Tourism" which will be implemented through a Managing Program for the Development of Tourism in the Korca Region.

►Domestic market (including the Albanian communities that live in Kosovo, Macedonia and Albanians who live in Greece).

This market takes the greatest part in the market structure. Here are included the Albanians mainly Tirana, Durrës and Elbasan and Albanian communities that live in Macedonia, Greece. This is a considerable market in numbers which make use of fresh air, wonderful climate and gets to know the area's traditions. Resting tourism is mostly concentrated in Ohrid Lake during summer. Tourist operators should be encouraged to target this market that uses the characteristic events of the area. According the existing data, because of events and celebrations in the region, only during the last year, flows from domestic market had a considerable increase. Thus, the investments made from the Municipality for 2009 compared with 2008 for organizing celebrations in Korca increased with 9.9% (Carnivals, Beer Fest). There are several sub-segments within the domestic market; families that chose to spend some time in a specific place, young people, tourists and groups, people who visit their relatives and friends and local tourists that make use of weekends and daily excursions. We can mention here the Albanian people who live in Greece and are actually working there, but many of them have houses here also.

Although, there is a need for an improved promotion of this market for being better positioned.

►Foreign market – This market is important because it visits the Korca Region for the first time as well as repeatedly. For the area of study we can say that there is a small number of them who visited Dardha. This is related to the fact that this village is well-known and could be much better used as place for excursions. According the data we got from the Director of the Association of Agro-Tourism of Korca Region, the number of tourists accommodated in Dardha was 1880 domestic ones and 110 foreigners during 2008. Among them were German and French tourists without considering the number of hikers who enjoy the fresh air and the tasty food cooked from Dardha housewives. Although the number of foreign tourists organized in tourist trips is relatively small; there are very good opportunities for further grow. When this number is high, the need for qualitative accommodation conditions will be considered. Now, the needs of foreign tourists could be met very well in the newest hotel "Dardha" where accommodating standards are high.

► Tourist market across boundaries – This market has opportunities for further development. It enables foreign tourist flows and its promotion is made through the word of mouth said by them. They may stay in the tourist villages of Drenova commune for some hours, in Boboshtica or spend one or two nights in Dardha. The development of this market will go higher when tour operators across boundaries include Korca Region in their own tourist guides providing thus a wide range of destinations and activities. These trips could be made possible by bus and will help the improvement of the quality of tourist services. The basic thing for this market to develop is to raise the cooperation and intensify relations between tour operators in three countries.

►Market of independent tourists – This market is made up of tourists who look for a high quality accommodation and tourists who look for accommodation in hosting houses in the area. Independent tourists enjoy several characteristic regional products as result of having enough time to spend, discover the values and visiting tourist places within the destination. It is necessary for this market to provide information like guides, maps, Internet info and description of provided services. Thus, tourism development in villages will aim a further improvement of the infrastructure which will serve mainly to inhabitants as well as tourists for exploring these communities. Village tourist products need to be continuously improved in order to meet the needs and expectations of market. Most importantly, they should be very high-leveled promoted.

►America and Canada Albanians – This market is defined as potential to the Korca Region especially to mountainous areas of Korca. From the interviews done to the inhabitants of Dardha, Voskopoja villages, we realized that this market has many possibilities to turn into a market involving a large number of people. This is a wide market and according to some data collected we could agree that it is attainable through: specialized tour operators, associations and organizations (Civic Albanian-American Association, National Albanian - American Council, etc) which could be found on the web: www. naac.org/partner.php - international media in the Albanian language

Size of the above-mentioned market could not be accurately calculated as there is little information about it. The same opinions share the foreign consultants of SNV, which is that this market would be potentially possible. Only in New York live about 200 000 Albanian people and 30 000 in Massachusetts. In Canada, most of Korca people live in Toronto and Montreal.

SUITABILITY OF PRODUCT WITH THE MARKET

This technique helps to determine and analyze the products preferred from tourists who visit a specific tourist destination. Meanwhile, in determining the markets which will continue to be attracted from Korca, we should consider the sustainability of tourist products consisting of intangible culture like arts, crafts, folklore, hospitality) and tangible one (special historical monuments); there are "Cooking and drinking"; "Music and celebrations", which are much appreciated from tourist markets. Others are "Tourist villages" bringing together the nature and culture with a hospitable population.

It is clear though that what makes more difficult the development of natural tourism and eco-tourism is the lack of organizations and activities, the appropriate information and specific services for exploiting maximally the natural environment. Noticing the increasing interest of tourists and visitors for cycling in the area, we are able to talk

about a further development of products, mainly new ones in the Region. It is clear the importance of tourist value to the Region, but it seems like its indisputable potential cannot really be realized.

As far as tourist markets are concerned, the analysis should fit not only the existing tourist products in the rural area, but it should precede the opportunities for future tourism development in a planned and sustainable way.

In order to select the short-term markets and based on the chain of values, the following criteria should be considered:

► the market is considerable for marketing investments, thus a suitable ROI (Return of Investment) could be reached.

► the market is interested especially in destination and its products. The more complete the destination with them, or the more unique the attractions, more interested the tourists.

► there exist a series of clear channels in order to target the market and communicate with it.

► suggested improvements intended to be implemented will be attainable and reasonable.

► in market analysis consider that tourists need experiences not places.

Monitoring visitors is an important element in monitoring system. Visitors should be monitored continuously and these data should serve as a basis for estimating the services' quality, changes done to services, development of tourist product and tourism in destination fitting the profile of tourists who visit the destination.

General information about tourists

For this survey, the sample selected is made up of 80 tourists. There were 76 filled up questionnaires, among them 6 were considered invalid because of mistakes in filling up the sections. Thus, the sample to be analyzed is made up of 70 tourists.

General information as demographic characteristics and other information to visitors are important for understanding the psychological, educational and other needs of visitors. The respondents were studied concerning the following:

~"How many times have you visited this destination?" The responses were: 43%- 1-2 times; 24%- visited it for the first time; 33%- more than twice.

Taking chance of the results, we are able to notice that there is a continuous interest to visit these areas, enjoy the fresh air and the landscape, and also traditional cuisine that is often the main reason of visiting these rural areas.

~ Tourists that visit the destination, as far as the nationality of tourists is concerned, it results that most of them are native: 45% of them are Albanians from Albania; 19% Albanians from Greece; 10% are Albanians from Macedonia and 26% are foreign tourists, mainly Greeks about 10% followed from Macedonians, French, Germans, English and Asian people; about 1% are American people.

These data show that the interest of native tourists is still continuous and according the information gathered from the hotels of the area, there is a tendency of tourists to come during winter time to enjoy the snow and be able to skiing. It is exactly the suitable climate during winter and summer seasons and infrastructural improvements that make the owners of accommodating units feel optimistic about these rural areas.

~ The question "What was your accommodation during your stay in these areas?" they responded: 57% in hotels; 27% in village houses; 15% did not stay; 1% hosted by friends and relatives.

The needs and preferences of visitors are directly related to the characteristics and specifics of an ecotourism destination with activities oriented toward natural and cultural heritage.

~ An important question to understand the tourists' profile is: "What is the goal of visiting this destination?"

The surveyed tourists responded to the above question: 33% of them come to enjoy the wonderful nature; 23% come to know about the culture of these areas; 21% are fond of hiking and 15% are fond of sports.

These data show that the tendency of being attracted by nature still persists. It is present in these rural areas during all the year, but there is a need to look for a more vivid environment and adding services in the destination; attraction by culture inherited from generation to generation

shows that these areas are attractive in this aspect, which makes tourists go and visit these areas even though most of them are accommodated in town. They spend an overnight or half a day with outdoor activities or enjoy the traditional cooking. Thus, the special thing about these areas is that there is a mingling of nature with culture, as the reason for sustainable tourist continuity.

Sport activities let us know about their early tradition, but those tourists who spend more time in destination should have the opportunity for organized activities such as riding horses as well as ski and mountain-climbing during winter time, going on thus with the sports tradition of these areas.

~ To understand better tourists' preferences, they were asked as following: "What was the reason you chose this place? defining the most attractive characteristics.

Reasons why to chose this destination

Reason	Value
Opportinities for activities	54.6
Convenient prices	48.6
Do you come often here?	66.3
Staying away from noises	55.7
Interested in natural and cultural heritage	65.3
Suitable places for accommodation and food	59.8
Opportunities	58.1

From the data it resulted that they preferred the destination because they: come usually here; are interested in natural and cultural heritage; there are suitable places for accommodation and food and need to stay away from noises.

~ The question "Where do you provided information?" the tourists responded: 54% of them were informed from their previous visits"; 42% of them were informed from accommodation brochures; 58% of them do not get information from travel agents and 68.% were informed from their friends".

The results showed that the information still was provided much more from friends or previous visits' impressions and few from promoting materials or travel agents.

This shows that the way of being informed was not effective and non-professional in many cases. Being informed from friends is a characteristic of rural areas and such limited information limits also the tourist market remaining thus a casual market.

~ Tourist expenses are also an important indicator. They spend for transportation, accommodation, food, leisure activities and vacation. The collected information may be used for creating tourist packages, aiming not only sales of accommodation and food but leisure activities too. This indicator should be systematically monitored, possibly every season. Concerning "Expenses" section of the questionnaire, the persons involved in the survey responded: 35% spend up to 100 Euros; 31% spend 100-300 Euros; 26% spend 300-500 Euros and 5.4% and 2.6% spend respectively 500-1000 Euros and over 1000 Euros.

Information shows that main expenses go to accommodation and food and little for other activities.

Korça as town should not be considered as separated from tourist villages as the demands of tourists who come to town visit also the tourist villages, participating in their activities or enjoying the accommodation and traditional food. Groups of tourists look for excursions in Dardha, Voskopoja, although they accommodate mostly in town. Municipal programs to make Korca "The

Town of Celebrations" not only help the vitality of the community life, but make it popular in Albania and neighbor countries as well. So, the activities serve to increase the number of foreign and native tourists in rural areas mainly during summer time because of the favorable climate and fresh air. Thus, we say that a combination of development of town tourism and tourist villages will help the sustainability of the development of Korca as tourist destination in general. Based on theory arguments of tourism scholars and the characteristics of the area intended for study, let us propose the following hypotheses:

Hypothesis 1 a: Nationality of tourists affects the interest to natural and historical heritage of the rural destination.

Hypothesis 1 b: The higher the interest for the rich nature, the higher the frequency of visits in destination.

Hypothesis 2 a: If the tourists' time of stay is longer in destination, then their expenses are higher.

Hypothesis 2 b: Nationality of tourists affects considerably their expenses in rural destination.

Hypothesis 2 c: A better service will make tourists stay longer in destination.

Hypothesis 3: The more satisfied tourists during their vacation, the more recommendations will they give to other people about the destination affecting thus its image.

This technique is considered as the most appropriate for the protected areas. It has more advantages compared with other techniques. The Importance – Performance Analysis (IPA) created from Martilla and James (1977), already a model, is widely used in marketing practices, but lately it has been used as a guide in managing the protected areas.

To evaluate Hypothesis 1 a – Nationality of tourists affects the interest to natural and historical heritage of the rural destination" let us see the cross tabulations between their elements and test Chi- Square. For: χ^2 llog=2.54, df= 3, p= 0.4> 0.05 . Thus, the Hypothesis 1a was not proved. This shows that the nationality is not an affecting factor in the interest about natural and cultural heritage. The same conclusion results from the simple linear regression (F= 0,009; p=0.92) .

For the Hypothesis 1 b: The higher the interest for the rich nature, the higher the frequency of visits in destination, the following results were found: χ^2 llog=12.31, df= 8, p=0.04, χ^2 tab= 15. 5 , F= 4.88 for p < 0.05.

So, χ^2 llog< χ^2 tab , that is why the Hypothesis 1b was proved. This showed that the rich nature of destination makes tourists come back again resulting in a factor which would increase the frequency of tourists' visits, making thus possible tourist sustainability from this viewpoint and specifically ecotourist one.

For the Hypothesis 2 a: If the tourists' time of stay is longer in destination, then their expenses are higher, the following results were found: χ^2 llog = 26.19, df= 16, for p= 0.05 ,χ^2 tab=26.29 , F = 4.025 for p< 0.05. So, χ^2 llog< χ^2 tab, that is why the Hypothesis 2 a was proved. This showed that tourists' expenses increase as their time of stay lasts. If tourists spend more than 24 hours in destination, means that they make use of rural accommodation, whose expense is considerable, thus it is good income to the community.

For the Hypothesis 2b - Nationality of tourists affects considerably their expenses in rural destination, the following results were found: χ^2 llog = 31.22, df=12, for p= 0.002, χ^2 tab = 21.22 , F =1.5 , p= 0.02. So, χ^2 llog> χ^2 tab, that is why Hypothesis 2 b was not proved. This showed that expenses in the rural area are fully affordable from domestic and foreign tourists.

For the Hypothesis 2 c - A better service will make tourists stay longer in destination, the following results were found: χ^2 llog = 12.05 , p= 0,017, df= 4 , F = 7.9 and b= 0.67 for p< 0.05. So, in 67%, good service make tourists stay longer. That is the reason why Hypothesis 2 c was proved.

For the Hypothesis 3 – The more satisfied tourists during their vacation, the more recommendations will they give to other people about the destination affecting thus its image, the following results were found: χ^2 llog =7.11 , df= 6, χ^2 tab= 12.59 , F= 5.105; p = 0.02. So, χ^2 llog< χ^2 tab, that is why the Hypothesis 3 was proved. This shows that the image of destination created from tourists will be an "advertisement" of the destination to other people.

CONCLUSIONS AND RECCOMENDATIONS

Position of the destination is primary, so we have to stress one more the fact about the way how visitors perceive the destination and not what is it from the community's point of view. In this definition we should be leaded by the fact that destination "is not what you say it is, but what all the others say".

As far as tourists' characteristics are concerned, records about new tourists coming to accommodations need to be kept. Meanwhile, indicators of tourists' needs and preferences will be in the center of a continuous monitoring, regardless the visitors are new or repeated in destination.

The greatest market visiting the area was the domestic market; therefore the development policies will focus on it, aiming to expand the market of foreign tourists. Tourists who visited repeatedly the destination were considerable in number, which shows that the environmental and cultural sustainability were the main source of this flow. Thus, its retention would require high service quality to tourists.

As tourists frequented the area because of its natural features, the community would be encouraged not only to preserve the natural landscape, but look for opportunities of developing such activities as: riding, mountain-climbing, etc, required from tourists as the area possesses such environmental features.

Important economic effects are the incomes of the inhabitants who are directly linked to tourism. Doubtlessly, this is linked also with tourists' expenses in destination. They are concentrated in medium level expenses and high level too. The collected information shows that main expenses go more for accommodation and food and less for other activities. From the importance-performance analysis done for the elements of tourists supply attracting also the tourists' opinions about them, it resulted that these elements had differences about what tourists found in destination and what were they looking for. There were exactly these differences which were meant to be the improvement steps.

The image of destination was closely related to the level of tourist satisfaction and the fact if tourists would continue to visit the area and bring new ones.

RECCOMENDATIONS

From the study, it resulted that there is a tendency to be engaged in tourist businesses, fact which is obvious from their considerable number. These businesses though should add more services especially those dealing with activities mostly required from tourists like ski, mountain-climbing, hiking, etc. Houses intended for tourists should be encouraged to promote their business in order that tourists see what the rural destination offers to them, mainly the characteristic cuisine of the area. As far as hotels are concerned, they should increase their annual accommodation, not only by improving the service, but promoting it after.

To make sure that tourists enjoy their visits in the rural destination with natural and cultural features that would make them stay longer and spend more money, it is recommendable to:

~ Encourage the local businesses to develop activities like riding and cycling, rent equipments and improving passages with appropriate signals and compiling tourist guides.

~ Encourage the improvements of hotels, guest houses to comply with tourists' standards (were needed).

~ Encourage the restaurants to offer and promote traditional cooking making use of the regional specifications and distinctions between villages.

~ Encourage owners to train their staffs in tourist services and apply their knowledge.

~ Keep records of their tourist activities not only as business, finding ways to increase the tourists' number.

~ Guest houses should advertise their services so tourists could see what they offer, especially the characteristic cuisine of the area.

All mentioned above will help in increasing the quality of tourist products in rural areas and make these products fit the tourist markets.

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CULTURAL HERITAGE MARKETING: THE ROLE OF VIRTUAL AND PERVASIVE ENVIRONMENTS

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Abstract.

In recent years, the researches focused on the development of the best territorial marketing grow more than in the past, due to the increasing of competition among territories.

In this scenario, a new vision of territorial marketing is emerging: the cultural heritage marketing. It consists of a new concept of marketing focused on the cultural heritage. Indeed, the aim is to improve the tourists loyalty as well as to attract more tourists, by considering the cultural artifacts from a consumer standpoint.

The current advances in technologies developed new tools for the creation of a virtual cultural heritage. The aim of this paper is to analyze the emerging of cultural heritage marketing and how new technologies become new effective marketing tools, by focusing on the case of the ancient village of Locroi (IV cent. B.D.).

Keywords: Cultural Heritage Marketing, virtual reality, virtual cultural heritage, pervasive environments, tourist behaviour.

Introduction

In recent years, the competition among territories grow more than in the past, as well as the need to define efficient marketing strategies aimed at improving the position of each territory (Dwyer et al., 2009; Yeoman et al., 2007; Bramanti, 2002; Murphy et al., 2000). In fact, due to the innovation in the sector, as introduction of new kinds of tourism, new tools (i.e. web portals), low cost transportations (Shaw and Williams, 2009), the market has became more competitive and, as consequence, forced the tourism industry to develop new successful strategies to enhance competitive advantages (Zhang et al., 2009; Bornhorst et al., 2009).

As consequence, the is an increasing in the researches focused on the development of the best marketing strategies for promotion territories as tourist destinations, as well as the attention for the promotion of the cultural resources in a global perspective.

In this scenario, territorial marketing plays a key role for the promotion of a territory. In fact, its main strategies focus on the identification of visitors needs in order to meet in best way; maximization of the profitability of local business; optimization of the tourism impact by ensuring a sustainable balance between economic benefits and socio-cultural and environmental effects (Buhalis, 2000). As consequence, a new concept of territorial marketing is emerging: the cultural heritage marketing. It consists of a new idea of marketing focused on the cultural heritage. Hence, there is a shift from the territorial marketing based on the territory seen as a product, to a new marketing based on the cultural heritage as product to be promoted.

A crucial factor in this type of marketing is the identification of strategies that allow the promotion and revaluation of cultural resources. To achieve this task, the new technologies offer new efficient tools to promote the local resources in a global way. In particular, the current advances in technologies developed new tools for the creation of a virtual cultural heritage. The main consequence is the continuous increasing effort in the digitalizing of cultural heritage as well as the amount of digital

educational contents in the field available on the web.

The aim of this paper is to analyze the emerging of this new kind of marketing and how new technologies become new effective marketing tools, by focusing on the role of virtual and pervasive environments for improving the diffusion of cultural local heritage.

In particular, in this paper we analyze the virtual reconstruction of the ancient village of Locroi (IV cent. B.D.) and the pervasive environments based on the access to the reconstruction by using mobile devices, equipped with a system capable to recognize users' geographical position.

In addition, the study can be considered an important enabler of innovation and new marketing strategies, which could have implication on the developing of local economies.

Cultural Heritage Marketing

To date, cultural heritage can be seen as a new powerful tourism attraction, capable to attract new economic flows as well as to improve the local economic development (Rosentraub and Joo, 2009).

In this scenario, Cultural Heritage marketing represents a new vision of territorial marketing, focused on the promote of territory by promoting its cultural resources.

As well as the territorial marketing, it aims to:

- evaluate and develop a strong territorial image;

- identify the market segmentation and develop the corresponding marketing mix;

- analyse the motives that deter people from visiting a particular place (analyse the possible causes of reduction of demand);

- evaluate the impact of tourists on destinations and select the appropriate segments;

- evaluate the marketing efficiency and select the appropriate communication channels.

In particular, the territorial image becomes as an individual brand of a territory which symbolises its characteristics and distinctive features, as well as it differentiates it from other regions. Furthermore,

it aims to influence consumers choice of a destination (Beerli and Martin, 2004).

The territories with a high cultural value need to focus more their attention on the promotion of cultural heritage, which becomes the main tourist attraction.

In this scenario, the main aim of cultural heritage marketing is to improve the tourists loyalty as well as to attract more tourists, by focusing on the cultural heritage and considering the cultural artifacts from a consumer standpoint, in order to present them in a new way, which is capable to satisfy better consumer needs and request and attract new tourists (Kolar and Zabkar, 2010).

In fact, the purpose is to market the cultural heritage, by exploiting new communication strategies.

Cultural heritage consists of the goods of cultural importance (i.e. buildings, paintings, archaeological finds, etc) (Cheng, 2006). Their main characteristics are related to aesthetical properties, spiritual significance, symbolic meaning, historical importance, uniqueness, etc, which rise to their value (Throsby, 2003). Moreover, not all aspects of their cultural value can be expressed in monetary terms (ibid., 2003).

Many authors suggest that the purpose of cultural heritage marketing strategies is to improve the tourist loyalty (Kolar & Zabkar, 2010) and to create a strong image of the heritage, in order to promote the cultural resources of a territory, attract new touristic flows, promote the economic development of the region. To achieve this task, marketers need to understand who is the target of these strategies (the tourists type), how tourists experience the territory, and how they perceive and evaluate the territory.

Tourists loyalty consists is based on their intentions to visit again the destination and their intention to recommend it to others (Chi and Qu, 2008).

In this perspective, the cultural artifacts, therefore, must be analyzed form a consumers point of view, and subsequently offered in a way which satisfies their needs and requests.

New technologies for Cultural Heritage Marketing: virtual reality and pervasive environments

The current advances in technology offer new powerful tool to market a destination, by focusing on its cultural heritage.

To date, the most used technologies in this sector are related to 3D graphics, virtual and augmented reality (Lepouras and Vassilakis, 2005), pervasive environments (Pantano and Servidio, 2009), GIS (Geographical Information Systems) and mobile devices like smart-phone and iPod (Cutrì et al., 2008; Alfano et al., 2008; Pantano and Tavernise, 2009; Katsianis et al., 2008).

In particular, the 3D graphics software allow to create virtual environments and objects of cultural importance in order to develop a virtual scenario capable to stimulate users' interest. Furthermore, recent researches are focusing on the development of new ways for analysis, simulation, representation and management of the different virtual cultural reconstructions, in order to create new standout for preservation and promotion of the heritage in a global perspective (Liu et al., 2006; Liang et al., 2007). Moreover, the users can interact with environments and explore them like in a videogame.

These technologies are, therefore, especially useful for the tourism sector, because they allow consumers to test in advance the tourist product (the destination and its cultural heritage). Hence, they can be influenced in their decision-making by information provided in the new systems (Guttentag, 2010).

Virtual environments for promotion of Cultural Heritage

The virtual environments are based on the use of virtual reality techniques, capable to reproduce via computer several objects and scenarios. The main characteristic of these environment is the interactivity. In fact, users are able to interact with them as in a videogame (Figure 1).

Figure 1: Virtual reconstruction of a house of the Magna Graecia period in Calabria, Italy (VIII B.D-I cent. A.D.), from different points of views.

The virtual reconstructions can be accessed via computer. In this way, users can visualize directly on their pc the 3D model.

As a meaningful example, Figure 1 shows the visualization of the virtual reconstruction from different points of view of a house of the Magna Graecia period in Calabria, Italy (VIII B.D-I cent. A.D.) (Febbraro et al., 2008). Users can explore the several environment, play with the objects and better understand the cultural value of the original places. In fact, several museums, art galleries, cultural buildings digitized their collections and uploaded on web sites, in order to allow a wide range of users to access them from all over the world, appreciate them and decide to visit the original place to really taste the heritage.

These reconstruction, therefore, become also useful tool for supporting learning (Pantano and Tavernise, 2009).

Pervasive environments for promotion of Cultural Heritage

The pervasive environment are based on the efficient integration between the real world where the users moves and a virtual one. A useful tool for the integration consist of a Location Based System (LBS), which plays a key role in the fruition of archaeological sites (Cutrì et al., 2008). In particular, it allows the link to the virtual environments to the virtual (reconstructed) one (Figure 2).

Figure 2: Visualization on user's mobile of the virtual reconstruction of the real place visited (Cutrì et al., 2008).

The system is based on an application for mobile devices (Personal Digital Assistant, iPhone, pocket pc, smart phone, etc.), which become very useful in place with a large number of cultural goods, for example in the archaeological parks. In fact, due to the integration with GPS systems, the application recognizes the tourists geographical position and matches this position with the virtual reconstruction of the original state of the place where he/she's moving. In this way, user can visualize on a mobile device the virtual reconstruction of the environment which he's really visiting at the same time (Figure 3).

Figure 3: Visualization of archaeological virtual reconstructions in an archaeological park.

Moreover, users can visualize on their mobile further information about the environments (historical, cultural, touristic information) in an ease and fast way.

In particular, the tourist can use his mobile for supporting the experience in the parks, and exploit the functionalities of the new technology. Hence, the system becomes a touristic guide and improve the quality of the tour, by making the experience more exciting and interesting.

Discussion

The current advances in technologies offer new tools for the cultural heritage marketing: the virtual and the pervasive environments. In particular, they influence the search and visualization of information, the choice of destination, the comparison between territories, as well as interact with the virtual tourist destination as in a videogame.

In particular, three aspects of our results emerge from a theoretical standpoint: promotion and preservation of cultural heritage (1); transmission and construction of knowledge in the field (2); influence of tourist decision-making (3).

(1) Promotion and preservation of cultural heritage.

The new technologies allow to preserve and promote the cultural heritage, by allowing the virtual reconstructions of ancient scenarios of cultural importance. These virtual reconstructions consist of a virtual restoration of the original objects and environments, available for a wide range of population.

The virtual and pervasive environments allow users to visualize the objects from different point of view, manipulate and play with them as in a videogame, without corrupting the real ones. In fact, users can achieve more detailed information from a tourist perspective, in a fast and new way. Furthermore, due to the richness of information and the ease of visualization, the reconstructions require a less mental effort by users to understand the value of the current ruins and to create the mental image of the original state (Alfano et al., 2008; Tuan and Navrud, 2008).

In this scenario, they promote the territories with an high cultural value, by supporting the development of new marketing strategies focused on the diffusion of local resources in a global perspective. Hence, the cultural resources can be an effective tool for attracting new touristic flows ad support the new tourism based on the discovering of cultural heritage.

Moreover, the virtual reconstructions can be used for supporting and documenting the restoration activities in the real context.

(2) Transmission and construction of knowledge in the field.

The digitalizing of cultural heritage as well as its promotion through new technologies allow the creation of virtual environments, where users can play and explore the different cultural scenarios in an ease way. In particular, they can focus on some details and manipulate the objects, as well as visualize them from different points of view. In this way, they can achieve fast information about the objects in an entertaining way. The entertaining context support the learning of the cultural heritage. Hence, consumers can actively participate to the transmission and construction of new knowledge in the field (Tonta, 2008; Parry, 2005).

Furthermore, these technologies facilitate the knowledge sharing about the touristic places in a new way, capable to assure a wide diffusion of the information, by decreasing the operational cost to promote it.

(3) Influence of tourist decision-making.

The virtual and pervasive environments allow users to interact with the different objects of the scenarios in a multimodal way (i.e. voice, mouse-click etc.), in order to make the experience more realistic (Oviatt, 2008).

This particular way to search information, can affect the tourist creation of the mental image, in other words how the experience could be according with his/her needs (Tapachai and Waryszak, 2000). In this way, users have the possibility to test in advance the territorial products by virtually exploring its main characteristics, due to the access to more detailed information than descriptive one. In fact, tourists can make decisions on the basis of these new information and have more realistic expectations.

Hence, the tourist interaction with these technologies can influence their evaluation of the touristic place (MacKay and Couldwell, 2004).

In fact, due to the general acceptance of image as based on functional consequences, and on psychological characteristics, and the association by consumers with a specific destination, these technologies are capable to influence the tourist decision making behaviour (Tapachai and Waryszak, 2000).

Furthermore, the users can feel the desire to really visit that territory and really discover the cultural resources, by living a more satisfying experience. Hence, the cultural heritage marketing, supported by new technologies, becomes an efficient economic tool to gain benefits for the country (Tuan and Navrud, 2008).

Conclusion

Territories with a high cultural value, especially territories with many archaeological resources, need to develop new marketing strategies based on the promotion of this heritage. In this scenario, cultural heritage can be seen as a product to be promoted in a global perspective, by exploiting several marketing tools. Hence, a new concept of marketing emerges: the cultural heritage marketing. The aim is to promote the cultural heritage as a product. To achieve this task, it is possible to use the traditional tools, as well as the new communication tools developed by current advances in new technologies. In fact, the new technologies, in particular the virtual reality tools allow to promote the cultural heritage and make it accessible for a wide range of population via web, by giving them to "virtually taste" the product in advance and influence their expectation.

In this way, they can support the promotion of territory in a tourism perspective, by influencing the formation of a positive image of the region and the subsequent decision-making process.

Hence, this study can be considered an important enabler of new marketing strategies, which could have implication for the developing of local economies.

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'CELEBRATING DIFFERENCE, EMBRACING COMMUNITY: THE CROSS-CULTURAL FESTIVAL'

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Abstract

The paper presents results of an exploratory study into the emerging trend for contemporary religious and cross-cultural festivals. In the UK, some ex-industrial cities and regions are seeking to establish innovative and unusual tourism products by employing the religious and cultural diversity of their areas both as visitor attractions and instruments of social policy aimed at improving social cohesion. This paper examines one example - the Cheetham Festival in Manchester, UK.

Organized and run by the not-for-profit Greater Manchester Faith Tourism Group and staged since 2004, the Festival is a three-day event which involves the opening of several places of worship and cultural centres in this deprived area north of the city centre to the public. The Cheetham area has long been the focus of successive waves of immigrants, each of which brought their own religions and cultures, and the expressed rationale for local and regional government support for this ambitious project include the promotion and improvement of social cohesion in an area which has experienced significant racial tensions, as well as economic regeneration. The objective of this preliminary research is to explore visitor motives, markets, and behaviours at this 'colourful celebration of creed and culture'.

Preliminary data analyses based upon a questionnaire administered to visitors to the 2009 edition indicate that the prime motive of most people to attend was a genuine wish to learn about other religions and cultures. While few at the 2009 event visited more than a few of the faith venues on the programme, many would not normally have had any such contact with other faiths. In behavioural terms, the range of cross-cultural exchanges between the faith group audiences at the Festival varied, Festival varied, and most people elected to visit venues of faiths other than their own.

Non-believers enjoyed the event too: individuals declaring themselves as holding no religion or belief seemed as interested as others in making an effort to understand the religions of others. Further data indicate that such festivals attract a well-defined niche market, and that this market is well-satisfied by the offer of what is a relatively rare visitor experience.

The paper draws interim conclusions about the motives, markets, and behaviours of visitors to such cross-cultural faith tourism events, considers how such 'faith tourism' projects could be transferred to other situations and locations, and makes recommendations about future development of such festivals as an emerging type of tourism product for destinations throughout the world.

Keywords: Cross-cultural, Tourism, Religion

Introduction

This paper presents results of an exploratory study into an emerging trend for contemporary religious and cross-cultural festivals. In the UK, some ex-industrial cities and regions are seeking to establish innovative and unusual tourism products by employing the religious and cultural diversity of their areas both as visitor attractions and instruments of social policy aimed at improving social cohesion. This paper examines one example - the Cheetham Festival in Manchester, UK. Set in a deprived area north of the city centre which has long been the focus of successive waves of

immigrant populations, the three-day Festival involves several places of worship and cultural centres - representing some of the diversity of religions and cultures there - being opened to visitors. The event is unusual for several reasons, including that it is explicitly aimed at improving social cohesion in the Cheetham area, which has experienced significant racial tensions, as well as economic regeneration. There are indications that such contemporary cross-cultural festivals will become more common in the future, but little has been published in the academic literature on the subject.

The objective of this preliminary paper is to explore visitor motives, markets, and behaviours at this 'colourful celebration of creed and culture'. Commencing with an outline of relevant literature on religious tourism, cultural festivals, and the potential impacts of religion and religious sites on economic and social wellbeing, the paper goes on to mention links between tourism/events development and social policy. After an account of the background and programme of the 2009 Cheetham Festival, the results of a preliminary survey aimed at gaining a better understanding of the motives, markets and behaviours of those visiting the Festival are presented. After examining visitors' opinions of its purpose and perceived success, the paper draws conclusions about the event's effectiveness and outlines how the general concept might be further developed in Manchester and locations elsewhere.

Literature review

The volume of literature of relevance to the present study is growing, and includes that focusing upon religious tourism, cultural festivals, and the economic impacts of tourism and festivals on economic and cultural development. Faith and religion have long been motives for travel, and motivate an important and growing proportion of international tourist flows (Timothy and Olsen, 2006). Religious tourism – also referred to as faith tourism – may be defined as people travelling for pilgrimage or missionary purposes. The literature on religious tourism literature addresses a range of distinct themes, from writing on pilgrimages and tourists' motivations to visit religious sites (Rinschede, 1992) to an examination of the activity as a form of cultural tourism (Rinschede, 1992; Singh, 2004; Gettigan, 2003; Richards, 2001). Attempts have been made to synthesize

religious motivations with motivation theory (see for instance Blackwell, 2007 in Raj and Morpeth, 2007). Some writers consider that, in modern secular society, tourism itself has become a form of religion (Sharpley & Sundaram, 2005; Gradburn, 1989, cited in Sharpley & Sundaram, 2005).

The literature on motivations for visiting religious sites focuses upon the pious travelling to sites or festivals related to their own faith or religion. Cohen (2003, 2006) asserted that a substantial proportion of religious tourism visits are also made for educational purposes, though again most studies investigated people visiting sites related to their own religion, or otherwise travelling to learn about their own heritage. Cohen considers that these travellers are looking for a spirituality they cannot find at home, which has given rise to the phenomenon of educational pilgrimage (Cohen 2006 in Timothy & Olsen 2006). But, again, this research only examined the motivations of people educating themselves about their own religions and/or heritage.

Against a background of growth in cultural and heritage tourism, venerated places are attracting the curious tourist alongside the congregations they more normally attract, however, and are increasingly being regarded as touristic resources in consequence. There is a lack of material on the motivations of people attending events or visiting sites related to the religions of others. The term religious tourism has also been employed to refer to this category of travellers, who may not be pious but are not mere pleasure-seekers either. They may be located conceptually between the pilgrim and the tourist, and their motivations are knowledge-based (Cohen 1998, cited in Terzidou, Stylidis and Szivas 2008).

While there is a dearth of available literature examining faith-related festivals similar to Cheetham Hill, that on cultural tourism is relevant here – which the UN World Tourism Organisation has described as the travelling of persons for cultural motivations, including the observation of artistic events, cultural tours, festivals and similar events, and visiting places and monuments with the aim of pilgrimage or the study of cultural manifestations (WTO, 1985). Raj (2003) identifies that cultural themes are increasingly being used by organizers to develop annual events in community settings, with the intention of generating new cultural tourism visits through the means of festivals. Festivals can have a major impact on

the cultural and economic wealth of a region (Raj, 2003; Getz, 2007; Allen et. al., 1999; Shone and Perry, 2005). In addition, festivals also provide opportunities for local communities to develop and share their culture, which in turn helps develop a sense of common values and beliefs within local communities, and to build community networks.

The socio-economic impacts of religion and religious sites

Much of the literature on the social impact of religious tourism examines at the impact on host communities. Many studies have addressed economic impacts (Collins–Kreiner et. al. 2006; Rinschede, 1992; Vukonic, 1996; Walpole & Goodwin, 2000), and they and others have established that religious tourism has most if not all the impacts of social, economic, environmental and cultural (Mathieson and Well 1982).

The UK government has been investigating the impacts of religion on economic and social wellbeing, and its potential contribution towards developing new tourism products. The Northwest Regional Development Agency has published research on the contribution of faith towards economic wellbeing in the region (2003, 2009), and established how religious events might make important contributions to social policy, too. The research identified that faith communities are strongest where social need is highest, and that they are active delivery agents of care in their local communities. Faith communities can be important as patrons of the arts and sports, and have the ability to stimulate unprecedented levels of volunteering. Most interestingly perhaps, too, they can contribute significantly towards regeneration activities, and a further study (Northwest Regional Development Agency, 2005) identified and quantified the economic impact at the scale of the region. Religion-based groups were providing about five thousand 'social action' projects valued at an estimated £70-95 million each year.

A further focus of British government interest in religious communities is their potential to have positive impacts in the sphere of social welfare. Strategies for how faith communities might help address race equality and community wellbeing and cohesion have been devised (CLG, 2005; Commission on Integration; 2008; CLG, 2008). With reference to that potential function of faith groups, the Cheetham Festival is identified as

having education, community cohesion and regeneration functions (NWDA, 2009). Tourism development is not specifically mentioned, but from the policy of Manchester City Council to encourage community events for social cohesion reasons came the notion of using religious events as a basis for developing tourism products in the city.

Events development and Social Policy

One legacy of the Manchester 2002 Commonwealth Games was a social policy initiative, one outcome of which was the creation of Manchester's Cultural Partnership. The purposes of the Partnership include securing recognition and support for Manchester's regeneration, and encouraging more participation in cultural activities by local residents (The Manchester Partnership, 2006). The Cultural Partnership Action Plan (Manchester City Council, 2008) identifies many different cultural activities that, in addition to providing direct positive economic impacts, might also enhance wellbeing in other ways. The plan aims to develop and sustain the city's cultural economy, as well as marketing culture in an effort to enhance the profile of the city as a cultural destination. Cultural event developments are examined and then the impacts of such events on both participants and city are identified. Some cultural developments have been religion- and faith-based, one of which was finance for the development of the Manchester Jewish Museum and the Jewish Experience in Cheetham Hill, which offers insights into Manchester's Jewish history. The Cheetham festival is part of this developing policy focus of utilizing cross-cultural events to mount innovative tourism products which might also have positive impacts upon social welfare.

The Cheetham Festival

For the last six years, the Cheetham Festival has taken place on the second weekend of each September. Located in Cheetham Hill, an inner city district located two kilometres north of Manchester city centre, this ambitious three-day event provides a rare opportunity to visit faith and cultural venues in the area, particularly places of worship which are not normally public spaces. Successive waves of immigrants have passed through the Cheetham Hill area over the past few hundred years, each

bringing their own religions, cultures and traditions, and influencing the local architecture.

The programme includes a variety of different religious venues and cultural centres representing the various different ethnic and cultural groups of the area. Buildings open to the public during the course of the weekend include:

• the Al Khizra Mosque

• Dashmesh Sikh Temple

• Higher Crumpsall Synagogue

• Trinity United Church

• St Luke's Church

• the Manchester Jewish Museum

• the World Irish Cultural Centre.

Many venues make special provision or stage special events specifically for Cheetham Festival visitors, including musical performances, ethnic food (Irish, Sikh, Muslim and Jewish), exhibitions, talks and lectures, interfaith services, and activities for children. There is also a guided walk around Cheetham Hill's Jewish heritage trail, and coach tours offer a guided tour of the varied and distinctive architecture of the district between visits to four of the faith venues. This free event is part of the national UK Heritage Open Days event, under which hundreds of buildings, ranging from castles to factories, town halls and tithe barns are opened to the public for the weekend in an effort to showcase local history and culture. The Festival is presently a small-scale event, attracting an estimated 1000 visitors in 2009, and is not widely publicised.

Ranked within the top 1% of most-deprived locations in the UK (Manchester City Council, 2007), Cheetham is an area of multiple deprivation where half of the population is composed of ethnic groups. While the area has a strong community spirit & wide range of active voluntary and community associations (North West Development Agency, 2009), it has also experienced significant racial tensions in the recent past. The district of Cheetham has been the focus of North Manchester's regeneration policy aimed at improving social cohesion, and the festival is supported financially by North Manchester Regeneration, a local authority agency established to attract investment

to the city. The Cheetham Festival is funded under the budget headings of 'economic regeneration' and - much more unusually - 'social cohesion', and is part of the City Council's wider social policies. The funding pays for the food and drink and activities provided at the participating venues, as well as event marketing. The Festival is organised by the Greater Manchester Faith Tourism Group, a not-for-profit voluntary organisation (charity) with a multi-faith membership - each venue is represented on the organising committee.

Rationale for study

The Festival is worthy of study because it is an example of an unusual type of event. Most cultural celebrations focus upon or arise from a single culture or faith, but a key goal of the Cheetham Festival is to develop cross-cultural understanding and social cohesion in this deprived area of Manchester, and to that end the Festival was specifically devised to be 'cross-cultural' (there are more than eighteen 'faith venues' in the district). It is unusual for what is essentially a tourism development project to have overt social welfare goals – improving social cohesion in the Cheetham area. While there are indications that this type of event will become more common in the future - other cities and regions of the UK are considering establishing similar events - little has been published in the academic literature about festivals having been established with such an unusual goal.

Data Collection - Questionnaire

In order to gain a better understanding of the motives, markets and behaviours of those visiting the Festival, an exploratory questionnaire was devised and administered over the weekend of the 2009 edition, 11-13 September. A simple and short survey instrument was devised and subsequently distributed around the various venues and also on the Cheetham Hill tour coaches. Visitors were requested to self-complete the survey instrument in an anonymous and confidential manner during or after their visits by staff at the various faith venues and on the coach. By means of a structured series of closed- and open-response questions, the questionnaire inquired about:

• The motives for peoples' visits

• Characteristics of the visitors

• Visitor behaviour at the Festival

• Visitors' opinions of the purpose and perceived success of the event

About one hundred returned questionnaires were analysed to provide the data for this paper using a range of standard PC software packages. Brief, informal interviews were also held with individual Festival visitors in order to gain additional qualitative data.

Visitor Motivations – Drawn By Faith?

Visitors' responses offer a range of motivations for visiting the festival, but it is clear that most people were strongly motivated to gain a better understanding of religions and cultures other than their own. Few visitors to Cheetham Festival professed much interest in learning more about their own faiths, but many individuals expressed strongly-held desires to learn about other religions and cultures. Festival visitors evince curiosity towards their social and cultural milieu, broadly drawn, and seek new knowledge; they are adventurous in this respect, and actively attracted to the cultural manifestations of human diversity. The notion of meeting people from backgrounds different to their own inspired many visitors, and – once again - many specifically stated that they were not there to meet people with socio-cultural backgrounds similar to their own. One minor though interesting refinement of this temporary flight-from-familiarity impulse was provided by a Christian visitor, who specifically sought to study Jewish faith and culture at the Jewish Museum because it 'represented some of [his] heritage too'.

Overall, then, data on visitor motivations seem to indicate clearly that the central purpose of the cross-cultural Festival – where visitors may 'discover the unique world of Cheetham and its people' (Manchester City Council, 2009) - was successfully achieved in 2009. That the Festival exerts a powerful draw for its niche market audience, too, is confirmed by the fact that three-quarters of respondents stated that the event was the main reason for their visit to Cheetham Hill that weekend.

Faith Tourism Visitor Markets

A range of people visited the festival over the weekend of the 2009 edition, but the main market for the event was fairly predictable: the typical party comprised a white British couple in the 56-65 age range. This finding concurs with research undertaken into profiles of the visitor market for British churches, which are drawn predominantly from ABC1 socio-economic groups, are typically middle-aged or older, and whose children have left the family home (Keeling, 2000, cited in Woodward, 2004). The typical individual visitor can be characterised as a retired white British Christian woman - females were in the majority - and the typical male visitor as a white British Christian in a professional occupation.

Further study findings on the visitor market for this faith tourism event:

• It attracted early middle-aged and older visitors - over 35s in general, within which a majority of people were in their fifties and sixties. A high proportion overall - about one-quarter – were retirees

• Most people visited as part of a couple or small group of three or four – though there were also a few larger parties of up to 30 visitors - and some people were on their own

• Most visited either with their partner or as part of a family group; others visited with groups of friends; and a few arrived with religion- or faith-based groups. There were also some young families, and some visitors were drawn from youth and young adult age ranges

• Visitors were predominantly drawn from professional and senior and middle managerial socio-economic groups, a socio-economic profile which contrasts markedly to that of the Cheetham Hill district in which the festival was staged

• Two-thirds of visitors were white British, a further 11% Irish, and a small proportion of visitors declared themselves to have Asian and Afro-Caribbean backgrounds

• While people of many faiths visited the Festival, the majority professed Christianity to be their faith, eleven percent were Jewish, there were two Buddhists, one Muslim and one Sikh; and , interestingly perhaps, 20% were non-believers, claiming to hold no religion or belief

• A few visitors declared a form of professional interest in the religions and cultures of the Cheetham Hill area, including religious officials and ministers, and one who worked in a professional occupation in the Cheetham area and sought to improve their knowledge of the various faith and cultural communities there.

Tourism, tourists and visitors

One of the aims of the strategy of Marketing Manchester (the city's DMO) is to 'increase the interest in, and visitors to, the city' by means including creating a 'world-class events programme' that will 'strengthen the Manchester brand' (Marketing Manchester, 2003), and the Northwest Development Agency, the regional economic development agency, asserts that 'faith communities' have the power to attract 'visitors and tourists' (Northwest Development Agency, 2003). One of the purposes of the data collection exercise was to determine the drawing power of the Cheetham Hill event in tourism terms – could it attract additional staying visitors? At present, however, three out of four festival visitors were from the north-west region of the UK, originating from an area of radius about 30km around Cheetham Hill including Manchester, north Cheshire and southern Lancashire. Within that, a majority of respondents were from the Manchester area, drawn from 8km (five miles) or so of the event. However, two visitors were from more distant parts of England and Wales, and three were from overseas: Ireland, Germany, and Poland. Apart from those, however, few respondents can be formally classified as tourists – most were making daytrip leisure excursions from their homes.

Visitor Behaviour – What Did People Do at the Festival?

Despite being presented with an interesting range of venues, events and experiences from which to choose, most festival visitors went to relatively few venues – one or two - and while no common pattern is discernible, most people elected to visit venues of faiths other than their own. However, a few visitor parties took full advantage of the unusual opportunity presented them and visited up to eight faith venues over the course of the weekend. Visitors would be welcomed into each venue where they would be given a tour and a talk. A static exhibition about the faith was often provided; some faiths provided special services, others food; and two provided music as well. Most visitors travelled independently around the various festival venues rather than using the guided Festival coach tour. In addition to the faith venues, other manifestations of ethnic and cultural diversity were also appreciated, including music and - especially – the ethnic foods provided for visitors at some Festival venues. Some respondents appreciated the opportunity to socialise with visitors of different faiths and cultural backgrounds as much as the programmed venues and tours.

What Did The Visitors Think Of The Purpose And Perceived Success Of The Event?

Responses about the purpose and perceived success of the event indicate that the market is well-satisfied by what is a relatively unusual visitor experience. Data gathered by quantitative and qualitative means show the consensus of opinion about the three-day event was very positive indeed. Visitors:

• enjoyed an interesting and unusual visitor experience – respondents were variously 'surprised' and 'enthused' by the Festival, and most people seemed very satisfied with the novel Festival experience as a whole

• gained a deeper understanding of other faiths, cultures and minority groups of north Manchester

• many visitors were at least implicitly aware of the underlying purpose of the Festival, which they warmly welcomed - text and verbal comments included that it was 'good for tolerance' and a beacon of 'inclusivity'

• the faith groups providing the visit events were 'generous' and 'welcoming' in their acts of extending generosity towards the visitors, typically people of different faiths and/or cultures

• one respondent wrote 'More cross-cultural meetings [like this] are needed for more people, and by doing so help crush prejudices that ignorance breeds (sic.)'

• willed that the event be held again in future years.

No-one made significant negative comments about the Festival. The overall high levels of satisfaction reported by respondents are confirmed by analyses of further data about likely repeat visit behaviour, projected future visit intentions, and whether people would recommend the event to others. About one-third of all respondents were 'repeat visitors' - they had visited the festival in previous years - four in five would recommend the event to friends; and fully 95% plan to visit again in future.

Visitors' broader awareness of the north Manchester area and what it has to offer was enhanced too. Comments indicated that some respondents lacked awareness of the various attractions of north Manchester – one visitor, for instance, was unaware that the Jewish Museum, based in a former Spanish and Portuguese synagogue dating from 1874, existed at all, despite the fact that it has been open since 1984.

Future development

Some respondents provided comments with the intention of improving future editions of the event:

• some pointed out that some faith and cultures were not represented - Buddhism and Hinduism were specifically mentioned

• one respondent wondered whether truly religiously- and culturally-integrated performances could be devised in an attempt genuinely to integrate elements of the diverse communities of north Manchester

• one respondent went as far as to say that 'All faith venues should be open over the British Heritage Open Days weekend'.

Conclusion

Although small-scale, the Cheetham Festival attracts additional visitors to one of Manchester's most diverse districts where in 2009 they enjoyed an interesting and unusual faith- and culture-based visitor experience which could be said to be of a broadly 'edutainment' nature. While few at the 2009 event visited more than a few of the faith venues on the programme, many would not normally have had any such contact with other faiths. To the extent that the prime motivation for most people to attend was a genuine wish to

gain a deeper understanding of the faiths, cultures and minority groups of north Manchester – and by extension those of the wider UK - the 2009 Festival was a success on its own terms. The event is extremely popular within its well-defined niche market, although at present the Festival may be characterised as an event chiefly attracting day visitors predominantly from the Manchester city-region.

There is, however, potential for the event to develop to become a more significant part of Manchester's tourist product in the future. With careful planning, management and marketing the Cheetham Festival could serve as a secondary reason for visiting Manchester for some tourists, and could act as the primary motivation for a visit by others. To build upon the success of the Cheetham Festival, the North Manchester Regeneration agency is now working with the Greater Manchester Faith Tourism Group to develop a 'faith trail' stretching from the north to the south of the city. This would further develop the general concept of cross-cultural tourism/visitor product, adding a new year-round product to the city's existing tourism offer. Churches and other religious heritage sites have been attracting a growing volume of tourist visits in recent years (Duff, 2009), and similar 'faith tourism' projects could readily be developed in other locations, particularly those with culturally-diverse communities. Success, however, is critically dependent on established interfaith relationships, a substantial effort made by unpaid volunteers, and success in securing funding.

The very existence of the festival demonstrates a growing degree of common purpose between a diverse set of faith communities in the district. However, no conclusions can be drawn at this early stage about the Festival's contribution to social cohesion and economic regeneration in Cheetham Hill, but it might reasonably be assumed to be positive. However, its impacts upon social welfare would need to be assessed within the context of the broader range of measures being taken in the district.

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"LEARNING CULTURE IN ORGANIZATIONS - HOW DOES LEARNING TAKE PLACE?"

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Abstract

In the sense that learning culture enables innovation and innovative thinking in organizations it also enables to increase economic success. Thus the hypothesis is that certain learning cultures enable organizations to be more successful in their enterprise. '…learning on the job – it is positive for the organizations success' (Bernard 2004 p 160). In the current world wide situation of depression this way of thinking will be an increasingly important element for the survival of organizations.

The development of new learning methods and strategies means that learning in organizations is only possible in a future-oriented and positively lived learning culture. Learning is a continuing, active, self-directed, situational, collective and social process (Rosenstiel 2007 p 1). For successful learning the notion of double-loop learning by Agyris gives a clear indication on what is needed (Argyris 1999). This focus on the processes of learning is not a small part in the whole picture, meaning that also the strategy and the culture of an organization need guidelines for learning: 'Generating shared norms and patterns of "groupthink" that prevent people from addressing key aspects of the reality with which they are dealing.' (Morgan 2006 p 87)

Here learning culture assumes a framework, which means that all methods and information must be visible and transparent, because this is how we can enable reflection upon and thus change of behavior. Senge postulates that only then the organization is ready for change (Senge 2001; Sackmann 2004). He includes 'the ability learning ahead of our competitors, maybe this is the only real sustainable competitive advantage.' (Senge 2001 p 11). For this paper self-directed learning means that the employees have to learn in a continuous process through their own experience. Development of competence represents an opportunity for self-directed learning and involves the development of professional, methodical, social and personnel competence (Sackmann 2004).

Organization and Living Culture

Organizations are social systems with different alignment, size, age and values (Graf-Götz & Glatz 1999 p 25-55). Beside a vision which is pictorially, authentic and attractive to all the members of an organization it's important for the survival and success to have an organizational strategy with guidelines. These guidelines including higher-level, long- and mid-termed aims and objectives of an organization (economical, ecological and social). This vision and objectives should be rounded up in the corporate mission. (Vahs 2007 p 124-129). All members of an organization, from the shop floor to top floor should know and live according these goals. The management and the executive staff through their behavior do everything to reach the constituted objectives. This behavior is more than information about aims; it's for example consequent acting like a role model of the reachable aims and projects. In the years 1991/1992 Lufthansa had the biggest crises in the history due to the Gulf war. During this the executive manager and project manager informed the employees weekly per intranet, in the weekly employee journal and in 'Town Meetings' about the actual situation of the business and project objectives. The consequent living of this ideal model and its aims as well as the behavior of implementation was successful from the top management through all levels and functions. Lufthansa assigned proud employees and the feeling of affiliation of professional working in a qualitative first-class airline and a strengthened team spirit until nowadays. Through this it was possible to avoid crises in the years 2001/2002 and a continuous reorganization and expansion was possible (Sackmann 2004 p 80). This is only one positive example of a learning and living culture in an organization.

"Building strategies is a self-organizational process." (Heyse et al. 2000 p 69) These are purposive experiences in an open future with feedback looping and possibilities for continuing improvement processes. Furthermore, this needs a participating organization politic, a free fluency, an formative accounting and 'monitoring system' , internal intercommunion, qualifying structures, environments contacts to 'strategic early intelligence' , overlap learning of the job, learning climate and possibilities to self-development of all employees. (Heyse et al. 2000 p 69-71).

In the pretests of my research project with semi-structured interviews (Lamnek 2005 p 203) the terms acting like role models, transparent, actual information and trust were mentioned and emphases these requirements and characteristics of a learning and living culture.

Learning Systems and Learning Organization

A living culture in an organization includes potential for a learning organization. Developments like strategic alliances, joint ventures and other forms of cooperation are products of learning organizations (Probst 1998 p 3). In the situation of the world wide depression methods and forms of learning organizations help to survive in a competitive position. Learning organizations have a learning culture which includes learning systems.

Organizational Structures and Learning Systems

Within the history of industrialisation the management behaviour and structures changed. Vahs describes the phases of the last years since 1989 with the beginning of the orientation to the processes, over the customers in the 90's to the competences until today. These three directions and forms (process-management, customer-management and competence-management) include different management models. The process-management created the lean-production, -management and -administration; the business- and –process-engineering came in the phase of the customer-management, and the total quality management (TQM) with 'Kaizen' , continuing process improvement (CPI) led to the strategic forms with networking (virtually and modular). (Vahs 2007 p 252). This demonstrates the dynamic of the change-management and their conceptions and the effects for the management and employees in organizations the last years. With these changing structures in organizations the demand of flexibility of the employees is rising and different thinking about 'trend-setter and pioneers' and the copyists 'following the leader' occurs. Learning is a central factor for the success in an organization and will be rediscovered (Garvin 1994 p 74). This thinking about management concepts and learning, a learning organization is a 'chronically unfrozen system' and therefore impermanent (Weick 2007 p 4).

Learning Systems exist from structures in organizations. These structures and behaviour characteristics create the base of learning in an enterprise and the terms and conditions, in which individual persons due interacting and developing behaviour patterns. Agyris and Schön define 'organization structures' as follows:

- Selective communication/communication channels (meetings, discussion groups, official and unofficial interacting patterns);

- Information systems incl. media and technology (for example personal computer, newsgroups and e-mails…);

- Business environment in the organization, if it impacts communication patterns (notice and information boards, periodical formal or informal meetings, employee journals…);

- Measures and methods, which are directing the individual and interactive behavior, and

- Systems with exciting, which will benefit in freewill information, action and exploring behavior. (Argyris & Schön 2008 p 43).

If these basic conditions are visible in an organization, learning can be started. This is the base of a good learning culture.

Learning Culture

Geißler (1995) and Haug (2008) splits the learning in cultures further into learning in groups and rates them from one to four – depending on their chronological stage of development. Those four stages are reflected in any literature that focuses on learning in groups, though the specific terminology might vary. For example Rosenstiel (2007 p 329)

describes the duration of a group with the same four phases. The first one is the 'forming' phase in which the members have to meet someone, confrontation of dependency; group building and authority issues are taking place. In the second phase, the phase of 'storming', the roles will be assigned; role differentiation and the 'war over the pecking order' take place. The third phase is the phase in which the group find rules and standards for their working and results in behavior pattern. The fourth and last phase is the 'performing'. The group works effectively, works in time and generates achievement.

Learning in groups impacts individual learning and has a different quality. The individual thinking, acting and postulate their own prospects, standards and values. The learning is impressed of social interacting forms, which means communication processes between social connections. The last one, the communication is very important. The better the communication processes are (visible and good in respect of contents and ability of dialogue), the better is the collective ability of learning. (Probst 1998). Schein postulates three kinds of manager-cultures in organizations. The first is the culture of the technical, the second the culture of the CEO's and bosses and the third is the culture of the employees. These three cultures have different values, goals, thinking and language (communication patterns). The base of a learning culture is that these three cultures know and accept their coexisting and they understand, the existence of different languages (terms and communication patterns) and they have to learn to communicate together, across the three cultures, and generating organizational communication processes. (Schein 1999). In 'Knowing in Organizations' the authors quoting Wittgenstein (1953).

'For Wittgenstein, in fact, language is mainly a practical and social endeavour. Linguistic terms arise within a social practice that encompasses meaning constructions. Participation in a practice entails taking part in a professional language game, mastering the rules, and being able to use them.' (Gherardi et al. 2003 p 11). The lived form of the different languages will be manifested and the communication processes through these three cultures are abstracts of their opinions. (Garvin 2003).

The consequences of this are the ways to find out how they come together and address issues of knowing and learning in organizations over the whole enterprise and get the full consideration. (See 'Organization and Learning Culture' with the example of Lufthansa).

Here learning culture assumes a framework, which means that all methods and information must be visible and transparent, because this is how we can enable reflection upon and thus change of behaviour. Senge postulates that only then the organization is ready for change (Senge 2001; Sackmann 2004).

Self-directed Learning and Types of Flexibility

In an organization with a learning culture the employees (individuals and groups) learn self-directed on the job. Working on the job is the beginning of learning, but with a reflection of handling and the gathering of experience and alternative thinking an experience-learning will be determined. In detail Kluge mentioned that the employees participate in the process of problem solving by collecting, arranging, testing, verifying, providing and updating experience. (Kluge 1999).

The employees can operate the aims and objectives of learning, the place and time, contents, methods and partners as soon as more self-reviewing and –evaluating of the learning success as taken place. (Deitering 1998 p 155). This is depending on the living culture and organization structures in an enterprise. Concerning this self-directed learning Deitering quotes Neber (1978) who defines four characteristics for self-directed learning. The first is the learning aim and objective, the second the operations and strategies to the transfer of information and behaviour, the third is the purposive process of evaluation (comparison, benchmarking, analysing and reporting) and the fourth is the level of manipulation and directness to the learning environment. (Deitering 1998 p 155). It's not easy to fulfil the requirements of self-directed learning on the job; self-directed, goal-orientated planning und successful arranging, in due time and in a good quality (Greif 1998 p 166). For this paper self-directed learning means that the employees have to learn in a continuous process through their own experience. Development of competence represents an opportunity for self-directed learning and involves the development of professional, methodical, social and personnel competence (Sackmann 2004).

In a QUEM -report the authors differentiates the types of flexibility of an organization. The first type is the 'offensive' with the highest flexibility and with the main focus on qualification and trainings of their employees – four items will be impacted (internal structures with the employment system, external contacts, numbering with a personal structure and functionality with the qualification and training on the job). The second type, the 'established', has the second highest flexibility, but the focus is more on the internal structures and not so much on the functionality of the qualification and training on the job. The third type is the 'change over' which is the third best type of flexibility. Here is the focus on the functionality but the internal structures and the personal structure will be disregarded. The fourth and last type is the 'reactive', with little flexibility and high personal structures. They postulate that learning is the development of action systems or rather learning is a special form of action.(Frieling et al. 2001).

These realizations of individual, self-directed learning on the one hand due to classical personnel development (trainings and seminars) and on the other hand due to the experience is for the shifting into an organizational learning of high importance for this research. To use and extend individual self-directed learning potential on the base of these insights allows companies to learn successfully.

Organizational Learning

Organizational learning is more than just individual learning or group learning; it starts prior to this and is substantially more complex. However, we must not neglect the evolutionary stages of groups; therefore the focus of this paper will occasionally reflect upon this. If a company does not learn it can lead to decline (Pieler 2003 p 17). In theoretical perspectives organisations emerge and will be developed. They are not fixed; they are historically grown, environmental aware and dynamic. Every profit-oriented corporation is subject to certain cycles of various origins. It can be caused by external circumstances such as the current economic situation or internal reasons such as a change in the management of the company. A learning organization can subsist, depending on how it deals with the particular situation. (Bouncken & Jones 2008 p 161-166).

Furthermore, learning in an organization is more than the activities in an enterprise, which are generates through organizational structures and their members, from the management to the employees (see types of flexibility). For this paper learning is the competence to learn raise cognition, acquirement and handling of these and a continuous questioner attitude.

Senge includes 'the ability to learn ahead of our competitors, maybe this is the only real sustainable competitive advantage.' (Senge 2001 p 11). This discourse aims at identifying and working out implicit processes in learning and change such as continuous amelioration processes, corporate strategic planning simulations for structural improvement and other applied methods. Long-term learning ability in a company can only happen if, despite the implementation of new and mandatory standards, there is provision for spontaneous change.

Summary

In the history of industrial development and successful enterprise, literature can be found on learning organizations. This literature tells us anything from the conditions in enterprises to organizational culture, leadership behavior, communication in organizations, daily working of and even on life in enterprises. These themes together, lead to directives on learning processes in enterprises and how to establish a learning culture. In this sense, the learning culture guarantees innovation and progress for organizations to withstand market cycles and thus to continue operating successfully. (Argyris 1999; Neuberger 1999; Senge 2006; Wahren 1999). Morgan (2006) complete this kind of long-term learning in great detail by using the metaphor of a brain and claims that organizational learning can only take place in companies that think and act according to this metaphor . These and other methods of organizational learning can be demonstrated, analyzed and recorded by means of concrete examples.

Research and Outlook

After and during the theoretical literature review, exploratory interviews (Lamnek 2005) with members (managerial, staff and expert's level) of a medium-sized enterprise will give indicators on the practice of learning in organizations. In this case study in a small medium sized company

in South Germany will be carried out to identify realities of organizational learning. The research will take place in two phases and all participants of the case study (Yin 2008) are from the same company which has recorded an increasing growth within the last few years. But in the last year, the time of the world wide depression, they have to notice the similar negative effects like many small medium sized companies. Although with the next step, the qualitative interviews, the focus will be on individual learning and the flexibility in and of the organization, we will also get information on organizational learning processes.

After the qualitative interviews, the content analysis and the analysis of documents the next step will be a survey of members of the departments development and production. We can see clearly and find managerial behavior or tools, which help the organizations to learn successfully to survive. This can be a model with self-dynamics, which can function according a certain set of rules.

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THE RELATIONSHIP BETWEEN INTEGRATED CULTURAL PRODUCT BRAND AND INDIVIDUAL: A CONCEPTUAL FRAMEWORK

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Abstract

The paper aims at building a theoretical framework for the study and analysis of the relationship between consumer and brand of cultural product.

In a scenario characterized by globalization, and by the consequent mainly territorial competition the identity of localism has a strategic importance in many areas and regions; at the same time, external influences on territories have a fundamental role in economic development.

As a result of these internal and external processes, government bodies responsible for local development need to put in actions the integrate operative policies with new solution and opportunity from the local needs. This involves devising a development plan capable of stimulating and facilitating productive investment and cultural flows, in relationship to consumers, so the local product can be positioned into an international scenario.

The research starts from reflections on cultural product from a dynamic and integrated perspective in order to identify strategies and policy by development of a territory by cultural product (Colbert, 2004; Solima, 2006).

The phases of the research are:

Analysis of the main authors in the following themes: marketing of territory, cultural product and consumer behaviour.

Study of the Integrated Cultural Product model.

Plan a positioning strategy for cultural product.

Elaboration of a Quality Brand of integrated cultural product.

Definition of a conceptual framework

The objective of the study to expand the ICP model and we propose the Quality Brand of ICP for the local development within the strategies of marketing. The article, also, attempts to describe the relationship consumer-brand of cultural product focusing, in particular, the "attractiveness" condition, which is about mutual compatibility between the brand and the consumer.

The final part shows the conceptual framework focused on the relationship between Integrated Cultural Product Brand and Individual, taking into account the increasing economic-social role played by brands.

Keywords: cultural product – consumer behaviour – quality brand.

The Methodology of Research.

The methodology is based on an analysis of the literature on cultural product (Ferri, 2009) and marketing of territory (Martellotti, 2008) by an innovative model of integrated cultural product (Ferri M. A., Aiello L., 2009) and consumer behaviour. In particular the method involved an

analysis of strategies of positioning (Ferrero G., 2008), that are applied to integrated cultural product, the add value of the present research can be traced in a Brand for Integrated Cultural Product (ICP) based on the Quality, in order to develop a two-way relationship with the market.

Moreover, the study focus on the following assumption: the relationship consumer-brand of cultural product is evolving in a "dyadic" form (Basile, 2008).

The map below summarizes the direction of work , identifying the assumptions underlying the model developed and the Goals related to it, in order to develop a result of two framework two approaches: "ICP-Brand Model" and "The individual social evolution in relationship to Brand".

Figure 1. The methodology map.

The methodology underlying the work presented is based on three steps: defining the field of observation and theories of reference, as the marketing of cultural and territorial supply; the re-elaboration of two models – ICP (Integrated Cultural Product) The social and individual evolution – in an optical of Brand's theories.

The paper aims to define the one hand a model of ICP-Brand under the evolution of the role of the consumer, with the aim to present a frame work conceptual from which to make comments and suggestions for future research. In particular we must reflect on the new logic of marketing that, through the emphasis of the role of the Brand into creation of relationship, we must emphasize the need to build the supply rather than demand, thus passing from market segmentation to the characterization of the offer which must be able to attract the person with him

The Cultural Product: condition.

The cultural product is the set of goods and services that refers to a civilization of the past or present, it's finalized to satisfy a need / cultural needs, with this aim, the product should not be constructed on the basis of conditions linked to the characteristics of the market segment, but rather to the ability / agency / institution / cultural manager to "transform" the gathering of cultural goods and services in a pull factor for the territory.

The cultural product, as it is an integral part of territory. It is the result of the activation and deployment of processes of interaction between the complex system of services and production sectors that gravitate into the territory of reference. It's a stimuli to the planning of the development of the territory in order to enable network policies, to identify the internal systems of local real sub-systems, defining more clearly what we might call "the creative component of the enhancement of cultural heritage allowed to revise the ICP model by breaking down the individual elements of integrated cultural offer.

The model's main aspect is the integration among the components of the sub-cultural system at a territorial level and the components of the sub-systems linked, the next step is to clarify values and goals by brand (Ferri and Aiello, 2009).

To develop the cultural system model, you have to consider the following success factors: consultation and cooperation among institutions, firms and local community; ability to integrate with subsidiary industry, for example the transport industry (Artecard-Campania); ability to meet and to interaction with diversified demands; ability of integrated development of resources, ability to differentiate from competitors supplies.

The cultural system analysis needs the existence of the following conditions, can be summarized as follows:

- an enterprise base sensitive to the objectives of cultural enhancement;

- a local who knows and identifies itself on its cultural heritage;

- a local system open to new cultural form;

- governance committed to support and develop local cultural realities;

- availability of a quality real estate assets to be devoted to cultural programming;

- a network of public institutions and private entities pursuing its own policy of social responsibility to the local context;

- the presence of educational institutions interested in pursuing an education of excellence in new cultural and technological expertise.

Figure 1. The methodology map.
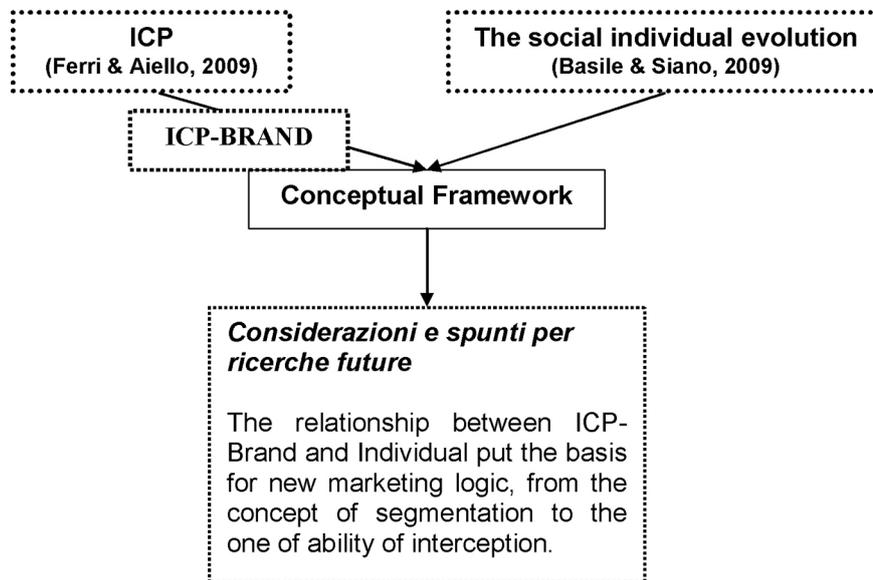
The cultural system as a basis to achieve positive levels of life within the territory, together with environment and economy, must be able to integrate itself in a system, this integration is useful in order to become the cultural resources of a territory before a system through policies of integration and cohesion, and later a cultural product through an integrated marketing plan (Ferri and Aiello, 2009).

The Integrated Cultural Product is composed by three main elements: the territorial system, the cultural system (which are the cultural supply) and the demand. In fact, territory is made up of all facilities and capital infrastructure, social aim of creating social capital officers to detect of political cooperation, coordination and consultation facilities able to becoming a system the territory. The elements of the territory are grouped under the following sub-systems: socio-cultural, economic and environmental.

The cultural system is composed by all goods and cultural services, besides the management and cooperation policies. The study of the cultural system shows a system of different relations which involve :

• human capital as workers and social actors that make a contribution to the delivery of services and goods, engaging in their work activities and of creation and support of the social relations within the territory (in the family, in friendships, in reference groups);

• local producers of goods and services as operators in the tourism sector (travel agents, tour operators, tourist offices, resort accommodations), educational institutions, service providers;

• The Actors outside stakeholders understood in a perspective of creating and maintaining reports that cover the development of the territory.

Ultimately, the cultural system according to the model presented, is:

a) continue in conjunction with the context of reference cuess useful to a continuously adapting relational;

b) it is complex, complex systems may concern different types of actors (from the common to the superintendent to the family management of theatre)

c) it has connections with the outside (e.i., virtual), and variety of connections between own elements (e.i. roads network or interactive forums).

123

Demand is composed by actors interested in the use / consumption of cultural product. The stimuli and motivation can come either from the territory, such as sensitization of the politics of local actors to the "acceptance" of the customers of the cultures, local actors Policies of sensibility of cultural and tourism customers "acceptance" or internal, arising from the cultural system, as Plan of Communication and International Brand.

The need of an integrated cultural product derives from the following hypothesis: the elements of territory to give opportunities of development to economy must be promoted and offered on the market. To develop a territory, the resource must integrate with the territory itself so that it becomes part of the supply. With this aim, local institutions and all actors (public or private) in the territory interact to exploit all possible opportunities that indirectly and / or directly the cultural resource offers.

At this point in the definition of the ICP becomes critical turn to the role of Brand and planning of marketing activities and communication based on the principle of evoking values functional, symbolic and cultural. These activities must be developed either by putting the consumer at the centre of the production processes they evoke and disseminate the values and goals, even among the parts of the ICP, through brand. The culture of marketing, in fact, helps overcome conflict, promote processes among objectives of different stakeholders, so that they produce social values such as consensus, social cohesion, the willingness to change to improve themselves.

Within this general framework a positive circular process reinforces the product image and trust in the system and also economic returns in the cultural system and the whole system area. In the presented integrated cultural product model is evident the link between cultural resources and territory.

The ICP- Brand model.

In the literature about the development of territory marketing has a strategic role, so different authors have defined the territorial marketing, as Martelloni (2008). In this strand of literature cultural product studies take place, at this stage of research we present the ICP-Brand model, which is the first part of the frame work of the job.

Any project of integration of the cultural product in the territory should ensure consistency between asset management objectives and those of the territorial system in conformity with the conditions identified in the context of the geographical area covered a complex Cultural Product in terms of identification and characterization. It should be the aim of both managers and users/beneficiaries of the cultural resource to "strive" to transform Cultural Products in Integrated Cultural Products explain in the Integrated Cultural Products model. The representation of Integrated Cultural Products takes into account both demand and supply. The offer is the outcome of the integration of external elements, internal elements and cultural competence (knowledge, management skills).

The Brand is a psychological construct of images and relationships in the mind of a consumer which is responsible for product/service identification and product/service differentiation, and which influences customer's purchase decision (Esch, 2004). Branding has an important role for the product to high content of service, in fact brand enables consumer to visualize and understand the intangible aspects of the service including the quality of the people who provide the services.

In light of this issue, branding policy is indispensable to cultural product placement represents. Consequently, to optimize this process it is indispensable a planned strategy aimed to matching identity, image and personality of a service. In fact, we believe that the brand is a synthesis of these items. The construction and use of the strategy implies, preliminarily, the knowledge of those specific concepts (Aiello and Cacia, 2009).

As a consequence of the intangibility of the services, therefore their quality is difficult to be evaluated by the client/consumer and building a strong brand image is a challenging task.

After these considerations, it is important to emphasize the relationship between cultural system, territory and cultural demand. The territory in which a complex of attractions closely tied to the need of a target has centre of customers.

On the basis of these considerations we have developed ICP-Brand displayed below.

Figure 2. The ICP-Brand.
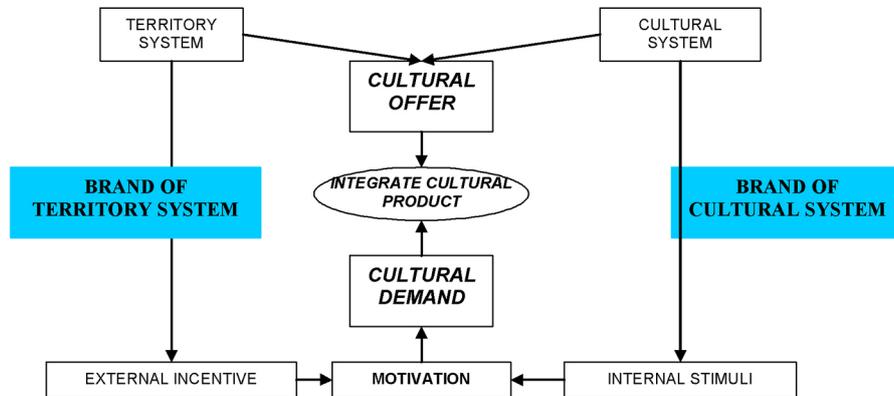
On the left, the graph illustrates elements of the territory system while the territory of the cultural system is positioned on the right.

As concerns Integrated Cultural Products, they are defined in terms of the following factors: cultural resources presuppose a mutual relationship between elements of the cultural system and the spatial reference system. "Exploited" by input from the cultural heritage system (CHS) this shifts to the land system (LS) and, "exploited" by Cultural District, shifts to input from Cultural Goods System. The outcome is that the cultural activities, an integral part of Integrated Cultural products, become creative excellence in the development of a particular geographical area.

The assessment of Integrated Cultural Products is carried out in four phases:

- the analysis of internal and external factors (environmental, economic, political and social system);

- the definition of objectives that the cultural system demands;

- the assessment of the effects of actions that the system intends to put in place;

- the monitoring of interventions on the basis of a Plan Do Check Act perspective.

In other words, the elements of the cultural system, integrated with those of the territory, by virtue of measures to define and pursue goals involving various categories of stakeholders, contribute to achieving local development in a sustainable perspective. Once the concept and role of territory in the process of development of society have been defined and the social and economic development of the cultural activities of an urban system established, the extent to which they actually contribute to increasing competitiveness in a region can be measured. A useful document for this purpose is the marketing plan, which comprises three main functions: 1) analysis 2) strategies 3) operational policies and actions.

The value added to the model is to define the role of Brand, in particular of ICP-Brand, that has a triple role:

1. for supply it is a means of strategic communication,

2. for demand it is an element of attraction to the offer,

3. to strengthen the relationship between Individual and Product that makes the consumer a part of a group.

The brand, therefore, represents the "instrument" through which you create and manage the relationship between ICP and the individual (consumer potential and / or actual), (Ralf & Collins, 1995, pp. 197-298). This approach, however, involves a different understanding of the Brand, understanding the ways in which policies are developed brand. In fact, the relationship-brand involves a different view of the product in line with the integration process so far discussed. The product, then the result is a supply-side and the other application, in this case the offer, in turn, is the result of the elements of land and cultural

elements of the same. The Brand of the cultural product is the synthesis of the brand - the values, symbols, features - the territory and that of the cultural system - the values and cultural symbols. The application itself is actively involved in the "creation" of the product.

Through the brand relationship is developed the brand with the aim not only to represent the product but also to create the relationship with the consumer.

The application of postmodern cultural system and territorial

The need to plan marketing and communication activities, at both strategic and operational level, is now clear, as operators are called to face an ever-increasing competition among territories, stimulated by increasingly sensitive consumers.

Innumerable possibilities to search for information, and therefore an increasingly volatile demand by consumers, have led to the evolution of territorial marketing and communication.

Many researchers and practitioners have focused their attention on the consumer's role with relation to a generic touristic product, also referring to social psychology, sociology and economics

(Tucker, 1957; Turner, 1982). These studies are about how to make a profile of the individual/ consumer, in order to implement marketing and communication activities aimed at creating and maintaining a biunique relationship between the players. The quality of this relationship will depend on the ability displayed by territorial organizations to express a common language when dealing with the consumer/individual. Territorial organizations will use this language for the perceptive positioning of their product, to support the choice/purchase activities, and eventually to adjust the cultural offer after receiving feedback.

Territorial structures need therefore to establish a common language to use with their potential customers (both in and out place). That, and the need to make the content of this communication channel distinctive, have been shaping marketing and communication activities. They have been affected not only by the use of new and more interactive technologies (the web 2.0, for instance), but also by a different notion of brand, which has

gone from plain symbol to emotional container (culture, values, philosophy) of the place/ destination it refers to (Siano and others, 2009).

The notion of destination personality is seen by some scholars as a metaphor of the feelings associated to a certain destination (Aaker's, 1997), and it is employed to better understand the perception of places by tourists (Morgan, Pritchard and Piggott, 2002; Caprara, Barbaranelli and Guido, 2001).

If we take into account the evolution of the relationship between firm and consumer, the brand no longer represents a simple "name, term, sign, symbol or design or a combination of these for identifying goods and services of wholesalers' or groups' to differentiate them from those of their competitors", as Keller defined it in the 1990s, but it is rather a partner to the consumer, to the extent of playing an essential role in the dyadic relationship (Keller, 1993; Fournier, 1998).

In this respect, Fournier considers the brand "… not as a passive object of marketing transactions, but as an active, contributing member of the relationship dyad… One way to legitimize the brand-as-partner is to highlight ways in which brands are animated, humanized, or somehow personalized…." (Fournier, 1998).

It is argued that consumers view their preferred products as extensions of themselves, and therefore their purchasing behaviour is motivated by the symbolic value of the product (Mowen, 1990). This means tourists receive and interpret various messages sent by destinations (tourist attractions, restaurants etc), forming a personal image of the destination they are interested in.

In our specific case the brand has a twofold role:

- unifying the components of the territorial system;

- representing both the place, seen as holistic and basic entity, and the associated destination.

The brand should therefore evoke symbolic and functional elements related to the destination, in order to make it attractive to the consumer/browser. He/she has cultural, emotional and functional expectations and looks for a key to develop his/her self-concept (Sirgy, 1982).

Attractiveness is therefore the capacity of the destination personality, evoked by the brand, to make the individual realize his/her self.

Realizing one's self is the reason why the individual is willing both to develop strong bonds with the brand, based on trust and faithfulness, and to become part (identification) of new social groups

(Ahearne, Bhattacharya and Gruen, 2005). One could think, for instance, of being part of a specific group of travellers, telling other members about a travel experience. In this case the destination is the key through which the traveller gets access to the group, becoming a mingler.

He/she can remain an ordinary group member, become a more active member or even an opinion leader within the group itself (Siano and Basile, 2009). We could think of those members who tell about their travel experiences, providing advice about places they visited, this way becoming opinion leaders within their destination community. By doing that, the individual shows his/her commitment to the ICP brand, actively contributing both to the evolution of the ICP in question and to its diffusion to other individuals or groups (Algesheimer, Dholakia and Hermann, 2005; Bagozzi and Dholakia, 2006).

The diffusion of the ICP works through word of mouth, following the principles of the

two-step-flow theory, where the opinion leader is both a resonance chamber to his/her hemulators, and a defender of the ICP brand against negative reviews posted by supporters of other brands

(Katz and Lazarsfeld, 1955; Kingdon, 1970; Confetto, 2005).

Figure 3. The social individual evolution in relationship with brand.
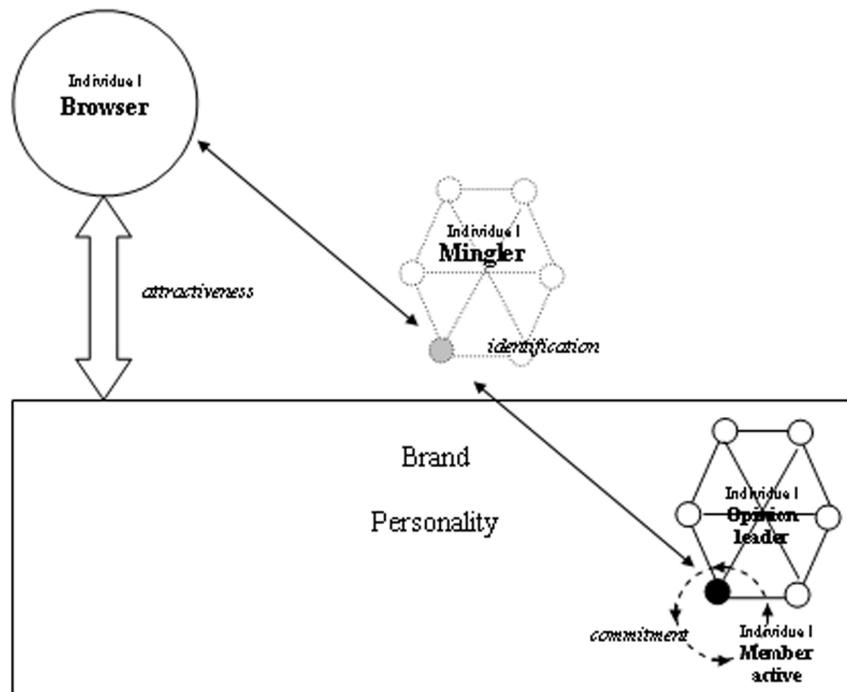
We can therefore say that the brand can be seen, in the CULTURAL SYSTEM as well, as a generator of relations. Its aim is to build rapport with the consumer, one based on cooperation and communication (Bauman, 2001).

This relationship affects the development of the destination, which adapts to the individual's social needs. The consumer, on the other hand, is a co-maker in the creation/evolution of the place in question and at the same time realizes his/her self-concept, sharing it within the groups he/she is member of (Dutton and Celia, 1994).

The brand, and the destination after it, are no longer mere economic entities, being now social players within the territorial system they contribute to build and enrich. Territories are now more attentive to the socio-cultural dimension of the market, as they increasingly tend to involve the individual in their activities, up to the point of making him/her an active player in the decisional process.

The destination is no longer the orientation of the territory-as-product towards a sufficiently homogeneous set of potential acquirers. Now it stands for a biunique, mutually beneficial relationship between the social player destination/brand and the individual

(Bhattacharya and Sen, 2003).

Being the notion of destination now based on the above-mentioned dyadic relationship, the former should no longer be seen as a given factor, but rather as the result of ever-changing relationships.

For this reason, the destination has been renamed destinat-ing.

The Framework: The Relationship Between Integrated Cultural Product Brand and Individual.

The territory, so, offers products to meet different needs, a territorial policy requires the effective integration and coordination of products for becoming available in the entire territory.

Demand stimulated, especially by an attractive element of territory, makes its own purchase / consumption choices, the Brand has a key role in attracting individuals to the territory, evoking values,

cultures, traditions, bringing them to the supply so thereof. In this regard two hypothesis may occur: the territory is "attractive" for individuals, an element of the territory is "attractive" for individuals.

The proposed work aims to consider the brand as a factor of attraction for the individual who provides, at the same time, the two previous hypothesis. then we analyze the relationship between the brand and the individual.

The choice of what brand of core relationship between product-individual, as mentioned, is an evolution of "relationship brands" theory of Ralf and Collins (1995, pp. 197-298). The authors believe that brands acquire a new role, is to be made or made relationship brands.

The relationship brand have the ability to identify potential and current customers by name and address, such as the reformulate the function of its brand. The company fact, by the new integrated communication plan carried out a process of brand relationship in particular through the site www.ilmulinochevorrei.it.

The consumer, with the support of both the web 2.0, that of the traditional channel, create a report with the product / company through the brand, recognized in the same.

This report also contributes to the achievement of the product, to participate in the individual the "planning" of all the works stages of the product, for instance, can make suggestions on new products, we are witnessing them to a relational process overturn of customer-company-products where up to this time was the product that involve you to connect with the company, with the branding relationship you, however, enters into a relationship with the company upstream of purchase, occasionally apart from the same.

A new form of brand evolves: relationship branding. no longer a brand, therefore, that produces and promotes just what you sell, but you have to create a brand and also promote the relations, the goal is customer retention.

The "Mulino Bianco", in fact, one of the pioneers of this process, although a strong brand is not limited to promote the products but to promote the report of the market potential with the brand. the notice sets in particular in the brand, the site is promoting their relationship with the brand, involving and stimulating individual to participate in the creation

of the product, getting in touch with the community "mulino bianco" who is representing brand and not with the "tegolino" or the "macine".

The objective of this process is customer retention by word of mouth in particular, in this approach "bind" the market to brand means on hold and retain the actual consumption and/or potential.

We may regard the evolution of marketing theories tribal for which the consumer is a symbol disclaims / factor that makes it part of a group that owns or wants to belong. The evolution is that although reaching the same objective is not, the consumer to feel part of a mass, and thus a segment, but part of the product you choose, allowing to the individual to feel sole and exclusive from other people, thanks the company and trademark.

In concrete the relationship branding, paradoxically, the social evolution of marketing is staff and translates own in overcoming traditional concepts of marketing such as segmentation.

Another node central of this work is the role of brand for products such as those cultural closely related to the territory of the reference in the perception of ICP-Brand is the result of the levels of perception of the factors that make up (land, culture) is the risk that you think has the perception of course ICP-Brand of Naples for the period of negative environmental impact caused by failure to waste collection.

The figure is a summary of models previously presented to say one hand the ICP-Bbrand and the other the individual. The ICP-Brand is responsible for the values of the territorial system and cultural system, which to external can be perceived as a single system of which we know all ingredients but the results may depend from the relationship with Individuals. In this regard we imagine the possibility that the individual can create their own cultural district of the city of Naples, using the resources of the territory simply mapped and described. In this case it is natural to imagine the myriad of different cultural districts that different individuals may "pack" (based on their needs and cultural sensitivities) and, perhaps, suggest or share with its friends.

Conclusions

The framework proposed allows the following consideration: the relationship between brand and

individual-icp can facilitate product quality policies as the individual becomes effective part of the "planning" of the product. The consumer, in fact, is not merely passive part in the distribution of the product but active player in the implementation of the process of execution and communication of the offer. The individual participates in the operational phase, for example in the delivery of the product, and he is even involved in strategic planning stage of the product. The model ICP-Brand/Individual becoming increasingly two-way as increasingly the individual has, thanks to new technologies that amplify the possibilities of contact and comparison with the membership of social groups, information useful to identify the brand appropriately. The ICP-Brand his part is not hard but have to be a container as a representation of cultural values with a personality of a soul that allows him to report as expression of a system with the context of reference, the process of marketing, so "jumps" the segmentation process, the relationship-brand turned into an interception mutual brand of the product and individual.

The social evolution of the postmodern consumer, forcing researchers and practitioners to rethink traditional concepts of marketing, who tend to interpret artefacts of the market in favour of more participatory approaches since the inception of the bid. this trend marks a clear change both the philosophy and strategy and tactics of marketing and communication, including territorial and tourism, both to define the approach described is not one to one type or one to many but to type between.

This paper not only proposes to expand the literature of reference but does represent a methodology for field research useful for both practitioners researchers for that for the management of brand and planning their marketing and communication activities.

Figure 4: The Relationship Between Integrated Cultural Product Brand and Individual.
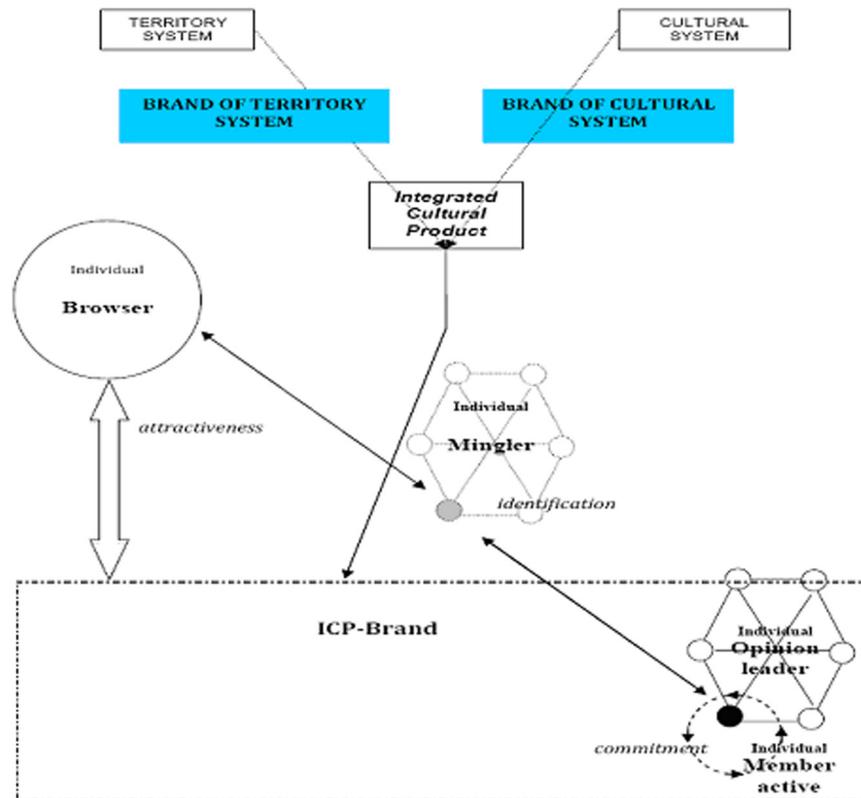
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SOCIAL NETWORKING AS AN ADVERTISING MEDIUM ON THE INTERNET

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Abstract:

The current crisis and profound political, economic and business changes urge companies to implement innovations. If companies want to be competitive, if they intend to keep their existing customers as well as attract new ones and need to use new techniques, new media and new trends, In other words, they need to be innovative. One of these recent trends is social networking. Social networks such as Facebook and MySpace attract a huge number of users (Facebook, for example, has more than 300 million active users), whose wish to belong to a certain community stimulates them to join a social network. It is this huge number of users and the sense of belonging that encourage companies to consider social networks as a potential advertising medium. This fast-growing Internet trend, or rather, phenomenon, which came into existence as a place to communicate, stay in touch with families, meet friends, as a place to share an unlimited number of photos, links and videos, is now becoming a very important advertising medium. Large enterprises such as Coca Cola, Adidas and Starbucks are introducing social networks as their standard advertising medium to easily reach their potential customers. On their social network pages they have more than 4,000,000 fans who exchange experiences, express their opinions, wishes, needs and preferences concerning certain products and brands. Whereas customers are pleased because they can express their opinion, companies are satisfied because they can reduce their costs and have access to information important to easily satisfy consumers. As a result, owing to social networks, companies are increasing their consumer trust and brand value.

Key words: advertising, Internet, social networking

Introduction

The Internet in general and social networks in particular have been gaining an increasing importance and presence in the lives of their users, as well as the business activity of a large number of companies. To introduce social networking as an emerging trend, it is first necessary to emphasize the importance of the Internet as an advertising medium. It is owing to this function of the Internet that social networks have become a trend in the first place, as without the Internet there would be no social networks.

Social networks are gaining popularity among users, which presents a great opportunity for companies. Businesses have become aware of the advertising potential of social networks, through which users can get register to company's webpages and join different groups. Except for their webpages in social networks, companies can advertise on user profiles. The answer to the question how companies will know whose profile to advertise in is a fairly simple one: through databases. A prominent feature of social networks is that their users will reveal almost anything about themselves, which makes work easer for advertisers. As a result, advertisers know exactly who their target customers are and who to include in their advertisements.

Finally, social networks emphasize the importance of direct marketing as a promotional element. As a matter of fact, the Internet and social networks, being advertising media, share certain main characteristics with direct marketing. Among these the following should be mentioned: interactivity, measurability of response, as well as the ability to adapt to particular wishes and needs of individual customers, all of which can have a significant impact on performance.

Advertising

Advertising is an element of promotional mix, often the most visible part of a firm's promotional program, which is why these two terms are often confused. Except for advertising, the promotional mix includes sales promotion, publicity, public relations, and personal selling, but these traditional elements are complemented with direct marketing. Each element of the promotional mix may take a variety of forms and has its own unique characteristics, costs, certain advantages and disadvantages. [Belch & Belch, 2003, p 16]

Advertising and promotion in general are an integral part of our social and economic systems. In this complex society we live in, advertising has evolved into a vital communications system including both consumers and businesses. The ability of advertising and other promotional elements to deliver carefully prepared messages to target audiences has given them a major role in the marketing programs of most organizations. In market-based economies, consumers have learned to rely on advertising and other forms of promotion for information they can use in making purchase decisions. [Belch & Belch, 2003, p 5]

According to Kotler, advertising is "any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor." [Kotler, 2000, p 281] The paid aspect means that the space and time on chosen media must be bought, while the nonpersonal aspect means that advertising involves mass media, or that the message is intended for a large number of people. Since advertising is intended for large audiences, the advertiser must consider how the audience will interpret and respond to it.

Based on this, three main aims of advertising can be identified, and they are as follows: to inform, to persuade, and to remind. Advertisers must inform their target market about new products, services and so on, they need to persuade other consumers to use their products and services because they are better than other rival companies, and finally need to remind consumers that they are still there for them. The most important thing for a company is to choose the best message for their target market. Once they have found it, they need to choose the media that will carry the message to the consumer. The selection of media means that we need to find the most cost-effective media to deliver the desired message to the target audience. [Kotler, 2000, p 285]

Communication channels or advertising media deliver messages to and receive messages from the target audience. They include traditional advertising media, such as newspapers, magazines, radio, television, telephone, billboards, posters and fliers as well as new advertising media such as: Internet, mail, SMS messages.

Although consumers are used to traditional advertising media, they are no longer sufficient to keep the existing consumers and ensure that new ones are attracted. In other words, they are not enough to create a competitive advantage, which explains why a need for new advertising media has arisen. The role of these new media is not to take over dominance from the traditional advertising channels. Instead, their role is to exploit their own potential inherent in the fact that consumers are not accustomed to them yet. As a result, these new media contain an element of surprise and novelty, and can act as support to the existing advertising channels. It is not the competition, but the synergy among them that yields best results.

The conflict between traditional and new media has resulted in four new primary business models, which are: [Breman at al 2007, p 24]

1. Traditional media –model based on the creation of the brand by professionals, that is model delivered through a "walled," conditional-access environment and dedicated devices. This is where most established media companies operate today (e.g. Paramount Pictures, Canalt, Warner Bros).

2. Walled communities – model based on the distribution of user- and community-generated content within a "walled" or conditional access environment through dedicated devices. Typically, these are traditional businesses that allow user contributions and nontraditional features.

3. Content hyper-syndication – this model creates a professionally produced content available in open channels, without dedicated access providers or devices.

4. New platform aggregation – this extreme model is based on both user-generated content and open distribution platforms (e.g. You Tube, MySpace.com and so on).

The current struggle between the traditional and new advertising media seems to be reaching a peak so experts have devised ten strategies to fight with the new media in today's turbulent market. The are as follows: (1) put customers at the center of your business and boardroom, (2) convert knowledge of user behavior into competitive advantage, (3) give control to customers to get a share, (4) deliver experience, not just content, (5) innovate business models, (6) redefine partnerships, while mitigating fallout, (7) leverage virtual words, (8) invest in interactive, measurable advertising services and platforms, (9) shift investments from traditional business to new models, (10) create a flexible business design. [Breman at al 2007, p 24]

From all the above we can recognize how important direct contact with the customer is these days. It is largely facilitated by direct marketing, whose characteristics are present in Internet advertising. But we should not ignore the importance of databases for both direct marketing and the Internet, as without a very good database, a company can not succeed in today's business world. According to Vranešević, Vignali and Vrontis direct marketing is "the interactive use of advertising media with the purpose of momentarily stimulating the buyer's reaction in such a way that it can be followed, recorded and analyzed, and finally filed in databases in order to be modified in the next campaigns." [Vranešević, Vignali & Vrontis, 2006, p 333] The main characteristic of direct marketing is that organizations communicate directly with target customers to generate a response and/or a transaction. The media which direct marketing uses (direct mail, catalogues, printed media, telephone (telemarketing), electronic mail, etc.) are expanding rapidly and are becoming vital tools for companies to gain more potential costumers and keep the existing ones.

The Internet

Today, in our very competitive business world, marketers are seeking for much more than just a one-time exchange or transaction with customers. Similar to marketers, companies want to develop and sustain relationships with their customers. Owing to this tendency, a new emphasis is put on relationship marketing, which involves creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit. Factors of relationship marketing are: companies recognize that customers have become much more demanding, consumers desire superior customer value (quality products and services that are competitively priced, convenient to purchase, delivered on time, and supported by excellent customer service), customers also want personalized products and services that are tailored to their specific needs and wants. And new technology is making all this possible. [Belch & Belch, 2003, pp 7-8]

Interactive media, particularly the Internet, allow an easy flow of information, because of which users can participate in, and modify the form and content of the information they receive in real time. Traditional media such as advertising are a one-way medium, as companies are not aware of the response to it. On the other hand, the new media allow users to perform a variety of functions (receive information, make inquiries, respond to questions and make purchases). The Internet is a medium that can be used to execute all the elements of the promotional mix. Through advertising on the Internet, marketers offer sales promotion (coupons, contests, sweepstakes online, etc.), they use the Internet to conduct direct marketing, personal selling, and public relations activities more effectively and efficiently. [Belch & Belch, 2003, pp 20-21]

Advertising tools that the Internet uses are being modified and innovated every day. Innovation is what gives companies a competitive advantage, which makes the central role of the Internet in companies' success in today's competitive market even more evident. Today's dynamic lifestyle, enable the Internet to become a more frequent medium and take over the role from the traditional advertising media such as the television, press and radio.

Nowadays it is almost impossible to function without the Internet, both for the users (lots of whom find useful information that they need to solve a problem) and the advertisers (presented with the opportunity to keep the existing and attract new customers). As a promotional element, direct marketing attracts a huge attention, by means of which advertisers can trace their target group more easily.

Digital technology is the key to major technological changes in the media image of the 21st century. Traditional media need to adapt to demands of new audiences. Instead of passive consumers,

new types of users appear, active creators of forms and content of new media. [Mučalo & Šop, 2008, p 51]

Internet advertising

Internet advertising means "advertising that appears when consumers search the Internet, including banner ads, ticker ads, interval ads (interstitials), skyscrapers, e-mail marketing, including spam (spam), and other formats." [Kotler at al, 2006, p 148] The most visible and the most common forms of promotion on the Internet are banner ads and sponsorships. According to another definition, online advertising is "a form of advertising that uses the Internet and the global network to deliver the marketing offer and to attract customers." [Jelčić, XXXX, p 239]

Regardless of which advertising element is chosen by the company, it is necessary to measure performance. Its precise measurement is one of the advantages of Internet advertising. Each step a consumer makes is recorded and every click on the banner is used to measure the performance.

Internet advertising has a useful purpose and gives a competitive advantage to the company, particularly as an addition to other marketing activities, i.e. when it is used together with traditional advertising channels. The Internet is not just a new medium, it is a completely new paradigm of marketing, in which the consumer becomes the creator of the offer and from the very beginning directs the characteristics of the goods he will buy. [Jelčić, XXXX, p 240]

There are many reasons for advertising on the Internet. This is evidenced by the international research, statistics and forecasts, which unanimously confirmed that numerous companies invest into Internet advertising. A website is useless without visitation. This problem is effectively solved with banners pointing visitors to a website. Among numerous reasons for Internet advertising, the following main reasons should be mentioned [Jelčić, XXXX, p 244]:

- number of Internet users is increasing every day,

- price of Internet advertising is several times lower than advertising through other media,

- visitors can constantly see advertisements on the website,

- advertising on the website is oriented to a target customer who wants to buy products or services,

- Internet is the fastest medium, and because of that advertisements can be designed and implemented as soon as possible,

- Internet ads (banners) are very flexible, so they can be changed at any time,

- potential buyers have an unlimited possibility to review and evaluate products and services before buying them.

According to Bubaš and Kermek, technology which is based on the use of Internet allows users many advantages over traditional mass, advertising media and other traditional communication materials, such as: [Bubaš & Kermek, 2000, p 111]

- greater flexibility in terms of time and location for sending and receiving information between media and users,

- digitization of all forms of information (e.g. text, images, sounds), which is still easier to manipulate by computer usage,

- significant and various content on the Internet, which can be used for information and entertainment and is available to users in a more flexible (custom) way,

- the content of many traditional mass media can be accessed on-line so the Internet has become an alternative information channel toward them,

- internet is a two-way communication medium which allows much easier contact with other individuals, groups or communities.

Interactivity enabled by the Internet is very important in creating a special relationship with consumers, information exchange, online purchasing and supply adjustments in accordance with user needs and desires. 24-hour availability of information is possible in any location, users are identified and targeted, and communication with consumers is based on the principles of equality and reciprocity. Information expending is an important function of communication on Internet, and communication

costs are significantly lower than costs on traditional communications media. Sometimes the Internet is the easiest and the only possibility of creating awareness of small businesses that have not been able to allocate significant funds for advertising. A special advantage that the Internet offers refers to the ability to link their own pages (via banners) with the pages of other companies. Large companies are creating webpages in order to enhance their own image. A website offers the possibility of providing information, responding to requests, reporting complaints and compliments, which is an additional service that consumers appreciate more. [Jelčić, XXXX, p 243]

However, along with the advantages, there are shortcomings of the Internet which are also significantly related to the technology itself. Thus the use of the Internet makes jeopardizing the privacy rights of individuals easier than traditional media do. In addition, the use of the Internet makes it possible to inadvertently load programs, such as the code hidden in a webpage or viruses in electronic mail, which may cause inconvenience or damage by destroying data on the user's computer. [Bubaš & Kermek, 2000, p 111]

Social networking

Nowadays, owing to a dynamic lifestyle, people seem to reject traditional ways of communication. Under the pressure of their commitments, they do not have as much time as they used to and are forced to use different social networks to communicate if they want to have an active private and business life. Today it is almost impossible to imagine for a business to operate without IT support, websites, e-mail address, forums, blogs, etc. It is for these very reasons that companies have begun to change ways of doing business, so that nowadays, in spite of heavy competition, a company can reach its consumers and develop a special relationship with them. "This way of doing business could be defined as a social structure in which technology through social networks increases the power of communities, not institutions." [Vazdar, 2007]

Over 300 different active social networks are in existence today. Each has its own specific characteristics, beginning with the ideas of connecting, the dominant target group, the possibility of interaction and visual identity. [Ross, 2007] Social networks on the Internet can be defined as "a place to meet, create and communicate". The first social network was created in 1995. Using that network, users were able to communicate (through chat, message, audio, video, etc.) about everything, and it became the right place to meet and get to know each other. The larger the network is, the more interested the advertisers will be in it. [Mučalo & Šop, 2008, p 53]

The goal of a social network, as the word itself implies, is merging, i.e. networking by users so that they can exchange information, pictures, music, experiences and everything that interests them as individuals. Through social networks they can easily reach whatever information they want. Each person needs to have a sense of belonging somewhere, and their social network, or rather, their profile on a social network enables that. There are numerous ways in which users may use a social network; starting from creating their own profile and adding personal facts, areas of interest and preferences, searching for old friends and meeting new ones, exchanging music, photos and videos.

Social networks represent relationships between individuals and groups of people within a community. In practice, a social network creates family, friendly, professional and organizational relationships. The theory of social networking has developed successful techniques in many fields, including sociology, anthropology, psychology and organization. Analyses of social networks are used as analysis of the organizational structure of staff, identification of individuals or as a proposal of structural changes to improve efficiency. "The main motivation for using social networks is a consequence of social influence and desire for belonging to a particular community." [Vazdar, 2007]

The way of doing business with the help of social networks will affect almost every job in almost every company around the world. The proverb "A good voice can be heard far away, but the poor even further" is what all companies have in mind when thinking about the position in the market or consumer preferences and opinion. That is why social networks are an effective behavior "controller". Today companies need to be more careful in the way of doing business, because on the network all the information can be found immediately.

For the past few years, social networks have become one of Internet trends. Because of an unusual growth in the popularity of social networks among individuals, it was a question of time when they will start to be used for commercial purposes. Internet users in many countries have received invitations to join social networks like Facebook, MySpace and Bebo. Rapid development of these networks did not remain unnoticed even by the advertisers. [XXX, 2008, p 15]

Social networks are one of the largest Internet developments in the 21 century. They represent the behavior of Internet users who are not too keen to protect their personal information. Social networks support interaction and communication between family and friends in a virtual environment, while at the same time helping users to find other people by using key words and descriptions.

Facebook is one of the most popular social networks. It came to existence in 2004 as an on-line database of Harvard students and was recognized as a source for finding people. Facebook soon expanded to all Internet users, not only students. With the growth of active social network users, the demographic picture has changed significantly. Although the initial popularity of social networks was related to younger groups of Internet users, today such networks are increasingly attracting a more mature population. For example, until August 2006 more than two thirds of users were above 25, with more than 40% of them being in the age group 35-40. [Roos, 2007] In 2007 Facebook became the first social network browser. In the same year, Facebook was included among the 20 largest search engines and became the number one people search engine. Facebook represents a new trend in search engines, the one that allows people to find individuals or groups of people. [Scale, 2008, pp 542-543] Facebook is an Internet phenomenon whose network connects 100,000 users daily. Nevertheless, research has shown that users do not proceed cautiously with their personal data, which presents a large security risk for them and the organization they work for. [Vazdar, 2007] Today Facebook has more than 350 million active users. Countries where Facebook is the most popular social network are: (1) Turkey, (2) Colombia, (3) Croatia, (4) United Kingdom, (5) South Africa, (6) Canada, (7) Venezuela, (8) Chile, (9) France and (10) Trinidad and Tobago. [Informatologija, 2009]

The aim of social networks, including Facebook, is to attract advertisers of leading brands and create appropriate strategies so that they can find their customers more efficiently. Such strategy is the three-dimensional advertising on Facebook, which consists of: [XXX, 2008, p 15]

1. Branded profile page (marketers and brand owners can create a specific page on which the network users can sign up/register to express confidence to certain brand (show their allegiance to the brand)).

2. Social advertisements (this step extends involvement of users, by allowing them to take actions such as evaluating the brand and sending messages to their friends. Advertisers pay users of such actions.).

3. Beacon (using this mechanism Facebook monitors behavior of members anywhere and utilizes the information to provide relevant advertisements to them during future site visits).

Mark Zuckerberg, founder and owner of Facebook, said, "So far, the media were imposed to people, but now they will be part of conversation between advertisers and users." [Poslovni software, 2007] Zuckerberg created a new interface through which they will collect information about activities and contacts of its users, which is important to advertisers. Based on these data the company will put its ads on members' profiles and adapt them according to their characteristics. From all this it is evident how important the customer has become and shows different ways in which advertisers try to reach them. Facebook allows users to treat the advertiser's website as any other pages of their social circle, so users are able to give comments, reviews, pictures, etc. [Poslovni software, 2007] Finally, owing to social networks, customer relationship management (CRM) is gaining an increasing importance as well.

Brands on social networks

A large number of enterprises known around the world has noticed the importance of social networks as an advertising medium. Through social networks companies can increase customer loyalty with the help of their company profile, while customers can become their fans (i.e. members of their group). Besides creating loyalty, groups

on social networks attract new customers, not just the existing ones, which is very important for every company.

Coca-Cola is a company with the largest number of fans (more than 4,000,000 members), and on its pages, except for the basic information about the company, product assortment, brands, there are pictures, videos, spots, prize draws and many other activities that attract consumers. Consumers themselves can comment, make suggestions and so on. Serious companies, who mostly attract older consumers, advertise on Facebook, because the average of Facebook user corresponds more with their target group. Facebook has proven to be a powerful and convenient way to reach customers in a place where they are already located. Michael Donnelly, director of the Coca-Cola Company, said that "many customers are already sharing information on Facebook regularly - this is just one more way to quickly share information in a place where they are already spending time." [Manning-Schaffel, 2009]

Advertising on a social network, especially on Facebook, has a huge advertising potential. Today Facebook is used by numerous companies from very different areas of business, but also outside business, including different organizations and individuals. The potential of advertising on a social network can also be seen through very low advertising costs.

Facebook does not keep statistics on the number of brands that have created pages on its platform but most of top brands have some sort of presence. The opportunity for advertising on Facebook has not only been noticed by Coca-Cola, but also by other brands like Starbucks, Skittles, Adidas, Nike, Sony Ericsson, Old Spice, Mars, Cilnique, Harley Davidson, Red Bull, Disney, Guinness, PETA2 and so on.

Facebook offers businesses the opportunity to promote their products, services and brands to their fans using services such as Facebook Pages and Facebook Ads. Facebook Pages allow fans the opportunity to engage with a business and its brands in a variety of ways, whereas Facebook Ad can tell you about how ads can be targeted at very specific groups of users.

The most important component underlying this is a database. Psychographic and demographic information that users reveal about themselves allows advertisers to precisely target their audience, and still maintain user privacy. But the importance of social networks, which also refers to direct marketing, is instant feedback. Companies receive feedback from consumers, and every time they post something on their wall (photos, video or status update) fans immediately post their feedback and their friends can see what they posted. Facebook helps marketers to interact with people in the same way that people interact in their real life.

Conclusion

As a new advertising medium, the Internet has become more present in companies, since through it companies can reach a large number of users via messages more easily. The usage of the Internet as an advertising medium is growing rapidly and modern enterprises have to use it in their business by fulfilling three basic purposes of advertising: to inform, to persuade and to remind. For companies, the Internet is becoming a place where a company can achieve a competitive advantage and the medium through which it can build consumer loyalty. The Internet helps companies to attract new customers, while Internet marketing, facilitated by the Internet, enables companies to achieve marketing goals.

As a result, these days it is impossible for a company to operate without the Internet. A company that does not have a website or does not advertise on the Internet, is not a modern company and can not be competitive in today's market. However, the Internet is by no means a medium that can take over the role of the traditional media, and, judging by consumers and advertisers' habits, there is little chance that it will happen in the near future. Advertisers still do not consider the Internet as an effective advertising medium, regardless of the low costs, because users can easily and often ignore advertising through the Internet.

Social networks are today becoming an integral part of almost everyone's life, that of young people in particular, which makes it one of the key tools of Internet advertising. Their vast presence has resulted in a simple use of marketing oriented on users. Social network users tend to reveal a great deal of information about themselves, which helps advertisers to know exactly whom they should direct message to. Consequently, it is very easy for a company to direct advertisement to the

target segment. On the other hand, revealing of personal information can produce huge problems for users. So far no safe way to protect user data has been devised, which   is one of the reasons why users should be cautious when entering social networks.

Finally, a mention should be made again of how consumers have changed by developing from passive into active users. They choose themselves what they want to see on the Internet, what social networks to access, members of which groups they want to become, what information they want to give or share with others, what to buy, an so on. Consumers should always be the first consideration on every company's mind when they direct advertisement to them, since consumers are the ones their profits depend on. On the other hand, paradoxically, consumers are aware that without them companies could not survive, but they themselves can not function without companies' products or services either.

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EXPLORING WITH THE NEW TECHNOLOGIES: THE CASE OF E-MARKETING IN PROMOTING THE UNIVERSITY OF NICOSIA

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Abstract

Purpose: The rapid developments and the increasing use of information and communication technologies (ICT) that has shifted market power from suppliers to consumers did not leave the educational sector unaffected. This paper analyzes the e-marketing situational environment in tertiary education using the University of Nicosia as an example. An e-market research is being carried out for evaluating the current situation at the University by conducting a systematic and analytical evaluation for reducing the uncertainty in the decision-making process for the employment of ICT in the use of student recruitment.

Design/methodology/approach: Primary and secondary research are engaged in the development of the e-marketing plan, which is designed based on the SOSTAC model. Both, quantitative and qualitative methodologies are employed in this investigation. During the e-market research process a survey is carried among students, ages 15-18 in Cyprus, in order to identify the level of awareness and usage of the Internet which is the basis of the various web-based applications. In addition, a qualitative study is carried out with key players of the University recruitment activities in order to identify the level of awareness and usage of the e-marketing tools by the University marketing practitioners for recruitment and other aspects of student enrollment.

Findings: An e-marketing plan for student recruitment for the tertiary sector is developed for the University of Nicosia which can be used as a model for other institutions with similar characteristics. Student recruitment is investigated through the use of ICT from the e-marketing point of view and considers institutional factors that may affect it. The different forms of marketing challenges faced in the tertiary educational sector are discussed as well as the design and the role of e-marketing strategies in fostering the prospect students' familiarity with and use of ICT are reflected.

Practical implications: The results of this research are used to formulate an e-marketing plan for the above University. The E-marketing plan proposed may be considered to be as part of the whole e-strategy that any university may be developing and integrated within the rest of its ICT infrastructure and strategies. The strategy developed for e-marketing is proven to be feasible and illustrating a pragmatic approach to its implementation as well as in terms of the human and the physical resources available.

Originality/value: E-marketing recruitment strategies are still a new and innovative area in academia. Such a study/investigation will be useful to all the tertiary private sector.

Keywords: e-marketing, student recruitment, tertiary sector, promotion

INTRODUCTION

With the growing competition in the domestic and international markets, more demanding and assertive students, rapid advancement in technology, and changing government policies and laws for international students, the recruiting

environment is changing continuously. In Cyprus, both international and local student recruitment is of paramount importance for the private educational institutions. Both classes of students are a means of generating income as well as a means of adding diversity to the student body. The focus of international education marketing research is on globalization and internationalization (Ross et al., 2007; Crowther et al., 2000; Altbach, 2004; Harman, 2004; Marginson, 2004), student preferences (Pimpa, 2003; Shah and Laino, 2006), and student perception (Gatfield et al., 1999). E-marketing, on the other hand, is a major stakeholder for gaining competitive advantage. The E-marketing plan may be considered as part of the whole e-business strategy that an organization is developing and can be part of the strategic definition. It assists in keeping the organization ahead of the competition and transforms your objectives into a strategy that will benefit both the institution and the students. The strategy developed for e-marketing must prove feasible and effective. Therefore, to deal with the current challenges, tertiary institutions must have more distinctive and purposeful e-marketing strategies being implemented paralleled with the traditional ones.

Higher education marketing expert Bob Johnson who has been working on student recruitment practices since the early '80s, mentions that the focus has shifted to online marketing in higher education. Universities are no more interested in how to do better catalogues but how to make Web sites stronger for recruiting. Technology is not only being used to connect with students and parents, but also it is used by students to find schools (Briggs, 2009).

As indicated by Michael Porter (2001) "The key question is not whether to deploy Internet technology – companies have no choice if they want to stay competitive – but how to deploy it." The same is true for any kind of kind of organization, including the educational ones, making the development of an effective e-marketing plan of strategic importance. An e-marketing plan is needed to provide consistent direction for the recruiting activities that integrates with the traditional ones and supports the overall objectives of the university.

Successful student recruitment is the beginning phase of a successful, modern enrollment management plan for a university. This paper analyzes the e-marketing situational environment in tertiary education using the University of Nicosia

as an example. It investigates student recruitment through the use of ICT from the e-marketing point of view and considers institutional factors that may affect recruitment. The SOSTAC model (Chaffey, 2002) is used to design an e-marketing plan for the University which can also be used as a model for other similar organizations. The different forms of marketing challenges faced in the tertiary educational sector are discussed as well as the design and the role of e-marketing strategies in fostering the prospect students' familiarity with and use of ICT are reflected.

PROMOTION OF EDUCATION

In a report by the 'National Agency for European Education Programs, Czech Republic' it is stated that the promotion of higher education is an emerging issues in the Czech Republic." (Babkova, 2008) There is stated to be a lack of a national strategy in the Czech Republic as well as a lack in framework conditions necessary for promoting higher education abroad.

Included in the National Agency for European Educational Program responsibilities and which characterize responsibilities at all national levels are those as follows: (1) building the brand 'Study in the Czech Republic'; (2) participated in higher education fairs abroad; (3) issuing and disseminating information materials; (4) mediating contacts between higher education institutions; (5) giving presentations for foreign students; and (6) involvement in European promotional activities within the Erasmus Mundus programme." (Babkova, 2008)

Responsibilities at the level of higher education insofar as promotional tools and marketing strategy include those stated as follows: (1) participating at higher education fairs abroad; (2) issuing and disseminating information materials; (3) offering degree programmes in foreign languages, (4) providing scholarships for foreign students; (5) the regional promotion of universities from one city; and (6) making use of agents to recruit foreign students. (Babkova, 2008)

Babkova (2008) reports additionally that market abroad "begins at home" therefore a "...review of promotional activities and materials used by the NAEP in the framework of its initiative 'Study in the Czech Republic' should be carried out. A proper plan for next year is needed in this field in order to

focus on effective activities, useful materials and information sources. The whole initiative should get a better public image and some thought should go into its realization."

Secondly, Babkova states that the "involvement of higher education institutions in marketing and promotion issues is needed. There are no seminars focused on international marketing in higher education being organized in the Czech Republic. Nor are there any initiatives aimed at recognizing the priorities and needs of higher education institutions in this field." (2008) Finally, Babkova states that there should be consideration given for "possible new channels for cooperation. (2008)

The work of Larsen and Vincent-Lancrin entitled: "The Impact of ICT on Tertiary Education: Advances and Promises" state that the Organization for Economic Cooperation and Development (OECD) Directorate for Education and Center for Educational Research and Innovation reports as follows: "The promises of e-learning for transforming tertiary education and thereby advancing the knowledge economy have rested on three arguments: E-learning could expand and widen access to tertiary education and training; improve the quality of education; and reduce its cost." (2005) This includes the marketing strategy and tools utilized by tertiary institutions in attracting student to pursue their education in those institutions. Alam and Khalifa (2009) state in the work entitled: "The Impact of Introducing a Business marketing Approach to Education: A Study on Private HE in Bangladesh" states that the market concept in terms of marketing practice in education are classified as the approach of either:

• product;

• category; and

• brand marketing.

Alam and Kahlifa states that state and donor agencies are those most "heavily involved in the marketing of education as a product..." while those most often involved in product marketing are religious groups. Alam and Khalifa state that education that is rapidly introduced and expanded through the provisions of the private sector effectively "opens up the marketing horizon of 'geographic segmentation in education in order to service the targeted elite groups." (2009) Alam and

Khalifa (2009) state that marketing in education is not a new concept. The state, partners for development, controlling agencies and providers (schools, colleges, universities, public and private provision) involve themselves in the marketing of education long ago. The state and partners are committed to ensuring that the beam of education enters every household and, to make education popular, different types of education marketing have already been put into place." (Alam and Khalifa, 2009)

In the Sections that follow, we describe the methodology used and the e-marketing plan proposed.

METHODOLOGY

A survey has been carried out for evaluating the current situation at the University of Nicosia by conducting a systematic and analytical evaluation for reducing the uncertainty in the decision-making process for the employment of ICT in the use of student recruitment. Primary and secondary research is engaged in this investigation. For the primary research, quantitative and qualitative methodologies have been employed whereas for the secondary research we used data collected by others to determine internet usage and penetration both on a European scale and on the countries where the University targets recruiting. During the e-market research process a survey is carried among 250 university students in Cyprus, ages 17-25, in order to identify the level of awareness and usage of the internet. A non probability convenient sampling method was used. In the quantitative study, personal interviews were carried out with the key players of the University recruitment activities in order to identify the level of awareness and usage of the e-marketing tools by the University practitioners for recruitment and other aspects of student enrollment.

The interviews took place in Nicosia early September of 2009. On the one hand, effort was given to collect as much information from the participants as possible, but on the other hand, the process remained as structured as possible so as to increase both the quality and the quantity of information. The structure of the interviews included introduction, questions to tap the key information required, and probe questions, so as to follow-up and/or elicit more specific information.

THE PROPOSED PLAN

In order to employ the new information technologies in student recruitment in tertiary education, it is imperative that the organization first prepares an e-marketing plan. The proposed plan for the University of Nicosia in Cyprus is based on the SOSTAC planning model developed by Paul Smith (1999). These steps are:

1. Situation Analysis –where are we now?

2. Objectives – where do we want to go?

3. Strategy – how do we get there (broad direction)?

4. Tactics – how do we get there (details of strategies)?

5. Action/Implementation – specific actions for each individual tactical step.

6. Control – measurement, monitoring, reviewing, updating and modifying.

Figure 1 shows a generic framework for e-marketing planning. The loop is closed by using the analysis of web analytics data metrics collected as part of the control stage to continuously improve the e-recruitment process by making enhancements to the technologies being used (web site, communication methods).

Figure 1: SOSTAC™ – a generic framework for e-marketing planning
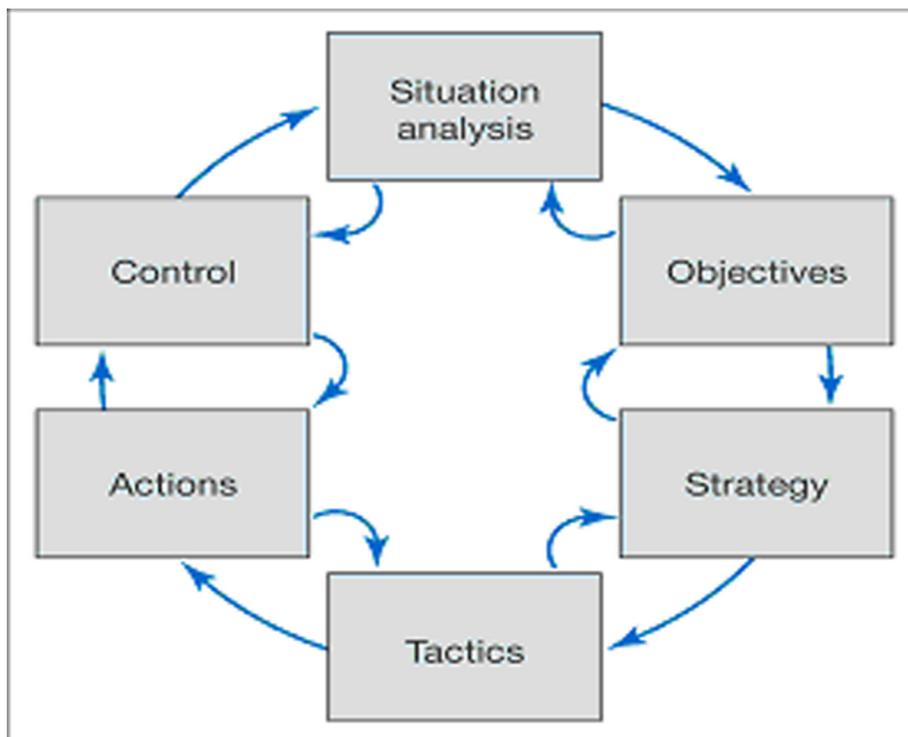
Figure 2.
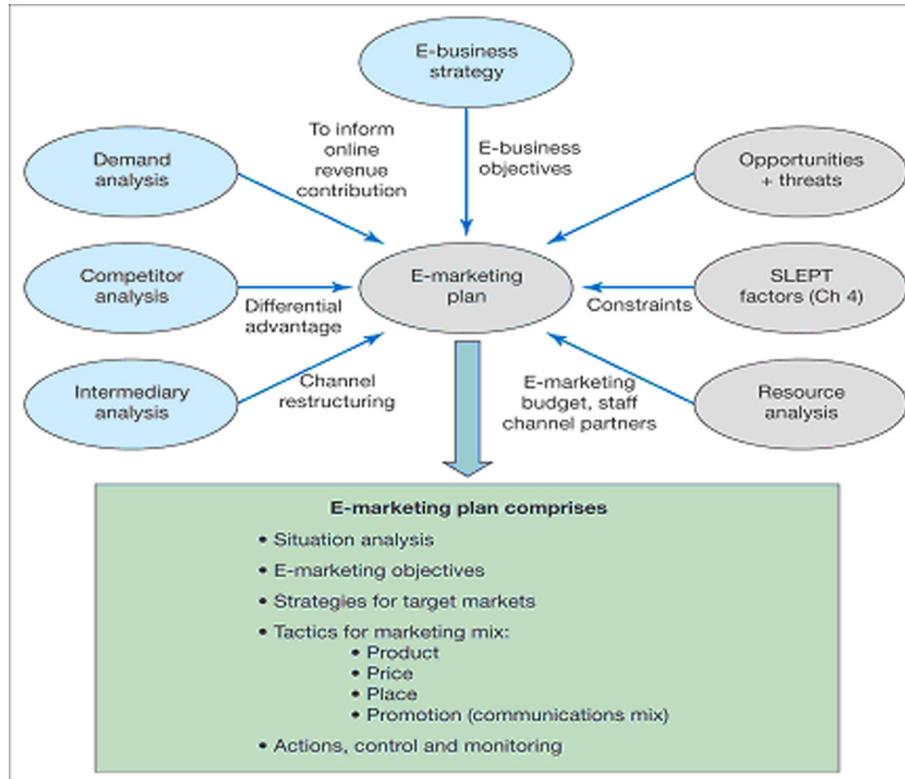
Step 1: The Situation Analysis

In this Section, we highlight the key aspects of the internal and external environment that need to be assessed when developing an e-marketing strategy. The situation analysis involves the continuous scanning of the micro and macro-environment of the institution with emphasis on the changing needs of the students, actions and business models of competitors and the opportunities put forward by the new technologies.

The macro-environment is affected by social factors, legal/ethical and taxation factors, economic factors, technological factors, political factors and competitive factors whilst the micro-environment deals with factors such as the organization itself, the customers (in this case the students) the competitors, other educational partners – if any, the intermediaries and the public at large.

The Internet macro-environment

Social and cultural factors

The social and cultural factors include the influence of student and parent perception in determining the usage of the internet for different activities and as a consequence that of recruitment. These are important from the marketing perspective as they govern the demand for internet services. A survey contacted by the authors during the Spring of 2009 shows that young people in Cyprus, ages 17-25 use the internet extensively. In fact, 93.2% out of the 250 people questioned said that use the internet not necessarily from home. Even thought the cost of access is usually a barrier to the use of internet as it is a major expenditure for the households, young people find other sources of access as shown in Figure 3. The Internet has become a way of life, especially for the younger generation. Young students were raised with the Internet and social networks. They communicate through the cyberspace and find information online,

download music and games and socialize through the various social networks such as Facebook and Twitter.

Facebook (Facebook, 2009) statistics show that there are more than 250 million active users worldwide. More than 120 million users log on to Facebook at least once each day and one-third of the users are college people.

Furthermore, according to the Internet Usage Statistics (Internet World Stats, 2009) Internet penetration as of June 30 2009 in regions such as Asia, Europe, and Middle East – regions which are target markets for the University are as follows:

- Asia – 18.5% showing an increase of 516.1% in users growth since 2000

- Europe – 50.1% showing an increase of 282.9% in users growth since 2000

- Middle East – 23.7% showing a increase of 1360.2% in users growth.

Figure 3. Where young people access the Internet from
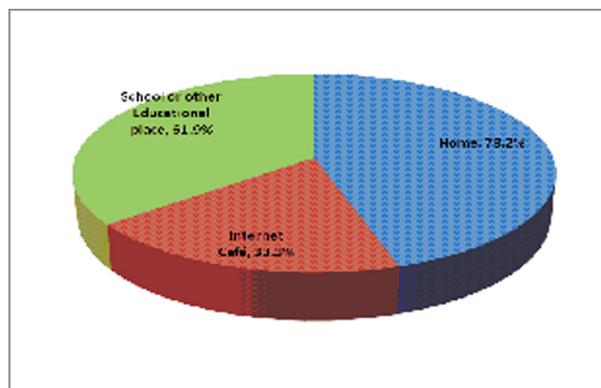
The estimated worldwide internet users are 1,668,870,408 for June 30 2009.

Legal/ethical and taxation factors

One of the problems encountered for internet usage is the ability to safeguard individual's rights to privacy and for anti-spamming. Laws have been enacted in various countries with the intention of reducing spam or unsolicited commercial email. This does not mean that email cannot be used as a marketing tool. Before starting and email dialogue with prospect students, according to law in Europe, USA, and many countries in the Asia-Pacific region, organizations need to ask for the email address and give them the option of opting into further email communications (Chaffey, 2002). The European Union provides a common legal framework with the passing of the Directive on Privacy and Electronic Communications 2002/58/EC (Directive 2002/58/EC).

Political Factors

National governments have an important role to play in determining the future adoption and control of the internet and the rules by which it is governed. The European Union strongly supports information society and as a consequence the digital economy. European Union Member countries are obliged to follow the initiatives put forward promote the development and dissemination of new ICT, in accordance with Articles 163 to 172 of the Treaty establishing the European Community (EC) (Information Society, 2009).

Economic Factors

Europe, being the world's leader in mobile services, high-speed broadband internet and leading researchers (the World Wide Web, the GSM standard for mobile phones, and the MPEG standard for digital music, relies heavily on information technology) relies heavily on the new technologies. Nearly 50% of productivity growth in

Europe is driven by information and communication technologies (ICT). Cyprus is moving towards a knowledge-based economy (Commission of the European Communities, 2002), which relies heavily on information technology. Economic factors related to the digital economies are not expected to affect negatively the market.

Technological Factors

The developments in Information Communications Technology (ICT) and globalization are the reasons offer new opportunities for marketing. Globalization has not only created new marketing opportunities, but it has also enabled the processing of transactions in technologically advanced countries. People are traveling all over the world with easy access to their money at home, to communications, and to anything else they might need while abroad. Europe is currently (since 2004) the worldwide leader in broadband internet use, with nine European countries leading the US. The average EU broadband penetration rate, at 23% of the population, means that every second European household has subscribed to an always-on internet connection (European Commission, Information Society 2009).

The Internet micro-environment

Pertinent factors for the Internet include demand analysis, competitor analysis intermediary analysis, channel structure. Porter (2001) has written extensively about how the Internet has changed the dynamic of the marketplace and has reinterpreted his often-quoted five forces model in the Internet era. The micro-environment deals with factors and variables closer to the firm which affect it in serving its customers, these being the structure of the market and its stakeholders, Porter's power forces, micro-economics and their dynamism in shaping the industry, and the trends in the market.

Demand analysis or online prospect student activity is a key factor driving e-marketing strategy objectives in tertiary institutions. It assesses the current level and future projections of prospect students. One may argue that this can be determined by finding out what percentage of prospect students have access to the Internet and what percentage of them are influenced by web-based information to attend a specific university. As shown in the Section regarding the social and cultural factors, a large percentage of prospect students are familiar with the new technologies and using them extensively. Young people have no technophobia and they are open to the new technologies.

Competitor analysis, on the other hand, may provide a differential advantage. Monitoring competitor use of ICT in recruitment due to the dynamic nature of the internet medium becomes a must. New services can be launched and promotions not being offered by competitors. This dynamism implies that competitor benchmarking in not an one-off activity while developing a strategy but needs to be continue. The competitors in the Cyprus market are well known. These include organizations both from the private and the public sector who offer similar programs of study. The competition, however, is not only within the Cyprus market. The UK universities for example offer comparable education at lower tuition fees. Thus, the competition faced is both at a local and at an international level.

Moreover, in order to make effective and efficient use of the intermediaries (agents) abroad, extranets are required to facilitate and strengthen their relationship with the University and enable the development of new web-based services for the prospect international students in accessing information, online registration, legal documents submission for visas, payment systems and applications. In addition, investigation has to be made if the competitors have any special arrangements with intermediaries the University is using.

For the internal resource analysis, we will use the portfolio analysis and stage models which consider the sophistication of online services offered to prospects students and parents. At this point in time, the University offers a basic 'brochureware' site with no interaction for online applications/registrations or payment systems for the courses taken. However, for the students already taking classes the intranet is used extensively by both faculty and students for accessing course material, communication, information relevant to their courses and path, as well as grade submission.

The Power Forces

In this Section, an industry analysis has been performed using the framework developed by

Michael Porter known as Porter's Five Forces. This framework evaluates entry barriers, suppliers, customers, substitute products, and industry rivalry (Cook et al., 2000, pp. 125) (Thompson, 2000, pp. 218). The five power forces for recruitment are presented in Figure 4.

Opportunities and Treads Analysis

Based on the external situation analysis described above, the opportunities and threats were identified for new students. These are summarized below.

Opportunities

a.   Cyprus being a European Union Member State has to follow the eEurope Action Plan which promotes the use of the new ICT. Thus, more and more people will be using the Internet and the web-based applications for their needs. As a consequence, Cyprus is moving towards a knowledge-based economy (which relies heavily on information technology and e-marketing.

b.   The political situation in Cyprus (being an EU Member State) favors EU citizens in studying in Cyprus.

c.   The geographical location of Cyprus, favors expansion in the Middle East and Europe.

d.   Young people are receptive of new technologies.

e.   The current technological infrastructure of the University will easily enable the integration of e-marketing.

Threats

a.   The cost of living in Cyprus does not favor studying in Cyprus

b.   Intense competition from the other two private universities

Figure 4. The five power forces affecting e-recruiting
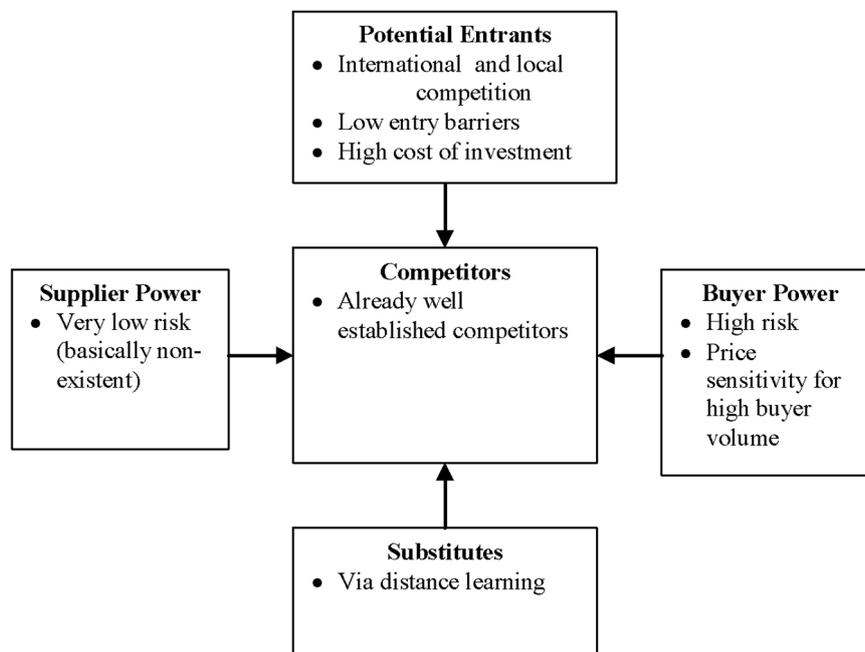
Step 2: Objectives

The main goal of the University is to be able to compete successfully within a demanding and aggressive global market and to profitably expand its operations in Cyprus and possibly abroad. Setting up the e-marketing objectives also relies in previous knowledge or experience which exists within this market. Clearly defined objectives that will inform the strategies and tactics and help communicating the strategic aims to the workforce and investors

•   SMART objectives

• Specific

• Measurable

• Achievable

• Realistic

• Time-constrained

Smith and Chaffey (2001) propose five broad objectives of e-marketing, a useful framework since it presents a comprehensive range of objectives. We will adapt these objectives to our e-recruiting plan.

• Sell – increase student attraction and retention through an attractive portal which offers various services to the students.

• Serve – Add value (give customers extra benefits online by providing information on the various programs of study, allowing on line applications and registration in courses as well as paying for them.

• Speak – Get closer to students by tracking them, asking them questions, conducting online interviews, creating a dialogue, monitoring chat rooms, learning about them and obtaining feedback.

• Save – on administration costs, paper catalogues post, and traveling for recruitment purposes.

• Sizzle – Extend the international recognition of the University and create a "brand" name for it. The Web scores very highly as a medium for creating brand awareness, recognition and involvement.

Specific objectives should be created for each of the 5Ss.

Step 3: Strategies

It is imperative, at this point, to identify the marketing strategies (Keegan at al, 2000, pp, 323-348) a company would consider for achieving the above objectives, taking into consideration the organization's 3 Ms (Men, or human capital time, Money i.e., the budget, and Minutes, i.e. time). Thus, it is recommended that an e-market development strategy should be cultivated by the company that involves the introduction of existing products to new markets. Utilizing such a strategy means pursuing additional market sectors other geographical regions through the use of ICT.

Obrien and Marakas (2008) discuss how information technology can be used to implement the five basic competitive strategies as put forward by Michael Porter.

1. Lower costs. Through the use of email, chat rooms, videoconferences for communicating with prospect students, parents and agents.

2. Differentiate. Develop new IT features to reduce differentiation advantage of competitors and to focus services.

3. Innovate. Develop new web-based services for the prospect students for application, registration, paying, to make the business processes for effective and efficient.

4. Promote growth. Through distance learning.

5. Develop alliances. Create virtual classrooms in collaboration with other institutions for courses not offered by the University.

Step 5:   Tactics

From an analysis of the findings during the focus group discussions, the external analysis, the objectives and the strategies laid out, a series of tactics have been developed. These tactics are based on the 4Ps (Dubrin 2003). Figure 6 denotes that by blending together some or all of the marketing mix elements for e-marketing which includes the 4Ps plus the services, an organization can generate a positive reaction from the target market.

Figure 6: The online mix variables

In this section, we discuss some of the issues for the mix online. In the case of distance learning, do we vary the mix online, or replicate the traditional teaching? The key online mix variables are as shown in Figure 6 the following:

• Product

• Price

• Place

• Promotion

• Service: People, Process, Physical evidence

Product

Develop online courses to be offered to non-traditional students. All courses offered should be of high quality.

Price

Provide differential pricing for the online courses.

Place

Students will be able to take courses either online or in the classroom or through an integrated methodology that could be developed.

Promotion

The company should make every effort to create a high level awareness of the University both at a local and at an international level though an online campaign using various tools such as the Utube, Facebook, Twitter, Second Life, its own web site, and search engines. An integrated campaign is required incorporating online tools into the communications mix.

Service

Automation of the institution's processes is required for immediate access to information, paying systems, registration and so on for more effective and efficient services. A thorough analysis is required here of all the processes and their automation to increase the perceived quality of the institution. This will be covered in future work.

Step 6: Actions

In step 6 of the SOSTAC model, the managers are required to conduct the various activities set forward for executing the e-marketing plan. Questions to be resolved in this section concern the level of investment in the internet channel and if it is sufficient to deliver these services and what will be the payback. Other issues concern staff training and changes in organizational structure required to deliver internet-based services and the information systems that will be required.

Step 7: Control

Control in the e-marketing plan may be achieved through a combination of traditional techniques such as marketing research to obtain student and parent views and opinions regarding the new services offered. In addition, new techniques may be used such as analysis of web server log files to measure attraction efficiency, referrer efficiency. Other measures include cost of acquisition, reach and the integration between tools in order to investigate how effective are the different promotional tools such as search engines, e-mail, direct marketing and advertising at driving quality traffic to the web site.

CONCLUSION

The shifting of the market power from suppliers to consumers which lies on the growth of the

contemporary web-based economy has not left the educational sector unaffected. The driving force of this "consumer" empowerment is the rapid developments and sophistication of the new ICT. This empowerment enables students and parents looking for institutions for obtaining their education to seek better value propositions. The institutions themselves appear to be struggling to control or manage the empowering process. Thus, an e-marketing plan is called in place to make use of the new ICT to enhance students and parents' ability to search and gather new information regarding education and programs of study. This can be linked to the impressive numbers relating to ICT usage and penetration worldwide. This information revolution suggests both and increases on the size of the market but at the same time an increase in competition both on a local and on a global scale. Therefore, it is imperative for every academic institution to develop an e-marketing plan .....

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HOW RETAILERS ARE INCORPORATING ETHICS AND ETHICAL PRINCIPLES INTO THEIR ORGANISATION: A STRATEGIC PERSPECTIVE

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Abstract

The retailing industry is about satisfying consumer needs but it is no longer enough to focus on products; retailers now have a greater responsibility to society and have to prove their ethical commitment to their consumers in order to retain business.

This is especially important within the fashion industry where the constantly changing environment, pressurises workers further down the supply chain and often leads to unethical practices, such as sweatshops to occur because consumers believe that retailers have to take accountability for their part in this.

There are a number of ways for retailers to implement ethics including orientation techniques, such as codes of conducts, institutionalising ethics, focusing on decision making activities and cause related marketing, monitoring ethics through audits and ethical officers and sustaining these principles through annual reports and support of non-governmental organisations.

The aim of this paper is to discover how retailers are addressing the increasingly important issue of Corporate Social responsibility and ethics into their organisations. The literature research identified that retailers have recognised the importance of incorporating ethical principles, but were unsure of what the concepts entailed so their reasons for implementation couldn't be properly determined. It also identified what techniques were available for the retailers to successfully create an ethical organisation.

Using semi-structured interviews with three fashion retailers via email a case study approach was adopted to gain information on how retailers are incorporating ethical principles into their organisations.

The results show that the main technique used by all three retailers to implement ethics is concentrating greatly on supplier relationships which then ensure better ethical practice within the buying function and entire organisation. However, it also showed that retailers still have a long way to go before the Fashion Retailing industry can be deemed ethical and need to examine all areas of the business.

Key words: corporate social responsibility, ethics, fashion retail industry, strategic choice

Introduction

The area of Corporate Social responsibility (CSR) is growing in importance regardless of what sector is being considered. The concept is about people, whether it is those working within the organisation or the greater community being affected by the organisation's actions especially within the retailing industry. Therefore it is expected that within an industry whose primary purpose is to provide products and services that satisfy consumer needs (Newman & Cullen, 2002), that all retailing organisations would be embracing the idea of CSR and incorporating ethics into all parts of the organisation, however, this doesn't seem to be the case for a lot of retailers for a variety of reasons.

It is imperative to identify the growing importance of CSR and ethics within the workplace, what impact it is having on retailers and how it is being implemented into the organisation. The aim of this paper is to discover how fashion retailers are responding to the increasing importance of CSR and why should they become ethically responsible.

Literature Review

Ethics

Implementation of ethical principles is complex as ethics are considered to be more important than the law (Jennings, 2006) and more complicated (Post et al, 2005) because they rely on conscience, rather than written standards so have to steer us in the right direction. Often companies are too focused on fulfilling business objectives (Goodpaster, 2007) that they do not think about the negative impact their activities may have on society.

The primary purpose of ethical principles is to create appropriate working dynamics within an organisation as they are what rule peoples' behaviour (Smith & Johnson, 1996) and teaches them to consider the implications of their actions.

Corporate Social Responsibility (CSR)

According to Katsoulakos & Katsoulakos (2006) CSR is concerned with a balance of economic, environmental and social imperatives addressing the concerns and expectations of their stakeholders, reiterating the importance of practicing ethics in all business areas to ensure they are not detrimental to others.

The area of CSR has grown significantly as society is shifting and consumers are becoming more concerned (Kotler & Lee, 2005, McDonagh & Prothere, 1997, Welford, 2000) with what they are buying. As a result, retailers have had to react to these needs and respond accordingly (Bruce, Moore & Birtwistle, 2004) because they have the most power in supply chains and hold the responsibility for the happenings that occur (Hearson, 2007).

There is an opinion within the literature that incorporating CSR and ethics into organisations isn't about competitive advantage but improving the company and its beliefs (Goodpaster, 2007), e.g. The Body Shop. Suffice to say introducing CSR into a business is not a cheap process and could result in extra costs and possibly loss of competitive advantage (Young & Welford, 2002) if retailers refuse to participate in an unethical activity. Yet, in the long term, it will produce profits for the company and contribute to their ultimate survival (Podnar & Golob, 2007).

Fashion and Retailing industry

In the UK, the Fashion industry is the fourth largest industry (Bohdanowicz & Clamp, 1994) and a number of working relationships exist within it that need to be ethically driven, because the industry is so influential within the economy (Dunne & Lusch, 1999). Some retailers were already adopting social policies in the 1970s (Dunne & Lusch, 1999), but recently more emphasis seems to be being placed on ethical practice and eradicating the offending issues. This is further highlighted because the ethical product market is worth an estimated £25 billion in the UK, showing a growth of more than 20% in past few years (Crane & Matten, 2007) and even though that still only contributes to a small part of the industry, it is likely that this market will continue to grow.

Nevertheless, the rise of Fast Fashion has exacerbated unethical practices caused by competition (Blanchard, 2007) amongst retailers pressurising suppliers to meet shorter lead times thus forcing people in these countries to work longer hours and meet orders. This has lead to sweatshop revival (Ross, 1997) in certain countries through suppliers accepting orders that will stretch their workers to the limit and is something that needs to be addressed if retailers are perceived to be ethically responsible.

Ethical and Fair Trade

Fair trade and ethical trade are two outcomes derived as a result of organisations carefully considering CSR.

Ethics require retailers to consider issues occurring in underdeveloped countries, including poor working and living conditions and Fair trade is a way to effectively target these and work with people to assist them with building trade relationships (Young & Welford, 2002). Ethical trade doesn't just examine labour issues; it also

looks at environmental standards (Hughes, 2005) and basic human rights (Ethical Trade, 2008) and has been in place since early 1990s (Ethical Trade, 2008, Hughes, 2005), because companies within the clothing industry were being pressurised to provide better working conditions and still are today.

Fair trade on the other hand deals with morals; it endeavours to make significant improvements where unethical business could occur. Crane & Matten (2007) views Fair trade as a way to escape poverty which is true because it offers assistance to people who want to become better at business, whereas ethics merely focuses on problems within these countries.

Implementing Ethics

Retailers are using various techniques to implement ethics into their organisations, including stocking ethical ranges, effectively communicating their message to employers and consumers alike. It is necessary to acknowledge that retailers are mainstreaming ethics on a voluntary basis as there is no institution designed to check they are being incorporated (Hughes, 2005).

Strategic Orientation

Mission statements and codes of conducts (Goodpaster, 2007), are used to guide people. Code of conducts are explicit statements of retailers' duties and beliefs (Zadek, Lingayah & Forstater, 1998) and aid employers and suppliers on how these can be fulfilled, whilst highlighting their commitment to causes. However, it is not enough to simply have a code, it needs to be completely integrated and embedded into the organisational culture (Crane & Matten, 2007).

Institutionalising

This focuses on how ethics are being incorporated into the organisation in all aspects of Retailing (Goodpaster, 2007) to inspire workers and instil basic human rights (Ross, 1997).

It concentrates on improving working conditions by having a minimum wage, building relationships with suppliers (Bruce & Daly, 2006) and protecting employers, as well as considering environmental issues in the production process, creating honest, effective marketing campaigns and community involvement (Johnson, Scholes & Whittington, 2008). This emphasises an organisation's commitment to staff, consumers and anyone who is affected by their actions (McDonagh & Prothere, 1997).

Decision making

Retailers are guided by codes but ultimately, decisions have to be made according to circumstances and careful consideration is being paid to socially responsible activities and creating a positive brand image (Kotler & Lee, 2005) and an ethical culture shaping decision making (Crane & Matten, 2007).

Supply chain management is part of this process (Hughes, 2005) by setting appropriate lead times and creating long term relationships with suppliers (Hughes, 2005, Hearson, 2007). This can help retailers communicate better, monitor factory conditions more easily and make more socially responsible decisions.

Cause Related Marketing

Companies are refocusing their marketing activities to incorporate ethics and follow an alternative to traditional marketing to ensure all socially responsible activities that an organisation follows, are conveyed to others (Young & Welford, 2002). As a result of this, initiatives such as cause related marketing and promotions are being born (Kotler & Lee, 2005).

These are important to implement ethics because marketing influences buying behaviour and if used correctly can mean an organisation increases in sustainability (Young & Welford, 2002) and better promotes ethical brands (Zadek, Lingayah & Forstater, 1998).

Monitoring

Policies are necessary within organisations but have to be backed up by actions inside the company throughout the hierarchy to ensure maximum impact (Hearson, 2007) and careful monitoring (Katsoulakos & Katsoulakos, 2006) of these activities by managers, staff and social initiatives help to ensure ethicalness of the organisation.

This can be achieved by audits, inspections and interviews with workers (Fashioning an Ethical Industry, 2008).

Audits

Audits involve assessing how an organisation is performing ethically and socially (Post et al, 2005) and focuses on suitable labour standards and working conditions, usually conducted in other countries where the factories are located and monitor how well codes are being followed (Hughes, 2005)

NGOs

These organisations assist retailers with ethics implementation in all areas mentioned previously by helping them respond to environmental and social demands (Young & Welford, 2002).

The most famous initiatives include ETI, Global Compact and ILO, all of whom set basic standards and guide organisations by pressurising them (Hughes, 2005) to improve working conditions and ensure codes of conducts are being followed.

Methodology

An inductive qualitative approach was adopted in this research by developing case studies of three fashion retail organisations. (Saunders, Lewis & Thornhill, 2003; Yin, 2009). Information was acquired through the use of semi structured interviews via email. The primary research results firmed up and built upon the secondary research about the retailers to develop the case studies.

Content analysis (Wilkinson, 2004) of the semi-structured interviews was carried out by disaggregating the data into meaningful and related parts. Content analysis produced a systematic and comprehensive summary of the data. To ensure reliability the three companies were given the same questions to avoid bias.

Results

The information and answers received from the selected retailers will be presented in case study format within this chapter. Each retailer will have a separate case study to clearly inform readers on which organisation does what in terms of ethics and CSR, as well as providing information about the organisation, such as history and key employers within the structure.

Case Study 1- New Look (the evolving ethical retailer)

History

New Look was founded by Tom Singh in 1969 and is now a privately owned company that Apax and Permira have a stake in (New Look, 2009). Product ranges include womenswear, menswear, childrenswear, accessories, footwear and more recently, organic ranges, all at low prices. It has since internationalised into countries such as Belgium, France and Dubai (New Look, 2009) and gained a 5% share of the womenswear market within the UK. The company are one of the few retailers, reporting profits.

Values

These are integrity, unity, ambition and fun, which are incorporated into all activities that the company undertake and taught to all employees, regardless of their job description.

Ethical Reputation

As a Fast Fashion retailer New Look is actively adopting and improving their ethical policies and aims. The main thing that the company recognises is that implementing ethics is a gradual process and will take time to make a marked difference and that in particular; they have to concentrate on their sourcing practices and making CSR a central part of their organisational strategy.

The company is not afraid to admit of previous problems within their supply chain, e.g. child workers have been found in some of their factories. Their solution now is to move those children into education by supporting them financially and emotionally until they have enough money to be able to function on their own and they stipulate within their code of conduct that all workers have to be over the local minimum age, dependent on countries.

Implementing Ethics

New Look has had an established ethical policy since 1998 (Miller, 2009) and been a member of the ETI since 2003. In addition to this, New Look place external links on their corporate website that direct people to the websites of the initiatives to educate their customers about ethical conduct.

New Look have a team devoted towards CSR who are organising a number of projects in countries such as Bangladesh that address ethical issues by interacting with suppliers and talking to workers to understand their needs, resulting in better wages and more acceptable working hours.

All 1000 suppliers that New Look deal with are made to sign an agreement with the company to ensure fair practice and the company also works with independent auditors, Impact (Miller, 2009) who help ensure these terms are being met by assessing working conditions.

Improvements are also made possible by concentrating on buying procedures and ensuring that factories are given enough time to prepare the orders and that they utilise their resources to meet deadlines without unethical practice.

New Look consider environmental standards and are introducing schemes to reduce waste, encourage recycling and establishing more organic ranges that are free from chemicals. Education makes ethical and environmental practice possible and is essential for all parties. The company ensure attention is paid to training and development, regardless of job roles to enable standards to be met, whilst providing employers with support and encouragement and rewards such as bonuses.

Case Study 2-Adili (Online Ethical Retailer)

History

Adili, the Swahili word for ethical and just was founded in 2006 by Adam Smith, Quentin Griffiths and Christopher Powles, who recognised the importance of incorporating Fair Trade into all activities and identified the need for ethical fashion, after seeing the other side of the supply chains. They combined their knowledge and previous experiences to create the concept of an online ethical retailer.

Product ranges include menswear, womenswear, childrenswear, beauty and household goods, from their 80 ethical brands or part of their newly created own brand.

Values

These are supporting local communities, making Fashion stylish and ethical and increasing sustainability. CSR is embedded into everything that the company does and they accept they have complete responsibility in acting in a socially responsible manner (Ruffin, 2009).

Ethical Reputation

Adili only sells ethical and Fair Trade products and isn't an advocate of Fast Fashion retailing, thus all marketing activities are centralised around advertising this fact.

It is making ethical Fashion trendier and more affordable, by designing their own product range at a lower price and to compete with department stores to target the market. In terms of ethics, the company recognises that it is far from perfect but is moving in the right direction and is continuing to aim their products at consumers who are becoming more conscious about ethics within purchasing practices.

Implementing Ethics

Ethical consideration is an integral part of their decision making process. At their head office in Dorset, there are recycling and composting facilities available for staff to use. Adili's also employ an ethical supply chain consultant who monitors the ethical practices throughout the supply chain.

Adili believe that in signing up to the ETI, these organisations are stating their intention to work in a more ethical way. It is often mistaken by consumers for being a mark of approval that the companies signed up working 'ethically', but Adili do support the initiative.

Adili maintain their ethical stance by conducting business with a relatively small number of suppliers which enables them to build a stronger

rapport and monitor the ethical practice of the 90 suppliers used. All their suppliers work with producer groups, farmers and factories in different countries, generating jobs for a lot of people.

Dedication to ethics is also emphasised when recruiting new employers as Adili believe that their staff have to relate to the ethical principles that the organisation represents in order to add value to the company and ultimately, help them achieve their aims. The company is focused on educating and supporting both consumers and employees. In order to do this, they have an established code of conduct and run an environmental and social review of the company on an annual basis to ensure commitment to ethics by evaluating whether their objectives have been met.

Case Study 3- Matalan (Value retailer)

History

Matalan was established in 1985 by John Hargreaves, whose family holds a 53% share of the company (Fashion United, 2009), by converting an existing warehouse into a shop, which remains in the same format today. It operates as a "club" meaning that customers join the company, gain a membership card for life thus enabling Matalan to build relationships with them. This helped Matalan become recognised as a unique, out of town retailing concept offering a wide range of products for up to 50% less than other high street retailers. Products sold include womenswear, menswear, childrenswear, jewellery, household items and brands such as Falmer Jeans, Playboy and many more.

Matalan is able to offer such competitive prices is because they buy direct from manufacturers, are located out of town and operate on a lower margin (Matalan, 2009) and as a result, is one of the fastest growing retailers in the UK, with 203 stores throughout the country, and remains focused on striving ahead in this current economic climate. Their strategy seems to be working for them at present as in January 2009, Matalan reported sale of £327 million (Financial Times, 2009).

Values

Matalan's core values are focusing on products, value for money, service and quality. The focus on customers within their strategy ensures that Matalan is the first choice for families.

Ethical Reputation

Matalan is a value retailer who advocates Fast Fashion thus resulting in them gaining a somewhat negative ethical reputation. This has been exacerbated further by being accused of some inappropriate practice from suppliers, particularly in India (Label Behind the Label, 2008, whereby Matalan didn't feel the need to be involved and not joining any of the social initiatives available nor being particularly forthcoming about their ethical and environmental policies. Even though Matalan has a code of conduct, some people and initiatives are sceptical about how it is implemented.

Implementing Ethics

Matalan states commitment to CSR by declaring their ethical practice on the company website. Participation of people higher up the hierarchy reflects commitment to the cause helping to incorporate ethics by setting an example for employers.

A code of conduct is used to guide and support employers and deals with issues of forced labour, health and safety, wages, working hours and conditions and job security. This is given to new employers and is discussed as part of their structured training programme.

Matalan is acknowledging the importance of ethics and trying to improve their conduct by limiting risks within their supply chain and building stronger relationships with their suppliers. The introduction of Matalan Socially Responsible Trading policy addresses the issue of living wages for workers and is considered within supplier appraisals.

Similarly, Matalan undertake audits within their factories; recycle paper and plastics along with confidential waste.

Discussion of Results

All three companies interviewed were Fashion retailers who sold a wide range of products thus had to incorporate ethical practice within their strategy agreeing with research found by Ethical Trade (2008) that it has now become necessary to have an ethical aspect to a business strategy. It was expected that New Look and Matalan should consider ethics more than Adili because they provide Fast Fashion within the industry and are aware that this could negatively affect others so should take preventative action, in accordance with Goodpaster (2007) who recognised that businesses are often too busy focusing on financial objectives.

They were also relatively new companies which may have impacted on their decision to conduct ethical behaviour, as research found by Kotler & Lee (2005) stated that introducing CSR could extend the life of the business. It is interesting to note that the case studies identified that these retailers were experiencing a profit within this difficult economic climate which poses the question, is it because of ethics?

The results show that their ability to implement ethics could be gaining them custom, or it could be down to the fact that they know how to target their market and effectively communicate their values to ensure that they are succeeding in their market sector. Yet the fact that both Adili and New Look are selling ethically produced ranges emphasises that the retailers feel that this a trend they should integrate in their strategy regardless of short term costs which supports Lantos's (2001) view that companies may forego some profits whilst they establish ethics within the organisation.

Adili was the only company who greatly focused on highlighting the differences between ethical and fair trade ranges and stocking both, whereas Matalan didn't acknowledge either and New Look were more concerned with organic products, but the fact that the retailers were establishing ethical ranges supported research found by Blanchard (2007).

All three retailers use their website to market and promote their products and ethical commitment and this transparency serves as a way of implementing ethics. However, the volume of information available online often means that the retailer is trying to prove a point rather than for the benefit of others, especially if they have had a bad reputation in the past, as was the case for Matalan and New Look, which increases doubt amongst how ethical they really are.

All the retailers had a relationship with the ETI showing they have recognised the importance of ethics, but only New Look was an official member, showing their commitment.

Bruce & Daly (2006) identified the importance of suppliers as did the retailers interviewed, who recognised implementation needed to focus on supplier relationships, whether through hiring a specific employer to deal with ethical issues as was the case with New Look and Adili to concur with Richardson (2007), or through conducting audits or merely supporting them in providing better conditions for workers.

Retailers have agreed with research conducted by Goodpaster (2007) by producing codes of conducts and supplier manuals to enable the organisation to build relationships with suppliers and ensure ethical consistency by making socially responsible decisions.

New Look and Adili's use of independent auditors holds more significance than Matalan, who tend to use their own auditors thus could be biased and inaccurate, but all the retailers agree with Ross (1997) in that if problems are found, they conduct a follow up audit rather than terminating contracts.

All three retailers have identified ways to help others whether in this country or developing countries. New Look and Adili are running projects to help others and Matalan donates excess products to charity thus they are all giving back to the community showing that they do understand fair trade to some degree because they help those less fortunate to develop. This combined with their increasing commitment to recycling demonstrates how seriously the retailers are considering ethics in all parts of their business including the environmental aspect of CSR (Podnar & Golob, 2007).

Conclusion

The importance of ethics has occurred because people are becoming more aware and asking questions about how products have been sourced and the retailers have to ensure they can sufficiently provide the answers thus resulting in adoption of

ethical techniques as part of their organisation. This has been exacerbated by the growing interest of the media to report on unethical practice such as sweatshops and poor living standards.

The area of Fast Fashion has also highlighted the importance for implementing ethics because as retailers are having to adopt a quicker and leaner supply chain, it is having a significant impact on the workers and consumers are becoming more aware of this and although they want their products quickly, they are not keen on the idea that an eleven year old has produced it.

It has to be acknowledged that the area of CSR and ethics is always going to be complex and problematic but within this paper; some common themes have been identified about how ethics are implemented and to what extent they are necessary.

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JEANS: SIZED TO FIT OR FITTED TO SIZE?

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ABSTRACT

Perceived as a 'wardrobe staple' and 'fashion must have' denim jeans has remained a constant item of clothing that has stood the test of time. Over decades it has evolved and has been reinvented with passing trends whilst maintaining both a functional and fashion purpose; thus keeping demand and marketability high within the clothing industry.

In a global market review of denim and jeanswear industries - forecasts to 2016, just-style.com (an organisation involved in presenting global consumer product and market research reports, analysis, trend forecasts and intelligence reports for industrial and academic interest) (2009) focuses on how the denim and jeanswear market will fare amid the recent economic downturn and beyond, and outlines two perspectives. The short-term outlook on the denim jeans market presents a positive view of world demand for denim and jeans and predicts a 4.8% growth in the market between 2008 and 2012. In the long-term looking ahead to 2016, the report predicts a rosy future.

Jeans are often distinguished by trend, aesthetics, branding and quality; that determine their price point at retail. Due to its versatility and popularity among a relatively wide consumer age group, it is an important aspect for consumers to be able to readily purchase suitably fitted pairs of jeans based on their designated sizing and fit description, irrespective of market level.

This study evaluates the provision of jeans by UK high street retailers and probes into satisfaction/ dissatisfaction of sizing and fit of these among 18-35 year old female consumers. Significance of this market segment to the clothing industry (Apeagyei, 2008; Mintel, 2006; Taylor and Cosenza, 2002) continues to be highlighted in academic literature. The paper subsequently provides an understanding of contributing factors that form the basis of consumers' fit assessment of sized jeans. It has implications for marketing, sizing and communication of size codes for adequate consumer garment fit.

Key words: Jeans, Sizing, Fit, Body Shape, Clothing retail

Introduction

Gordon (1991) has established that jeans are an exceptional item of clothing and particularly popular due to their practicality, affordability, durability and comfort. Since the 1960s they have been used to signify values such as democracy, autonomy and classlessness. They were originally designed for men however, as their popularity increased, the company that initially developed them (Lee) acknowledged the need to develop versions for women; in order to achieve a more suitable and flattering fit as their body shape differed from men.

With passing time the sales of jeans has risen due to their versatility and trend. Just-style.com (2009) emphasise the importance of jeans production to the clothing industry and predict soaring demands based on delivery of efficiency. In effect, retailers have the opportunity to continue to maximise trade by offering innovations and addressing issues and factors that could affect potential sales. It has been established (Apeagyei, 2008; Otieno et al, 2005; Brown and Rice, 2000; Winks, 1997) that consumer dissatisfaction with garment fit can be clearly linked to confusing estimations of size, negative self-esteem and purchase behaviour. According to Blackwell et al (2006) it may even reduce the chances of customer loyalty.

This paper presents an investigation into the provision of retailed jeans on the high street and assesses the impact of size variation on the consumer's satisfaction relating to their assessment of fit and adequacy of the product.

Assessment of garment fit

Winks (1997) summed up the effect of poor fit as having an effect on consumer dissatisfaction. Research (Wu and Delong, 2006) found that fit and price were the main areas of consumers' discontent with jeans. According to Alexander et al, (2005) garments that fit well impact positively on the wearer both psychologically and socially. Fit should therefore be an inherent part of a garment as all aspects contributing to a good fit should be taken into consideration during design, manufacture and communication at point of sale. Brown and Rice (2000) highlighted the 5 key elements of fit which should be correct and well balanced to ensure good fit as: fabric grain, set, line alignment, balance and ease.

Anthropometrics and body shape

Rooted in ergonomics, anthropometrics is a science that deals with the measurements of the human body and is involved in sizing. Otieno (2008) and Pheasant and Haslegrave (2006) highlight that it is an important aspect of clothing technology and forms the basis of determining measurements in order to ascertain body shape, size and proportions for fit. National surveys such as Size UK and other international surveys have recently been undertaken in order to update changes in human body shape and size and to ensure sizing systems are produced from more accurate and reliable data.

The collection of anthropometric data has hitherto been considered to be complex, expensive, time consuming and subject to procedural errors. However, developments in body scanning technology has resulted in automatic, more reliable and quicker methods being utilised to accurately measure the human body. It has also led to the discovery of more figure types and body shapes than previously supposed.

Identifying the variety of female consumers' body shapes can be complex and various terminologies are currently being used to describe them. The Clothing Standard BS EN 13402-1:2001 outlines methods of measuring the body however, body shapes are not addressed in the standard; consequentially reflecting on retailers lack of consideration for producing garments targeted at the varied female body shapes within populations. Lee et al (2007) caution that for production of well fitted garments, the different subgroups of female body shapes have to be considered, especially for the forward trend of mass customisation and for virtual shopping for clothes. Bodymetrics (2009) estimate that jeans items that fit well are based not only on style but on consumer shape and size also.

Size provision and the retail environment

Clothing sizing systems deal with the provision of size charts, garment size ranges and how they are designated (coded and labelled). Although these draw guidelines from the British Standards, International Standards and European Standards, application is not mandatory and has enabled high street retailers to follow their own sizing systems to suit their target markets. This has resulted in inter and intra size variation among clothing producers, presenting consumers with confusion, difficulty in selecting clothes that fit and dissatisfaction leading to purchase returns (Apeagyei et al., 2007; Alexander et al., 2005; Simmons et al., 2004; Le Pechoux & Ghosh, 2002).

Consumer loyalty in retail has also been related to store image. Nine components identified to create a store's image are the merchandise, service, store atmosphere, promotion, clientele, physical facilities, institutional factors as well as post purchase satisfaction (Easey, 2002). It is evident that consumer satisfaction with the retail shopping experience and product purchase leads to loyalty which in turn stabilises sales and profits.

Methodology

Three approaches were adopted for study. These incorporated a consumer survey among women in order to determine buying behaviour and their satisfaction with fit and sizing; in-store observations of six high street stores retailing jeans; and fit trials involving jeans from the observed stores.

Questionnaire survey

The sample consisted of 61 female consumers (Saunders et al, 2007) aged between 18 and 35 years who shopped from the UK high street clothing retail stores. Random sampling methods were applied and based on consumers' willingness to participate.

In-store observation

Observation methods have been recommended for probing to validate or collaborate with other research data (Robson, 2002). Six high street retailers were randomly selected for in-store observation in order to analyse the nature of store environment and details of their product offering. They were: Dorothy Perkins, Gap, H&M, New Look, Primark and Topshop. The factors that were mainly assessed were: variety of jeans styles offered, size provision, range availability, labelling methods, conditions and quantity of fitting rooms as well as availability of customer assistance in each store. Such categories are important in identifying potential areas of satisfaction or dissatisfaction with fit and sizing.

Fit trials

Two jeans styles, 'skinny' and 'bootcut' which were the most popular among respondents and common to all six stores were picked for fit trials and garment analysis. Rather than the regular UK size 12, the median size of the respondents of the survey (size 14) was selected for the trials. It was anticipated that size 14 would better reveal any potential fit anomaly. Criteria for selecting potential fit models were therefore based on size 14 key dimensions of the waist/hips. These are considered to be the control dimensions for garments covering the lower body (BS 3666:1982) and determine a size. Size 14 jeans consumers were scanned using a 3D body scanner to ensure accurate measurement and compliance with the standard measurement size being applied. Two regular size 14 consumers were later selected to take part in the fit trials for the study. They were 'bottom hourglass' or 'pear' in body shape, as this was the most common shape among the survey respondents. Both subjects were also not discriminated by height as regular jeans length items were used in the trials.

A total of 12 comparable pairs of jeans were selected (two from each store) and utilised for the fit trials session which was carried out using a checklist for fit models' evaluations and expert observations. The judgement criteria were based on trouser fitting standards developed by Liechty et al (2000) and Brown and Rice (2000). They urged that for fitting garments of the lower body, factors such as position of side seams, contouring of waistline against the body, ease, behaviour of garments during wear as well as garment length have to be considered as the key factors in assessment.

Presentation and analysis of results

The survey interrogated consumer buying behaviour; their satisfaction/dissatisfaction with jeans fit and sizing; and with retail size provision.

Consumer buying behaviour

All respondents wore and bought denim jeans; with 15% owning up to 3 pairs, 59% owning 4-6 pairs and 21% owning as many as 7-10 pairs. A whopping 96.7% confirmed to have experienced problems with fit of jeans.

Consumers were asked to identify with reasons specific high street stores where they preferred to purchase jeans from. A summary of the responses showed the most popular stores to be Topshop (36.1%), River Island (13.1%), New Look (8.2%), Next (6.6%), Primark (4.9%), H&M (4.9%), Next (4.9%), TK MAXX (4.9%) and Mango (3.3%). Topshop jeans appeared to be popular due to having good fit, better length options and good quality (Figure 1).

The survey aimed to identify the most popular store for jeans purchases out of the selection provided in the questionnaire. Figure 2 shows that Topshop was the most popular (26.5%) closely followed by Primark (23.5%). The least popular store was Gap with 6.8% of consumers shopping at the store.

Respondents confirmed to have shopped for jeans from the shops selected; however shopping between the stores was not consistent from one consumer to the other. The frequency at which consumers purchased jeanswear from the selected stores varied. For example, out of the 26.5% of consumers who shopped for jeans from Topshop only, 4.9% bought jeans from the store all the time while 21.3% purchased jeans regularly and 37% not so often. This trend was consistent among the other shops. The percentage of consumers always shopping from Dorothy Perkins were only 1.6%, H&M (3.3%), New Look (6.6%), Primark (1.6%) while none shopped for jeans at Gap all the time.

Figure 1: Which high street store do you prefer to buy jeans from and why
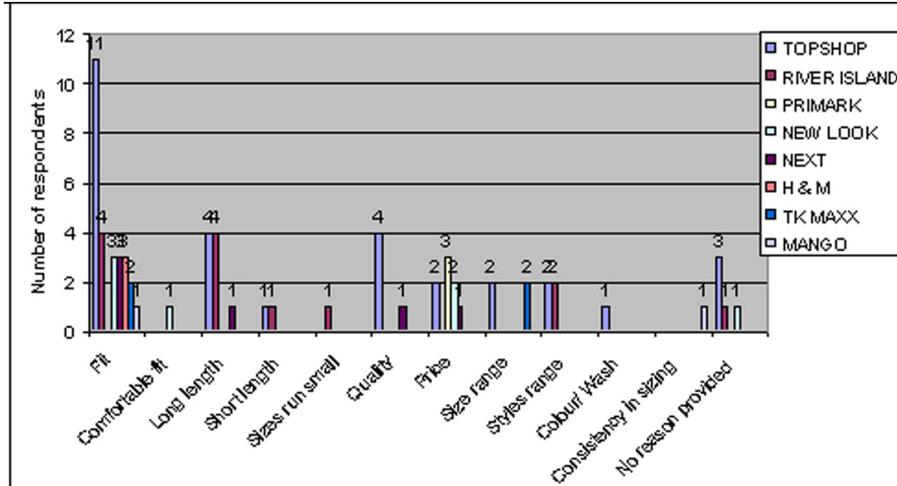
Figure 2: Please select from the list provided any shops you have purchased jeans from

A) Dorothy Perkins
B) Gap
C) H M
D) New Look
E) Primark
F) Topshop
G) None of the above
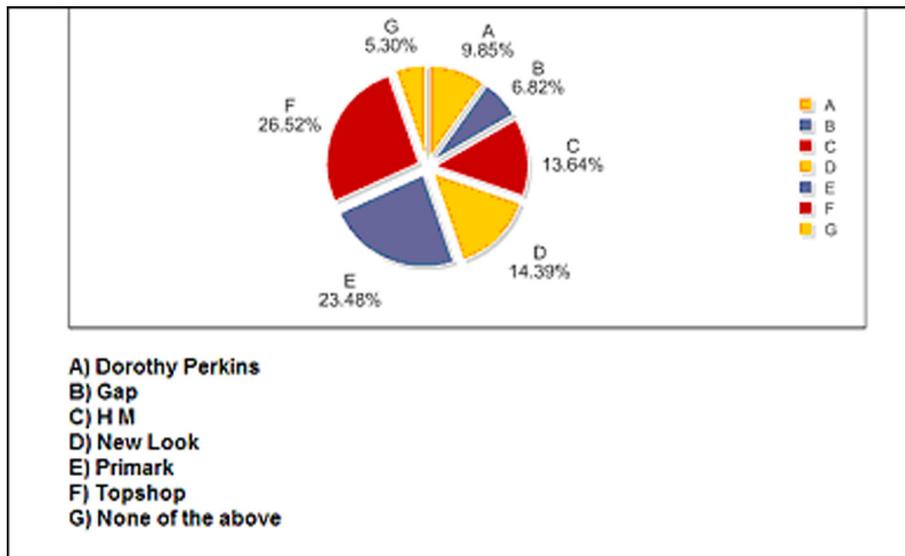
More respondents purchased jeans for fashionability (47.9%) while 45.7% were functional shoppers who bought them for practicality. 6.4% revealed that they bought specific pairs because they were conscious of the brand image. Spending per item averaged £25, with 50% of all the consumers spending £30-£60 and 24.6% spending £60-£100.

Consumers were also asked to identify the most important aspect they considered when purchasing jeans. Concurring with Mintel (2007), Figure 3 indicates that fit and comfort were considered as the most important factors. The most popular sizes were 10, followed by 8 and 12 (Figure 4).

Figure 3: What aspect do you consider as most important when buying jeans?

A) Price
B) Design/Style
C) Quality
D) Fit/Comfort
E) High street retailer
F) Established brand
G) Fashion trend
H) Other
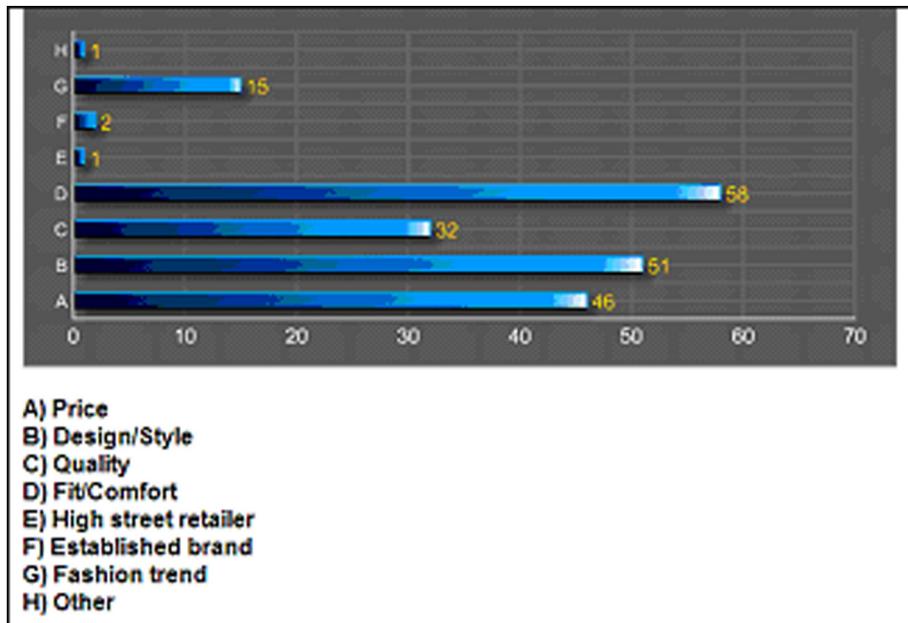
Figure 4: What size jeans do you usually wear?

A) 6
B) 8
C) 10
D) 12
E) 14
F) 16
G) 18
H) 20
I) 22
J) 24+
K) Other
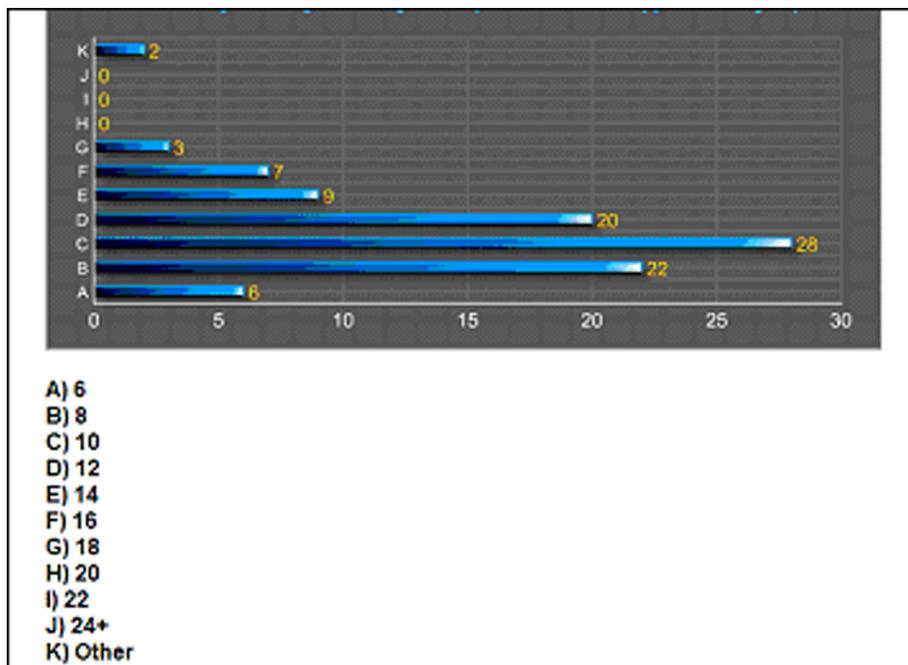
Consumer satisfaction with Fit and Sizing

Due to the wide selection of styles and cuts of jeans found in the shops, consumers where asked to identify their style of preference. Figure 5 confirms that the most preferred styles were the 'skinny' and 'bootleg' styles. These were later selected for the study's fit trials.

Winks (1997) informed that it is a common feature for women to try the fit of clothing before purchase. The study found that majority (83.6%) of respondents commonly tried jeans on to check fit before purchasing. It also found that 39.4% were satisfied with jeans in their size whilst 42.6% were dissatisfied (Figure 6). The main aspects of dissatisfaction were indicated as: length, hip, waist, rise, thighs and calves. A breakdown is further shown in Figure 7.

Figure 5: Please select your preference of jeans style

A) Bootcut
B) Slouch/Boyfriend
C) Skinny
D) Straight
E) Wide leg/Flares
F) Classic
G) High waisted
H) Low waisted
I) Other
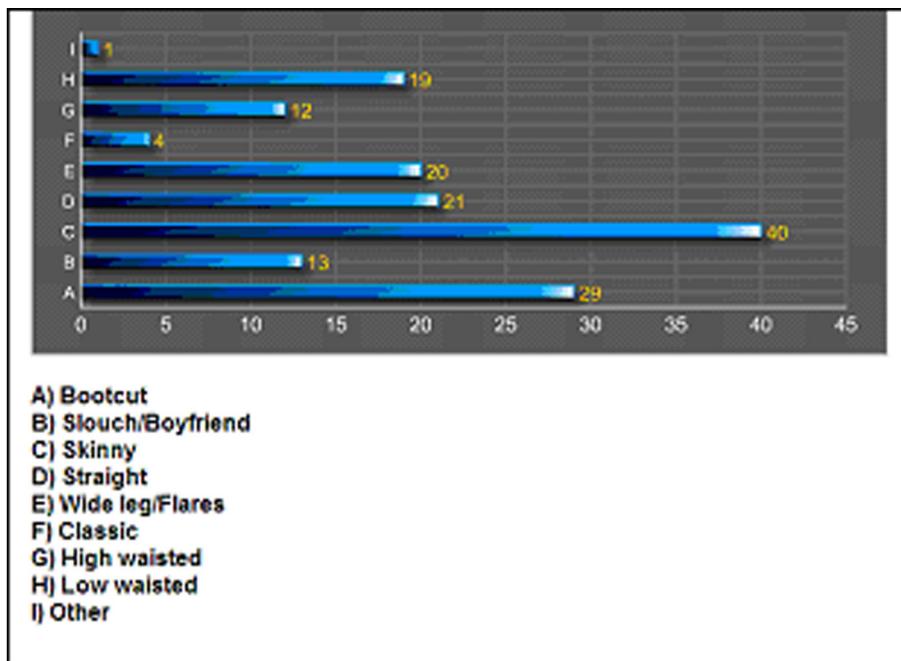
Figure 6: How satisfied are you with jeans in your size?

A) Very satisfied
B) Satisfied
C) Neither satisfied/dissatisfied
D) Dissatisfied
E) Very dissatisfied
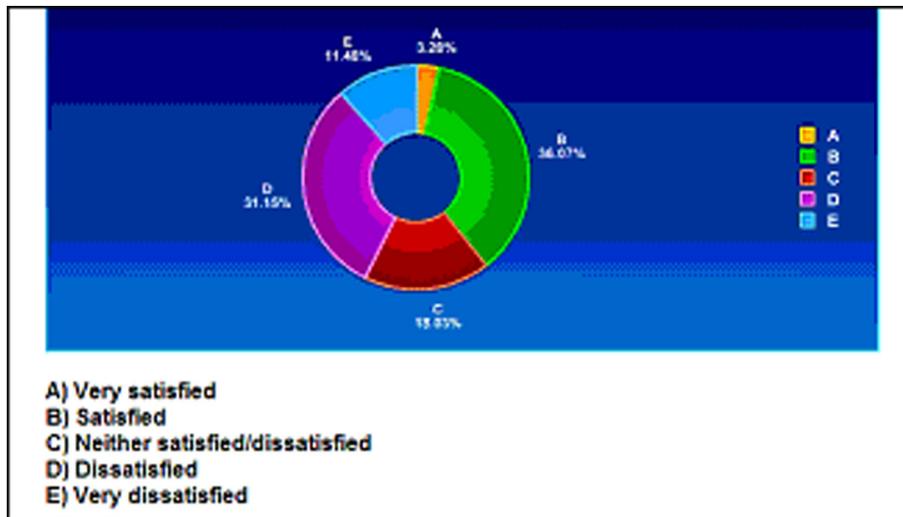
Figure 7: Specific aspects of dissatisfaction
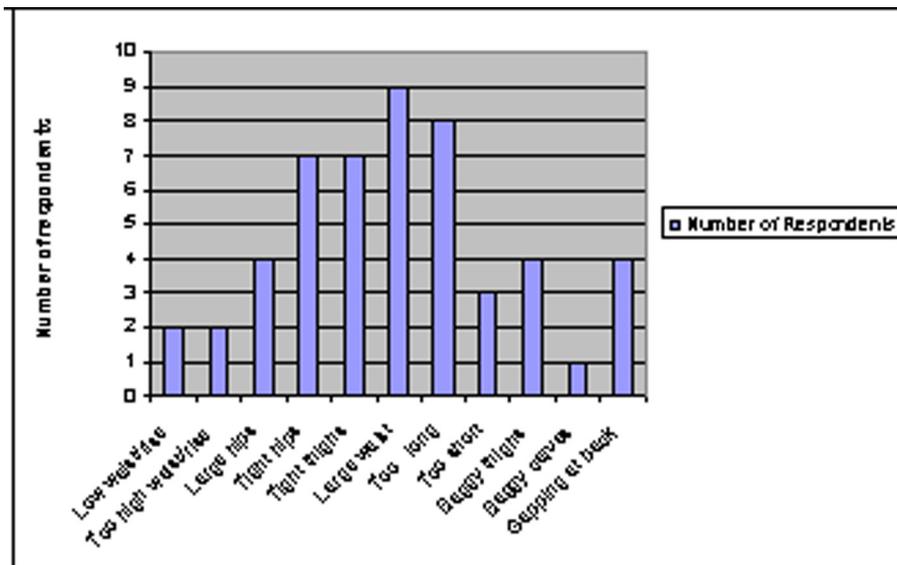
Respondents were interrogated on the awareness of their body shape. Majority revealed they were 'bottom hourglass' (Figure 8) and further 39.3% claimed they had problems finding jeans that fitted their body shapes.

Consumer satisfaction with Size provision

Almost all the respondents (98.1%) confirmed that they experienced variability in sizing across retailers. Consumers were asked if they were able to readily locate their sizes in shops. Only 16% confirmed that they are always able to. 57.4% only sometimes managed to readily locate jeans in their size without assistance. Otieno et al., (2005)

cautioned that consumers' inability to locate their needs lead to frustrations and negative feelings which may affect purchases.

The availability of store assistants can also affect consumer experiences in a shop. Whilst 47.5% disclosed that they never asked for assistance, 44.3% sometimes did and only 8.2% confessed to always seeking assistance. Most consumers who never asked for assistance indicated that they preferred to select their own sizes and styles. Others considered shop assistants to be either unhelpful or not as knowledgeable in sizing and fit problems to be of much help.

In-Store Observation Results

In-store observations were carried out among six high street retailers:

Dorothy Perkins

Dorothy Perkins had a separate section for jeanswear. It offered a wide range of sizes from 6-22 in five different styles. Sizes were identified by a single size code and length description. The size code included both UK and EU codes presented as 14Regular and 42EU. Larger sizes from 14-22 were in limited supply. Two mannequins were utilised to show cut and style of jeans, whilst bulk stock laid in piles on a display tables. Size labels were not easily visible due to overstocking on rails and too many jeans per piles on the display tables. 16 fitting rooms were located at the back of the store, with enough room, adequate lighting and 3-way mirrors available. The mirrors provided front, back and size views. Curtains secured entrances to fitting rooms however these were not wide enough to completely cover the entrances, reducing the extent of privacy offered to consumers during fitting.

Gap

Gap had a pleasant atmosphere with a distinct section for jeanswear located at the front of the store. Communication of jeans fit was clear and emphasised by utilisation of wall posters, style leaflets, fully dressed mannequins in various sitting and standing positions, as well as swing tickets with style names and details attached on each mannequin. Size was clearly communicated by use of size guides and garment labels. Size designation was indicated in waist/length measurements in inches (32″/32″). A wide size range from 25″ (size 4) to 34″ (size 16) waist, including 29″ (size 11) waist was catered for. Length ranged from 28″ to 34″. Size 26″ (size 10) and 34″ waist were limited on the shop floor whilst size 29″ was not available. Fitting rooms were well lit and curtained, with inside fixtures including stools. Single mirrors were installed which makes back viewing difficult.

H&M

In H&M, jeans were displayed on rails with other items of clothing, with a separate denim section also available. They were sized according to waist/length measurements in inches, with sizes ranging from 25″- 34″ waist and 28″- 34″ leg length being catered for. Ample sizes were available on the shop floor, however rails were overstocked, making searching for sizes difficult and frustrating. Accessing jeans laid on tables was also difficult as there were too many sizes per pile. Style variation was limited, with only three main cuts available. Styles were identified with individual style names such as 'Squin' and 'Star', for exclusivity. Fitting rooms were spacious and well lit, secured with doors giving more privacy to shoppers, however only single mirrors were available. The method of size designation was clear as size was printed on both swing tickets and waistband labels.

New Look

New Look had a separate denim section 'House of Denim', where jeans were displayed on rails and laid on tables in piles. Large wall posters were observed on back wall of jeans department which appeared to serve more as a decorative feature than for fit or style suggestion. The store catered for jeans in sizes 6-24, in lengths 28″-34″. Most styles were labelled with arbitrary number size code (eg. size 12), although a few styles were labelled with waist (in inches) measurements. The variation in labelling can be attributed to sourcing from different suppliers. Size availability was limited for larger sizes from 14-18, whilst labelling was easily visible as there were no waistband labels. Over 20 fitting rooms were available at the back of the store and entrances were secured by curtains. 2-way mirrors were available however these were dull, thus presenting a poor image reflection. Shop assistants were also difficult to identify due to their dress code.

Figure 8: Please indicate your body shape based on the descriptions provided

A) HOURGLASS - (Similar bust and hip circumferences, with defined waist)
B) BOTTOM HOURGLASS - (Hip circumference larger than bust, with defined waist)
C) TOP HOURGLASS - (Bust circumference larger than hip, with defined waist)
D) RECTANGLE - (Similar bust, waist and hip circumferences)
E) TRIANGLE - (Hip circumference larger than bust, no defined waist)
F) INVERTED TRIANGLE - (Bust circumference larger than hip, no defined waist)
G) Not sure
H) Other

Primark

A dedicated section for jeans was available in Primark. The store catered for sizes 8-18, although there was a limited quantity of sizes 12, 16 and 18 on the shop floor. Size codes were in the form of arbitrary numbers, together with jeans length measurement (inches) or descriptive (short/regular) terms. Sizes were clearly labelled as labels were found on waistbands, swing tickets and outside stickers. Over 20 fitting rooms were provided with 2-way mirrors and doors secured by curtains. No additional lighting was provided in each fitting room, making the rooms dull and uninviting. Neither posters nor mannequins showed fit and style suggestions, however sales assistants were very easy to identify.

Topshop

Topshop was fairly busy and noisy partly due to the music played in store. A separate jeans department catering for sizes 6-16 was located on the second floor. A variety of styles was available and categorised in individual names. Jeans were labelled in waist/length measurements (in inches) together with their arbitrary numbered size codes. All sizes could be readily found on the shop except for sizes 14 and 16 which were in limited supply in some styles. Labels were clearly visible and additional swing tickets provided useful fit and style information. The fitting room area was spacious and inviting however, the rooms were small and fitted with only single mirrors. Sales assistants were easy to identify.

Garment Analysis

In order to examine possible variation in sizing between retailers and their effect on fit, the two selected samples of jeans were analysed on comparative basis. Results show the extent of variation that existed (Figures 9 & 10).

New Look recorded the largest girth measurements for waist (46.5cm), top hip (49.5cm), lower hip (52cm), thigh (30cm), knee (20.5cm). The waist was +5cm more than Topshop's waist (41.5cm). H&M had the largest length measurements on the outside leg (109.5cm), inside leg (86cm), as well as back crotch length (37cm). Although New look measurements appeared to be large, the inside leg length was -6cm shorter than H&M jeans. Topshop had the smallest measurement on waist, knee (18cm) as well as inside leg (78cm), whilst Primark recorded the lowest top hip (47cm). Such apparent

size variations in garments all labelled as Size 14, show clearly how consumers fail to fall in the same size range across retailers, since a consumer who fits a Size 14 in New Look for example, will fit in a smaller size in Topshop.

New Look again recorded the largest measurements in lower hip (51.5cm), back crotch length (38cm), thigh (31cm), knee (24cm), leg opening (28cm) and outside leg (105cm).

There was less variation (+/-1cm maximum) on the top hip measurements, with the exception of Primark recording the lowest at 47cm. Primark also had the lowest thigh measurement of 28cm as well as inside leg (78cm), with a difference of -6cm from the highest, H&M (84cm). However, it had the largest waist measurement of 45.5cm.

Figure 9: Skinny jeans measurement comparison
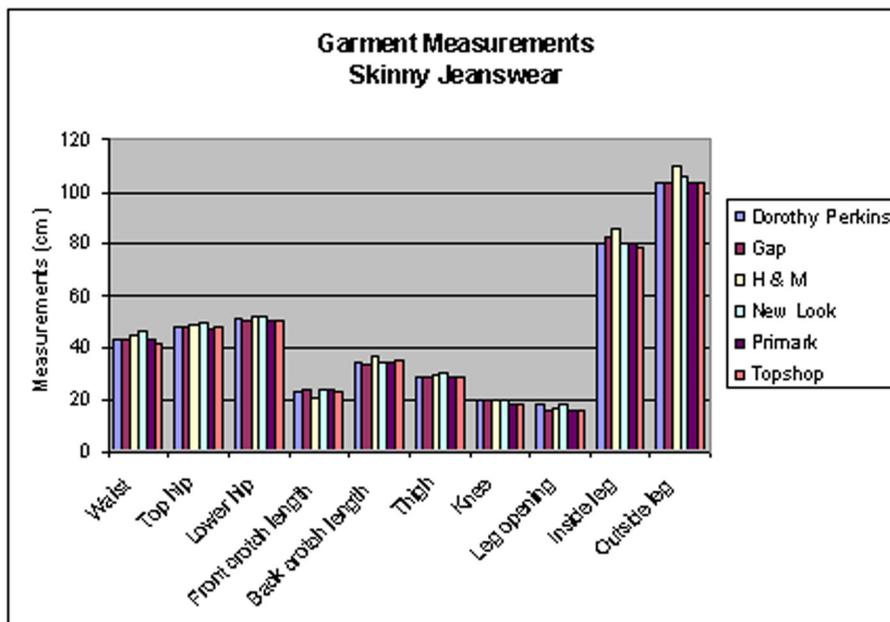
Figure 10: Bootcut jeans measurement comparisons
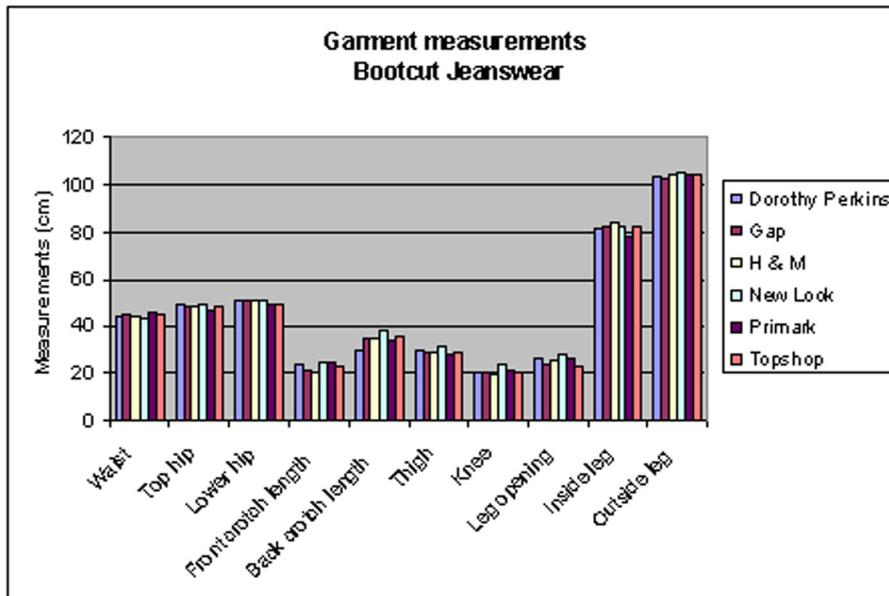
Variation in sizing also existed between jeans from same stores (Table 1). Although the skinny and bootcut jeans are two distinct cuts as indicated by differences in measurement between the leg opening and knee, measurements such as waist and hip were expected to be consistent from one style to another as they are both close fitted styles. However the bootcut waist on New Look jeans was smaller than the skinny by 3cm whilst it was larger by 2cm for Primark and by 3cm for Topshop, highlighting unreliability on garment label assessment for fit. Dorothy Perkins, Gap and H&M showed minimum size variation between skinny and bootcut for waist and hip measurements (-0.5cm to 1cm).

Fit Trials

A summary of the key body dimensions of the two size 14 fit trial models is presented in Table 2; and a 3D body scanned image of their shape profiles presented in Figure 11. Their fit evaluation scores for both styles of jeans are tabulated in Tables 3 and 4. Further analysis based on experts and fit model evaluations are also outlined.

Dorothy Perkins fit evaluation

Both fit models were dissatisfied with fit of the skinny jeans. This was mainly attributed to gaping at back and front waist. The rise was too low for Model A, resulting in jeans being uncomfortable when sitting or kneeling as the waist line pulled down. Fit with thighs and calf of Model A was adequate but there was poor fit at length. Wrinkles radiated down from crotch on Model B, as well as excess wrinkling at knees for both models. The inside leg length was too long for A and too short for B. With the bootcut, both models experienced poor fit at waist due to gaping at the back (Model A) and front (Model B). The thighs and calf were adequate, however due to the large waist and low rise, there was discontent when sitting and kneeling. Both were satisfied with hip.

Table 1: Variation in sizing between Skinny and Boot cut jeans per store

	Measurement differences between Skinny and Bootcut Jeans					
	Dorothy Perkins	Gap	H&M	New Look	Primark	Topshop
Waist	1	1	-0.5	-3	2	3
Top hip	1	0	-0.5	-1	0	0
Lower hip	-0.5	-0.5	-1	-0.5	-1.5	-1
Front crotch length	0.5	2	0	0.5	1	0
Back crotch length	-5	1.5	-2	3.5	-1	0
Thigh	1	0.5	0	1	-0.5	0.5
Knee	1.5	1	-0.5	3.5	3	2
Leg opening	8	8	8	9.5	10	7
Inside leg	1	-0.5	-2	2	-2	3.5
Outside leg	0	-0.5	-5.5	-1	0.5	0.5

Table 2: Summary of key body dimensions

	Model A (cm)	Model B (cm)
Waist	74	75.8
Hip	110.9	106.5
Front crotch length	34.9	35.1
Back crotch length	41.6	36.8
Inside leg	75.1	84.6
Outside leg	103.9	112.7
Body Shape	Pear Shape Profile	Pear Shape Profile

Table 3: Fit Models' Evaluation of Skinny Jeans
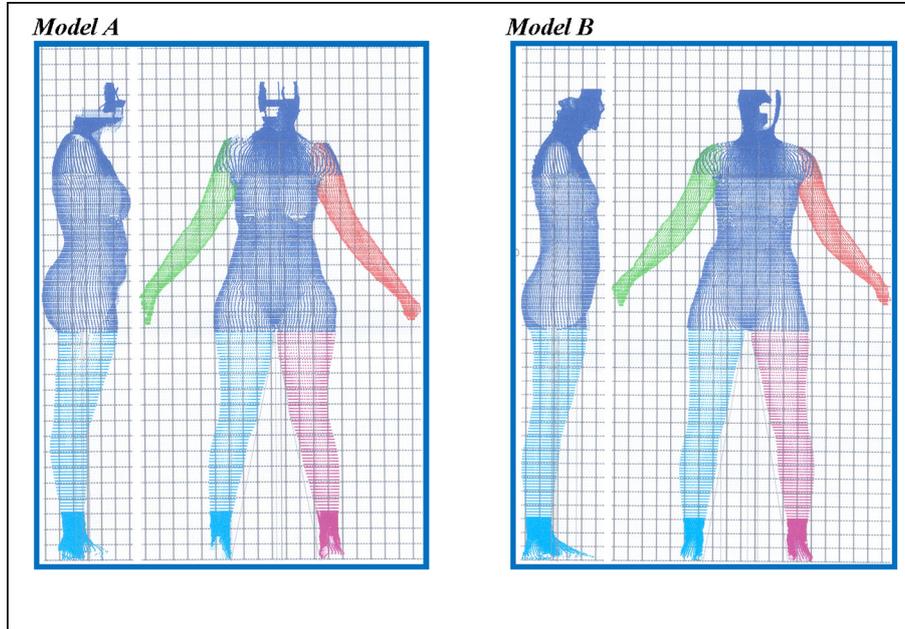
Table 4: Fit Models' Evaluation of Skinny Jeans

Fit Assessment Criteria	Dorothy Perkins		Gap		H&M		New Look		Primark		Topshop	
	Model A	Model B	Model A	Model B	Model A	Model B	Model A	Model B	Model A	Model B	Model A	Model B
Waist	4	4	4	2	4	3	5	5	4	4	5	5
Hip	2	2	4	2	4	1	2	4	4	2	5	4
Rise	4	2	4	4	4	2	3	4	3	4	3	3
Thigh	1	4	4	2	2	2	2	2	4	2	5	4
Calf	1	4	4	2	1	4	3	2	4	4	5	5
Sitting	5	5	5	5	5	4	5	4	4	5	5	5
Walking	3	3	5	4	4	3	4	2	5	2	4	4
Kneeling	5	5	5	5	4	4	4	3	4	5	5	5
Length	4	5	4	4	5	3	4	5	2	4	2	5

Gap fit evaluation

Model A experienced discomfort with the skinny jeans, due to tight waist, hips, thighs, calf as well as very low rise. The strain on zip and signs of pulling showed the jeans was unyielding. Model B was satisfied with waist, hip and thigh, however there was discontent with low rise and length which caused pulling at the back, giving a strained and unflattering look. Both models appeared to be satisfied with hip and calf on the bootcut jeans however the waist was considered to be wide, rise too low and thighs too tight. There was strain on

fasteners and tightness at hips on Model A, causing tension on side seams. Thighs appeared tight with horizontal wrinkles at back. In comparison jeans appeared to fit Model B better, although there was slight gaping at front waist and length was too short.

H&M fit evaluation

The skinny jeans looked slightly better on Model B, who stated tight calf and short length as the main problem. In comparison, Model A showed

dissatisfaction with waist, due to excessive gaping at back and very low rise. The skinny jeans recorded the lowest front crotch length in comparison to other the other jeans. Despite having the longest back crotch length, the waist pulled away from the body causing gaping. With the bootcut jeans, there was visible strain on button fastening and on the fly of Model A. Model B also experienced dissatisfaction with hip, rise and thighs, whilst neutral with waist and length. Hemlines were not visible on Model A as length was too long compared to Model B. Both models were satisfied with calf due to the nature of the boot cut style that widened from the knee towards the hem.

New Look fit evaluation

Fit models experienced strong dissatisfaction with the waist of the skinny jeans. The main problem was attributed to the wide waist and low rise, which resulted in the waist pulling down excessively during sitting or kneeling. On Model B the crotch position moved slightly to the right, indicting strain caused by the hip being too tight. There was excessive fabric at knee and calf causing wrinkling. Model A, expressed satisfaction with rise and thighs of the bootcut jeans, but much dissatisfaction with the large waist. Model B experienced dissatisfaction with waist but was satisfied with rise and waist position when moving. Side seams appeared to move towards the front on Model B, causing the waistline to curve downwards at front and the length appeared too short.

Primark fit evaluation

The skinny jeans were too tight at the hips and thighs for Model A but the length was satisfactory. The waist was also wide and gaping at the back. With Model B, the hips and thighs were acceptable, with calf being tight and restrictive. Model B also had wrinkles radiating up from crotch, indicating signs of tightness. The fit of the bootcut jeans for Model A was tight, with visible strain on the button fastening and fly. In comparison, Model B experienced satisfaction with hip, thighs and calf, but expressed dissatisfaction with the large waist.

Topshop fit evaluation

Topshop skinny jeans received much dissatisfaction with the waist and hip fit of both the skinny and bootcut, compared to other jeans. Both pairs fitted as though they were a whole size smaller. Model A appeared satisfied with length of the skinny jeans, whilst B considered the length to be too short. Tightness at the hip and thighs of the boot cut jeans affected movement when walking. Both models indicated gaping at waist, although it was slight for Model B. Model A was satisfied with the rise while Model B considered the rise too low, as it caused the waist to pull down when sitting or kneeling.

Key findings and Conclusion

The study confirms that variation in sizing systems continue to exist between retailers. It cautions that jeans may be a relatively difficult garment to fit due to its wider consumer demographic profile. It also emphasises that finding a garment that fits properly and looks stylish is still a dilemma and frustration for many, especially those who are not the so-called "average" size 12 and below.

In an industry identified to be highly competitive (Huiguang and Lv, 2007), high street retailers offer a variety of jeans styles/cuts to keep up with trend and engage consumer interest. Whilst providing style ranges with names may be for product differentiation or a marketing strategy aimed at keeping the marketability and interest of jeans up, it does not fully communicate fit to the potential consumer and need to be supported by adequate sizing information and measurement. Variation that existed in measurements both intra and inter shops could be attributed to either differences in target consumers or lack of retailers standardising size requirements with their suppliers. However such variations contribute to size confusion which will have an impact on levels of satisfaction/dissatisfaction with fit and sizing.

Majority of respondents confirmed to have experienced fit problem whilst shopping for jeans and considered fit and comfort as the most important factors when shopping. The fit trials showed how shopping for jeans can be a daunting and frustrating experience as after a trial of 12 pairs of jeans each, both fit models, who wear size 14 jeans, failed to find a pair with an absolute perfect fit. The most unsatisfactory fit of jeans was deemed tight and too small for the labelled size. Overall dissatisfaction was essentially due to length (provision of regular rather than a specific measurement). Other factors included large waist and low rise (which caused gaping at

back), tight hips and thighs. These were similar sentiments expressed by the larger sized survey respondents who had experienced fit problems whilst shopping for jeans, compared to the smaller sized respondents.

The quantity of larger size jeans (from size 14 onwards) was relatively limited in all the high street stores sampled. This could relate to majority of female jeans consumers being of smaller size ranges of 8-12, a range the study found to be catered for most by retailers and confirmed by respondents of the survey and Mintel (2008). Findings are also consistent with Mintel (2007) in realising that jeans are mainly popular with the younger adult female age group.

This research found that methods of size designation varied between retailers with jeans labelled in arbitrary number codes (eg. sizes 12, 14, 16), garment dimensions (eg. length-32, 33, 34inches) and body dimensions (eg. waist-32inches). The European Standard BSEN13402-2:2002 requires size designation to be simple, meaningful, easy to understand and correct to the body that it is intended to fit. Sizing systems are developed using statistical analysis of body measurement data. However, their formulation does not necessarily take into consideration body shape data to the degree it does with size. Thus, a number of consumers remain dissatisfied with the lack of availability of jeans designed to fit their body shape. Typically, female clothing consumers express dissatisfaction with their waist, hips and thighs and these together with wrong estimations of their sizes could impact assessment of fit.

The way in which garments are displayed could have an effect on size communication and its availability. Five out of six stores utilised tables which together with rails were overstocked making it difficult and frustrating to locate or identify sizes without garments falling off rails or mixing up with other sizes and styles. All six retail stores exhibited the value of jeans to their sales by providing a separate jeans department, which made their accessibility easier. However the extent to which sizing and style information was relayed to consumers differed between stores and did not always assist consumers in making well informed judgements on fit.

The high street stores offered varying ambience, due to differences in layout, lighting and noise levels. Otieno et al., (2005) have indicated the impact of retail experience on consumer satisfaction as women take motivation and excitement from shopping. Negative experiences in changing rooms or with unhelpful sales assistants lacking good product knowledge could discourage or mislead consumers. It was observed that the retail stores had multiple fitting rooms, with majority secured by curtains which did not offer enough privacy compared to secure doors. Fittings rooms with poor lighting and single mirrors could also make fit assessments blurred and inadequate.

Recommendations

A wider implementation of the production of mass-customised jeans is recommended for innovative retailers willing to invest into the future as technologies such as 3D body scanning can be utilised in stores, providing quick body scans that can not only be used to produce customised jeans with better fit, but can also be used to assist consumers to find jeans that fit their body shape through virtual try-on thus improving consumer satisfaction with fit.

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THE GERMAN FOOD RETAIL – A BRANCH WITH MANY DEMANDS.

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Abstract:

Representing 10% (o.V. 2008g) of the German gross value added, trading is an important element both in German society and business. It is an extremely dynamic branch, which has to face continuously changing demand, growing competitive pressure and changes in legal conditions.

It is the object of this paper, to shed some light on the main features of German retail trade and to define the general conditions it has to deal with. Then the situation in German food retail shall be outlined. To gain a better knowledge of the environment and to allow for the requirements to the enterprises, the individual stakeholders of this branch (suppliers, employees as well as customers) will be discussed as well.

Keywords: retail, stakeholder, determining factors, competitive pressure

In the past years, the situation in food retail has become a lot more competitive in Germany than in other European countries (Bensel, 2005). One of the reasons, besides the large number of sales areas per resident, is the growing comparability of goods offered as well as the nationwide opening of discounters. The German food retail industry is not only to be characterized by its high competitive pressure, but also by its oligopoly structure. According to Liebmann et al (2008) 76,5% of sales in food retail will be generated by five major food retailers by the year 2010. Among them are those discounters which, owing to high expansion activities in the last years, are represented nationwide in Germany (Zentes, 2006). It is especially those market participants, who stimulate the price struggle in food industry. The object of this paper is to analyse and to illustrate the difficult situation for all participants at the German food retail.

The retail sector in Germany

Definition

Trading can be defined as an exchange of economic goods (o.V., 2004). In general, an exchange of goods against money will be assumed. Aside from foreign trade with developing countries and emerging markets (Zentes et al., 2004), this is hardly practiced any more. The term "trading" is used both in economics and business administration.

While the macroeconomic view distinguishes domestic from foreign trade (Müller-Hagedorn, 1998), the microeconomic view, which will be outlined in this paper, focuses on the behaviour of commercial enterprises.

Determining Factors in Germany

Internal Conditions

Competitive pressure in Germany has increased within the last few years. The modified economic conditions have severely affected the retail sector. "Because competition in the retail sector has been increasing for years, the importance of developing an effective strategy appears to be increasing constantly." (Morschett et al., 2006)

One of the reasons for increasing competition in the trade sector is the growing concentration. In 2007, the five biggest food business groups generated almost 70% of total sales. (o.V. 2008g) As a consequence, many minor retail traders have closed down their business. Barth et al. attribute this to problems in finding appropriate successors, decreasing profit and high workload. (Barth et al., 2007) The increasing competition for low prices affects minor commercial enterprises even more, as they do not manage to obtain equally

favourable purchase prices as big concerns due lower quantities.

On the other hand, competition is aggravated by the consumers' discount awareness. The slogans "thrifty is nifty" or "I wasn't born yesterday" are meant to convey to the customer, that quality is not necessarily costly. In Germany, "one of the most popular sports is being stingy". (Kotteder, 2005) For this reason, price advances, e.g. because of increasing raw material prices, are hardly justifiable. In 2007, the operating profit decreased by -4.1% compared to the sales in shoe trade (Institute, 2008). High quality goods at favourable prices offered by discounters may concern any industry. No matter, if you get compared to a Swedish furniture giant or a favourite German food discounter, the customers' expectations are always the same: good quality at favourable prices.

The price pressure brings about the next problem retail sector has to face: cost reduction by personnel reduction. As mentioned earlier, discounters have become a severe risk in the German retail sector. In order to stay competitive, many stores feel forced to decrease their prices as a consequence of the discounters' default. This is especially true for products which are eligible to be compared against each other. In the eyes of the consumer, a furniture shop will keep up its attractiveness by offering a storage rack below EUR 30 (Scandinavian furniture competitor IKEA). A similar situation is given in the food sector. "Discounters, especially Aldi Süd, have lowered the price level of food." (Roeb, 2004) As there is little room for cost reduction with regard to rent, electricity and products, the retail sector is forced to economize by personnel reduction.

Another essential aspect in the strong competitive environment is the easy comparability of the goods offered. Owing to the internet, the consumer is able to check the prices and identify the most favourable retailer. Increasing replaceability of the products also plays a major role in this context. Even if a discounter doesn't offer the same brand as the retailer, the consumer may still feel confident to find a similar alternative. Also, more and more foreign enterprises have penetrated the German market in the last years. (Meyer and Fend, 1998) These international enterprises can mostly be characterized by aggressive pricing, thus trying to win German customers even faster.

Although the mentioned reasons do not seem to be crucial for the increasing competitive pressure in the German retail sector, it will have to face constant change and new market conditions. Besides new challenges for the trade management, the business culture should be reviewed with regard to necessary changes. "From the perspective of business strategy, a change in business culture is necessary, if a review of the resources, and even more if the competitive environment and/or demand require a redefinition of business culture." (Fend, 2000) Only if an enterprise adapts its culture to the changes on the market and the consumers' expectations, it will be able to maintain its market position under difficult conditions.

External Conditions

Literature specifies both internal and external conditions, which strongly influence the German retail sector. As it mainly deals with the relevant jurisdiction and technical innovation, this paper will focus on these two aspects.

One of the most relevant legal conditions for the retail sector is the German Law against Restraints and Competition (GWB). The object of this law is to counter potential competitive restraints, thus ensuring functional competition among the market participants. (Berekoven, 1995) § 1 GWB specifically prohibits vertical and horizontal restraints and competition. (Bechtold, 2008) § 20 para. 4 GWB bans the sale of goods below the acquisition price. The intention of this law is to implement a protective mechanism, to prevent corporate groups from eliminating medium-sized enterprises by means of steady finances and sales prices below the acquisition price.

The Law against Unfair Competition (UWG) also comprises some relevant arrangements for the retail sector. It primarily deals with provisions concerning promotion. According to § 6 UWG, comparative promotion is legal. It prohibits, however, the promotion of inflated recommended retail prices and loss-leader offers. Ullmann mainly mentions the risk that consumers may be deceived. (Ullmann, 2006)

One of the difficulties for the German retail sector is the partly restrictive policy of opening hours. While some states allow 24 business hours a day, other states restrict them from 6 – 20 and / or 22 h. (Ackermann, 2007a) In addition, this is only effective for working days, so that Germany

only ranks 4 compared to Great Britain, Sweden, Portugal or Hungary (o.V. 2008g) Since the Germans buy 40 % of their weekly food and drugstore demand on Fridays or Saturdays (o.V., 2007a), the interdiction to open on Sundays may be considered a considerable restriction.

Following the general conditions, some technical innovations influencing the retail sector shall be pointed out. It should be previously considered, that technical innovations are not only being looked at as a kind of dead freight an enterprise has to face; in fact, they may generate positive changes for a company and its employees. "Innovative technical changes open up alternatives to stand out againt competitors. By introducing new technologies, the retail sector can satisfy the consumers' increasing demand for adventure and simultaneously improve its image on the one hand and develop new marketing channels on the other hand." (Schnedlitz and Berger, 2005) At video display points of sales and POS terminals for example, customers can obtain information on the goods offered. Recently, there has been a great deal of technical changes in the check out area of shops. Meanwhile, many cash points are equipped with touch screen panels, and some shops even offer payment by finger mark or several kinds of payment (credit card, cash card..) Self-scanning cash points facilitate the handling of payments.

Food Retail Sector in Germany

As mentioned earlier, trade is a highly competitive branch of industry. The German food retail sector is characterized by a tendency towards market concentration and demand for discounters. (Bauer, 1997) The bad news on imminent dismissals and tax increases affect the public attitude. This implies uncertainty about the future and caution with regard to consumption, and is also reflected in the increasing saving ratio. These changes especially affect the food retail sector, as saving money is easily accomplished by the choice of every-day products.

Definition

The term retail sector is defined as "a branch selling goods procured from manufacturers, purchasing organisations or wholesalers to the consumer" (Weberpals and Clemenz, 2002). Apart from food, the retail sector also sells detergents, cleaning agents as well as stationery, newspapers,

flowers or textiles. Over the years, many different types of businesses have formed. There are food stores, super markets, superstores, specialized food stores, cash & carry markets as well as convenience stores, the main distinctive feature being store size, assortment and non-food proportion. (EHI, 2008)

Market Situation

As in the entire retail sector, the economical situation in the food retail sector has been difficult for years. Retail industry has to fight stagnating sales for quite some time. The slight increase can mainly be explained by newly opened sites and the discounter boom.

Also in this industry, there is a noticeable trend towards discounters. In 2007, 150.000 discounter affiliates generated a third of the total annual sales. (EHI, 2008)

The reason why discounters were able to win more and more customers over the years is clear: "Non-discounting food retailers find themselves […] in a crisis to stand out against each other, as they have not managed to convey a strategic competitive advantage to their customers." (Bensel, 2005)

In order to escape this "crisis" and to achieve customer retention, the following efforts have been taken:

More and more retail chains try to win back their customers by offering low-price store brands. On its website, EDEKA promotes its store brand "Gut & Günstig" (good quality, low-price) with the slogan: "Shopping at EDEKA's means saving time – discounter shopping is no longer necessary – Gut & Günstig prices are just as fair." Also REWE's store brand "Ja!" catches up: "ja!" is synonymous to products carefully selected and regularly checked, at madly fair prices." Despite the continuous development of low-price store brands, the position of the discounters is hardly vulnerable. The mentioned retailers will have to find other ways to win over more customers. One of the recommendations found in literature is to strengthen core competencies (Eggert, 2003). The stores try to win over the customer by high-quality store brands, e.g. fresh produce, high diversity, wide range, product profoundness or additional customer service, such as gift wrapping services. While discounters offer more and more brand name products, the store brands are

supposed to stand out against competitors, thus generating customer retention. Uniqueness and high quality are meant to generate an added value the customer would not obtain from a discounter or other market participants. (Loosli, 2008) "Taking into consideration, that some trading firms have their products manufactured by branded goods producers, the quality […] of classical and premium brands may by all means be compared to the quality of store brands." (Reutterer and Sicking, 2005) Meanwhile, premium quality store brands have been added to the "average" store brands and the low price segment in order to win over ambitious customers as well. HIT consumer markets have created a new store brand called "HIT gourmet": "Experience moments of pleasure with HIT Gourmet. HIT Gourmet comprises selected first-class products offered uniquely by HIT". These products are supposed to generate higher margins and enhance the image of the trade chains. HIT deliberately integrated its company name into the store brand in order to convey a positive connotation to its customers, such as "good, reliable quality."

The broadening of the store brand assortment involves the continuous growth of sales area, but the shopping areas of the retail stores increase while area productivity decreases (KPMG, 2006)

Another reason for the growth of sales areas is the aggravated pricing policy of the suppliers. A favourable purchase price is only guaranteed if the purchase of major quantities will be guaranteed during the annual negotiations. Due to the rising cost for raw material, energy, crude oil and gas, the suppliers are highly interested in selling genuine freight. Just because of the situation mentioned earlier, price increases in food retail is under constant public observation. A sudden price increase without plausible reason, e.g. crop failure or price guarantees for milk farmers, is therefore hardly feasible these days. (o.V., 2007b)

Due to the mentioned problems and the permanent price pressure, there is a growing concentration in the food retail sector; many smaller retail stores can no longer cope with this pressure. This "encrusting competition" is extremely obvious in the food retail sector and is therefore an important issue in literature: "The food retail sector is in the focus of

this consideration; already ten years ago, a very high level of concentration had been reached and has produced sensational fusions and acquisitions ever since." (Olbrich and Buhr, 2005) Besides the mentioned problems in the food retail sector, the macroeconomic environment should also be allowed for.

Macroeconomic Environment

Recently, the macroeconomic environment in Germany has been influenced by a slight economic downturn. Fig. 1 shows the development of the gross domestic product and the economic forecast derived from it, the so-called "ifo-Geschäftsklimaindex" (business climate index published by the Institute for Economic Research)

The business climate index gives evidence of the depressed public sentiment in Germany, which is mainly caused by a great deal of bad business news, negative forecasts and the deriving uncertainty in society. In addition, unemployment could barely be reduced despite enduring efforts by the Federal Government.

Although the Federal Republic of Germany may revert to a well-established social system, the consumers respond with buying resistance owing to the unstable economic development and the fear of losing their jobs or not finding new jobs. Fig 2 "Private Consumer Spending" according to the Federal Statistical Office makes clear, that consumer spending in Germany has been constantly low for years.

With more than one third of the total private demand (o.V., 2008g), the consumer goods "food and luxury food" represent the major share of private consumer spending; the food retail sector is therefore heavily affected by the decreasing food demand. In this context, we must keep in mind that compared to other European countries the Germans have always spent a minor share of income in food. On average, the Polish or Hungarian neighbours spend 10 percent, Italy, France and Spain 3 percent more on food than Germans. (o.V., 2008)

Fig 1 Growth of gross domestic product and ifo business climate index
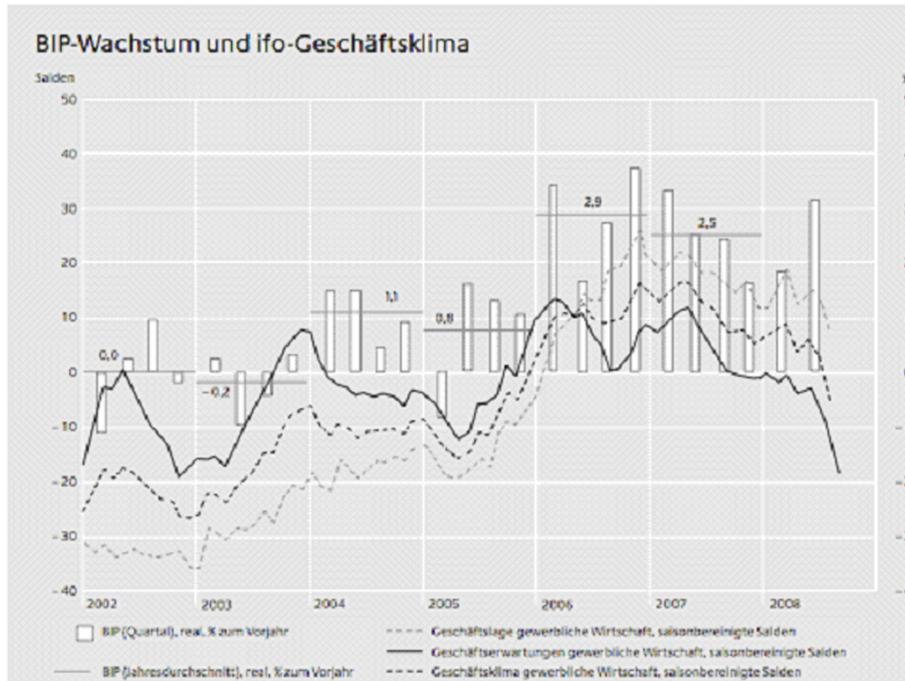
According to "Business trend for fiscal purposes"

Fig 2: private consumer spending in Germany

According to: (Federal Statistical Office)

Besides the economic conditions and in the framework of the macroeconomic environment, the sociological changes reflected in the age pyramid are relevant as well. There is a unanimous consent in literature regarding the expected changes and consequences for the trading environment: "Within the next decades, the German society will experience considerable changes, which will be caused by a dramatic decrease in population from 82.3 m in 2006 to 74 m in 2050 […] and a fundamental shift in the ageing structure." (Liebmann et al., 2008)

Below fig shows the mentioned shift in the ageing structure until 2050. It makes clear, that the population aged 65 and 80 years onwards will considerably increase due to declining birth rates and significant improvements in medical care.

It may be concluded, that only in a few years, the "population group 65+" will represent the major share of customers in the retail sector. Also the food retail sector will have to be prepared for this situation. As a consequence, the stores will have to rearrange their assortment in order to satisfy senior citizens, e.g. by offering comfortable seating, magnifying glasses and ample parking lots. Smaller packs and convenience food are not only welcome by singles, but also by senior citizens.

Stakeholder Groups

The following stakeholder groups in German food trade will be outlined here: suppliers, employees and customers.

The stakeholder group "suppliers" may be roughly divided up into the so-called manufacturers, who produce the goods themselves, and wholesalers, who take care of distribution. Especially manufacturers are not classified according to their sales. A regional farmer who produces organic food may just as well be subsumised under this term as a famous producer of gummi bears located near Bonn. The main ambition of manufacturers is to endow merchandises and brands with a recognition value to make the consumer select the product deliberately. "In order to become well-established in the food retail sector, the consumer is induced to buy the manufacturers' product by assigning it with high quality, image and confidence." (Bensel, 2005)

The negotiating position of a supplier towards a commercial enterprise depends on its recognition, demand and size. If a manufacturer has just entered the market, he must quickly try to attract the consumers' awareness. To reach as many consumers as possible, he will be prepared to pay a rather high compensation to trade chains such as Edeka for services rendered. Also well-established manufacturers cannot take the risk of losing their business with major purchasers. Advertising support, scope of supply and special conditions will be negotiated annually.

For suppliers, this is often a balancing act between abandoning their business principles and complying with the trade chains' requirements. In the long term, few manufacturers are in the position to cope with the loss of sales following the termination of their commercial relations. Manufacturers rather remove products no longer requested by trade chains from their assortment. If they are unable to generate sales with their main customers, production is no longer profitable, as the cost of goods manufactured would excessively rise due to lower quantities. This means that there is often an interdependency between trade chains and industry (Bloom and Perry, 2001), which may be compared to the interdependency between the automobile industry and its suppliers.

Similar to other trade sectors, employees are considered the most important stakeholder group of the retail sector. In the following, sales employees in general will be focussed; they are of major importance due to their direct customer contact. Employees with administrative tasks, such as accountants, will be neglected here.

Fig 3: Development of German population by ageing structure

Entwicklung der Bevölkerung unter 20, ab 65 und ab 80 Jahren (in %)

According to (Population Research, 2008)

While motivation and its positive effects, such as decreasing absence from work, has been known for quite some time, the retail sector has reassessed its attitude only recently. One of the reasons may be the continuing pricing and cost competition between the market participants. While reducing the cost of personnel is an easy job compared to reducing the cost of rent or energy, also retailers have noticed that, although it might improve the contribution margin, it might affect the customer relationship and the sales quantities. "In retail and other service environments, the interaction between customers and front-line employees is likely to importantly affect customer perceptions of the shopping and consumption experience." (Brown and Lam, 2008) Instead of reducing cost of personnel, there is tendency towards applying a variety of motivation tools, such as discounts (Ackermann, 2007c), which may improve the employees' attitude towards their jobs. The correlation between employee and customer satisfaction (Stock, 2003) will presumably intensify customer retention. The employee behaviour is especially relevant for the food retail sector, as there is a lot of interaction with the customers. "They communicate the enterprise's image, such as expertise and values, to the customers." (Oltmanns, 2009) Scanning or shelve replenishment rates have become insignificant today. It is rather a matter of personal expertise to handle sophisticated customers or complaints. Liebmann's and Gruber's conclusion: "Employees

are increasingly considered a factor of success in trade management rather than a mere labour factor." (Liebmann and Gruber, 2005) As a consequence of the demographic change, the trade has noticed a shortage of qualified and motivated employees. As it has become increasingly difficult to acquire well trained personnel and face competition, commercial enterprises try to appear as attractive employers. Early this year, the retail company Globus has been awarded a certificate for family friendly corporate policy by the Hertie Foundation (o.V. 2009). For quite some time, the company has made great endeavour to create family friendly working hours in order to help women with children to reconcile family and work. In recent years, food retail could not meet its training standards, and not every vacancy could be filled. One of the reasons could be the low wage level or the discouraging working hours. Although jobs in the retail market are still considered to be safe and the promotion for department manager or deputy branch manager is still an option after a successfully completed training, apprenticeships in this branch are not very popular among teenagers. Motivated trainees need to be acquired and fostered in order to keep the lacking of managers as low as possible in the future.

Another motivating campaign for trainees has been the introduction of so-called power trainee weeks. For one week, an affiliate is managed exclusively by the apprentices of a retail company. In this way,

the young people can prove their expertise, thus gaining more self-confidence and taking over more responsibility in their future work.

The final chapter is about the stakeholder group customers. The following statement by D Silva et al. shows the importance for the retail sector: " A customer is a central factor in being market oriented." (Silva et al. 2000). Although customer satisfaction is an essential object of a company, literature no longer supports the attitude that customers should be convinced by a company's performance (Meyer and Kantsperger, 2004). The companies have found out, that different stakeholders do have different expectations. According to Vossen, the expectations of young professionals differ from those of students, who prefer low-cost food over late opening hours (Vossen and Reinhardt, 2003). As the commercial enterprises will not

According to the observations by Matticacci and Vignali, the expectations of the customers should be accounted for: Besides the so-called "backwards motivation, which includes tradition and cultural identity, customers are motivated by the "forward motivation" when frequenting a shopping site. (Mattiacci and Vignali, 2004) This comprises for example latest trends, environmental influence or world affairs. According to Prof. Claudius Schmitz, commercial enterprises should respond to the continuously changing social values, in order to better analyse and implement their customers' demands. "Terms like harmony, confidence, sensuality, vitality and nearness characterize the changing social values, thus shaping the image of 'modern cosiness'. Taken seriously the spirit of the time focussed on delight and pleasure, this will provoke a revision of trade marketing, especially customer marketing." (Schmitz, 2007) The customers should be allowed for individually. As the shopping behaviour has been broken down into 'event consumption' and 'supply consumption' recently, decisions should rather be taken individually (Vossen and Reinhardt, 2003). "Analysing customer relations from a strategic and psychological point of view [...], customer preferences vary within the sectors and vary from those sectors that have been known so far." (Spalink, 2004)

While customer attitude may vary considerably – as stated earlier in this paper - some characteristics of the "classical German consumer" can be in found literature: Almost every second consumer goes for special offers at the point of sale and 75% of the consumers appreciate speedy shopping without queuing at counters or cash points (o.V., 2008a). Contrary to their reputation and considering international statistics, German consumers have relatively low active price knowledge (Ahlert et al., 2005). Pricing measures do influence the customers' behaviour when buying products with high and low involvement all the same. (Bauer et al., 2006)

Although it may be tedious for a company to accomplish customer satisfaction, it will be profitable even so. As mentioned, customer satisfaction is a relevant element for image building. Moreover, the perception is also created by comparing competitors against each other. "Image is a multidimensional construct, because consumers may associate a number of attributes or feature, (price level, quality level, service level etc.) with stores in a competitive market place." (Hansen and Solgaard, 2004)

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TOWARDS A FRAMEWORK FOR IDENTIFYING 'FOOD DESERTS' IN CROATIA

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Abstract

According to Laurence (1998, in Guy, Clarke, Eyre, 2004), 'food deserts' are 'areas of inner cities, where cheap, nutritious food is virtually unobtainable. Car-less residents, unable to reach out-of-town supermarkets, depend on the corner shop where prices are high, products are processed and fresh fruit and vegetable are poor or non-existent'. In literature exist as many different definitions of 'food deserts' as there are authors who researched them.

Nevertheless, the issue of unavailability of well stocked supermarkets and local stores, primarily in fresh products, such as fresh fruit and vegetable, results in an uneven access to healthy balanced diet for some inhabitants, an extremely poor diet, that leads to a whole range of health issues. An unhealthy population is inefficient in their private and professional activities, they are unproductive and in the end, the community bears the costs of their treatments, absence from work and various forms of social support.

'Food deserts' have been identified in cities of UK, USA, Canada and Australia. In Croatia, there has been no similar research, which is important in order to identify the potential problem at an early stage and implement timely interventions.

Various authors have used many different tools and methods investigating potential 'food deserts'. Some analysed the spatial distribution of stores in an area, others studied availability of a list of healthy foods and their prices in a store sample, distance of stores from consumers, differentiating the levels of neighbourhood affluence and store types, while the third group researched consumers and their behaviour regarding shopping and consuming products that make up a healthy diet. Often, researches combined several methods.

As official statistics and data bases in Croatia are less developed than in UK or USA, in this paper authors aim to investigate which 'food desert' evaluation methods are applicable, use and test them analysing whether 'food deserts' exist in Zagreb and to create a framework applicable for researches of 'food deserts' in other Croatian cities.

The proposition that there is a 'food desert' in Zagreb will be tested using the mapping technique, identifying a neighbourhood with potential 'food desert' characteristics and conducting a primary research of stores selling food products in the neighbourhood. Stores will be analysed regarding availability of selected fresh products, primarily fresh fruit and vegetable, and regarding prices of those products.

Findings of proposed research are expected to set ground for further research of consumers, as well as guidelines for developing urban planning and retail operations policies and standards.

Key words: food desert, food access, spatial store distribution, Croatia

Introduction

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cities, where cheap, nutritious food is virtually unobtainable. Car-less residents, unable to reach out-of-town supermarkets, depend on the corner shop where prices are high, products are processed and fresh fruit and vegetable are poor or non-existent'. In literature exist as many different definitions of 'food deserts' as there are authors who researched them.

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The proposition that there is a 'food desert' in Zagreb was tested using the mapping technique, identifying a neighbourhood with potential 'food desert' characteristics and conducting a primary research of stores selling food products in the neighbourhood. Stores were analysed regarding availability of selected fresh products, primarily fresh fruit and vegetable, and regarding prices of those products.

The paper is organised in five segments. Introduction is followed by the background,

encompassing the definition of a 'food desert', socio-economic implications of 'food deserts' and history of conducted research and methods applied. Next are described methodology and research findings. Finally, after the discussion of results, paper ends with the conclusion.

Background

The 'food desert'

Trends and changes in retailing sector, primarily those related to large stores and store locations, regardless if they are caused by the market, limiting regulations or demographic changes, have caused a set of negative consequences. Especially interesting are effects of retail location changes, which have caused difficulties in food provision. Frequent changes of retail location direction, from city centre to out-of-town locations and back, resulted in distortions of retail spatial distribution. Areas of high concentration of food retail offer emerged, as well as the other extreme, neighbourhoods without food retail outlets (Morton et al, 2005). The second situation and poor food retail provision is a source of challenges in citizens' basic food supply. It has been recognised in western countries and researched in last 15 years. The most investigated examples come from UK, USA, Australia and Canada, while in Croatia there was only one research so far, which only touched this issue (Jakovčić, 2006).

Distortions in spatial distribution of food retail outlets are an issue in urban areas, with average or dense population, and a consequence of retail trends in late 1990s. In 1980s, radical reorganisation of retail locations happened in UK, due to increase of size of food retail companies and decrease of number of food retail companies. They competed investing capital into large store formats, often on out-of-centre and out-of-town locations (Cummins and Macintyre, 1999), leaving certain urban areas without stores, as they even closed some of their outlets on city locations (Guy, Clarke and Eyre, 2004).

In USA total number of supermarkets is declining too. Since 1970 number of supermarkets in Chicago fell from over a 1000 to less than 500, while in Boston 34 out of 50 supermarkets closed (IFDP, in Raja, Ma and Yadav, 2008). Lower availability of traditional retail formats and supermarket closures

indicate that inhabitants in some neighbourhoods have inadequate access to food retail shops (Hawkes, 2008).

In UK discussion about food provision resulted from the government's concern about residents of socially deprived areas and their often inadequate diet (Guy and David, 2004). The phrase 'food desert' was first used in 1995 (Beaumont et al, 1995, in Cummins and Macintyre, 1999, 2002) and described residents of a west of Scotland housing scheme, who lived in a deprived neighbourhood where food was expensive and relatively unavailable (Cummins and Macintyre, 2002).

There is still no unique definition of a 'food desert'. Laurence described 'food deserts' as inner city areas, virtually without cheap, nutritious food, where car-less residents depend on corner shops with high prices of processed products and poor offer of fresh produce (1998, in Guy, Clarke, Eyre, 2004). Various authors used different definitions of 'food deserts' or similar phrases (eg. Nutrition Task Force, 1996, in Shaw, 2006; Acheson, 1998, in Coveney and O'Dwyer, 2009; Cummins and Macintyre, 1999; Donkin et al, 1999, 2000, in Clarke, Eyre and Guy, 2002; Clarke, Eyre and Guy, 2002; Wrigley et al, 2002; Wrigley et al, 2004; Morton et al, 2005; Kaplan, in Gallagher, 2006; Short, Guthman and Raskin, 2007; McEntee, 2009).

Apparicio et al (2007, in Ball, Timperio i Crawford, 2009) described three measures to indicate accessibility to healthy foods: store density (average number of stores within a set buffer zone, as well as density per population), store proximity (distance from residents' homes to nearest store), available food variety and prices (but not quality).

Cliff Guy and Gemma David (2004) identified 5 major characteristics of a 'food desert':

1. Residents are physically disadvantaged in terms of mobility and accessibility.

2. Residents are economically disadvantaged, low-income earners.

3. Residents have poor nutrition-diet, generally eat cheaper, more filling foodstuffs than meat, fruit or vegetable.

4. Residents are geographically disadvantaged because of the lack of choice of food stores in their area.

5. Local stores only supply limited selection of foods, at higher prices than to larger superstores.

Literature review of definitions and 'food desert' characteristics shows that the phrase 'food desert' has been used to describe areas without shops, areas with shops that are far away, enough shops but with poor choice of fresh produce, primarily fruit and vegetable, areas with poor choice of fresh produce whose residents have low income and face difficulties reaching supermarkets on out-of-town locations. Critical distance for the nearest store varies from 500 meters in UK, to 2,500 meters in Australia.

Socio-economic implications of 'food deserts'

Appearance of 'food deserts' results in an uneven availability to purchase foods and poor quality nutrition for certain segments of citizens, which leads to poor health. 'Food deserts' have the biggest impact on inhabitants with economic and mobility constraints. Residents with mobility constraints buy foods in shops they can access (Hawkes, 2008). Usually, those are small neighbourhood shops, with limited assortment (Coveney i O'Dwyer, 2009). Hence, residents with mobility limitations buy lower quality foods (Hawkes, 2008), often at higher prices (Morton et al, 2005; Smoyer-Tomic, Spence i Amrhein, 2006; Coveney i O'Dwyer, 2009). The final outcome is a poor diet that has negative health repercussions.

Residents with economic constraints pay more attention to the cost of shopping, they often do not own a car and public transportation, if available, is too expensive to go to supermarkets out-of-town, so they shop in the closest (Hawkes, 2008) or cheapest shops. If they shop close to their homes, available are shops with higher prices (Morton et al, 2005; Smoyer-Tomic, Spence and Amrhein, 2006), so they buy cheaper and more filling products (Wrigley, 2002; Travers, 1995, in Smoyer-Tomic, Spence and Amrhein, 2006; Barratt, 1997, in Coveney and O'Dwyer, 2009). Those products are rarely fresh meat, fruit or vegetable, focus is exclusively on price, not the quality, so they mainly consume nutritionally poor foods (Hawkes, 2008; Travers, 1995, in Smoyer-Tomic, Spence and Amrhein, 2006). Again, poor nutrition is bad for health.

Another option for residents with economic constraints is to shop in low price stores. Low price

stores are discount stores and frozen food stores, where prices are lower, but the assortment is quite limited (Clarke, Eyre i Guy, 2002; Wrigley, 2002; Barratt, 1997, in Coveney and O'Dwyer, 2009). Once more, high quality foods are unavailable to residents and poor diet leads to weak health.

Nutrition imbalance and poor health have direct impact on quality, productivity and length of life, as well as indirect influence on health care costs, school test scores and the economic vitality of the city and the region (Gallagher, 2007b). All expenses that arise from population's poor health, regardless of health care system, are actually borne directly by communities (Gallagher, 2006). Yen and Kaplan (1999, in Gallagher, 2006) demonstrated the impact of the presence of local stores on mortality: deaths were more likely in places with fewer stores, even after controlling for a variety of individual-level characteristics associated with a higher mortality risk.

Research history and methods applied

Since their appearance in late 1980s, in UK 'food deserts' were researched in Leeds, Glasgow, Newcastle upon Tyne, Cardiff, Coventry, London, Manchester, Guildford and Portsmouth (Shaw, 2006). Outside UK, there are papers on work in Adelaide, Brisbane, Melbourne, Toronto, Edmonton, San Francisco Bay Area, Chicago, Detroit etc.

As the definition of a 'food desert' is still not unique, various authors have used different criteria to identify a 'food desert', also applying diverse tools and methods researching potential 'food deserts'. Some authors analysed the spatial distribution of stores in an area, others studied availability of a list of healthy foods and their prices in a store sample, distance of stores from consumers, differentiating the levels of neighbourhood affluence and store types, while the third group researched consumers and their behaviour regarding shopping and consuming products that make up a healthy diet. Often, researches combined several methods.

There is a range of performance indicators that have been developed that can be used to measure the spatial variations in access to food retailing in cities. Simple provision indicators are store density: number of stores in an area or number of stores per resident, and retail grocery square feet per household. The accessibility-based measures of food provision are a GIS-based local mapping approach, which takes into account grocery stores' spatial network, distances from consumers to shops, area deprivation levels and presence of independent shops, and a Hansen-type accessibility indicator that reflects the opportunities for grocery retailing that are available at all different localities and is related to the distance and scale of provision of grocery retail services (Clarke, Eyre and Guy, 2002). Two significant model-based indicators are aggregate level of provision and the level of provision per household. They are important because the effectiveness of a facility in serving customers is dependent on its location and size in relation to its customers (Clarke, Eyre and Guy, 2002). Other indicators some authors used are Gini coefficient and area-based Gini coefficient, Poisson regression model, the Food Balance Score etc.

In choosing indicators for this research, data availability was a major obstacle. The latest research on retail capacities in Croatia dates from 2004, which can be considered outdated, due to dynamic changes in retailing sector. Also, population census is from 2001. Annually published statistical data are too aggregated to be used, there are no national databases of grocery retailers and a comprehensive list of food retailers in Zagreb is not available from any of the relevant institutions (Croatian Chamber of Commerce, Croatian Chamber of Trades and Crafts, Central Bureau of Statistics, City of Zagreb – Statistics Department, Financial Agency – FINA). Another challenge are maps, as data is not evolved enough to perform analysis of time necessary to get from point A to point B using real streets and roads network. Methods and indicators available to authors and therefore used for this research are examined in the following section.

Research methodology

Being the country capital and the centre of economic flows, Zagreb was chosen as the example for this study. Another reason was convenience, because of poor data a field research was planned and it was easier to do it in a familiar area.

Due to lack of official data, a new database of grocery retailers was created for the purposes of this research. Data was gathered from Croatian Chamber of Commerce, Croatian Chamber of Trades and Crafts, City of Zagreb – Statistics Department, Financial Agency – FINA and yellow

pages. Basic variables were business name and address, since sales area is not publically available information. A key criterion for selection was food retailing operations. A challenge was the fact that it is listed for companies that do not have retail outlets, so the field data verification was necessary.

Database information was transferred into a city map using GIS. Preliminary analysis indicated that city district Trešnjevka-south had lower shops density and was chosen for further research. Next step was the field research of all retail outlets selling food in the designated area, five out of six neighbourhoods in Trešnjevka-south. Research was performed in January 2010 and included neighbourhoods Knežija, Srednjaci, Gajevo, Jarun and Vrbani. Data were collected by in-person visits to retail outlets in five neighbourhoods. Variables recorded for each outlet included location, type of retail outlet, availability of 25 food items of predetermined sizes (table 2) and prices.

The list of 25 food items was specially developed for this research, based on the set of standard food items in similar researches (Cummins, Macintyre, 2002) and previous work and practice of the GfK Household panel (GfK ConsumerScan) and elements of union basket compounded by the Independent Croatian Union (Independent Croatian Union, 2010). The list included all basic grocery categories, with special focus on fresh fruit, vegetable and meat. In shops that gave permission, availability of items was recorded together with prices. Data for hypermarkets, needed for further analysis, was used from the independent portal site Supermarketi.info (Supermarketi.info, 2010) and for two web shops info was retrieved directly from the web shops' sites.

Data on surface and population of five neighbourhoods were retrieved from City of Zagreb official web page (City of Zagreb, 2010). Since the last census was in 2001, for neighbourhoods'

population authors used Ministry of internal affairs' residency data from February 2009.

Results were used to measure simple provision indicators. Those were numbers of shops in each neighbourhood, availability of selected items and price levels by retail format and location, compared against neighbourhood area and population.

Research results

Food stores in the study area

The Trešnjevka-south district is located to the south-west from the city centre. Five selected neighbourhoods vary in surface and population; Jarun has the biggest surface, but it is due to sport area around the lake Jarun. The whole Trešnjevka-south district is from north and east defined by major roads (Zagreb avenue and Savska street) and south and west borders lay on banks of river Sava. Important for four out of five neighbourhoods is another major road (Horvaćanska street) that cuts through the neighbourhoods. Blocks south from Horvaćanska street are in general of younger date than those north from the street, so the northern parts in general have more food retail facilities. Hence, Horvaćanska street represents a major barrier for residents from southern blocks to shop in northern ones. This is most significant for Vrbani, as out of 12 retailers selling food, only one is in the southern part of that neighbourhood. In the whole district, there is only one hypermarket, in the north-east corner of Vrbani neighbourhood, which is more than 500m away for all district residents, except those in northern block of Vrbani and Jarun. The closest hypermarket outside the district is on Zagreb avenue, some 150m distant from the north-west point of the district. Again, it is within reach only to residents of north Vrbani. Further to the west along Zagreb avenue is one of Zagreb's retail concentration areas, but closest hypermarkets are 2-3km away from Trešnjevka-south district.

Figure 1. Trešnjevka-south district and potential 'food desert' neighbourhoods
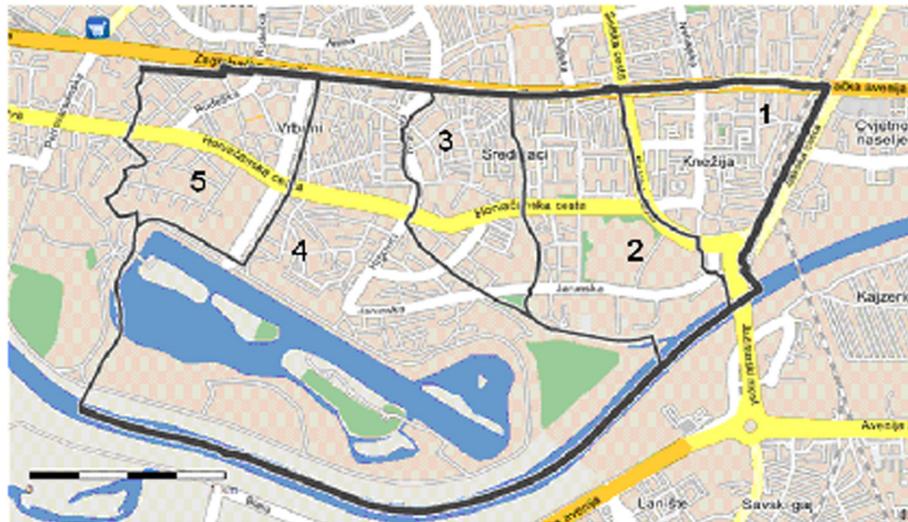
Source: www.tportal.hr; www.zagreb.hr

Field research has detected spatial distribution of retail outlets and their formats; five bakeries, two specialised stores, five convenience stores, one butcher and one supermarket in Knežija. In Srednjaci were identified three bakeries, one specialised store and one butcher, two supermarkets and six convenience stores. Gajevo has one supermarket, ten convenience stores, one fruit and vegetable store and one butcher. During the field research six convenience stores, one fruit and vegetable store and one bakery were identified in Jarun. Moreover, we have to emphasize that Jarun is the only neighbourhood with the open marketplace (market, farmers' market), where local residents can buy foods. Further on, Vrbani has five convenience stores, four bakeries and one hypermarket. Altogether, 60 food stores were identified in studied areas. The retail format sample used in the food availability survey is given in table 1.

There were 41 food shops in the sample of the second step of the field research: 13 food shops in Knežija, nine food shops in Srednjaci, ten in Gajevo, six food shops in Vrbani and three food shops in Jarun. The overall response rate was high, 68%. The number of food stores in each neighbourhood implies that neighbourhoods Vrbani and Jarun could be potential 'food deserts' because of the smallest number of food stores

present, especially in Jarun, and unavailability of butchers and only one bakery located in Jarun. Further on, Jarun is the only neighbourhood without a supermarket. In Vrbani though, there is only one convenience store in the southern part of the neighbourhood. However, areas of 'food deserts' are not determined solely based on the number of stores in the neighbourhood. To determine existence of a 'food deserts', it is necessary to apply more precise methods, such as number of stores per resident, price levels in retail outlets and other social, cultural and even medical influences (Guy and David, 2004).

Food availability in the study areas

In the study area, we conducted food availability and price research in the sample of 41 food selling shops. Using a list of 25 food items of predefined sizes, we noted if the item was available in each shop and its price. Where specified weights were not available, the alternative size (nearest equivalent) was used in a way that its price was later corrected to the price of the observed product size. The list of 25 items is shown in Table 2, together with information on the extent to which each item was found in the shops in each neighbourhood.

Table 1. Food selling retailers in studied areas by retail formats, all shops and shops in the research sample

Neighbourhood	Knežija		Srednjaci		Gajevo		Jarun		Vrbani	
Retail format	Total	Sample	Total	Sample	Total	Sample	Total	Sample	Total	Sample
Hypermarket	-	-	-	-	-	-	-	-	1	1
Supermarket	1	1	2	2	1	1	-	-	2	1
Convenience store	5	4	6	3	10	7	6	3	5	4
Specialised store	2	2	1	1	-	-	-	-	-	-
Fruit and vegetable store	-	-	-	-	1	1	1		-	-
Butcher	1	1	1	1	1	1	-	-	-	-
Bakery	5	1	3	2	-	-	1	-	4	-
Total	14	13	13	9	13	10	8	3	12	6

Table 2. Availability of food items

Generic food item	size	Knežija	Srednjaci	Gajevo	Jarun	Vrbani
Apples	kg	1	5	8	3	6
Bananas	kg	1	5	8	3	6
Beef topside	kg	1	4	4	1	3
Chicken breast fillets	kg	2	4	5	1	4
Chocolate bar	piece	6	6	8	3	6
Coffee	250 g	6	6	7	3	6
Cucumbers	kg	0	3	5	4	3
Eggs	packet	4	6	8	3	6
Flour, type 400	kg	4	6	8	3	6
Lettuce	kg	2	5	6	2	3
Margarine	500 g	4	6	8	3	6
Milk 2,8% fat	l	8	8	8	3	6
Orange juice	l	6	7	8	3	6
Oranges	kg	1	2	3	2	1
Pork	kg	1	4	4	1	3
Potatoes	kg	1	4	8	3	5
Rice	500 g	5	6	8	3	6
Salt	kg	4	6	8	3	6
Sausages	200 g	5	6	7	3	6
Semi-soft cheese	kg	5	6	7	3	4
Spaghetti	kg	5	6	8	3	6
Sunflower oil	l	3	6	8	2	6
Teacakes	kg	5	6	6	3	6
White bread	piece	9	8	7	3	6
White sugar granulated	kg	4	6	8	3	6
No. of stores in neighbourhood		13	9	10	3	6

Table 2 shows selected food items and sizes, and indicates food availability in the number of stores selling that item in each of five neighbourhoods.

Fresh fruit and vegetable were to be found in all neighbourhoods; apples, bananas and potatoes in all observed food shops in Jarun, while oranges and lettuce in two food stores and cucumber only in one food store. Similar as in Jarun, apples and bananas can be found in all food stores in Vrbani.

With regard to the neighbourhood Knežija, fresh fruit and vegetable is the least available in this area, for example, apples and bananas, oranges and potatoes are available only in one out of thirteen food stores. Fruit and vegetable availability in Srednjaci is good, while in Gajevo, as seen from the table, availability of fresh fruit and vegetable is very good.

Fresh meat was available in all neighbourhoods, again, if divided by the number of stores, at least available in Knežija, and mostly present in Vrbani.

From other generic food items, most available in Knežija are white bread, milk, coffee, chocolate bar and orange juice. Most available food items in Srednjaci are white bread, orange juice, coffee, chocolate bar, eggs, flour, margarine, rice, salt, sausage, semi-soft cheese, spaghetti, sunflower oil, teacakes and white sugar. Gajevo is the neighbourhood which has the best proportion of available products regarding number of stores for eggs, flour, margarine, orange juice, rice, salt, spaghetti, sunflower oil and white sugar.

The findings indicate a potential challenge in fresh fruit and vegetable supply for residents in Knežija. This is rather surprising, as this neighbourhood has the most food shops within the studied area and is located closest to the city centre. Fresh fruit, vegetable and meat items from our list were present in stores, but the overall offer of these food categories is adequate to meet only the basic or secondary consumers' needs.

Variation in food prices

As noted above, prices for 25 food items of standardized sizes or weights were noted in 41 food-selling stores. This enables analysis of price variation across retail formats and locations. Previous UK based studies have shown that retail chains and bigger formats generally have lower prices than independent stores and smaller formats (Guy and David, 2004). Another issue is whether prices vary according to location, regardless of the type of specific store. It could be expected that stores in neighbourhoods closer to centre, which are more numerous and closer together, are more price competitive.

The analysis described bellow and represented on figures 2 and 3 is based on prices collected in the field research. Besides average prices in researched convenience stores and supermarkets, we compared average prices in hypermarkets (n=7) and web shops (n=2), available on internet (Konzum, 2010; Mercator-H, 2010; Supermarketi. info, 2010).

Between convenience stores and supermarkets from the sample, average prices are higher in convenience stores, except for teacake. Comparative analysis of all four food selling retailing formats indicates that hypermarkets are the most price competitive. They are followed by supermarkets, while convenience stores and web shops in turn have the highest prices for groups of researched items.

According to standard retail format marketing strategies (McGoldrick, 2002; Kotler, 2003; Levy and Weitz, 2009), results are expected and in alignment with earlier research.

Comparison of price levels amongst neighbourhoods is based on average prices for 16 items, available in most shops. Items that were not available in most shops were omitted from this analysis. Findings are presented in Figure 3.

Results indicate that average prices are the highest in Knežija for nine out of 16 items. This is an unexpected finding, as Knežija has the most stores in researched area and is a neighbourhood closest to the city centre. However, as described earlier, residents of Knežija have to travel over 1,5km to the closest hypermarket. One other explanation is the fact that the store with highest prices for almost all items is located in this neighbourhood.

Figure 2. Average prices across retail formats
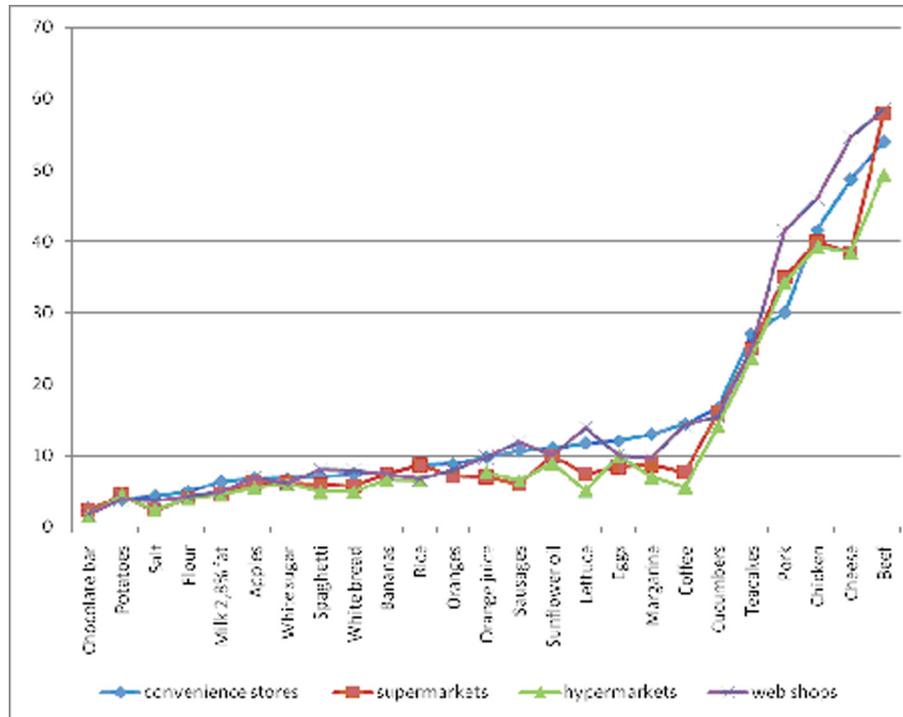
Figure 3. Average prices across neighbourhoods
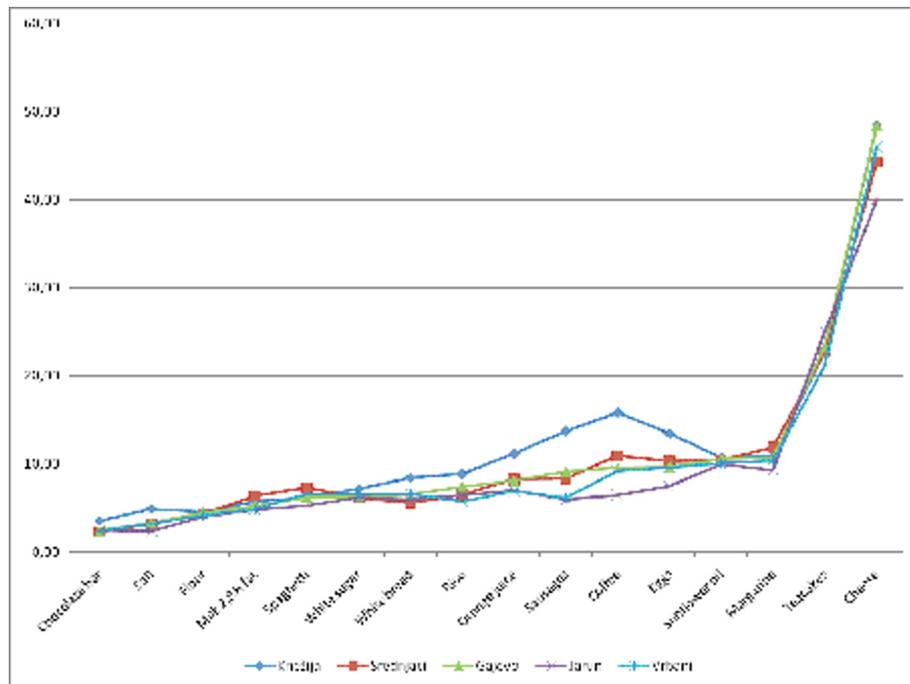
As the most price competitive neighbourhood we found Jarun. This is again unexpected, as Jarun has the second last total number of food retailers in our sample, and yet three to six times bigger surface. From 16 for this purpose observed items, average prices in Jarun are lowest for 11 items. Furthermore, there are no hypermarkets or supermarkets in this neighbourhood. Possible elucidation lies a small sample of stores where prices were recorded (n=3). Nevertheless, this indication makes conclusion whether a 'food desert' exist in Jarun more difficult and calls for further research, primarily in residents' characteristics and shopping habits.

Simple provision indicators

Based on publically available and gathered data, authors chose ten basic or simple provision indicators that could be used in analysing presence of a 'food desert' in an area. Indicators and their values for each of studied neighbourhoods are given in Table 3.

This set of indicators confirms results of previous partial analysis in this paper, that is, the fact that Jarun is the worst off neighbourhood in the

observed area. Lowest total number of shops selling food, even if the open market was included, with the second biggest population on the largest area and prices above the sample average place Jarun behind other four neighbourhoods.

Another interesting neighbourhood is Knežija, also already mentioned in analysis. Its challenges are summed up in the biggest total number of retail outlets selling foods, only one store offering fresh fruit and vegetable and the highest average prices, all expected to meet needs of 12,000 residents.

Individual indicators point to the opposite conclusions and, at this level, they are rather inconclusive as to whether there is a 'food desert' in the Trešnjevka-south district.

Discussion and conclusion

In this paper authors aimed to investigate which 'food desert' evaluation methods are applicable for analysing whether 'food deserts' exist in Zagreb and to create a framework applicable for researches of 'food deserts' in other Croatian cities.

Table. 3 Simple provision indicators

Neighbourhoods / Indicators	Knežija	Srednjaci	Gajevo	Jarun	Vrbani
Total retailers selling food	14	13	13	8	12
No. of shops carrying all 25 items	0	3	3	1	3
No. of shops with at least 16 selected items	4	5	5	1	4
No. of shops selling fresh fruit and vegetable	2	5	8	3	6
No. of shops selling fresh meat	1	3	3	1	3
No. of shops with 16-items basket cheaper than average total 16-items basket price	1	3	3	1	3
Neighbourhood surface, ha	81.75	112.28	68.01	398.06	88.36
No. of residents in neighbourhood	12,054	13,472	10,044	13,376	9,751
Neighbourhood surface over shops with at least 16-items basket	20.44	22.46	13.60	398.06	22.09
No. of residents over shops with at least 16-items basket	3,013	2,694	2,009	13,376	2,438
Neighbourhood surface over all food shops	5.84	8.64	5.23	49.76	7.36
No. of residents per shop	861	1,036	772	1,672	812

In order to test the proposition that there is a 'food desert' in Zagreb and to identify potential 'food deserts' in Zagreb, preliminary analysis was conducted. Analysis showed that city district Trešnjevka-south had lower shops density which was the main reason why it was selected for further research. Research was conducted in January 2010 in the area of five neighbourhoods: Knežija, Srednjaci, Gajevo, Jarun and Vrbani by in-store visits to food stores. For each of 41 visited food stores, besides location, format of food store, presence and prices for 25 food items were detected. To expand analysis, information on availability and prices of the listed items in hypermarkets, only one found in the research area, and web shops were retrieved from Internet.

Availability analysis showed that fresh fruit, vegetable and meat were to be found in shops in all neighbourhoods. However, such retail outlets were not too frequent. The findings indicate a potential challenge in fresh fruit and vegetable supply for residents in Knežija. Other items from our list were in general available in most convenience stores, supermarkets and hypermarket, with 25% of sample stores carrying all 25 items. The remaining formats offered food items according to their specialisation.

Average price levels analysis across retail formats support the theoretical framework. Observing only the stores in the sample, average prices are higher in convenience stores than in supermarkets. Comparative analysis of all four food selling retailing formats indicates that hypermarkets have the lowest average prices, supermarkets are next, while convenience stores and web shops in turn have the highest prices for groups of researched items.

When price analysis was performed for five neighbourhoods, results were not as expected. The average prices were the highest in Knežija, the neighbourhood with most food retailing outlets and closest to the city centre. The opposite, the neighbourhood with the lowest average prices, was Jarun. This is also odd, as Jarun has the second last total number of food retailers in the study area, has the biggest surface and there are no hypermarkets or supermarkets in this neighbourhood.

In order to introduce the neighbourhoods' characteristics into evaluation of the 'food desert' existence, several simple provision indicators were expressed, using surface and population data. Comparison of total number of retailers selling food, number of shops carrying all 25 items, selling at least 16 selected items, selling fresh fruit,

197

vegetable and meat, number of shops with 16-items basket cheaper than average total 16-items basket price, surface over shops with at least 16-items basket, number of residents over shops with at least 16-items basket, neighbourhood surface over all food shops and number of residents per shop in five neighbourhoods, confirmed previous results. Individually, indicators point to the opposite conclusions and do not provide clear evidence that there is a 'food desert' in Trešnjevka-south.

To summarise, information about certain food items' availability and their prices in a store sample, differentiated for location and retail format, were not sufficient to evaluate if an area had the 'food desert' characteristics. They sufficed for informative area research and basic neighbourhoods' comparison. Nevertheless, the research revealed a few interesting specifics of the study area, with potential for more than one 'food desert' (eg. only one food store in southern Vrbani and only one store offering fresh fruit and vegetable in Knežija). To be able to evaluate an area with more precision, the second dimension of research needs to be brought in. In other words, research of residents of selected area as consumers is necessary. In the first phase, more statistical data could be useful, such as socio-demographic characteristics of the neighbourhood, but direct research of consumers and their behaviour regarding shopping and consuming products that make up a healthy diet is inevitable. Researchers could for future work use focus groups, shopping diaries, questionnaires etc.

The quality of initial research, such as described in this paper, could be improved by using bigger store sample, more extensive list of food items and bigger geographical area. But, authors find that the methodology used for this paper could be used for initial explorative studies of food availability in other Croatian cities. In order to provide inputs for more advanced analysis and use of accessibility and model-based indicators and measures of food provision, more detailed national statistical database on retail is indispensable.

Finally, this research found potential for 'food desert' areas in existence of access barriers to consumers that might have mobility constraints and economic constraints in the form of absent bigger and cheaper store formats from the studied area. Information on how big this potential is and could it have any serious socio-economic repercussions could be very interesting for urban planners and local government officials.

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A META ANALYSIS OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) LITERATURE

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Abstract

As one of the fastest-growing marketing areas, customer relationship management (CRM) requires a detailed analysis of the most recently published scientific works on the topic. The study contains a meta analysis of scientific articles related to customer relationship management (CRM) in order to achieve a section and a synthesis of the main approaches and points of view regarding CRM. Although CRM is one of the fastest-growing marketing areas, it often fails in its very implementation. In order to reach as objective and as general approach to the problem as possible, the analysis encompasses works from different countries and different industries. The subject of the study are the most recent articles from CRM area, which in any given context lead to CRM or have anything to do with CRM. All the analysed articles are the ones containing keywords ''customer relationship management'' and the ones which have been published in databases Emerald and Ebsco in 2009. A meta analysis of CRM literature (scientific works) enables the connecting of the results from different works in a way that the final result yields conclusions which can contribute to the understanding of CRM. Special emphasis lies in the approach to CRM with two fundamental standpoints, technological and strategic, since those are the two most frequent ones and at the same time the final ones, which in different conditions and companies lead to different results. Moreover, due to the problem with CRM implementation, the analysis pays special attention to the elements influencing the success of the implementation. Finally, the analysis of previous works was an attempt of reaching general conclusions which can be used as references for further implementations. The flaw of the study is in the fact that meta analysis can only be applied to studies which used the same or very similar methodology.

Key words: Customer relationship management (CRM), CRM implementation, meta analysis, CRM literature

MOBILE MULTI MEDIA TECHNOLOGY, A PROCESS FOR CONSUMER INTERACTION AND BRAND PENETRATION

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Abstract

While the term New Media has not been disputed and now part of the global marketing framework - the technology and current application particular to this investigation has many speculative and empirical hypotheses formulating current determinants. The basis of this paper, to test the means to which 'Bluetooth' embedded technology associated with other media devices can drive content to a consumer market via a live event. This push and pull application will only have full functionality with third generation mobile devices. It is this technology that has transformed the method of interaction for marketers to communicate and actively engage with consumers. With extensive literature available on m-commerce, this paper will investigate research theory that demystifies the relationship between consumer and mobile technological advancements.

Introduction

The purpose of this paper to investigate the technological development of m-commerce; charting the growth over the past 15 years, thus establishing a relationship with the consumer as a viable marketing avenue for consumer interaction leading to brand penetration.

In the early 90s applications embedded into mobile phones were 2 dimensional and appealed to a distinct consumer group who saw ring tones and games etc as an attractive feature. Mobile operators invested a considerable amount of time and money in software development and handset advancement throughout the mid to late 90s, which saw a sharp increase in consumer purchasing of mobile phones also known as smart phones.

In 1997 the UK had four mobile operator; Orange, Vodaphone, Cellnet and One 2 One. They all had a licence for 2nd generation mobiles.

With the advancement and role out of wireless application protocol (WAP) brought to the market 1999 – 2000 by "Unwired Planet", a combination of the leading telecommunication companies. A technological advancement that allows a mobile user to operate in the same virtual environment as wireless laptop user, uploading and transferring data, became far more attractive to the consumer and especially the business user. The beginning of the new millennium saw a rapid expansion in the sale of mobile device and a new generation of phones with applications to enhance the consumer's way of life. On the 27th April 2000 the British government concluded the sale of the third generation mobile phone licence for £22 billion. This watershed moment was the start of a technological mobile revolution within the UK market, the mobile hand set now had a viable technological potential to compete with computers.

With the recent advances in software development, commonly known as 'Apps' or applications pioneered by BlackBerry with the "phone as computer". This revolutionized and fully exploited by iPhone with 90% of the Apps market share. This technology allows a user or multiple users to connect through wireless application, to a satellite and draw down updates or specific information. It must also be stated that each mobile operator has Apps designed specifically for their devices. The functionality to which this paper centers around is 'Bluetooth' an embedded multi function application which can send and receive data, now a standard feature within third generation mobile phones. This technology is also included in headsets and

earpieces, digital cameras and computers. With the software known as App it is now possible to send that format as a multi media file via Bluetooth function onto a phone.

Bluetooth and SMS technologies make it possible to send messages to individual mobile phones through which consumers can be called for action. This can be to respond on a survey, using a forward link to online information, receiving coupons or other multimedia files or be directed to an m-shop through which a mobile transaction (payment) can be reached.

From current literature on direct marketing 2.0 we learn that through Bluetooth marketing one can create a strong personalized conversation (time, place & need for information or communication). Other advantages are the visual transfer of messages and opportunities for strong interactivity.

Other direct marketing characteristics that can be related to Bluetooth marketing: a forced confrontation level, a limited information exchange, a limited online processing of messages after reactions, low costs per customer.

High impact can lead to risk a higher irritation level.

What if consumers experience this approach as cold calling telemarketing?

When Bluetooth marketing is applied one needs to consider a multi channel approach, the mobile campaign needs to be supported by an online website or offline follow ups (preferably in the direct physical environment).

With mobile applications you can facilitate a platform related to an event offering information, let visitors communicate and interact with each other in order to create value and relevance to the context of that event. This not only leads to a more valued consumer experience but also to stronger brand and consumer loyalty, retention …

Consumers are attracted to mobile apps because it is clear who the provider is (an event organisor), what's in it for them (relevance, context, social interaction), other visitors use it too (consumers tend to show and share it with friends and thus be part of a community), if it contains invitations to contribute to get something.

Event driven marketing can bring strong results, especially when consumers own actions invite more interaction.

Research from the German Brand Science Institute (BSI) showed that mobile users show and share their new apps with friends and families. They reach 14 new persons on average. Also these applications lead to strong brand recognition than applications and widgets in social networks.

Mobile applications require an active action to opt-in (download it from an App Store), user can grant access to be localized and receive updates. Thus marketing and communication becomes a consumer directed process.

Danish researchers Sundbo en Hagedorn-Rasmussen define three stages in the development of new experience productions and innovative systems. The backstage (focuses on all (e-)business and (e-) commerce processes, the stage (where the created experience is being offered and communicated from the perspective of the producer) and the frontstage where the consumer is going through an experience with others but also actively influencing the and participating in creating that experience. In terms of the use of digital media for events one could focus on events websites and social media services that are used by the festival organiser. The frontstage relates to the consumer interaction with the created festival but also to expressing ones feeling and experiences to and with others. At the frontstage it is all about socialising, sharing and communication that can be enabled with the use of mobile and social media.

Current literature

The general term m-commerce will be consistently referred to throughout this paper as mentioned by Gunasekaran and Ngai (2005) Balasubraman, Peterson and Jarvenpaa (2008). This term denotes the type of hand held communication device known as a mobile phone.

In today's communication market, information is integrated for most users via a mobile device. The level to which this integration has an impact for users will be investigated through secondary literature. One of the most popular functions associated with mobile phones in the 2nd millennium is sending SMS. A modern third generation phone has the capability and functionality to not only communicate

through the device itself but allow the user to acquire knowledge, experience entertainment and earn a living.

To acquire knowledge, entertain and earn is made possible by mobile applications. The advantages of mobile devices are "immediacy, simplicity, and context." When those are combined with usefulness, we're going to see a different type of software application which has transformed the way consumers use mobile phones

The theoretical framework around this subject highlights a number of promising areas for discussion. User interaction across age, gender and social class along with technology and compatibility across mobile operators for push and pull applications. Privacy and permission marketing and behavioral boundaries will become the corner stone for a partially unregulated marketing environment.

One of the intrinsic countenance attributed m-commerce is the instability of the provider to maintain an unbroken connection to any application. This breakdown in service has the potential to seriously hinder sponsorship and brand penetration to the collective consumer group. Thus creating an intangible void, loss of trust with technology and marketing message.

To circumvent this potential inhibitor a number of platforms are incorporating location sensitive GPS system (Balasubraman, Peterson and Jarvenpaa (2008)

Mobile usage within the UK among a target audience has presented some interesting figures on consumer acceptance of mobile functionality. The taking and sending of photos were the two most popular non-core mobile services among UK users in 2008, according to data supplied by telecoms.com in collaboration with research specialist TNS. Data also show that 65% of UK mobile users have taken photographs with their handsets, and 22% have then sent files to other users. TNS results come from a large sample range 15,000 customers aged 12 and above during 2008.

It also shows a high percentage usage within the 12 – 18 user group of all services apart from internet browsing. The age range which has particular relevance to both case studies 19 – 24 year old had a high usage through internet browsing. With the oldest group 55 years old and

above, the lowest usage of all demographics. Of the ten services listed Bluetooth ranked third with 36% penetration in 2008. Taking picture was top with 66% penetration. This show a correlation with the case study data linked to the target audience at both events.

Not much difference was seen between male and female users, with a marginal increase for female in taking photos and sending images. Male users were more inclined to use Bluetooth, play games and listen to music. Of all the manufactured devices Nokia scored as the handset of choice, th iphone making an appearance in third place.

Research has consistently shown that targeting a young audience is far more productive in transmitting the marketing message. When that message is service rather than introducing a physical product it has a greater level of success (Dickinger, Scharl and Murphy 2004). Through a push and pull activity marketers can tempt consumers to purchase and where that information is personalized upon delivery it gives the user a level of legitimacy.

Privacy with this industry is racing ahead of the legislators, consumer concerns regarding infiltration without consent could hinder marketing initiatives. As explained by (Myles, Friday and Davies 2003) GPS position devices can enable an operator to recognize a user by this service embedded in smart phones.

Case study – student union sports social

The author has undertaking some early consumer integration studies in 2009 with a narrow target audience. The study was done once a week over a period of 6 weeks at a sports related student social held within the student union at Manchester Metropolitan University. The purpose of the study to test certain elements of the technology, ascertain audience response and acceptance of data transfer through mobile device.

More than 90% of the respondents within the venue each week had a third generation mobile device. Approximately 15 – 20 respondents, randomly selected were photographed via mobile device throughout the night. Each electronic photograph was instantly sent to Bluetooth receiver box direct to the plasma screens within the venue, rotation of photos on 5 plasma screens during a 1 hour period

controlled by in house technician. The technology when linked to the main server has the option to control screen content remotely via internet link. At this point in the study no type of sponsor or marketing message was sent to consumers via Bluetooth device within the venue. All media traffic flow to the receiver was in one direction. This method was employed to ascertain the robust nature of the receiver box to handle large media files continuously. The bespoke software package on the laptop driving media content to the screens had no technological problems with the amount sent, size of file or duration of time.

The software and receiver box has a synchronized random hopping system known as spread-spectrum frequency hopping. This gives an interference free communication. The likelihood that a device will be using the same frequency at the same time is minute. Therefore several individual set ups can operate within the same environment without interfering with one another.

Early signs indicated, high alcohol fueled events among a young audience can draw a low response rate with the process and thus in-effective for communicating the marketing message. Therefore, a short duration at the beginning of the event was deemed more effective when communicating with the respondents. Each week saw a new set of respondents who actively engaged with the process.

Behavioral issues related to consumers and their acceptance of the technology is also attributed to age range. There was less of an issue with the ethical or legal ramifications supporting this level of intrusion for consumer between 18 – 21 at the time of the study. The legal parameter supporting this type of m-commerce is on the network operator to gain permission from the consumers before transmitting and retaining personal data.

Case Study: A Campingflight to LowLands Paradise

A Campingflight To Lowlands Paradise: a three-day, progressive outdoor festival that focuses on alternative music, but offers much more than just that, with a complete program of stand-up comedy, film, visual arts, literature and (street) theatre. For three days in August, a city rises in the middle of Holland: a township with 55,000 inhabitants, several hundred performances, many bars and global restaurants, a market, hippie hangouts, campsites with showers, radio broadcast, a daily newspaper, and a unique currency. It's all there, divided over three areas and eight stages. LowLands is one of the largest festivals in Holland. In 2009 tickets were sold even before the final artist line up was announced.

Marketing strategy of LowLands

Over the years MOJO developed a multichannel marketing strategy with a strong focus on the use of new media (website, online community, mobile application for iPhone users and a mobile website). The goal of MOJO is to create the LowLands Experience.

LowLands Mobile Guide (iPhone App)

This mobile application combines three types of WAP application : it provides context text-based information (festival program, news and artist information). Users can create their own festival program by selecting artist performances on a favourite list. Secondly it is a community-based application that enables users to interact through chat and instant messaging (in self enabled channels). Thirdly it is a serviced based application based on GPS location that offers an interactive festival map where visitors can find their friends and sent SMS messages. Users have the opportunity to stimulate friends to download the guide as well by sending an SMS message and to meet each other in a private Buddy Finder channel.

What's in it for me? Apart from facilitating a platform for social interaction between visitors the application also offers some 'goodies' from the sponsors. Converse was distributing rain ponchos or sun milk to festival users that could show them the mobile guide at the Converse Compound. Radio 3FM offered a link to their mobile website (mobiel.3fm.nl) through which visitors could listen to the radio channel, also offering updated festival news.

Buddy Finder: Users can create a channel by giving it a tag and a nickname. Users with the same tag are shown on their position on the festival map with their nickname and messages are displayed in a scroll bar.

The mobile guide is developed by The Saints BV (www.the-saints.nl) in sponsorship with Converse and radio station 3FM. Updates are available every time the application is restarted, the costs are depending on the mobile provider.

Conclusion

We are at a point in the technological understanding for consumers where they no longer need a computer to undertake personal or financial transactions, all this can be done with a 3G mobile device (Gunasekaran and Ngai 2005).

Extensive research from an international perspective has shown that mobile technology has developed significantly within the last ten years. With that development has comes a number of challenges for the user in understanding the technology and its capabilities. Mobile operators have attempted to introduce the service levels to consumers via a number of innovative marketing campaigns. However research has shown that a larger number of users only use a limited number of applications embedded within their phone. Taking pictures and sending a text as the most highly used application and activity.

What is interesting and requires further research, is the age differential for integrating with consumers. The younger age range 18 – 24 are prolific users of the smart phones and have less resistance to an intrusive marketing messages. This sliding scale of acceptance drops off as the consumer within the research is older in years. This could have potential challenges for some events with an older audience profile. The level of privacy becomes an important issue for this target market and care must be taken to announce the content driven message. The case studies presented within the paper looks at the technology and the software applications currently used to communicate with a target audience. The technology at present is robust and can delivery all types of media files to an intended audience. This has also shown to be agreeable to small and large number of participants. However timing for content delivery to mobile phones must be taken into consideration and where alcohol has a feature within the event.

As a marketing medium, third generation smart phones have broken some of the traditional rules of communicating to a target audience. With that has come legislation to protect the user from the intrusive marketers. From a sponsorship / brand positioning perspective this technology has many long term advantages for brand recognition and positioning. Used in conjunction with user activity levels a greater degree of acceptance can increase exponentially.

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SEGMENTATION OF THE DATA BASES BY USE OF DMS CONCEPT

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Abstract:

In 1980s it was discovered that the holding of the existing customers is more profitable than finding of the new ones. Gathering, processing and use of the data and information about the customers, i.e. planned management of such data and information with the purpose of creation of the adequate marketing strategies has become «conditio sine qua non» of successful business and implementation of the new philosophy of market approach.

Organized approach to the gathering, consolidation and analysis of the data enables the marketing of the data base. Gathering of data with the purpose of starting the data base or the upgrading of the existing data base starts by initialization of the personalized communication through various media, while the results of the analysis of the gathered data are used for the formation and development of various models of customer behavior. The designed models are then used in the choice of the customers; the adequate marketing approaches are created and communicated toward these customers.

Increase of the competition, decrease of the market share and the loyalty of the customers requires the change of the marketing strategy. It requires the strategy which will enable the establishment of longer, authentic relation with the customers as the foundation for the building of the loyalty and attachment of the existing customers, as well as the attracting the new customers. The strategy which will enable this requires the relevant and precise information about every single customer. It also requires organized and well-managed data bases about the customers.

Keywords: Data bases, segmentation, personalized communication, DMS

Introduction

Modern marketing re-directs its conception of work from the mass approach to the target consumer segment according to the direct personalized contact with individual consumer. Adjustment of the communication to every individual consumer is the task of the direct marketing.

Direct marketing comes in several basic forms, techniques or channels of activity: direct mail marketing, catalogue marketing, telephone marketing, television marketing, on-line marketing and personal sale. These techniques are mostly based upon two basic approach to the sale: one-short and two steps.

Combined use of various techniques of direct marketing and their use in campaigns with several phases is, in theory, called «integrated direct marketing». The principle of work of the integrated direct marketing is based upon the fact that the use of just one technique is inadequately efficient. For example, the campaign through direct mail can induce the rate of response of 2%, but by including the on-line marketing and telemarketing, this rate can be increased for 50%. [Kotler et al, 2006/841]

The basic precondition for implementation of the direct marketing is the existence of the quality data base. Today's level of technological development has enabled the generation of large number of information through conducting of the business process. The data about the clients of the firm are stored, however, the knowledge about the

value of such information and possibility of their additional exploatation is rare. Development of the existing data bases through generation of the additional data acquired through the personalized communication enables the segmentation of the base and making of the tailor – made marketing programs for every individual consumer.

Integrated direct marketing

Direct marketing, as a part of contemporary marketing, represents an innovative and alternative method of use of the marketing channel which enables the direct contact of the product maker with the consumer. Direct approach in the contact with the consumers is present in all phases of the process of sale and buying and is characterized by adjustment to every individual consumer, according to his/her personal interests and needs.

The goals and functions of the direct marketing make such marketing the activity which generates direct action of the consumer, and in such way, generates the direct benefit for the company. Because of that, its basic goal is to create a direct communication between the salesman and the consumer, in which the salesman adjusts to the wishes and needs of the consumer. In such way, he/she increases the possibility of sale, and the possibility to prolong this relation for undefined duration.

Databases

According to Kotler, „The consumer data base is an organized collection of comprehensive current data about the individual existing or potential consumers, which is available and usable for the marketing needs like creating advantage and qualification, product or services sale or maintaining relation with the consumers." [Kotler, 1997, 721] There is often the lack of distinction between the lists and the data bases. The lists (postal) represent the list of names and other available data for consumer follow-up, which, as a rule, can be intern and extern (rented or bought). In most cases, the building of the data base as the ordered set of information of broader spectre, ordered by certain relations and rules, begins with the creation of the lists. However, the lists can also represent the result of the segmentation of the base and the targeting of the activities.

The goal of construction and owning of the consumer data base is their exploatation, i.e. use for creation of the profitable connection with the consumers. The bases enable the establishment of a long-term relationship which will enable the follow-up of the consumers and provide the answers to some important questions (like: Who are our consumers? What do they buy? What are their preferences?) with the goal of establishing the dialogue. A dialogue means knowledge of the consumers, formation of the segments and programs of rewarding, which result in creating and prolonging the loyalty of the consumers. A loyal consumer buys more often and spends more, his/her relation is longer, there are cheaper in the process of satisfying the needs, and are prone to recommendations and attracting the new consumers.

Personalized communication

Personalized approach to the existing or potential buyer, enabled by the data base, is a basic characteristic of the direct marketing by which it is separated from the so-called mass marketing. Contemporary informatic and printing technology enables a high degree of textual and graphic personalization, through which a more durable communication and better relations with the consumers is being established.

The implementation of various types of media within the frame of so-called integrated direct marketing increases the percentage of reaction of the consumers toward the offer [Douglas et al 1995/735], and, besides the high level of the personalization within the classic written media (direct mail, catalogue and other alternative media), it is implemented in the electronic, and especially on-line media (e-mail and web).

Data base marketing

The basic purpose of construction and marketing exploatation of the data base is founded upon the efforts directed toward the prediction of the needs and behavior of the consumers in the future. The data within the bases are being analyzed with the intention to establish their usefulness. The analysis enables the segmentation of the consumer according to certain characteristics (buying behavior, expressed needs etc.) and also the tailoring of the individual marketing offers. The most wide-spread method of the segmentation is

RFM (Recently, Frequency and Monetary) method which segments the consumers according to the frequency of buying, the last buying, and the value of the bought goods.

The procedure of the exploatation of the data base through the use of various techniques directed toward the creation of the model of behavior of consumers/clients, as the foundation for the selection of the consumers for the higher forms of communication through the personalized marketing programs, is conducted within the data base marketing.

According to Hughes [Hughes, 2006/19] there are as much as 24 different techniques which can be used by the data base marketing with the goal of increasing the profitability (Customer lifetime value, RFM, Customer Communications, Appended Dana, Customer Segmentatation, Predictive Models, Relational Databases, Caller ID, Web sites, E-mail...).

Segmentation of the data bases through the DMS concept

DMS (Direct Marketing Solution) concept represents a very efficient solution for implementation of the direct marketing campaigns, which ensures a high degree of the textual and graphic personalization as the factor of inducting the above average reaction and response of the target consumers. The synergetic use of the various media of direct marketing ensures the contact with the larger numbers of potential consumers, and also the construction of the better data bases. The process of use of DMS and its efficiency is shown through the practical example described here.

Use of the DMS campaign by the insurance company

The goal of the campaign is directed toward the exploatation of the existing data base in the sense of its segmentation and the implementation of the targeted marketing and selling activities in a high level of personalization (figure 1).

Figure 1: Parameters of the DMS campaign

The goal of the campaign	Segmentation of the data base (UDB. Segment) with the purpose of further targeted marketing and selling activity.
Duration of the campaign	29 days
Number of the clients	50.000

The communication begins with sending of the personalized letter to the address of consumer/client in which the company directs him/her to its (personalized) web site. On web site, there is an offer (DMS.Web.Page.Tracker) of various services, surveys (DMS.Web.Page.Survey) and information about the game which offers rewards and is a motivation for completing the survey. The goal of the survey is to gather a wide spectre of demographic and psychographic information. (Figure 2)

Segment of the base of consumers (clients) (UDB Segment) The segment of the user base which contains the data about the clients with whom the communication is established (name, surname, gender, date of birth, age, address, city and the postal code)

Personalized letter – direct mail with the specific form (Mailer) „Mailer" package is a specific package whose content is not visible. It does not require an envelope. It is opened by ripping the perforation on the left and right side. From the outer side, beside the address of the receiving party, the personalized picture can be seen also.

Personalized web page (DMS, Web. Page)

The receiving party of the direct mail gets the direction about the method of approach to his/her own web page, on which there are all the relevant information related to the marketing campaign

The results of the implemented DMS campaign direct to the good acceptance of the implemented form of communication and fulfilment of the set goals (Figure 3)

Figure 2 : Elements of the DMS campaign

Segment of the base of consumers (clients) (UDB Segment)	The segment of the user base which contains the data about the clients with whom the communication is established (name, surname, gender, date of birth, age, address, city and the postal code)
Personalized letter – direct mail with the specific form (Mailer)	„Mailer" package is a specific package whose content is not visible. It does not require an envelope. It is opened by ripping the perforation on the left and right side. From the outer side, beside the address of the receiving party, the personalized picture can be seen also.
Personalized web page (DMS, Web. Page)	The receiving party of the direct mail gets the direction about the method of approach to his/her own web page, on which there are all the relevant information related to the marketing campaign

Figure 3: The results of the DMS campaign

DMS Response

Number of the clients communicated – **50.000**

Number of the clients who reacted to the letter and approached the personalized web page   - **12.229**

- The percentage of the campaign response   24,5%
- Number of the clients who completed the survey 10.851
- Percentage of the clients who completed the survey in the total response 88,73%

- Largest response   first 10 days of the campaign
- Largest average daily response   Monday and Thursday
- Largest average response in a day   10-13h and 20h

The data about the service users gathered through the survey vary from the general demographic data to the very valuable data about the personal preferences of the users. The adequate use of these data increases significantly the possibilities for success of the future marketing activities of the company.

The innovation of the DMS solution reflects in the way of approach to the current or potential consumer, which contributes to the increase of the response rate as the basic factor of the success of the direct marketing, and therefore better generation of the data necessary for monitoring and building the profile of the consumers, i.e. establishing their present and future profitability.

Conclusion

The contemporary marketing conception base their activity on the personalized communication toward the current and the potential consumers. The existence of the quality data bases is necessary for such activities. To ensure the quality which will enable the higher degree of base exploatation it is necessary to, by the use of various media of direct marketing, establish the personalized contact (dialogue) with the consumers, which will enable

the development of the base. The improved bases enable the quality segmentation and creation of the individualized (tailor –made) offers.

DMS concept offers the possibility of simultaneous usage of more communication channels, and, through the usage of individualized messages and photos, high degree of graphic and textual personalization. As such, it represents one of the solutions, beginning as well as advanced, for the use and management of the data bases with the goal of implementation and development of the strategy of direct marketing approach. Cost efficiency, measurability, high rate of response, possibilities of testing and flexibility, simplicity of implementation and following the results in the real time mark this approach as usable, and, regarding the acceptability from the consumers and high percentage of response, also as relevant foundation for making the adequate business decisions.

The analyzed results of the campaign with the use of DMS concept show the high acceptability of such communication, which makes its use in the further development of the direct marketing approach to the advertisement and sales activities more than justified.

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SEGMENTATION OF BUSINESS MARKETS AS SEEN IN THE EXAMPLE OF THE CROATIAN MOBILE TELECOMMUNICATIONS MARKET

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Abstract

Segmentation is a strategy of conception and application of various marketing programs, the intention of which is to cater for the needs and wishes of individual groups or segments of consumers. Business market segmentation can be approached with the help of many variables applied in the market segmentation of final consumers. However, there are other variables which require consideration. Companies in the business market (business to business market, B2B) also conduct segmentation with the aim of achieving more success and satisfying the needs of their customers. The usual segmentation of a business market can be conducted on the basis of geographic area, organizational structure of the company, buying and spending habits, and organisational prerequisites, or the company's policy. The study shows segmentation of business markets in the example of the Croatian mobile telecommunication market. There is a short review of the Croatian mobile telecommunications market and basic variables are presented, based on which the segmentation of the mobile telecommunications

market is conducted. This takes into consideration the number of employees within the company which the mobile operator does business with, based on the number of subscriber contracts which individual legal subjects, users, sign with the operator and based on the complexity or the number of operator services the company (business partner) uses. This type of approach represents the foundation for the internal resource and process management which cater for the individual segment of the user. This is a way of reaching the 'rough' section of user base, which by further Customer Relationship Management activities moves towards a more detailed ('more fine') segmentation of the user base. The mentioned detailed segmentation implies the value of the client (the company), the segmentation based on the client's behaviour, inside of which many other segments can be found and which are further explained in the study.

Key words: Segmentation, segmentation of business markets, B2B (business to business), Croatian mobile telecommunication market, Customer Relationship Management

PLATE WASTE ASSESSMENT IN HOSPITAL CATERING MEALS

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ABSTRACT

Minimizing food waste at hospital food service is not only an ethic issue but also economics with scopes of practice for dietetics professionals. The aim of this study was to identify and analyse food waste on an orthopaedic ward at "Centro Hospitalar de Lisboa Central" (Hospital São José). Food waste was determined by the visual plate waste method. A total of 70 quality satisfaction survey and food waste trays from 24 hospitalized patients, 5 per day random chosen, were analyzed at dinner time over a 14 days period. The patient included in the study, were 56 women and 14 men between the age of 24 and 84 years old (α= 63 years old), majority with a 7-day length of stay and eating with no help. The registered food waste was 41,7 %; the item with more food waste was "vegetables" (61,07%) and the one with less waste was meat/ fish (31,43%). The patient's satisfaction level was majority, "satisfied" for all items and those with a higher level of satisfaction were the "plate presentation" and "global appreciation". The "soup taste" was the one presenting the lower level of satisfaction. The items having the highest level of insatisfaction were the "plate taste" and the "mealtime". The patient's reasons majority associated with the amount of food waste were the gender, staff attitude and kind of food. Other issues were also pointed, as the food temperature and taste, appetite, age, needing help to eat and the cleanness of fork, spoon and dishes. The food waste founded was high, which means that food service is giving more food than the patients needs. The results of the present study can major to implement ways of reducing food waste and optimize productivity.

INTRODUCTION

Health and tourism are two areas closely related both with regard to the "health in tourism" or in the perspective of the "tourism for health". Regarding the first segment, references to the food catering in hospitals are very important information for a specific type of tourists concerned with health and well-being.

Food provided in hospital units has an essential role at the nutritional care level. It should answer to the patients needs, contribute to a healthy environment and in some cases, also give ways to help patients eating.3

Hospital foodservice satisfaction studies often refer that the quality of this service is a common problem all over the world, and that patients of many hospitals are undernourished, because either the patients do not like the food provided or they consider the food unacceptable.4 In fact, the patient's inadequate food intake can be linked not only with disease but also with the food service, environment and meal properties.8,12 Hospital malnutrition is a main problem, since it increases the severity of illnesses, and lengthens recovery duration, and length of patient's stay.4,5 The major cause from hospital malnutrition is probably the association between illness and appetite absence. 6 In this context, dieticians have an important role to guarantee their patients adequate nutritional needs and also their food quality.7,8,9,10

Food waste control is an important part from food service, being an ethical, economical and social

issue to dieticians8,11 and an issue that can be used as an instant index of patient satisfaction, which analysis is central.12

For plated meal systems it is useful to distinguish between untouched plate waste (perhaps better called 'unserved meals') and plate waste. 14 Plate waste provides portion evaluation and menu aceptance.14,15

The aim of this study was to identify and analyse food waste on an orthopaedic ward at "Centro Hospitalar de Lisboa Central" (Hospital São José).

METHODOLOGY

Food waste was determined by the visual plate waste method. A total of 70 quality satisfaction survey and food waste trays from 24 hospitalized patients, 5 per day random chosen, were analyzed at dinner time over a 14 days period.

The patient included in the study, were 56 women and 14 men between the age of 24 and 84 years old (α= 63 years old), majority with a 7-day length of stay and eating with no help. The patients involved had to be eating a regular diet.

The quality satisfaction survey had twenty questions divided in two groups. The first part included: gender; age; length of stay (< 24 hours, 1-3 days, 3-6 days and > 7 days); eating with or without help; appetite (no appetite, with some appetite, with appetite and with a lot appetite) and also food quality; food quantity; trays overall appearance; dishes hygiene; plate appearance; soup, plate and desert temperature and taste; menu variety; staff sympathy; meal time; and global appreciation (very unsatisfied, unsatisfied, satisfied, very satisfied and with no opinion). The second part had a tray (figure 1) with six items doing to the menu components (soup, meat/ fish,

pasta/potato/rice, vegetables, salad or cooked vegetables, desert/ drink), and each item had to be linked to the eaten quantity food (ate everything, ate ¾, ate ½, ate ¼, ate nothing). This tray was adapted from Comstock et al. used as a reference on Connors and Rozell study.8

Prior to the actual collection of the data, the questionnaire and tray were pre-tested with a convenience sample of 15 to clarify potential areas of misinterpretation. There were no changes made before the main study was conducted.

Procedure

The food waste study was undertaken between March 20th and April 4th 2009, daily at dinner, on five patients from the orthopaedic ward at "Centro Hospitalar de Lisboa Central" (Hospital São José), as also the menu satisfaction level with the survey fill. Since the meals were served covered to the patients, the investigator had to see the proportions at the hospital kitchen during the meals plating. Then she saw the meal delivered to the patients at the ward, and the trays and surveys where filled after patients finished there meals.

All results were statistically treated using SPSS 17.0 for Windows.

RESULTS

Patients' mean standard age was 62,71 years and 80% were women. The most common length of stay was "> 7 days" (40% - 28 patients) and 87,1% of the patients (61) were eating with no help. On this study the food waste was reference to plate waste, because there wasn't any untouched plate waste. Drink waste (water) although presented at results, won't be discussed because when the water wasn't drunk at mealtime it was consumed along the day.

Figure 1. Tray for plate waste study.

Eaten food / Menu items	Ate everything	3/4	1/2	1/4	Ate nothing
Soup	○	◕	◐	◔	●
Plate					
• Meat/Fish	○	◕	◐	◔	●
• Pasta/Potato/Rice	○	◕	◐	◔	●
• Vegetables	○	◕	◐	◔	●
Desert	○	◕	◐	◔	●
Drink	○	◕	◐	◔	●

Overall sheet analysis. The 70 trays analysis was done in two different ways: with percentage and frequencies, in order to identify the most common quantities; and with average from the attribution to a percentage value at each trays item (ate everything – 100%, ate ¾ - 75%, ate ½ - 50%, ate ¼ - 25% and ate nothing – 0%). With the first analysis it was possible to be aware of: what patients ate most (ate all) from all meal items (it was meat/ fish for 25 patients – 35,7%) and desert (30 patients – 42,9%); what they ate less (ate nothing) (it was the vegetables for 17 patients – 24,3%, and soup for 26 patients – 37,1%, and water for 38 patients- 54,3%); the item Pasta/ Potato/ Rice was eaten a half the most of the times (23 patients – 32,9%). The menu item presenting the highest waste was the water (drink nothing – 54,3%) and the one with less waste was the desert (ate all – 42,9%). But, as it was referred, the water was not analysed, so the item with the highest food waste was the soup (ate nothing – 37,1%). With the second analysis, in percentage average values (Figure 2) the item with the highest percentage of food waste was also the drink, but for the same previously stated reasons, the item considered as presenting the highest food waste was the vegetables (61,07%). After the vegetables was the soup (57,5%), desert

(41,43%) and at last, the item presenting less food waste was the meat/ fish item (31,43%). The registered food waste was 41,7 %.

Analysing the tray between days (with same percentage value), further to know which items were more/ less appreciated, the results observed were: the soup with highest food waste was french garlic soup (75%) and the one with less food waste was spinach and green beans soup (40%). The major referred reason for not eating the french garlic soup was "no salt". Considering the meat/ fish item, the highest food waste found was at "pork chops à salsicheiro" (55%) and with less food waste was "pork chops with mustard sauce" (5%). The major referred reason was "no appetite". The vegetables item with highest food waste was the lettuce salad (100%) and the item with less food waste was boiled green beans (25%). Besides this salad, the other salads had nearly the same food waste, and the major reason for the wastage was "no appetite". The desert item with more waste was "aletria" and the fruit piece "orange" (80%) and the item with less waste was "pudding" and "tangerine" (15%). The major reason for not eating everything from "aletria" and "orange" was "no appetite". Considering an average value for all items between days, it was observed that the days

with less food waste was day 4, with the menu, french garlic soup/ veal "escalopes" with fusilli pasta and backed fish with beans rice/ spinaches/ pudding and tangerine) and day 12 (vegetables cream soup/ pork meat chops with mustard sauce/ spaghetti/ green beans/ pudding and orange) both with nearly 30% of food waste. The days with more food waste were day 7 (french garlic soup/ pork meat chops "à salsicheiro"/ rice/ spinaches/ "aletria" and orange) and day 5 (carrots soups with pasta/ roasted chicken/ rice/ salad/ orange and pudding) with almost 60% food waste.

Quality Satisfaction Survey Analysis. Through the global survey analysis (70 surveys), the items with a higher satisfaction rate were "plate appearance" and global "appreciation". The item with less satisfaction rate was "soup taste". The "plate food

taste" and "meal time" was the item with the highest level of insatisfaction rate. When considering the survey day's analysis, it is possible to know that the 12th day was the one with more satisfaction items and with no indicated insatisfaction items.

Applying the hypothesis test, it was possible to identify that: soup was the item with more associations with the survey items (gender, age, appetite, soup temperature and taste and staff sympathy); meat/ fish item had few associations (staff sympathy); pasta/ potato/ rice item was associated with days and gender; vegetables item was also associated with days and staff sympathy; desert item was associated with eating with or without help, dishes hygiene, desert taste and temperature.

Figure 2. Food ingested and Food Waste averages

	Soup	Meat/fish	Potato/ Rice	Pasta	Dessert	Drink
Food ingested (average)	42,5%	68,57%	38,93%	58,57%	55,71%	22,5%
Food waste (average)	57,5%	31,43%	61,07%	41,43%	44,29%	77,5%

DISCUSSION AND CONCLUSIONS

The overall registered food waste was 41,7 % and the item with the highest food waste was "vegetables" (61,07%) and the one with less waste was meat/ fish (31,43%). Food waste was equal or greater than 50% in eight of the 14 studied days. This can be considered a high food waste value, once it corresponded to almost a half of the provided food. However, according to the results of studies carried out by Edwards et al., high food waste only refers to values greater than 60%.[4] Nevertheless, the United Kingdom National Health Service refers that food waste shouldn't be greater than 20%.[11] The results obtained in this study are similar with the study carried out with Marson et al. – 50% - at United Kingdom renal ward hospital. [17] Gender, staff sympathy and different food type are the most related reasons to food waste. But there are other reasons also related: food temperature, appetite, age, eating with or without helps and dishes hygiene. Those reasons: appetite[13,18], food assistance [13,19] (eating with or without help), staff attitude[12,19] (staff sympathy), food temperature[13,10] and flavour[20] have been referred in another studies as food waste causes.

Along this study, it was possible to understand that only makes sense to compare results within the same food service unit. [11]

The results of the present study can major to implement ways of reducing food waste and optimize productivity.

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A SUBJECTIVE APPROACH: HOW TO INTERPRET CONSUMER SATISFACTION DATA ANALYSIS

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INTRODUCTION

Researchers collect data with the intent that the data contains the responses from all relevant consumer groups. In order to determine consumer satisfaction with a particular product and accompanying services, the researcher has to study the attitudes, opinions and desires of all consumer groups. The sample should include all consumer groups that can be observed separately, e.g. gender, age, income or formal education groups. Consumers differ in their characteristics, therefore, when viewed as segments, they can have completely different opinions on values (additionally, values can differ among individual clients). It is quite normal for the causes of satisfaction or dissatisfaction to differ among various consumer segments, providing these were well determined. If the segments were not determined properly, their satisfaction agents would be the same for two or more segments. This would indicate that the company puts unnecessary efforts in consumer segmentation, although they can be observed through the same segment, because of the great probability that they share the same value system.

Therefore, consumer satisfaction should be viewed separately for each consumer segment. If the data were analysed collectively for segments of consumers who are intrinsically different and have different systems of values, the forced "averaging" of results would miss the real indicators.

The additional confirmation of the hypothetical process of consumer research is found in the essential confirmation of the qualitative phase of the process. Based on this phase, the findings about consumer value should be the basis of designing instruments for consumer satisfaction research, which should be corroborated by the analysis of the data on consumer satisfaction.

In order to ensure the usefulness of data, measurements of events should be organised so that we can establish regularities and reach logical conclusions.

In this day and age, it is very difficult to imagine any other method of analysing a considerable data quantity than statistical computer programmes. The preparation of data for computer processing requires a number of preparatory actions:

- categorising answers in a questionnaire

- editing (pre-logic control)

- coding

- entry of data and

- post-logic control

DETERMINING THE RESPONSE CATEGORIES (CATEGORISING)

Generally, the analysis of any collection of data requires the grouping of data into categories or classes. Adequate questioning and designing response categories ensures certain advantages. Primarily, it compels the researcher (analyst) to observe the potential answers in categories, which consequently contributes to well-designed questionnaires. Categories have to

be well explained in the instructions for filling the questionnaire, which prevents arbitrariness in recording responses. In addition, it makes it easier for the respondent to answer the questions. This reduces problems relating to coding and editing and enables a better starting point for data analysis. The result is the reduction of expenses of this phase and ultimately of the entire research. Unfortunately, it is often impossible to perform the categorisation of responses in advance. Then, we should do it after all the answers are collected. This occurs when we analyse open-ended or subjective questions collected by semi-structured, fully unstructured questionnaires or even by observations – the responses collected by projective techniques. Open-ended, subjective responses to the questions such as "why do you prefer to…", "what do you think about…", drive many researchers and analysts crazy. The possible answers are difficult to predict, in spite of the researcher's experience. The only way to categorise such responses is to study the answers from all previous questionnaires, followed by the determination of the potential categories. In practice, all collected answers are not studied in advance, but the answers collected by a number of questionnaires (sample questionnaire). We should keep in mind that this is "the sample of the sample" and that there is a great probability of error in the categorising procedure. In the process of categorising answers, we should keep to the following rules:

- similarity – one category should contain the answers which are similar to the extent that they may be observed as the same for the research purposes

- diversity and exclusiveness – response categories should be mutually exclusive and different in order to be observed as such

- completeness – the intended categories have to be sufficient for encompassing all potential answers.

Open-ended and subjective answers are often used, mainly induced by fear of losing individual answers, attitudes or thoughts of respondents. However, the costs of such an analysis are comparatively larger than the damage caused by "loss" of individual responses given by respondents who cannot be categorised in advance. Open-ended questions are sometimes inevitable, but we must be certain whether these could have been categorised or predicted. It is wise to use open-ended questions only if we cannot be completely certain of this.

EDITING (PRE-LOGIC CONTROL)

Editing (pre-logic control) is the process of inspecting, checking and correcting errors in the collected data in order to achieve its maximal reliability and accuracy. Editing should be executed immediately after or even during data collection, i.e. upon the return of the questionnaires. Careful editing during data collection can often prevent possible misunderstandings of instructions, errors in marking response categories, irregularly determination of categories… Unless such possible ambiguities and irregularities are removed in the process of data preparation, they will pose a serious problem in data analysis. Editing during the process of data preparation is better, because the majority of observed ambiguities can still be removed by issuing new instructions to the interviewer. In short, the editing rule is: "the sooner the better".

Editing should be centralised and performed in one place, enabling the identical approach to the data. If the number of questionnaires (depending on the respondent sample) is not large, usually one person performs the editing (checking – control) of all questionnaires. If the sample is so large that more persons are required, than editing is best organised so that one person edits a part of the questionnaire, but across the entire sample – e.g. person A edits questions 1-10, person B edits questions 11-20, person C edits questions 21-30… In this way, each person edits all questionnaires, but only their portions, which ensures a higher consistency of control and productivity. We should observe some rules in the editing procedure:

- readability

- completeness

- consistency and

- accuracy

READABILITY

The marked data should be readable for the continued processing – data entry. Sometimes in the editing process, editors come across answers

218

that are not entirely readable or the respondent encircled more answer categories (especially in mail questionnaires). However, if there is a reasonable doubt that the editor may make a mistake, it is better to leave the response blank, i.e. not enter anything, because from the standpoint of the entire research it means a less damaging mistake than a wrong answer. Projecting the answer is not advisable – it is much better to leave the question blank.

COMPLETENESS

Although it is somewhat contrary to the above-mentioned attitude, "blank" answers in a fully structured questionnaire can point to a number of omissions. Possible errors are:

- blank answers can indicate that the interviewer omitted to ask the question or, in the case of mail polling, that the respondent omitted to answer

- blank answers can indicate that the interviewer or respondent perhaps "thought" that these questions were not relevant

- blank answers can indicate that the respondent did not want to or could not answer particular questions – which can also represent relevant data.

Anyway, as soon as the editing procedure locates a number of blank answers, this occurrence should be checked immediately by contacting the respondents, who can clarify why they could not or did not want to answer particular questions, whether they did not understand the questions or whether they simply wanted to avoid the questions.

CONSISTENCY

The control of response consistency is very relevant to the editing process. If the responses are inconsistent, we have to question the validity of the entire questionnaire. For example, at the beginning of the interview, the respondent states that he knows the product, that he used it several times last month, while at the end of the poll he cannot express his evaluation of the product or his opinion because he never saw/tried it. The value of such a questionnaire becomes dubious, because it is difficult to assert which contradictory answer is correct. Solving such dilemmas is the task of the

interviewer during a personal or telephone interview. The interviewer should warn the respondent about the inconsistency of the answers and ask him to think and provide consistent answers. Unfortunately, if the interviewer missed to do that or if the polling is conducted by mail, it is wise to discard the questionnaire in further analysis.

ACCURACY

The editor should detect any "suspicious" repetition of answers in a larger number of respondents interviewed by the same interviewer by personal or telephone polling. Such a finding can indicate three possibilities. (1) The respondents belong to an exceptionally (perfect) homogenous group regarding the research substance – which is not probable, but is possible, (2) the interviewer suggested the answers to the respondents or even worse (3) "cheating" – the interviewer never performed the polling, but filled several questionnaires himself (which is rare, fortunately).

However, it is most often the result of a collective error due to the manner of asking questions (suggestive questions), possible incivility or haste on the part of the interviewer. The control of accuracy can be performed by contacting the respondents. It can be done personally – by visiting the respondent, by telephone or by a letter to check whether he was contacted by the interviewer at the stated time or whether the interview was nice and objective. Finally, we can ask the respondent to answer some characteristic questions to which the answers are supposed to be constant within a short period. This action enables us to use a sample of respondents ("sample of the sample"). This allows us to obtain the information on the presumed reliability of answers, as well as on the manner the polling was conducted – civility, expertise, objectivity, length of questioning, all factors that influence the validity of collected responses and ultimately the research results.

CODING

Responses should be marked for the purpose of further analysis. Usually they are assigned numerical values and sometimes they are even marked by letters. We differentiate pre- and post-coding. In pre-coding we assign each question its (numerical or letter) value in advance. This is most common in structured questionnaires, where

the interviewer performs the coding – that is, encircles a code (a number or a letter), depending on the response category. Post-coding takes place when the codes are assigned after the questioning. Following the collection and control of the responses, the categories are determined and each answer is paired with a code that denotes a particular category. This technique is used in open-ended questions in semi-structured or unstructured questionnaires. In such cases, the codes are usually assigned during the editing. The process of careful reading the responses, good judgement and constancy are required to assign the correct code to each answer.

As we stated, coding is the process of marking codes in questionnaires, depending on respondents' answers and compliant to the provided response categories. The response category "don't know" seems to pose the most difficult problem in the coding process. Unfortunately, it often remains unknown whether the respondents chose this answer because they do not know the answer, because they want to avoid the real answer or because the provided categories do not contain the answer the participant wants to give. Correct constructions of questions, as well as correct interview conduct are the ways to avoid the "I don't know" answers.

Correct coding requires experience and supervision. Coders and editors should be provided with organised instructions citing examples on how to solve ambiguous situations. Although coding seems an easy and understandable process, it should be approached with great care, since each error complicates further analysis. It is advisable that more than one person performs coding, i.e. assigning codes to all response categories, especially in the case of the post-coding procedure. Contrary to editing, it is desirable that one person codes an entire questionnaire, so that the coding results can be compared in order to check the uniformity of the codes assigned by different persons. This ensures the uniformity of codes for the same questions. If the codes assigned by different persons are not equal, new, additional response categories should be introduced or more categories should be condensed.

ENTERING DATA

Following editing and coding, the data from the questionnaire is entered into the computer for further processing by the use of statistical programmes, which determine data formatting and the type of entry. Once the entry is completed, post-logic control should be executed in order to correct entry errors.

DATA PROCESSING AND ANALYSIS

We have already stated that besides the data measuring success of certain components, some other indicators are researched, such as overall satisfaction, purchase intent and verbal recommendation intent.

The data collected by polling (the major methods of collecting data in the consumer satisfaction research – conducted by mail or telephone polling) are processed in the same way as the data in other market research projects. We should underline the importance of data analysis pertaining to consumer segments. Data on consumer satisfaction are generally surveyed in relation to consumer segments, assuming that the questionnaire contains questions on the basis of which the consumers can be observed through different segments. Furthermore, a good choice of product or service characteristics is a prerogative.

We shall proceed with the review of fundamental techniques of observing individual data, which can partially be observed as methods of data analysis.

BASIC STEPS IN THE ANALYTICAL PROCESS

Data should be collected by a specific technique and it is vital that it represent a real situation – i.e. real attitudes, opinions or behaviour of respondents. Besides, the collected data should have an adequate form for further analysis. Today, we most commonly enter the data into computers and use the statistical programmes for data processing. During the data analysis process we have to make sure that, depending on the phase of the process, we know the answers to the following questions: (Figure 1)

Figure 1. Essential controls in the process of data analysis

BEFORE THE PROCESS

DURING THE PROCESS

AFTER THE PROCESS

1. Is the data available and is its collecting possible at all in the existing form, so that further analysis is enabled?

2. How many observation and measuring procedures were undertaken? Do they represent all groups we intended to research? If the measuring is not performed on a population sample, which is the relationship of the sample and the population?

3. What is the origin of data? What does the data represent? Are the data "sources" biased – i.e. is it probable that the source is interested in supplying data which would suggest an unrealistic result?

4. Does the data corroborate our presumptions (and/or knowledge) of the issue or is it contrary to our presumptions or other facts?

5. Is the data sufficient (complete), so that we can draw a relevant conclusion on the issue?

6. Is the conclusion logical? Do the collected data and the data analysis results corroborate the conclusion we brought?

Individual responses to questions (most frequently from the questionnaire) stated in numbers, letters or sentences – represent data. The collected data is not per se sufficient for creating conclusions. It has to be compared, analysed and interpreted to become an understandable information. The meaning and the influence of data become comprehensible only when the final information is obtained.

Although the analysis of the collected data is performed almost at the very end of the research process, it greatly influences previous phases. It is essential to determine data analysis before launching the research (most often by a research programme). Depending on the chosen type of analysis, a questionnaire should be designed (with questions and methods of recording responses) and the manner of contacting respondents, the size of the sample and the choice of respondents be determined. The analysis is followed by the report – encompassing all conclusions, recommendations, the decision-making and the action based on the analysis. We would not like to overestimate the importance of analysis, because it also depends on the "transfer" of a managing problem into a research problem (determining the goals and objectives of research), but its importance should be acknowledged in the correct research conduct.

Good data analysis requires expertise, experience and intuition - in the approach to the research problem, as well as in all the phases of the research process and in the statistical procedures in which the data are analysed. Basic steps at the beginning of the process of analysis are the following:

- basic data analysis (tabulation and calculation of regression to the mean and dispersion measures)

- the confirmation of the justifiability of the set hypotheses and possible determination of additional hypotheses, and

- making conclusions on the importance of variables.

BASIC DATA ANALYSIS

Basic data analysis includes:

- tabulation and

- calculation of regression to the mean and dispersion of data.

Tabulation is used to determine the categories of desired, a priori determined information. Tabulation can include sorting data, counting responses according to categories by using basic statistical procedures as frequency distribution and counting the regression to the mean indicators. It is performed in order to observe the basic variable values. For example, tabulation can concentrate on observing (counting) respondents by age or income to determine age and income categories of respondents, which can subsequently be used in data analysis. Tabulation is the process

of determining the applicability of the previously envisaged data analysis (e.g. is analysis by income groups applicable? Do the respondents in the sample belong to different income groups? How big are the differences? Is there any use of basing the analysis on them?) Also, the goal of tabulation is to find certain important connections among data – which were impossible to spot before, were not conceived or were considered to be non-existent and thus were not subject to the analysis, such as the product preference expressed by gender or education groups. By measuring regression to the mean and dispersion, we can discover characteristics of a number of gathered data, which can determine the methods of subsequent analysis.

CONFIRMING THE JUSTIFIABILITY OF THE A PRIORI HYPOTHESES AND SETTING ADDITIONAL ONES

A prior hypotheses setting is closely connected to determining the research goals – namely, it is its inherent part. The hypotheses have to be clearly defined, stated in a declarative form and unambiguously accepted (by research providers and consumers). The hypotheses determine the form of essential data and the type of analysis to "process". These are the basic hypotheses and the data is collected for their testing.

Selvin and Stuart suggest three approaches to data analysis regarding non a priori hypotheses: :

- snooping – the process of testing a large number of hypotheses, elastic, poorly defined, based on the data set in advance.

- fishing – the process of selecting only the data/variables to be analysed. It is actually an "exploratory" model, based on the collected data.

- hunting – the process of data research that results in mutual relations which are worthy of a continued analysis, i.e. the relations which are not obvious or set in advance.

Such an approach to research (viewed through testing hypotheses) is indispensable in business. However, it is not justifiable in basic scientific research in which time and money are not the greatest restrictions. In research for business purposes, the maximal data on the object of

research and measurements has to be collected and finally compared by testing and setting additional hypotheses. This is often the case in the "real" world, where time and money pose great restrictions. Since we have to find a good measure in everything, the overall gain of the research (fortunately or unfortunately, depending on the standpoint, measured by the expenses-profit ratio) can be endangered by a too broad research "territory", i.e. "one more question" syndrome. "One more question" can make the questionnaire too long and too complicated, which can tire the respondent, who can start giving superficial, unreliable answers. Finally, the entire research is based on the analysis of unreliable data, i.e. casual responses.

CONCLUSIONS ON VARIABLE VALIDITY

Following the tabulation process, the data should be observed to find whether the observed differences among various categories of respondents are real and whether they indicate a mobility of the event in the population or are the result of the sample error probability. Some research only serves to establish the size of certain parameters of the population event, as the average level of consumer satisfaction with a specific product or service. Although sometimes this seems to be a sufficient piece of information, it is desirable to comprehend the mutual influence of factors that determine the occurrence, e.g. characteristics of particular consumer segments that express different levels of satisfaction. The comprehension of these relationships increases the possibility of predicting particular decision-making results.

Once we evaluate or test something, the issue of results validity comes forth. Since we usually perform research on a consumer sample, the major motive of analysis is deducing conclusions about the population, based on the sample observation. The analysis results, although possibly different in a mathematical sense, are not necessarily different in the statistical or managerial sense, in connection to decision-making. Differences can result from preference measuring errors or from a missed choice of respondents. There are three ways to observe the result differences:

- mathematically significant difference – compliant to mathematics: unless two numbers are the same, they are different

- statistically significant difference is so large that it is not possible for it to have occurred due to error probability or incorrectly selected sample

- managerially significant difference – although a difference can be statistically significant it still does not mean that the management considers it so significant that it has to take an action. If a statistically significant difference is established in the satisfaction level of two client segments, the management still does not have to hold it relevant to consider separate approaches to particular segments. The managerial relevance of the difference is an arbitrary evaluation, contrary to the statistical and mathematical, which are scientifically established.

TABULATION

Not so long ago, the basic counting was executed by using (from today's point of view outdated)

machines for sorting data, which used "slotted" cards or the answers were manually counted, by inspecting the questionnaires. Today, we usually use computers, once the data is entered. In this phase – the preparation of data for further analysis - the data (presenting the response categories) is simply counted individually or compared.

ONE-WAY TABULATION

'Individual', simple counting of responses is called one-way, basic tabulation, marginal tabulation or in statistical terms, frequency distribution. The illustration of such counting can be the counting of "I'm satisfied" and "I'm dissatisfied" responses to the question: "Are you satisfied with the product or service?" The counting result is usually presented in a table:

Code	Response	Absolute values of response frequency	Relative values of response frequency (%)	Cumulative sum of response frequency	Cumulative sum of relative response frequency values (%)
(1)	I'm satisfied	100	66,7	100	66,7
(2)	I'm dissatisfied	50	33,3	150	100.0
		150	100%	-	-

By simple counting the answers we reached the conclusion that in a sample of 150 clients, 100 respondents (or 66,77%) were satisfied, while 50 respondents were not satisfied with a product or service.

We can further imagine that we wanted to find out the consumer satisfaction level with a particular product or service. The result reached by one-way tabulation would look as follows. (The question: How much, i.e. to what extent are you satisfied / dissatisfied with the product or service?)

Code	Response	Absolute values of response frequency	Relative values of response frequency (%)	Cumulative sum of response frequency	Cumulative sum of relative response frequency values (%)
(1)	I'm dissatisfied	25	16,7	25	16,7
(2)	Neither satisfied nor dissatisfied	50	33,3	70	50,0
(3)	I'm satisfied	25	16,7	100	66,7
(4)	I'm very satisfied	25	16,7	125	83,4
(5)	I don't know/ I can't answer	25	16,7	150	100
		150	100%	-	-

It is obvious that 33% respondents are neither satisfied nor dissatisfied with the product or service.

One-way tabulation is especially suitable for the variables represented in nominal and ordinal scales, but is also used for interval and ratio scales. One-way tabulation is useful as a preliminary

data analysis, because it enables the detection of serious coding and/or data entry errors. The values that stand out from the predicted response categories are immediately visible – e.g. if a certain amount of data marked with a 6 returned in the last table (such a response category was not predicted). The table would immediately show

that the absolute sum was not 150 and that the total sum of percentages was not 100%. Also, we can spot the occurrence of a certain number of responses in certain categories, which can indicate incorrect determination of response categories. For example, a large number of "I don't know" /"I don't want to" or "I cannot answer" points to the necessity of additional sample research in order to find the cause (this was discussed in the section on coding). One-way tabulation indicates the suitability or difficulties resulting from the chosen data analysis and is often used as one of the exploratory procedures for observation of the data distribution in a sample.

TWO-WAY TABULATION OR CROSS-TABULATION

Two-way tabulation is the examination of data relative to other responses, most commonly the respondent characteristics. We often call it "crossing", while the statistical term is "cross tabulation". The term contingency tables is also commonly used. This procedure is used for the examination of the responses (stated in individual categories) to one question relative to the responses to the other question.

Cross-tabulation results are also expressed in tables. Cross-tabulation is usually the combination of two (or more) variables, so that each table cell presents a unique combination of particular variable values that are intersected, which enables insight into occurrence frequencies. The number of observations (responses) in each cell belongs to more than one variable in order to examine their connection. The category (nominal) variable or the variable with a smaller number of responses (e.g. age groups, rather than each year of age) are suitable for cross-tabulation (at least as one variable). If we want to intersect a continued variable, we should regroup and pre-code them into a specific number of mutually exclusive categories.

The simplest cross-tabulating method is the 2x2 intersection, in which two variables are crossed, each having only two different values, the result being a table of 2 rows and 2 columns. We can use the examples with the responses to the question: "Are you satisfied with the product or service?", providing that we wish to find out whether there is a difference in using and liking, relative to the respondents' gender. Let us assume that in a sample of 150, there are 75 female and 75 male respondents.

Question: Have you used this product in the past month? (2x2 table)

(Code)	Answer	Female		Male		Total	
		Abs.	%	Abs.	%	Abs.	%
(1)	I'm satisfied	60	80	40	53	100	66,7
(2)	I'm dissatisfied	15	20	35	47	50	33,3
		75	50%	75	50%	150	100%

Each cell represents a unique combination of values in two crossed variables (rows show the gender, while columns show the usage response) stated by the number of responses.

The size of marginal frequencies (the lower row and the furthest right column) in the table represents a one-way table of all value frequencies in the table. They are relevant because they assist in the evaluation of the importance of each individual cell in each column and/or row. For example, the frequencies of 80% female and 53% male respondents who are satisfied with the product or service would not mean anything unless we compared them with the fact that out of the entire sample. This means 66,7% of respondents used the product, which means that women showed

greater satisfaction than men. Therefore, various frequency distributions in a row and/or column, compared to the marginal values enable the insight into the relationship between the crossed variables. Frequency comparison is simplest if represented by relative values – percentage.

Such simple cross-tabulation is often used in market research. However, we most frequently use the comparison of tables (i.e. responses presented in the tables), which is called the banner format, in which each response is tabulated with the sub-groups of responses. To show an example of the banner format, we can use the example of product satisfaction, adding the observation of one more variable – age, with two expressions in the sample: "younger" (18-34) and "older" (35-64).

The question: "Are you satisfied with the product or service?" (2x2 table with two crossings – respondents' gender and age)

(Code)	Response	Fem. %	Male %	18-34 %	35-64 %	Total %
(1)	Satisfied	80%	53%	70%	63%	66,7%
(2)	Dissatisfied	20%	47%	30%	37%	33,3%
		50%	50%	50%	50%	100%

Using the procedure we can simultaneously observe respondents' answers depending on their gender and age which enables an easier interpretation of results.

CROSS-TABULATION RESTRICTIONS

Cross-tabulation results should be observed as indicators that direct the continued analysis and possible additional hypotheses. It is dangerous to presume that the results produced by cross-tabulation are sufficient for the interpretation of research results without checking their significance by other statistical procedures. Unfortunately, this is very frequent. Although many hold that cross-tabulation is sufficient, it is only the initial step of a serious analysis. Cross-tabulation results indicate the relationship between two variables only conditionally, without knowing which variable exerts the influence and which one receives it.

BASIC CROSS-TABULATION STATISTICS

As we already stated, the cross-tabulation generally enables the observation of certain connections or relationship between variables. Let us examine the following example:

Age	Satisfaction with product A	Satisfaction with product B	Total
younger 18-34	50 (100%)	0 (0%)	50 (50%)
older 35-64	0 (0%)	50 (100%)	50 (50%)
	50 (50%)	50 (50%)	100 (100%)

Younger people show greater satisfaction with beverage A, while older people show greater satisfaction with beverage B. The result is important because there is a minimal or non-existent chance that a wrong conclusion can be made on the preferences relative to the respondents' age, due to the statistical error. Unfortunately, the reality shows that the variable relationship is less obvious and two issues emerge: measuring the relationship (comparison) and the statistical importance of the established differences.

There are many useful and widely spread techniques to research the statistical relevance of the cross-tabulation differences. The most frequently used techniques are:

- test (chi-square test),
- contingency coefficient and
- Cramer's V indicator.

GRAPHIC PRESENTATION OF FREQUENCY DISTRIBUTION

The most common graphic presentation of frequency distribution techniques are the frequency histogram (columns), frequency curve (lines) and structural circles (pie). Graphic presentation of cross-tabulation is also suitable for analysis and is often used to present the whole table by only one graph – 3-dimensional histogram.

Alternatively, the categorised histogram shows each variable category by separate histograms, which enables precise evaluation of each table cell.

MEASURES OF LOCATION AND DISPERSION AS SUMMARY INDICATORS

Indicators describing the characteristics of a number of data are called summary indicators. Measures of location and dispersion are the most relevant summary indicators. Regression to the mean denotes the central point of the data distribution.

Measures of regression to the mean are called the measures of location. The following graphic presentation of frequency distribution shows two different sets of data, the mean location of the B curve is located to the right relative to the mean location of the A curve: (Figure 2)

Figure 2. The same curves with different measures of location
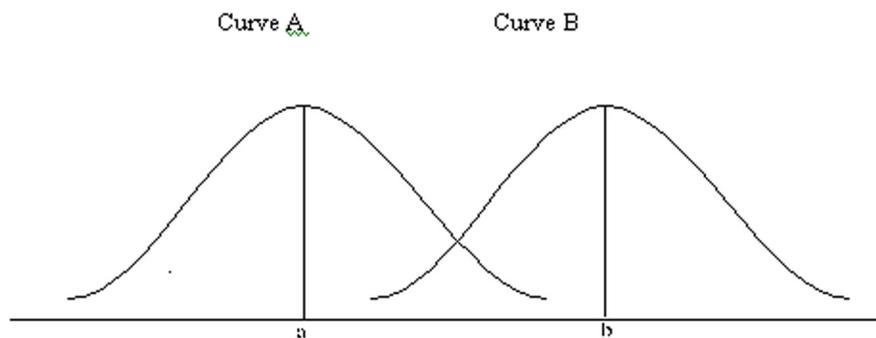
Dispersion denotes spread or diffusion of data in the distribution. There are also two other measures providing the indicators of the data distribution – the measure of skewness and the measure of roundness.

The curve presents the data which can be reflectingly identical (symmetrical) or reflectingly diverse (asymmetrical). Depending on that, the curve is differently bent, i.e. has a different measure of asymmetry. The curve is symmetrical when the vertical line divides the horizontal axis from its highest peak into two equal parts, as well as two equal spaces below the curve.

The following figure shows two symmetrical curves with the same asymmetrical measure, but with diverse dispersion and the different roundness of the curve – curve A has a greater dispersion than curve B. (Figure 3). The measure of roundness determines that a curve has certain roundness. Curves A and B have different roundness. Both curves have a central location and asymmetry measure, but different roundness.

The following figure presents two asymmetric curves with the same measure of skewness, but in different directions (skewed to the right or left): (Figure 4)

Curves A and B represent data that is not equally distributed and is concentrated more to the right or left. Curve A is skewed, elongated to the right (to the positive), while curve B is skewed to the left (to the negative). The data represented by curve A is concentrated on the left side of the distribution, while curve B represents the data concentrated to the right side. Measures of asymmetry and roundness surpass the framework of this paper.

MEASURES OF LOCATION

Measures of location include:

- median

- mode

- arithmetic mean

- "common"

- pondered

- geometrical mean

We will briefly discuss the median, mode and "common" arithmetic mean as measures of location.

Figure 3. Curves with the same asymmetry measure, but different dispersion and roundness.
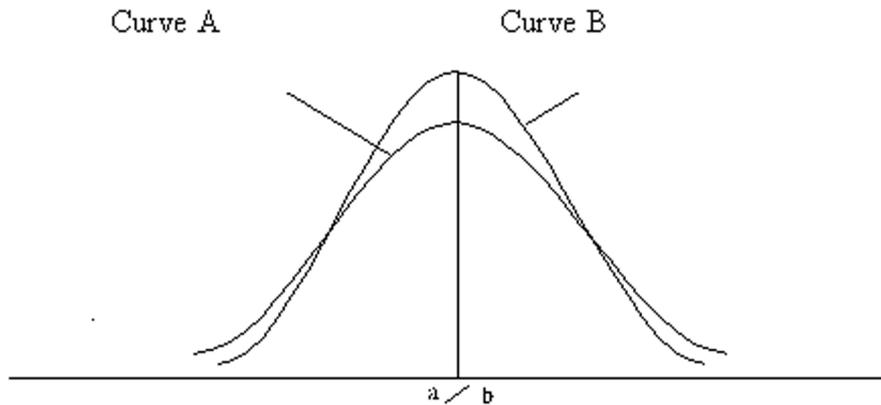
Figure 4. Curves with the same measure of skewness, but different direction
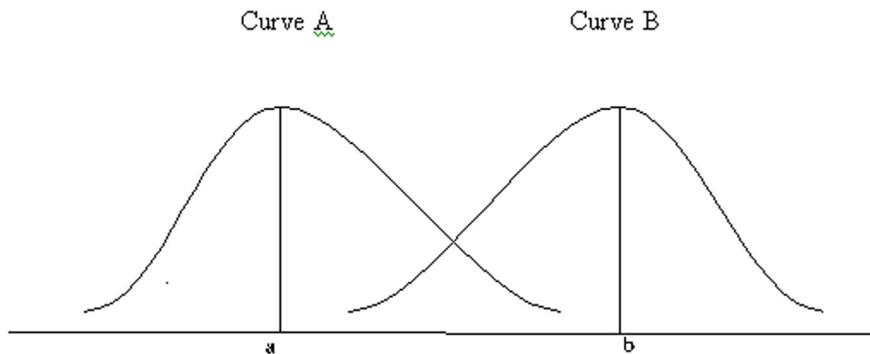
MEDIAN

Median as the measure of location is an individual indicator showing a precise geometric ("image") mean of the data set. Half of the data is below it (to its left), while the other half is above (to its right). In order to observe a median, the data set has to be arranged (according to the rising or falling order). If the set has an even number of data, the median is the average value of the two mean data. The formula for the median calculation is:

Median =

$$\left(\frac{n+1}{2} \right)$$

nth data in the set, where n represents the number of data in a set.

Median has several advantages: it is not greatly influenced by the extreme values. It is simple to calculate the median for all data and contrary to the mean value, it can also be easily calculated in grouped data with open categories (providing that median does not fall into such a category). The median can be calculated in a set of non-numerical data, but the data has to be sorted according to the key in the hierarchical sequence (rising or falling).

The main downside of the median is that the data has to be sorted. We should not forget that median is a restricted measure of location that shows 50% of the data falling below and 50% of the data rising above the medial value.

MODE

Mode is the most common score in the set. Like the calculation of the median, the set should be sorted.

Similarly to the median, the mode can be a measure of location for the sets of numerical and non-numerical data ("quantitative" and "qualitative" data). Mode is not influenced by extreme values. It is not commonly used in the data analysis, since a set can contain a number of modes (of different values, occurring a number of times) or no modes, because each piece of data has its own value.

ARITHMETIC MEAN – AVERAGE VALUE

When we discuss an average value, we usually refer to the arithmetic mean. Therefore, the average sea temperature or the average precipitation on the island of Lastovo in July is actually the arithmetic mean. Arithmetic mean is calculated by summing up all measured values and dividing it by the number of measurements. Thus, the average sea temperature in the first week of July is the sum of all daily measured temperatures divided by 7 days.

The formula for the calculation of the population mean:

$$m = \frac{\Sigma x}{N}$$

The formula for the calculation of the sample mean:

$$\bar{x} = \frac{\Sigma x}{n}$$

Arithmetic mean as a numerical indicator represents a sequence of data. The advantages of this technique are that it is very intuitive, generally known and easily comprehended. Each set of numerical data has a specific unique arithmetic mean. The arithmetic mean is very important for a number of statistic procedures, like testing (comparison) of arithmetic means (average values) from a number of samples.

Unfortunately, the mean has certain disadvantages we have to keep in mind. Primarily, since all the data in a set influences the mean, it suffers a great influence of extreme values in the set.

The mean can frequently lead us in the wrong direction if the data does not belong to a homogenous group. It is advisable to examine the data before or after calculating the mean, best using a histogram, in order to determine whether it is reasonable to include the reached value in the continued analysis and the interpretation of the collected data: (Figure 5)

Figure 5. Histogram of collected responses on the scale of 1-5 with the calculated average value 2,42

Histogram of P7A7 (STELLA1.STA 141u'250c)
Z48* 1 * normal (x, 2.41532, 0.931287)
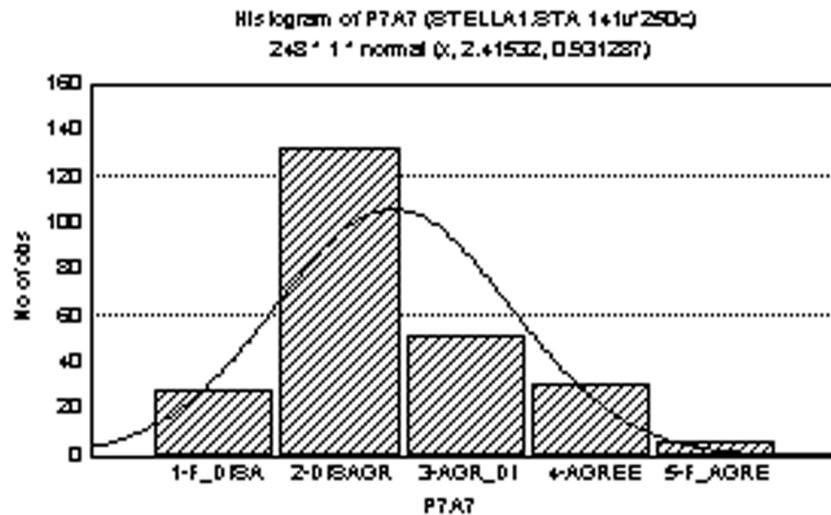
COMPARISON OF ARITHMETIC MEAN (MEAN, AVERAGE VALUE), MEDIAN AND MODE

In the process of data analysis, we have to decide which measure of location is the most functional for the description. If the distribution is symmetrical, all three indicators have the same values (mean = median = mode): (Figure 6)

Positively skewed curve (to the right) has the mode at its peak, while median and mean are located to the right (opposite to the negatively skewed distribution): (Figure 7)

MEASURES OF DISPERSION ("SPREAD") AS METHODS OF DATA ANALYSIS

Curves with identical measures of location (average value indicators), but diverse data dispersion can be presented as follows: (Figure 8)

Data represented by curve B is the least dispersed data and the curve is "pointed". The data presented by curve A is more dense than the data represented by curve C. This is less dense, i.e. more dispersed than the data presented by curve B. The more pointed the curve, the more representative are the measures of location (mean, median and mode) relative to the data set. The measures complementing the data set comprehension are the measures of dispersion, which indicate to what extent the location measures are representative of the data set.

Measures of dispersion provide us with additional information necessary in order to estimate the reliability (representativeness) of location measures. If the data is presented by curve C from the previous figure (Figure 8), the measures of location are less representative than the ones represented by curve B, although the measures of location are practically equal.

There are certain problems pertaining to the analysis, especially relative to the widely dispersed data. We should recognise such data before we start analysing the event presented by the data.

Measures of dispersion serve to compare various sets. If the wide dispersion of data from the mean is unsuitable or presents a great risk, we have to recognise it as early as possible.

Figure 6. Symmetrical curve

Curve A
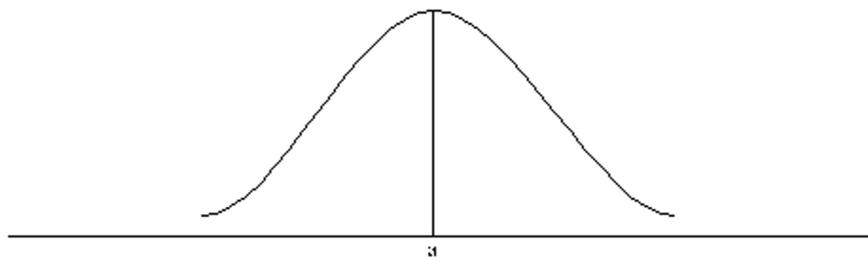
Mode = Median = Mean

Figure 7. Positively skewed curve (to the right)

Curve A
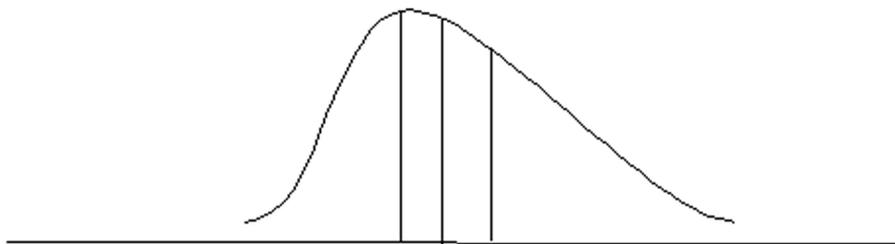
Mode Median Mean

Figure 8. Curves with diverse dispersion
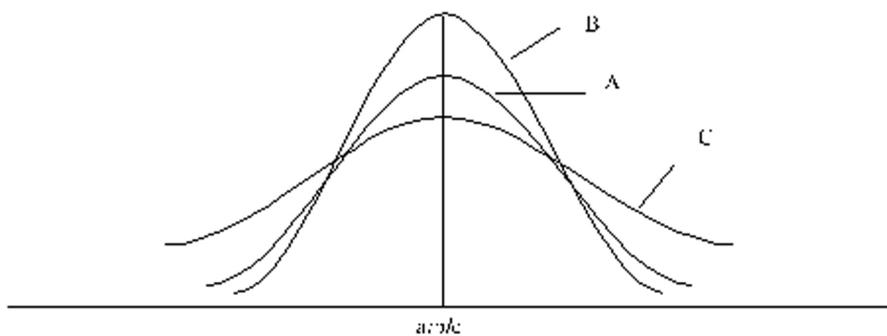
RANGES AS THE MEASURES OF DISPERSION

Dispersion can be measured relative to the difference between two values from the data set. Basic measures of the range are:

- variance range

- inter-fractile range

- inter-quartile range (IQR)

Variance range

Variance range represents the difference between the highest and the lowest value in the set. The range is very easy to calculate, but its importance as a measure of dispersion is not large. The range depends only on the highest and the lowest values in the set and neglects all other data. Since it measures only two values, it is greatly probable that the ranges would differ significantly, even between the samples from the same population. The additional downside is that the range as the measure of dispersion cannot determine the range in the sets with open categories (because the highest and lowest values are non-existent.)

Inter-fractile range

The fractile is an indicator that divides a data set into proportions. In the frequency distribution, a specific part or proportion of data is located below or above the fractile. The median is 0,5 fractile, since one half of the data in the set is smaller and the other half bigger than the median. Fractiles are very like the percentages. In each distribution, 25% of the data is located below (and at) 0,25 fractile, just as 25% of the data is located below and at the 25th percent.

The inter-fractile range is the measure of dispersion between 2 fractiles in the frequency distribution, that is the difference between two fractiles.

Fractiles have specific names, depending on the number of (identical!) portions into which they divide the set (number) of data. Fractiles dividing the number of data into 10 portions are called deciles. Percentiles are fractiles dividing the set into 100 equal parts. Quartiles divide the sets into 4 identical portions.

Inter-quartile range

Inter-quartile range measures how far into one or the other side we have to reach to include the half of the values of the data set whose value comprises 50% of the entire set value. It can be interpreted as the sum of 2 and 3 quartiles.

In order to calculate the inter-quartile range, we divide a data set into 4 parts, each comprising or 25% of the data. Inter-quartile range is the difference between the value of the third and the first quartile.

Inter-quartile range $= Q_3 - Q_1$

The inter-quartile concept can be presented as follows: (Figure 9)

MEASURES OF THE AVERAGE DEVIATION –VARIANCE, STANDARD DEVIATION AND COEFFICIENT OF VARIATION

The detailed descriptions of dispersion are the ones based on the average deviation from one of the measures of location. The most important ones are variance and standard deviation.

Variance and standard deviation of the population

Each population has a variance, denoted by ². Population variance is calculated by dividing the sum of squared distances, differences between average values and each data of the population, by the total number of population elements (data). By squaring each difference, we make it a positive number and simultaneously add more meanings (ponder, weight) to larger differences. Variance is calculated:

Figure 9. The inter-quartile concept

Curve A

Inter-quartile range
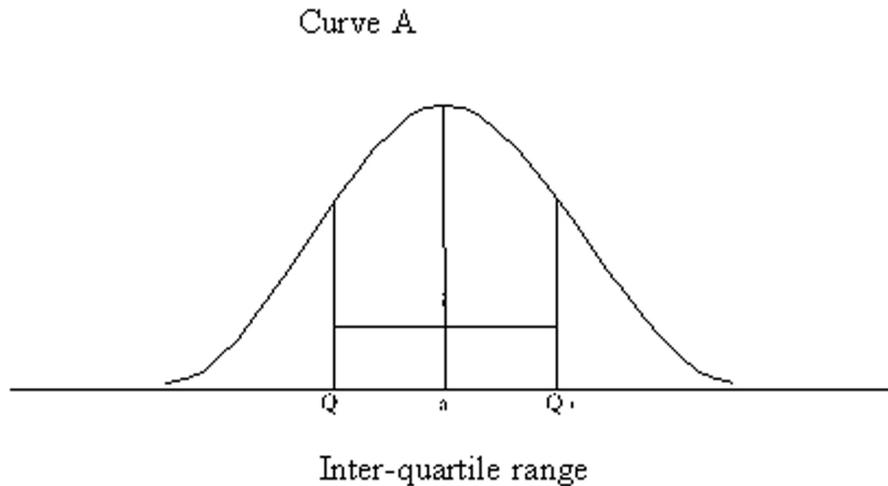
The axis area i.e. the lengths of the quartile are equal if they represent a symmetrical curve.

COMMON TECHNIQUES FOR ANALYSING DATA ON CONSUMER SATISFACTION

In a summary, statistical techniques most commonly used in data analysis on consumer satisfaction, according to Dutka, are the following:

- relative relations, percentages

- the percentage of respondents who assigned the highest grades to all questions on the general level of satisfaction

- the percentage of respondents who have never assigned a poor grade to any success issue

- "punishment and reward" analysis

- relatively simple statistics

- average evaluations, standard deviation, statistical relevance

- gap between expectations and realisation

- complex statistical techniques

- correlation

- multiple regression

- discriminate analysis

- factor analysis

- correspondence analysis

- conjoint analysis

Each analysis is not suitable to all types of research and the circumstances under which each research is conducted. Descriptions of complex analyses (according to Dutka) are cited in other sources, especially in scientific statistical literature..

THE ROLE OF LOYALTY AND SATISFACTION IN CONSUMER BEHAVIOR OF NAUTICAL TOURISTS IN CROATIA: PRELIMINARY RESULTS OF THE EMPIRICAL RESEARCH

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Abstract

In this paper, some fundamental theoretical determinants of customer loyalty and satisfaction are explored and applied to the customer behavior of nautical tourists. Preliminary determinants of customer behavior in nautical tourism are proposed, including the methodology of their empirical verification. In addition, results of the empirical study, used to verify the model are presented. The paper concentrates on implications for the future research in the field, which tends to explore the role of relationship marketing on customer behavior in the wider field of tourism and hospitality in the area of 'emerging markets'.

Fundamental determinants of customer loyalty/satisfaction and the preliminary model for their research in nautical tourism

Customer satisfaction is usually considered to consist of three components: a) customer's expectations, b) product's or service's performance and c) customer's perception (Bennett, 1996). Satisfaction is intrinsically linked to customers' emotions/emotional reactions (Lovelock & Wirtz, 2007), which need to be adjusted according to their initial expectations. These are the determinants of the most popular model for assessment of customer satisfaction and its management. It has been suggested by Parasuraman, Zeithaml & Berry (1985), who look for a (dis)confirmation between the initial customers' feelings and attitudes and the perception of the service provided.

Different determinants of this model are provided by the following Figure, which cites promises, past experiences and word of mouth as the most important components of initial customers' expectations, while different determinants of the service quality constitute the resulting performance, to which the initial expectations are compared.

The determinants of service quality, i.e. dimensions in which a provider created (dis)satisfaction are, according to Parasuraman et al. (1985, 1988, 1991):

- reliability (the ability to deliver what was promised/expected),

- responsiveness (providing prompt reactions upon customers' requests),

- assurance (employees' ability and knowledge to generate customers' trust and confidence),

- empathy (providing personalized attention to customers),

- tangibles (the appearance of all physical attributes related to a certain service).

Figure 1. Service satisfaction model based on the disconfirmation concept
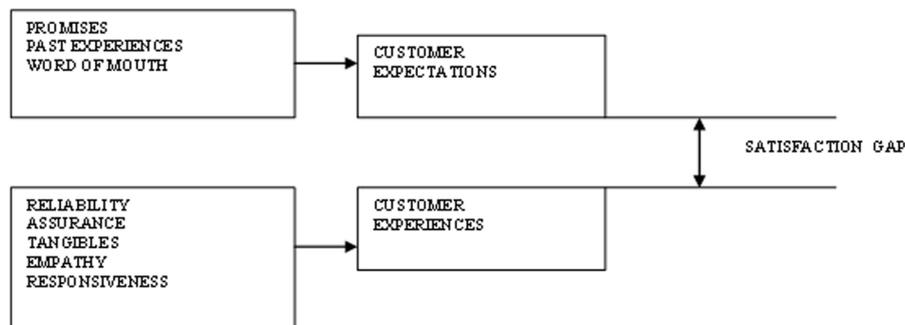
Source: Adapted from Parasuraman, Zeithaml & Berry (1985) and Hooley, Piercy & Nicoulaud (2008)

The consequences of satisfaction are considered to be especially beneficial for all kinds of service providers, since they are supposed to provide the long-term effects, relevant both for the profit rate, as well as for the future customer behavior, especially for their repurchase decisions (Hauser, Simester & Wernfelt, 1994). In addition, satisfied customers will be happy to participate in different forms of marketing research, sales promotion and other marketing activities, especially if they feel that an organization is trying to develop a partnership, in which all the actors of the marketing process will have some benefits.

The antecedents and favorable consequences of customer satisfaction, along with the process of its formulation, have been modeled by Anderson & Sullivan (1993), who also presume that the perception of quality and ease of its evaluation serve as the starting points for creating the perceived quality and the (dis)confirmation gap. These constructs interact as shown by the following Figure, which states that the repurchase decision(s) are the most significant consequence of satisfaction.

Since the repurchasing seems to be the one of the most important long-term effects of current satisfaction, the related notion of custom loyalty can be derived from a more short-term oriented construct of satisfaction. The idea of loyalty is not associated exclusively with the repurchasing decision, since loyal customers also have overall positive attitudes toward the service provider and tend to choose such an organization as an exclusive provider of specific goods/services (Gremler & Brown, 1996). Therefore, loyal customers seem to be one of the most important assets in

contemporary business, as the customer churn significantly lowers profitability (Vlasic, Mandelli & Mumel, 2007) and might even become a critical component of survival during the economic crisis.

Hallowell (1996) provides an overview of theories related to loyalty, which, in most cases, see customer satisfaction as a predecessor of loyalty, while profitability is considered to develop after the loyalty has been established and can be closely associated with the repurchasing decisions. At the other hand, there is also a stream of literature which analyzes loyalty from other aspects, taking also into account: (a) attitudes about an organization and/or its brand(s); (b) other relevant aspects of consumer behavior.

Nautical tourism is an industry with high earning potential, if one analyzes the amounts spent by nautical tourists in the Mediterranean basis, including Croatia, which is one of its most attractive destinations. The issue of customer loyalty is of special importance in order to clarify many unsolved issues, which are related to consumer behavior of nautical tourist.

Firstly, the literature hasn't established what is the object of customer loyalty in nautical tourism, as some guests may perceive the entire country (such as Croatia), or even the whole Mediterranean, as the destination to which they are loyal, while loyalty of other guests may be directed toward a specific region (in Croatian case – Dalmatia, Istria, etc.), or even a specific marine. Therefore, hypothesis H1 is formulated as follows:

Figure 2. The fundamental constructs related to customer satisfaction and their relationships
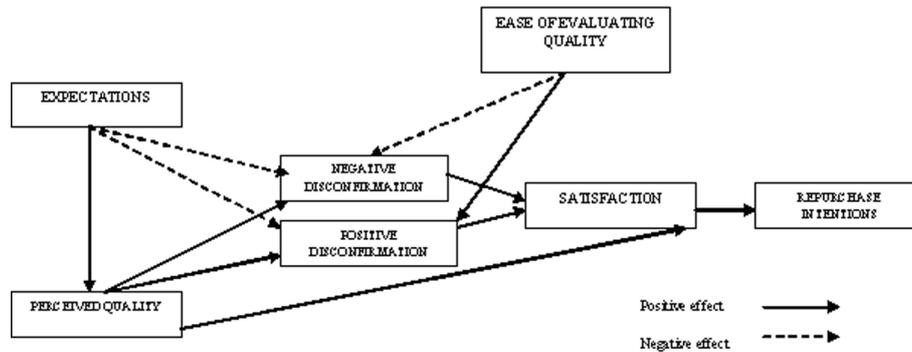
Source: Anderson & Sullivan (1993)

H1. There are differences among nautical tourists in Croatia regarding the definition of a destination as the object of their loyalty.

The nautical tourists may also develop a specific 'lifestyle', i.e. a perception of themselves, which makes the nautical activities a significant part of their lives. Therefore, their choice of a marine in which their boat is moored should not be dependent on the price, but rather on the high overall satisfaction with the services of a marine and the feeling of a 'community' (i.e. feeling of a belonging to a social group of other boat owners, provided by the continuous and friendly social relationships within the marine). In this context, hypothesis H2 is as follows:

H2. Overall satisfaction of nautical tourists is developed from the perception of a specific 'nautical lifestyle' and feeling of belonging to the peer community. It represents a significant determinant of different aspects of their consumer behavior.

If the previous hypothesis is acceptable, the repurchase decision should follow as the most important consequence of loyalty. However, the churn intention, as the most significant indicator of loyalty, could be also significantly influenced by some other factors, such as an 'inherent' need of nautical tourists to seek new destinations. This is the subject of the hypothesis H3:

H3. Customer satisfaction, as well as loyalty, described by the churn intention of nautical tourists, mooring their vessels in a specific marine, is influenced by the inclination to seek new nautical destinations.

Methodological determinants of the preliminary empirical research

After multiple experts in the field of tourism (especially nautical tourism), including the managerial staff employed in several marine companies, have been interviewed, a preliminary research instrument has been developed (see Appendix). This paper is based on the convenience sample of 57 respondents, to which the survey has been personally administered by the author, in order to validate the research instrument and obtain initial results. All the surveys have been obtained in several marine establishments Croatian Adriatic coast. Respondents have been yacht and motor boat owners – all-year, long-terms patrons of the mooring facilities. The value of the results is perceived in terms of providing feedback to the theoretical part of author's research (conducted within the doctoral dissertation research project), since the initial theoretical assumptions had to be verified before attempting the large-scale primary data collection.

Even during the preliminary primary data collection, all ethical procedures designated by the procedures of the doctoral program at Leeds Metropolitan University have been implemented, along with the ethical guidelines of ESOMAR. The

collected data has been processed by using the computer software SPSS 17.

Results of the preliminary empirical research

Nautical tourists seem to differ in their definition of the nautical destination, which, as an effect, produces different perceptions of the object to which the loyalty in this industry may be directed. The following table illustrates results of the research and confirms the first hypothesis.

It is interesting to note that the majority of nautical tourists tend to develop loyalty toward a 'micro destination', i.e. a specific archipelago in which their targeted marine is located. This is the case with all classes of customers – both satisfied, as well as unsatisfied ones. It is also quite expected that the nautical tourists who tend to view the entire region of a 'macro destination', i.e. a specific region within an entire country (such as Croatia) will be, in perspective, less loyal to a specific marine, which is also illustrated by Table 1.

The idea of socializing based on the community of interest is important for highly satisfied guests, as well as for those who do intend to repeat their repurchase decision related to marine services (see Table 2). This can be further explored by introducing two additional variables (related to the social relations and contacts within the marine setting) into the research design, as to test the effects of social relationships to satisfaction/ loyalty constructs in the remaining segments of quantitative analysis.

If absence of churn intention (i.e. positive repurchase intention) is taken as a fundamental measure of loyalty, the following results (Table 3) can be interpreted in terms of confirming the theoretical connection between satisfaction and loyalty, although the detailed analysis of this problem is outside of the scope of this limited paper. Here one should emphasize of social relations among the customers to their satisfaction, while

the continuity of social contact (in high nautical season, as well as in low season) does not seem to influence satisfaction much, which concurs with the previous findings.

Promotional material of a marine does not seem to influence the consumer behavior much, even for the most satisfied vessel owners it is not higher than the negative position of 4.2, measured on a Likert-type scale with values of 0 to 10. Other elements of a marine offer (special services…), its brand and recommendations received from the peers, friends/family, nautical associations, etc., are somewhat more important, but they do not seem to guide the consumer choices, i.e. the purchasing decisions of the nautical tourists. It is also important to note that the same conclusion can be applied to the price of mooring services, with unsatisfied and unloyal customers confirming that the price is of very low importance for them, i.e. that their satisfaction/loyalty can be attributed to other factors. The most significant of them are :

- availability of the marine location by car (and, to a smaller extent, by other means of transportation),

- vessel security and overall security provided by the marine,

- friendliness and technical competence of the marine staff,

- friendliness of locals,

- technical equipment available and

- attractiveness of the surrounding in the marine.

Research results related to the hypothesized 'inherent' tendency of nautical tourists to change their nautical destination(s) during the year can be found in Table 4. The overall inclination toward changing nautical destination(s) is relatively low (even negative), but the potential relationship between this aspect of potential consumer behavior and satisfaction/loyalty of nautical tourists is very difficult to explain.

Table 1. Differences among nautical tourists in defining a destination

| | | Total | | When You say that You go to a certain destination, what does the destination mea | | | |
		col %	n	Archipelago of a coast in	Sea region	A place nearby a	Marine
	TOTAL	100	49	35	29	16	12
Overall satisfaction	High overall	73	36	28	36	17	11
	Medium overall	16	8	50	13	13	13
	Low overall	10	5	60		20	20
Churn intention	High churn intention	16	7	43	57		
	Medium churn	25	11	27	36	9	18
	Low or w/o churn	59	26	35	23	23	15

Source: Research results

Table 2. Social contacts/community of interest and satisfaction of nautical tourists

| | | Total | | I make friends with people in marines. |
		col %	n	MEAN
	TOTAL	100	57	6,2
Overall satisfaction	High overall satisfaction	70	40	6,3
	Medium overall satisfaction	16	9	7,1
	Low overall satisfaction	14	8	4,9
Churn intention	High churn intention	21	11	4,9
	Medium churn intention	21	11	5,9
	Low or w/o churn intention	58	30	6,5
Friendly relations with other marina guests	High friendly relations	37	20	9,3
	Medium friendly relations	43	23	5,9
	Low or w/o friendly relations	20	11	3,1
Continued social contacts	In contact	61	34	6,4
	Without offseason contacts	39	22	6,0

Source: Research results (measured on a scale from 0 – completely disagree to 10 – completely agree).

Table 3. General satisfaction of nautical tourists vs. loyalty and social relationships

		Total		Generaly, how satisfied are You with the marine? Mark the scale 0 to 10, where 0 means – I am not satisfied at all, and 10 means – I am fully satisfied.
		col %	n	MEAN
	TOTAL	100	57	7,7
Overall satisfaction	High overall satisfaction	70	40	8,8
	Medium overall satisfaction	16	9	6,6
	Low overal satisfaction	14	8	3,5
Churn intention	High churn intention	21	11	6,1
	Medium churn intention	21	11	7,0
	Low or w/o churn intention	58	30	8,6
Friendly relations with other marina guests	High friendly relations	37	20	7,7
	Medium friendly relations	43	23	8,1
	Low or w/o friendly relations	20	11	6,8
Continued social contacts	In contact	61	34	7,6
	Without offseason contacts	39	22	7,7

Source: Research results (measured on a scale from 0 – completely disagree to 10 – completely agree).

Table 4. Inclination of nautical tourists to change the destination(s) vs. satisfaction, loyalty and social relationships

		Total		I like to change the destination in which I moor my vessel during a year.
		col %	n	MEAN
	TOTAL	100	57	3,9
Overall satisfaction	High overall satisfaction	70	40	4,1
	Medium overall satisfaction	16	9	2,9
	Low overall satisfaction	14	8	4,0
Churn intention	High churn intention	21	11	3,6
	Medium churn intention	21	11	4,7
	Low or w/o churn intention	58	30	3,0
Friendly relations with other marina guests	High friendly relations	37	20	3,2
	Medium friendly relations	43	23	4,6
	Low or w/o friendly relations	20	11	3,9
Continued social contacts	In contact	61	34	3,5
	Without offseason contacts	39	22	4,4

Source: Research results (measured on a scale from 0 – completely disagree to 10 – completely agree).

Preliminary conclusions and their implication for further research

According to discussion of results in the previous section, hypotheses H1 and H2 can be accepted, while H3 is to be rejected, due to the lack of empirical support. This implies that satisfaction/ loyalty of nautical tourists can, indeed, be analyzed in terms of 'classical' theories developed in other contexts and industries. However, special attention needs to be ascribed to the perception(s), i.e. definition(s) of a nautical destination as the object of customers' (vessel owners') loyalty, as well as to the effects of social relationships and emergence of the community of interest among the marine customers.

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THE ROLE OF MARKETING IN THE LIGHT OF CONSUMER BEHAVIOUR CHANGES IN THE ECONOMIC DOWNTURN: THE CASE OF POLAND.

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Abstract

The paper is based on the premise that marketing should not be analyzed without the general economic situation context. It analyzes how companies' motivation to expand marketing activities may decrease when consumers change their market behaviour in the economic downturn. The main purpose of the paper is to identify how companies operating in Poland evaluate marketing in the current economic crisis. To achieve this I examine how Polish consumers have changed their behaviour since 2008 and how companies in Poland are coping (or planning to cope) in such conditions. The analysis is based on data provided by research institutes and consulting firms. The results show that both consumers and companies have modified their market behaviour. The consumers have changed their consumption patterns due to budget constraints caused by the economic crisis and the companies have adjusted (or are planning to do so) to the new conditions mainly by cost-cutting practices. The results support the idea that there is a tendency to practice marketing less in the economic downturn and to focus on short-term results. Until recently, many researchers and practitioners have argued that companies should not abandon marketing when economic conditions tighten. Yet, this paper as well as anecdotal evidence suggest that this is only a normative view. Further study of the mechanism of marketing substitution with other ways of a company's goal achievement is needed.

Keywords: marketing, consumer behaviour, economic downturn

Introduction

Economic trend is the state of economy in a given moment described by a set of economic indicators that change over time. Among these indicators we can list gross domestic product, prices, wages or level of unemployment. Changes in economic trends come in cycles, which mean that periods of boom occur interchangeably with periods of recession. Recession is a general slowdown in economic growth that may even lead to a drop in GDP. This paper deals with a situation of an economic downturn resulting from the financial crisis.

Economic slowdowns resulting from financial crises come in cycles and – even though they cause a strong emotional reaction and shock amid the society – they are a natural part of the business cycle . Since the end of the World War II the world's economy has been through ten economic downturns (NBER 2008). The penultimate was caused by the so-called "dot-com bubble". Now we are witnessing the eleventh economic downturn, which was directly caused by the financial crisis.

A sudden change in the economic trend hits in the first place the companies operating in the class of enterprise in which the downturn started. It then spreads as a result of the domino effect into other markets (what took place in, for instance, 2008) (Simos 2008). Worsening economic climate – a drop in net exports, waning investments and a drop in demand – forces companies to rethink the strategies they were applying up to that moment. Use of marketing has to be reconsidered as well. Since companies usually spend large sums of money on marketing, it is only natural to try to cut these expenses in the face of crisis. However, if a company decides to cut marketing spending it will

exercise a smaller influence on the market. In the long run it may bring the risk of company missing its targets. Companies face a dilemma here – should they limit or expand their marketing actions? If they decide to limit marketing, is there any way in which they can substitute it? For a researcher these questions serve as a starting point to discussion of a more complex issue – that of marketing utility in the situation of changing economic trends.

Most of the literature on marketing has been until recently based on a silent assumption that companies operate in a fairly stable environment. Such an approach was an evident oversimplification in the context of regular changes brought by the business cycle. In the present work it is assumed that the business cycle does have an influence on marketing. The purpose of this study is to analyse the relations between worsening market conditions (caused by the economic crisis) and use of marketing by the companies. An attempt will be made to identify to what extent companies perceive marketing to be efficient in a situation when consumer behaviour changes in response to the economic downturn. This work will also attempt to:

1.describe changes in consumer behaviour in Poland (compared with the rest of the world) in response to the economic downturn,

2.describe actions planned and taken up by the companies operating in Poland.

A discussion of the two issues mentioned above will make it possible to formulate conclusions on how companies in Poland perceive marketing utility in the times of an economic downturn. It will also allow examining to what extent marketing is employed to help meeting companies' targets and compare it with world's tendencies. The present work is interested in the post 2008-meltdown economic trend in which companies were operating in Poland. The conclusions will serve as a basis for preliminary verification of a notion of marketing utility, according to which companies may lose incentive to employ marketing in the times of financial crisis. This analysis will be based on results of studies on changes in consumer and company behaviour both throughout the world and in Poland. The studies were conducted by various research institutes and consulting companies.

The present work consists of seven parts. The first one presents a literature review on the influence

that economic trends may exercise on marketing. In the second one patterns of consumer behaviour during economic downturn will be analysed. The third part presents the concept of marketing utility in the context of the information from the first and second part. This concept describes how a drop in demand influences marketing utility. The present work adopted a hypothesis that marketing utility drops when consumers suffer limited access to money as a result of the crisis. The fourth part presents the sources of research data, while the fifth part outlines the data on changes in customer and company behaviour in the times of crisis, used to verify the hypothesis on marketing utility. The sixth part contains conclusions, while the seventh one outlines the limitations of the present study and suggests directions for future research.

Literature review

Conditions in which companies operate have been the subject of many in-depth analyses because they are one of the most basic issues in the economics and management studies. What is interesting is that the problem of the influence of economic downturns (including those resulting from financial crisis) on marketing was not widely explored until ten years ago and there are no unambiguous views on this issue. Research conducted in this field brought arguments both in favour and against marketing activity in the times of recession (Srinivasan et al 2005). An overview of studies on this subject show that they fall into two main currents. The first one is focused on the influence of macroeconomic changes on the overall advertising expenses and on the market share of retail brands. The results have shown a strong correlation between advertising expenses and business cycle (increase in GDP translates into increased advertising spending) (Deleersnyder et al 2009) and a rise in importance of retail brands in the periods of recession (Deleersnyder et al 2009, Lamey et al 2008).

The second current is concerned with marketing's influence on companies' results in the times of recession (Tellis & Tellis 2009). It is focused mainly on the influence advertising (as well as sometimes R&D) has on: sales (Tellis & Tellis 2009), market share (Tellis & Tellis 2009) and profitability (Srinivasan & Lilien 2009, Köksal & Özgül 2007, Srinivasan et al 2005, Frankenberger & Graham 2004).

The results of the research suggest that cutting advertising expenses in a time of recession may translate into a drop in sales in the period of growth. On the other hand, keeping advertising spending on the same level during recession may lead to an increase in sales (also in the long run). What is worth pointing out is that research results do not directly confirm or rule out a positive influence of reducing advertising budget on profitability.

Lately the two main trends in research on relations between macroeconomic situation and marketing have been supplemented by a third one, dealing with efficiency of marketing instruments in relation to general economic situation. It was in particular concerned with changes in advertising elasticity and pricing elasticity during the business cycle (Gijsenberg et al 2009). Its results show that consumers tend to be more price-sensitive during recession, but their susceptibility to advertising remains unaffected.

It stems from the literature review that during the last ten years there has been a rise in the interest in interrelations between general economic situation and marketing. It is difficult not to notice that the research does not cover market actions alternative to marketing that could be applied in the time of economic downturn. Further overlooking of this issue would impoverish understanding of mechanisms governing companies' market behaviour. For this reason the present study aims at identifying to what extent Polish companies make use of marketing in a deteriorating economic situation, and to what extent marketing is replaced by other, non-marketing actions. It will allow – at least partially – to examine the hypothesis on a drop in companies' motivation to invest in marketing in the times of worsening economic climate.

Changes in consumer behaviour in the time of crisis

Unfavourable economic situation may affect the consumers in both economic and psychological sphere (Köksal & Özgül 2007). It takes its most acute form when a consumer is made redundant – when he or she is deprived of source of income, he or she is forced to cut down on or completely resign from consumption of some goods. Even if a consumer kept the job, his or her sense of security is undermined by general economic conditions. As a result, consumer may try to extend his/ her working hours in order to keep the previous lifestyle. Consumers also tend to pay more attention to their finances (Shama 1978), what may translate into changing the structure of their spending (Ang et al 2000). The research results show that consumers tend to buy less goods, opt for less expensive brands (retail brands), buy in wholesale outlets, spend more time comparing products, instead of paying for services they try to perform most of them themselves (Shama 1981), they cut down on buying goods and services related to leisure and recreational activities and pay more attention to the price-quality ratio (Anon 1975). Generally speaking, changes in consumer behaviour in the time of crisis affect: consumers' willingness to spend money, ways of taking decisions on purchases, types and amounts of purchased goods.

Changes in consumer behaviour are not indifferent to marketing instruments. Changes in consumer behaviour can be therefore classified into four groups, affecting: product policy, price policy, distribution policy and advertising policy (Ang et al 2000).Changes in consumer behaviour that affect product policy translate into increased interest in retail brands and local goods and drop in one-off expenses. What follows, an increased interest in products in small packs and a smaller interest in luxury goods (in favour of necessities) can be observed. There are two main changes in consumer behaviour that affect price policy. The first one is a decreased interest in products with relatively higher prices. The second one is a longer reflection time before purchasing a given product. Consumers take into consideration not only the product price in the moment of purchase, but also the costs of the whole cycle of the product use. Advertising is affected by a drop in interest in marketing messages of emotional character in favour of rational marketing messages and relative loss of importance of promotional items. Changes in consumer behaviour affecting the sphere of distribution are, among others, an increased amount of visits in points of sales. Consumers examine their offer in more detail, because the phase of identification of ways of satisfying a need has become more important in the process of decision-taking. Another change is an increased importance of local points of sales at the expense of shopping malls.

Over the last 40 years McKinsey Global Institute has been conducting a research on consumer behaviour during a business cycle (Desvaux et al 2009). The results show an important difference

in the pace of changes in consumer behaviour in the periods of boom and bust. The research has shown that during a period of economic growth the level of consumption changes (on the average by 0,3%) in line with long-term tendencies and therefore it is easily predictable. In the period of recession changes in consumption level are more abrupt. On average it differs by 2,2% from the long-term tendencies, what makes planning difficult for companies. What is more, the research has shown that the impact of economic downturn may last longer or shorter for different categories of goods. In this respect goods fall into three categories: those hit by a recession for a relatively short time, for an average period of time, and for a long time. The most basic goods (e.g. food) belong to the group of products affected by the recession for a short time. The group affected for an average period of time consists of products and services related to entertainment (e.g. eating out and holiday expenses), while the group of products hit for the longest period of time contains durable goods (for instance cars). The level of consumption of durable goods needs over ten quarters to recover to that observed in the long-run tendency. Research conducted by McKinsey Global Institute has demonstrated that sensitivity of various groups of products to economic downturn has been changing during the last periods of bust. The impact of recession on expenses related to eating out, transport and audio-visual equipment has been more visible nowadays, while there is a lower drop in spending on car use and alcohol consumption.

The concept of changing marketing utility

Changes in customer behaviour during an economic downturn may rein in the process of meeting the targets by the companies. Obstacles of this nature can be put in two groups, according to the possible ways of overcoming them (Krzyżanowska & Wrzosek 2009):

- absolute limitations, which appear when the demand falls due to lack of consumers' funds;

- relative limitations, which appear as a result of changing customers' preferences and their willingness to spend money (the so-called 'soft limitations on demand') and short-term limitations in consumers' fund and impossibility to increase them ('hard limitations on demand').

It is assumed in this work that marketing's purpose is to help a company reach its goals by increasing its ability to overcome obstacles it encounters. The extent to which marketing is able to deliver on this task is the measure of its utility. Depending on the nature of these obstacles, marketing can turn out be of high or low utility.

In reality even in a situation of crisis companies may have to deal to a varying extent with both soft and hard limitations on demand. When soft limitations prevail – that is, those caused by changing consumers' preference for products or willingness to spend money – companies that see a chance of overcoming them increase their marketing spending. Creating the desired changes in consumers' preferences and encouraging them to buy a given product (in a more effective way than the competition) becomes marketing's main purpose.

Marketing utility changes when crisis-induced hard limitations on demand prevail. An increase in hard limitations, as it has already been said, may take place in a situation of crisis as a result of lack of consumers' funds. It may also be caused by banks limiting consumers' access to funds by introducing additional conditions when granting loans. In the face of such situations marketing utility decreases because it has no influence on the amount of money consumers can spend.

Limited marketing utility when hard limitations on demand prevail may become an incentive for temporary change in the company's orientation. Market orientation as a basis for the concept of marketing and its instruments brings company long-term profits. When the prospects for achieving long-term profits are dim, a company does not have an incentive to develop a market orientation, but may develop an internal orientation instead.

The most important characteristic of an internal orientation of a company is rationalization. It may occur in three dimensions (Geroski & Gregg 1994): (1) financial decisions (disposal of assets, cutting dividend cover, introducing a rights issue, re-scheduling debt, increase short-term borrowing), (2) strategic decisions (focusing on core business, mergers and acquisitions, rationalizing product lines), (3) restructuring decisions (closing establishments, reducing employment, reducing employee wage growth, reducing inventories, scrapping outdated machinery, reducing headquarters costs, outsourcing).

A substantial cut in costs gives companies more opportunities for lowering the prices. If companies reduce prices, the consumers satisfying their needs with cheaper products will have more money to spend. An increase in consumers' funds helps to overcome hard limitations on demand. It may serve as an incentive for the companies to change their orientation once again, that is to shift from internal orientation back to the market orientation. This shift in turn results in employing marketing, because it is becoming more effective in overcoming demand limitations.

As it has been stated before, an economic downturn makes limitations resulting from lack of consumers' funds more important, which means that marketing temporary loses its capacity to overcome obstacles encountered by companies. Companies then turn to alternative ways of achieving their goals. This statement will be examined in the context of changes in customers' and companies' behaviour on the Polish market in the years 2008–2009.

Changes in customers' behaviour in a difficult economic situation can be analysed on two levels. The first one takes into consideration consumer climate, which is a result of consumers' feelings and expectations. The second one relates to actual consumer behaviour, which translates into purchasing decisions. The results of research cited below refer to both of these levels.

Research

This paper is based on results of research conducted by the following groups:

- Nielsen – Nielsen Global Confidence Index (2009) – calculated twice a year, it measures the level of consumers' optimism, the reasons for their anxiety and shopping patterns. The research sample is 25 140 Internet users from 50 countries.

- JWT – Anxiety Index - calculated since 2003; it estimates the level of consumers' anxiety and main factors behind it across 11 markets: USA, United Kingdom, Canada, France, Spain, Australia, Brazil, Russia, India, China and Japan. It is based on data collected from adults aged 18+ through online surveys conducted in 2009. Data are weighted by age, gender and household income based on government population statistics.

- McKinsey Global Institute – Beating the recession: Buying into new European consumer strategies -

conducted in 2009; the research sample includes 4220 households whose members were in the age group between 25 and 70 years old and who belonged to three income groups (low, middle and high); the survey encompassed both working and retired people.

- Pentor Research International – Barometer of Economic Moods – conducted regularly on a representative group of 1000 Poles.

- Synovate – The Poles about the economy in August and December 2008 – conducted on a representative sample of adult Poles in the age group between 18 and 64 years old. The sample size was N=1000 (August 2008) and N=979 (December 2008). The surveys were conducted using CATI method (Computer Assisted Telephone Interview) in August and December 2008.

- Ernst & Young – Opportunities in adversity. Responding to the crisis – the respondents of the survey were 300 top managers from the biggest world companies. The survey was conducted from 6th to 19th January 2009.

- BVA - International research on managers' perception of the economic downturn - survey commissioned by the BPI group – conducted in December 2008 encompassed 7 590 managers from 14 countries (Finland, Russia, United Kingdom, Germany, Poland, Romania, Switzerland, Belgium, France, Spain, China, Italy, USA, Brazil), including 521 respondents from Poland. The survey was conducted through the Internet among managers working for the companies in the private sector, hiring at least 10 workers.

- Deloitte - Time to cut. Looking for cost cutting opportunities in the Polish firms – conducted from March to May 2009 among more than 50 firms; the respondents were the top managers.

- PKPP Lewiatan and Deloitte – Monitoring of the state of the large companies sector 2009 - conducted by CBOS on a random sample of 251 Polish private and public companies in the period ranging from 20th January to 6th March 2009. The sample was representative, also because of the sector (private – public company) and Polish classification of business activity section in the main seven sectors of the economy.

Findings

Consumer climate and consumer spending in the world

According to Nielsen research group the level of consumer confidence, measured with Nielsen Global Confidence Index, has been on a decrease since the second half of 2006; in the years 2006–2007 it fell by 5 points, in the years 2007–2008 it fell by 10 points and in the first half of 2009 it fell by 7 points from the figure of 84 to 77, reaching the lowest level from the moment of its creation, that is from the year 2005. Similar conclusions stem from the research conducted by JWT with the use of Anxiety Index. JWT's results indicate that consumer climate has been worsening since 2003, when the percentage of people admitting anxiety over their future increased from 50% to 70%.

A decrease in consumer confidence is correlated with a waning sense of employment security. According to Nielsen, fear of losing a job has become, together with general worsening of the economic situation, the most serious threat in the eyes of the consumers. The percentage of respondents mentioning it as a threat has dramatically increased from the second half of 2008 to the first half of 2009 (from the level of 9 up to 22). Only six months earlier the consumers pointed to rise in food prices and fixed charges as a source of greatest anxieties.

Worsening consumer mood has an influence on the ways in which consumers manage their cash surplus. According to Nielsen group consumers most often decide to put the surplus into savings – a phenomenon that rose in importance in the period between February 2008 and January 2009. To a smaller extent than before consumers decide to spend their cash surplus on leisure, clothes, entertainment and going out, apartment renovation, electronic devices or investments.

Shifts in consumer mood also translate into changes in the structure of expenses, as it stems from the results of studies conducted by McKinsey and Nielsen. McKinsey's results indicate that in December 2008 over a half of the respondents (51%) cut their expenses on average by 7%. Nearly a half of the savings (49%) was generated by means of cutting spending on basic goods and services, among which the food products constituted 24%. The same research showed

that the next three categories most affected by spending cuts were: eating out (13%), healthcare (12%) and toys/games (11%).

According to the study conducted by the Nielsen group 70% of consumers changed their shopping behaviour in January 2009 in a response to the new economic situation. In the world's scale the product categories affected to the largest extent by changes in consumer behaviour were: clothes (56% of respondents), entertainment and going out (53%) and patterns of use of gas and electricity (51%). It is worth pointing out that when the crisis is over, consumers stick to new behaviours only in relation to the last category of expenses (40% of respondents, as opposed to 20% of respondents in other categories of expenses). It might be deduced from this fact that refraining from shopping and buying is a forced behaviour which changes once the economic situation improves.

Changes in consumer behaviour caused by economic downturn in the last months could be summed up in the context of factors boosting demand, which are: consumer mood, income level, living costs/inflation risk, funds at consumers' disposal, credit accessibility (Desavaux et al 2009). According to McKinsey the influence of these factors today – when compared with previous recessions (in the mid '70s, early '80s, '90s and at the beginning of the 21st century) – gives basis for expecting a drop in demand on a scale never noted before. It would be a result a negative influence of four out of five factors listed above (only living costs are of relatively lower importance).

The results of the mentioned research confirm the general consumers' tendency to cut spending in the time of an economic downturn. Consumers who experience (or fear) adverse effects of economic slowdown decide to start saving. Analysis of changes in spending patterns confirms that not all categories of products are equally affected. The category most hit by spending cuts was eating out. Buying durable goods suffered relatively less than during the previous recessions, however entertainment spending was cut substantially.

Consumer climate and spending in Poland

Poland has also been affected by the worsening of consumer climate after the 2008 financial crisis. A research conducted by the Synovate company

in August 2008 showed that 42% of respondents believed that economy was in general in a rather poor shape. In December this opinion was shared by 56% of respondents (which means an increase of 14 percentage points). Pessimism grew stronger as a smaller number of respondents believed that Polish economy would recover shortly and that it rested on strong foundations (16% of in August 2008, as opposed to 8% in December 2008).

In August 2008 32% of respondents believed that Polish economic situation would improve during the 12 months ahead, while in December this opinion was held only by 23% of respondents (which constitutes a drop of 9 percentage points). In August 2008 23% of respondents feared worsening economic situation, while in December 2008 the fear was shared by 45% of Poles.

Similarly to consumers in the rest of the world, also Poles started to ascribe more importance to economic issues. More people started to pay more attention to country's economy (51% of respondents in August 2008 as opposed to 61% in December 2008) and follow more closely stock exchange quotations (12% of respondents declared it in August 2008, as opposed to 17% in December 2008).

It is worth pointing out that the crisis did not breed new fears among Polish consumers. Both in December and August 2008 one third of Poles apprehended that the family breadwinner might be made redundant. The same percentage of respondents (13%) declared in both surveys that they were anxious about not having enough money to pay for family healthcare. In December 2008 12% of respondents feared defaulting on mortgage instalments or their rent (as opposed to 10% in August 2008). A similar proportion of respondents in both surveys (in August – 15% and in December – 14%) declared that they had no fears related to the economic situation.

The research conducted by Synovate demonstrated that at the beginning of the crisis Polish consumers were more optimistic about their own futures than about the future of Polish economy as a whole. In December 2008 the number of respondents fearing that economic situation in Poland would deteriorate increased by 22 percentage points. The number of people worried about their household's financial future increased only by 9 percentage points. It stems from these results that Poles believed that their private financial standing would be less affected than the economic situation of the whole country.

A survey on public feelings, conducted in September 2009 by Pentor Research International, showed a further decline in consumer climate. Penkon – the consumer mood index – fell by 2,8 percentage points in comparison with September 2009. It also demonstrated increased pessimism on households' financial standing and on the overall state of Polish economy. Household confidence index fell by more percentage points than the index of perception of the economic situation of the state (a drop of respectively 3,9 and 1,8 percentage points). Lower level of both indexes can be explained with worse than in August 2009 expectations about the developments in the coming 12 months. Assessment of the current situation was similar to that in August. What changed were the expectations. Still a majority of households did not expect any changes in their situation (66%), however less consumers expected an improvement of their personal finance (16% of Poles, which means a drop of 3 percentage points) and more expected worsening in this field (18%, what means an increase of 4 percentage points). A similar tendency can be observed in expectations as to changes in economic standing of the whole country – the biggest group of respondents did not expect any changes in this domain (39%), though it is smaller than the group that did not expect changes in their personal finance. The number of consumers expecting the economic standing of Poland to improve over the coming year has dropped by 5 percentage points in comparison with August (28%), while the number of people fearing worsening of the situation has increased by the same amount and it constituted 33% in September 2008.

To sum it up, the results of surveys on consumer mood in Poland showed that even though a clear deterioration in mood could be observed, consumer mood index fares well compared with the rest of the world. According to Nielsen's survey Polish Index is at the level of 82, which puts this country 5 percentage points above the average (77). Companies operating in Poland have to take into consideration waning consumer optimism.

Results of the research conducted by Synovate in the second half of 2008 showed that Poles – despite clear signs of economic downturn and lowering consumer mood – did not cut on buying. More people declared that they could find ways

to buy goods that make them feel better (66% in August and 77% in December). Also more respondents claimed that even though they were worried by the state of economy, they could not stop themselves from spending (36% of respondents in August, as opposed to 42% in December 2008). Poles did not start to pay more attention to food products' prices either. However, in December 2008 28% of respondents admitted that they put less aside in savings (in August the figure was at 20%), 29% made investments more rarely (in August 21%), 46% of respondents spent less on luxury goods (in August only 36% admitted that) and 39% admitted that they indulged more rarely in impulse-buying (31% of respondents gave such answer in August).

In December 2008 56% of Poles declared that they had to cut their spending in the 6 previous months (in August 2008 the result was 51%). The respondents resigned in the first place from travelling and brand-name products, replacing them with cheaper substitutes. They have also indicated that they spend less money on ready meals and buy more staple foods instead (e.g. rice, flour, pasta).

The categories of products that Poles decided to spend less on are no different from those chosen by inhabitants of other European states (such as United Kingdom, France, Germany and Italy) (Desavaux et al 2009). The first four categories most hit by spending cuts are: eating out, alcohol and tobacco, entertainment and leisure.

Worsening consumer mood and changes in spending patterns of Polish consumers that surfaced in the research create conditions which may negatively affect companies' views on marketing utility. This hypothesis shall be examined in the next section of this work, which will present research results on companies' behaviour in Poland and throughout the world after the economic downturn of 2008.

Evaluating marketing utility by Polish companies in a period of economic downturn in the context of changes in the world

The influence of economic downturn on companies' behaviour (including marketing use) can be analysed on two levels. One of them relates to actions taken up (or abandoned) by the companies. The other one encompasses plans for actions. Results of research cited below relate to both levels. As it was done when analysing

changes in consumer behaviour, an outline of world tendencies shall be presented, and analysis of changes of Polish companies' behaviour will follow.

An outline of changes in the world is based on results of a study conducted by Ernst & Young. They show that companies in a period of financial crisis are first and foremost anxious about their liquidity. Among the liquidity difficulties experienced by the companies in the times of crisis most of them listed defaults on payments and a drop in customers' creditworthiness (indicated by 55% and 53% of respondents respectively). For this reason it is a common practice among companies to seek for ways of boosting liquidity (68% of respondents stated that their companies take up actions of which the main purpose is revising their liquidity).

The second action taken up in order to adjust to a new situation is seeking possibilities for cost-cutting. 84% of respondents declared having implemented such measures before. Among various areas of activity the respondents pointed to supply chain as having the biggest potential for cost-cutting. Sales and marketing were classified as having an average potential in this domain. Respondents of the cited survey were also asked to name areas that required special attention in the time of crisis. Budget planning and budget structure came first, with 80% of respondents giving this answer. Sales and marketing came fifth, with 68% of respondents' answers. Moreover, the subjects were enquired about changes in their relations with customers. Focusing on key clients was listed as the most important change by 72% of respondents. Launching new products came second with 39% of respondents' answers. When asked about areas which were most strongly affected by budget savings, most of the respondents pointed to mergers and acquisitions (40%), sales and marketing came second (37%), while research and development came third. Respondents were also asked about what actions they were planning to take in response to changes in economic environment. The most popular plan was to sell unprofitable business (40% of respondents), strategic takeovers came second (34%), while the third place was taken by both shifting production to less expensive locations and outsourcing (31% of answers each).

Companies operating in Poland have also felt a crisis-induced change in their environment. However, as it stems from the research conducted

in December 2008 by BVA for the BPI group, the adaptations to new conditions did not happen on a massive scale. Respondents declared that they did not intend to freeze wages, hold investments or stop recruiting. 17% of respondents considered increasing company's efficiency by extending working hours. Only 11% allowed for a possibility of merging with another company. The above results indicate that Polish managers to a lesser extent than their counterparts abroad plan to restructure their companies. The most widely expected crisis-induced change is cost cutting.

In 2009 Deloitte conducted a research on optimising tendencies in Poland. Its results confirmed that Polish companies were engaged in optimising processes; over two third out of fifty subjects (companies) was implementing a project of costs optimising, while 74% was planning to do so in the coming year. The research has also demonstrated that rationalising programs are taken up not just as a makeshift solution in response to a given situation: 22% of respondents engage in such programs every year, while 24% do it regularly every two or four years. More than a half of the companies in the study admit that conducting rationalizing programs is necessary every year. Many companies decided to start saving programs as a response to the crisis (57% of subjects) or as a response to crisis-induced drop in profitability (37%). The results have demonstrated that 43% of companies experienced an actual drop in profits. These companies devised cost optimising programs as a response to the last financial crisis. 83% of the companies participating in the research has set goals for their rationalizing programs after conducting an internal analysis, that is evaluating the efficiency of processes inside the organization. Nearly three quarters of the subjects admitted that optimising program met the set targets, while 9% of companies can even boast exceeding the targets. The results show that companies which did not base solely on internal analysis but also took into account analysis of the external environment managed to build up more savings than companies that based on internal analysis exclusively. Most companies want to optimise costs of general management and sales costs; 71% of subjects included this area in their latest program, while 86% plan to include them in the next program. Respondents listed IT and management as areas having greatest potential for cost cutting. Simplification, elimination and outsourcing of business procedures are believed to be cost drivers having the biggest influence on

organisation. Respondents expect that improving speed and efficiency of actions, elimination of unnecessary activities, optimal use of IT and introducing efficiency control should bring biggest profits.

Companies' response to the crisis can also be observed from the results of research conducted by PKPP Lewiatan and Deloitte. The results show that about 80% of large companies believe that the crisis will have a negative impact on their activity. More than one third of them assume that they will have to cut down on production and sales in Poland, while one fifth will have to do the same thing in the foreign markets. Over one third of the companies expect that they will have to cut advertising and recruitment spending, while 37% of the companies will invest less than they have planned. 17% of them will do so due to lack of funds and 20% of them will do so due to a drop in demand. Companies working in the industrial processing expect biggest problems with demand; therefore they make preparations for limiting the number of workers. Companies operating in other sectors, like transport, stock management and communications focus mainly on limiting investments. Nearly 25% of large companies believe that the crisis will not have a negative effect on their business. These operate mainly in power industry, transport, stock management, communications and construction or provide services related to running one's own business. Especially the construction companies consider using the time of crisis to get a bigger share of the market, by means of e.g. mergers and acquisitions. All of the large companies perceive many areas of activity as affected by an increased risk. Under normal circumstances the companies indentify risks mainly in economic downturn, PLN fluctuations against the Euro, increased competition on the market and liquidity problems caused by payment gridlocks. The crisis has changed companies' perspective – now they consider the biggest risk to be PLN fluctuations against the Euro, payment gridlocks and a drop in demand on the Polish market. Large companies perceive limited access to loans as a problem of a relatively smaller importance – it occupies 8th place on the list of dangers brought about by the crisis, with 21,2% respondents pointing to it. Loss of access to external funds is mostly feared by trading companies and companies operating in the power industry. According to large companies the currency risk has increased greatly. Changes in price of PLN against Euro worry most of all

the trading companies, companies working in the power and mining industry. Large companies point as well to an increased risk of a drop in demand on the Polish market. Trading companies feel most threatened by this phenomenon, while construction companies are those that feel the least threatened.

Conclusions

The purpose of the present work was to identify what do companies operating in Poland think about the marketing utility in the context of changes in consumer behaviour resulting from an economic downturn. An overview of studies on these phenomena may lead to the following conclusions:

The crisis of 2008 brought a serious worsening of consumer mood throughout the world. In the most general dimension it undermined consumers' sense of security and brought about cautious behaviour on their part. Fears of losing a job (and with it a source of income) became an important factor, as well as changes in spending patterns. What surfaced was a strong tendency to rationalizing of spending, especially by cutting expenses and saving. Following mechanisms typical for economic downturn the customers changed some of their shopping habits – among others they resigned from the products and services that do not serve fulfilling basic needs, but also serve improving the comfort of living. Most of the changes declared by the consumers were forced upon them by the circumstances; if general economic conditions improve, they plan to return to their earlier behaviour patterns.

Changes in consumers' behaviour in Poland resemble to some extent those that took place in the rest of the world, though they have retained some local specificity. What is similar is the fear of losing a job, although this particular anxiety is typical for a large group of Poles, no matter the economic situation. The differences in consumers' behaviour in Poland and the rest of the world take form of a gap between the general consumers' mood and shopping behaviours. Even though the consumer optimism has faltered since the beginning of the crisis, it did not immediately translate into changes about shopping decisions. Despite declared awareness of worsening of the economic situation, the consumers did not change their shopping patterns at the beginning of the crisis. Only in the

long run Polish consumers' behaviour started to resemble the phenomena observed in the rest of the world – most importantly a drop in buying of products belonging to chosen categories.

The described phenomena can be interpreted using categories of changes in the structure of limitations on demand as a result of economic downturn. On this basis it can be stated that in the period after the meltdown in 2008 both in the world and in Poland (at least in some sectors) the mechanism of changing the structure of these limitations has been triggered. The process brought an increase in hard limitations on demand. It is a basis to formulate a conclusion on possibility of waning of companies' motivation to employ marketing because this tool alone will not be of any use in overcoming this kind of obstacles.

As it stems from the cited research, the world's tendency for the companies in the time of crisis is to focus on protecting and improving their financial standing. Financial standing is measured in such circumstances with the level of liquidity. This being so, the companies in the first place resort to cost cutting, mainly in the area of wages and IT solutions. Marketing does not belong to the areas of company's activity that suffer from immediate budget cuts (though it is believed to have a considerable potential for savings), but neither it is perceived as an area requiring special attention (in this classification it occupies the 5th place). Generally speaking, it can be said that marketing is of secondary importance in the times of crisis. If we take into consideration declarations on planning to reduce marketing budget as a result of general cost cutting it may be assumed that its role in the process of meeting targets by the company may decrease even more.

Polish companies' reactions to economic downturn, which they associate mainly with payment gridlocks, currency risk and waning demand, resemble the earlier described behaviours of foreign companies. The most typical response is cost cutting, which is in most cases guided by the analysis of company's internal situation. Marketing is not perceived as an activity that may play a significant role in the process of adjusting to the situation resulting from economic crisis. On the contrary, managers in Poland tend to cut spending on advertising to a larger extent than managers of companies abroad.

On the basis of the research results it can be observed that behaviours and declarations about the future plans of Polish managers confirm that there is a tendency to turn to internal orientation in a situation of economic downturn resulting from financial crisis. Such a tendency appears as a result of changes in consumers' behaviour, which were induced by an increase in hard limitations on demand or carry with them a risk of such an increase. In such a situation a motivation to employ marketing cannot be strong, what allows us to state that assessment of marketing utility by Polish companies in the time of economic downturn is rather low.

From the managerial point of view identifying this situation is important because it questions a conviction on strong and absolute attachment of companies to the market orientation. Once managers realize it, they can interpret other market players' behaviours more accurately and adjust to them.

Limitations and suggestions for further research

The most important limitation of the analysis conducted here is basing it on research the results of which in great part rest on respondents' (consumers or managers) declarations. A possible gap between their declarations and actual state of affairs indicates that additional, more objective sources of information should be sought. It should be noted, however, that when one is analysing plans for starting an activity (by consumers or managers), he or she does not dispose of such sources. What is more, when a phenomenon is still in progress (e.g. an economic downturn), a post factum analysis cannot be conducted. Another limitation is using aggregated data, taken in a selective way from various studies. This approach is justified by the fact that the issue is still in a preliminary analysis phase, which may lead to formulating more detailed hypotheses in the future. The third limitation stems from the fact that the present study was carried out with an assumption that the level of marketing utility is related to the structure of limitations on demand that a company encounters when trying to meet its targets. What follows, the analysis does not include any phenomena related to competition. It makes the analysis more simplified, what is to

some extent justified by the fact that the nature of demand is of basic character.

In order to overcome these limitations one should seek more objective ways of measuring economic subjects' (consumers and companies) reactions to economic downturn. What is more, one should try to de-aggregate the research into sectors and products, so that the conclusions could be not only of illuminating value, but carry some practical aspects as well.

First and foremost, trying to include all the important factors affecting marketing utility would require taking into consideration the competitive environment when analysing relationship between the state of economy and marketing. This statement points to the desired direction of further research in this field. The results of such a research could be combined with research on market orientation. It would shed further light on explanation why market orientation is actually less widespread than it could be expected from the declarations. An in-depth analysis of actions alternative to marketing for the companies on the market constitutes another promising area for further research.

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CAUSE RELATED MARKETING AS A TOOL TO BRAND POSITIONING AND EMPLOYEES' SATISFACTION.

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Abstract

In today's dynamic marketing environment marketing-oriented companies try to improve their customer knowledge and connections using different innovative strategies that can assist them in gaining competitive advantage. For this reason more and more companies nowadays realizing the need to go beyond the traditional marketing strategies try to apply a societal marketing orientation. The concept of "improving society's well-being" has become part of many companies' strategic plans and marketing decisions. Corporate Social Responsibility (CSR) is faced as an opportunity for Brand Equity and there are many companies which invest a considerable percentage of their budget on different CSR activities in order to enhance their image. According to the European Commission published its response on CSR: "CSR: a business contribution to sustainable development". The communication highlighted the importance of CSR for corporations since it is for their long-term interest and it contributes to sustainable development by integrating their economic, social and environmental impact in their operations (the so-called 'triple bottom line') (Euroabstracts 2004).

A very popular CSR strategy is Cause-Related Marketing (CRM) according to which the profit-making companies form strategic partnerships with non-profit organizations for mutual benefits. Adkins (2005) posits that CRM is an integral part of a portfolio of ways that firms can use to demonstrate their responsiveness to the society's heightened expectations and demands for responsible corporate behaviour. CRM focuses on 'marrying' the corporate strategy of community involvement with social issues related to business. In doing that it enables businesses to actively contribute to the growth and sustainability of the societies in which they operate whilst enhancing the long-term benefits for their brands. CRM can provide great opportunities to organizations in terms of corporate reputation, brand awareness, customer loyalty, and press coverage. At the same time the employees can be highly motivated due to all those CRM activities and volunteer to support their organizations with positive results to the productivity rates and profitability of the companies which have adopted those strategies. According to Kotler and Lee (2005) "Community volunteering is an initiative in which the corporation supports and encourages employees, retail partners, and/or franchise members to volunteer their time to support local community organizations and causes. Volunteer efforts may encompass of the following: expertise, talents, ideas, and/or physical labour whereas, corporate support may involve recognition for volunteer service, provision of paid time off from work, match services to help employees find opportunities of interest, formation of teams to support specific causes". (p. 175-176)

This paper aims to examine the effects of CRM to employees' job satisfaction. It analyzes the findings of a survey that took place during October 2008 in three corporations with long lasting successful CRM programs. The corporations are: Marfin Laiki Bank in social partnership with "Radiomarathon Foundation", Bank of Cyprus in social partnership with the "Cyprus Anticancer Society", and Ernst and Young with the "Young Volunteers".

It is an exploratory research which had as a goal to provide an insight of the positive or negative effects of CSR and CRM activities on employees.

Introduction:

CSR is a concept whereby businesses integrate social and environmental concerns in their corporate operations and in their interaction with their stakeholders on a voluntary basis. In the CSR web-pages of the European Commission's Directorate-General for Enterprise and Industry, CSR is defined as: "Voluntary business initiatives, in the form of corporate social responsibility (CSR) practices, can play a key role in contributing to sustainable development while enhancing Europe's innovative potential and competitiveness." (http://ec.europa.eu/enterprise/library) It is about businesses deciding to go beyond legal requirements attempting to reconcile economic obligations, as well as social and environmental expectations. CSR has become increasingly important within Europe and around the globe and it is part of the efforts for globalization, competitiveness and sustainability. The European Commission has embraced the concept and has launched a number of initiatives for example: The Commission's Green paper launched in July 2001 entitled "Promoting CSR and The European Multi-stakeholder forum that was launched in October 2002. In that year, the European Commission published its response on CSR: "CSR: a business contribution to sustainable development". The communication highlighted the importance of CSR for the long-term interest of businesses by integrating their economic, social and environmental impact in their operations (the so-called 'triple bottom line') (Euroabstracts 2004). The practice of communicating CSR in marketing communications activities is commonly known as CRM. CRM also defined as the process of formulating and implementing marketing activities that are characterized by contributing a specific amount to a designated non-profit effort that, in turn, causes customers to engage in revenue-providing exchanges (Mullen, 1997). It is a dramatic way to build brand equity . . . as it creates the most added values and most directly enhances financial performance (Mullen, 1997). It (societal marketing) can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993). When properly executed, CRM sells products, enhances image, and motivates employees. CRM

is the latest buzzword for European marketers who have come to realize that alliances of companies with charities can potentially result in growing market shares and customer loyalty (Stewart, 1998) (Basisboek MVO, 2001).

Literature Reviews

CSR is defined as; A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis as found in Dahlsrud (2008).

CSR is fundamentally about voluntary corporate behavior with their stakeholders: employees, shareholders, investors, consumers, public authorities and NGOs. In doing that corporations are attempting to reconcile the interests of various stakeholder groups and place CSR in the mainstream of business practice. In principle CSR can be used to strengthen corporate reputation and profitability by signaling to the various stakeholders with whom the organization interacts that it is committed to meeting its moral obligations and expectations beyond common regulatory requirements. In essence, it becomes part of the corporation's identity. However, from a marketing perspective it is difficult to reconcile the interests of the various stakeholders since there might be conflicting interests. For example, employees may demand higher salaries whilst customers lower prices. Nevertheless, the number of enterprises that have successfully managed to strike this balance is increasing.

The European Commission has also launched the European Alliance for CSR, an open grouping of enterprises involved in CSR initiatives. The European Alliance for CSR is a political umbrella that will help mobilize and give recognition to the wide array of activities and initiatives that businesses implement and provide parameters for corporate behaviour. The Commission's latest communication on CSR aims at fostering the multi-stakeholder approach (http://ec.europa.eu/enterprise/library). According to Frankental (2001) CSR can only have real substance if it embraces all the corporate stakeholders. Enterprise Commissioner Erkki Liikanen in an interview given to Euroabstracts (2004, p. 8) said that: "...the companies that presented their business practices in the European Multi-stakeholder Forum on Corporate Social responsibility – about 40 of

them, large and small- said very clearly that it was in their enlightened self-interest to invest in their stakeholders and to care about the environment."

The concept Corporate Social Responsibility refers to the tendency of firms to take into account the best interests of the society throughout its operation and taking responsibility for the impact of its activities on customers, employees, suppliers, shareholders, the community, other stakeholders and the environment. Lawrence, A. and Weber, J (2008).

"CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Mallenbaker. net, 2008).

"Society is changing. If companies want to survive these changes, they need to change themselves in a way which is acceptable to society. And if the people who work for a company feel proud of it, that's a pretty accurate indicator of whether it mirrors the values of the rest of the community". (Carmichael and Drummond, 1989, p.6).

Cause-Related Marketing (CRM)

Developing a strong and socially oriented corporate reputation has become a major form of differentiation in many markets where price, quality and tangible attributes are relatively similar. Being able to present companies corporate brands as contributors to the wider social framework, a role beyond that of simple profit generators has enabled stronger positive positions to be achieved. One of the methods used by brands is CRM. This is a commercial activity by which profit oriented and not-for-profit organizations form partnerships to exploit, for mutual benefit, their association in the name of a particular cause (Fill, 2002: 630). CRM is a new form of marketing, a hybrid of product advertising and corporate public relations (PR Watch. Org, 2006). It is simply marketing with a worthy cause. This is a form of marketing that uses various strategies, tools and traditional advertising methods to change attitudes, perceptions and behaviors as they relate to social issues. It is an exciting concept where both business and charity (or good causes) can benefit (Canadian Institute of Marketing, 2007).

A corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales (Kotler and Lee, 2005: 23). CRM campaigns support a wide range of causes, those with the most visibility are ones with the biggest followers, most commonly associated with major health issues (e.g. cancer, heart disease, AIDS), children's needs (education, hunger, medical needs), basic needs (hunger, homelessness), and the environment (wildlife preservation, nature preserves) (Kotler and Lee, 2005: 84).

Over the last decade or so the number of enterprises embracing and implementing cause related marketing (CRM) is increasing and CRM is gaining in popularity as a marketers' and fundraisers' toolkit. CRM is an expression of the social conscience of an organization (CSR) by aligning social problems and organizational goals. CRM is all about achieving synergies and forming alliances with stakeholder groups. Whether the focus is the provision of school equipment, donating books to schools, raising funds for cancer research, the relief of poverty, public health or overseas aid, the links between commercial brands and good causes continue to grow stronger. Why? Because businesses are recognizing that forming associations with charitable organizations or good causes can be mutually beneficial. It is a means for addressing current social problems and issues through the provision of funding and resources and achieving marketing objectives. Firms heavily rely on their communities for competitiveness. The idea that business is about either satisfying the shareholders or alternatively its stakeholders is invalid. The long-term wellbeing of both are intertwined and hence corporate policies and strategies need to address and reflect the needs and interests of all stakeholder groups. The businesses which will sustain their competitive success in the future are those which do not merely concentrate on shareholders and financial measures of success and instead focus on all their stakeholder relationships (RSA Inquiry 1995).

With such above good causes, a lot of other corporate marketing-related benefits can extract such as, attract new customers, reach niche markets, increase product sales, and build positive brand identity (Kotler and Lee, 2005: 84).

The goal of every cause-related, social and community-based marketing campaign is to promote a greater awareness and consumer

participation of the existing programs to demonstrate the power of brand in partnership with charities and social causes in order to make a positive impact on society as a whole (Canadian Institute of Marketing, 2007).

CRM is a means by which relationships with stakeholders can be developed effectively. As organizations outsource an increasingly larger part of their business activities and as the stakeholder networks become more complex, so the need to be perceived as (and to be) socially responsible becomes a critically important dimension of an organization's image (Fill, 2002: 631).

The literature review revealed that there is the existent literature on employees' perceptions and attitudes towards their corporation's involvement in CRM is very limited. Most research studies focus on revealing customers' perceptions and attitudes towards CRM. Since customers are often the firm's employees, positive feelings and perceptions with a corporation will be extended to the work place and will influence an employee's interactions with her colleagues and superiors.

Muthuri et al. (2006) support that Employee Volunteering motivates and enhances social cooperation, reciprocity, social trust, generosity, resource exchange as well as fostering business-community partnerships. Wymer and Samu (2003) state that Volunteering service does not only contribute to increased satisfaction, motivation, and loyalty but it also contributes to developing skills and attitudes that make a positive contribution to work performance. They give the example of Helene Curtis Inc. which through involvement with nonprofits enables its employees to implement 28 business skills in different areas.

In order to explore the impact of CRM on businesses and brands, BITC carried out the Corporate Survey III (2001) in which a total of 385 Chief Executives, Managing Directors, Marketing Directors, and Community Affairs Directors. The participants came from different business sectors and sizes. The survey revealed that those businesses who have carried out a CRM programme in the last year are significantly more likely to believe that CRM can help to motivate and retain the workforce and attract existing employees. Business in the Community's The Ultimate Win Win Win (1999) report revealed that 73% of consumers agreed that they would be more loyal to an employer that supports communities, charities, and good causes.

Consumers are employees too and hence, their positive feelings will be transferred in their work environment.

In a survey carried out among 600 employees that focused on the impact of CSR practices on employees, 31% of employee volunteers aged 18-24 said that volunteering has led them to take fewer days off work. It can be suggested that CRM can generate positive employee feelings such as motivation and satisfaction with their employer (http://www.bitc.org.uk/directory/leadership_teams/index.html).

Abbott Mead Vickers/BBDO Ltd a leading advertising firm employing 300 employees, formed a partnership with 'Big House'. 'Big House' is London's first residential facility which helps the long-term homeless break away from street life – offering self-contained accommodation, support and training. All 300 employees participated in the idea-generating stage and over 100 employees were involved with fundraising or working directly with Big House. The company raised £1.2m. The Housing Corporation recognized the importance of the partnership with an £850,000 grant. In a staff survey carried out in 2005 91% of the employees claimed that the charity work made them feel good about the way they are contributing to the community'. This partnership was awarded the BUPA Healthy Communities Award-Awards for Excellence 2005. AMV/BBDO was the only advertising agency to appear in the Sunday Times '100 Best Companies To Work For' survey for three years running. http://www.bitc.org.uk/resources/case_studies/amvbbdo_ltd.html

- According to another survey on corporate community involvement released on October 6, 2004 by Deloitte & Touche USA LLP, 72 percent of employed Americans would choose to work for a company that supports charitable causes when deciding between two jobs with the same location, responsibilities, pay and benefits. The response rate climbs to 87 percent for employed students over the age of 18. The survey was conducted by "Harris Interactive" with a sample of 2,169 U.S. adults (18+), of whom 1,328 are employed. Other Key Survey Findings:

- Ninety-two percent of Americans think that it is important for companies to make charitable contributions or donate products and/or

services to nonprofit organizations in the community

- Eighty-seven percent of Americans believe it is important for companies to offer volunteer opportunities to its employees

- Seventy-three percent say that workplace volunteer opportunities help companies contribute to the well being of communities

- Sixty-one percent think that they help to communicate a company's values

- Fifty-eight percent believe that workplace volunteer opportunities improve morale

http://www.causemarketingforum.com/page.asp?ID=292

In the same year (2004) a similar survey in Australia- a joint initiative from Cavill + Co and Seek.com.au (Australia's largest employment website) - attracted more than 1100 respondents who worked for a company employing more than 10 people. It is the first independent study of its kind in Australia.

The study was sponsored by Australia Post, AMP, Optus, BHP Billiton, Tetley and Energex - all leaders in the area of Corporate Community EngagementIt was found that employees strongly believed companies should support causes and charities, with 78 per cent disagreeing with the statement that it was not the job of businesses to involve themselves in the community.

Other key survey findings:

Just over 60 per cent said they would like their company to do more to support a cause.

Employees wanted to be involved in the choice of charities or causes their companies supported, with 76 per cent saying they would like to be consulted

http://www.cavill.com.au/pages.asp?area=13&page=72

In the year 2006 another survey took place in USA -"The 2006 Cone Millennial Cause Study". This survey explores how corporate cause-related initiatives influence Millennials as consumers, employees and Citizens. In this survey it was found that out of a total sample of 1,800 millenials who responded to the survey 20% have actively volunteered on Cause Related activities on a weekly basis. This survey's findings indicate

that volunteerism create a more engaged citizen, consumer and employee. The estimated 15.6 million Millennial "Doers" in USA are a company's most loyal brand ambassadors. To support the causes they care about, "Doers" will reward a company that meets their standards. At the same time, they are not afraid to refuse to work for an employer that lacks a sincere commitment to social issues.

Given the survey findings:

- 42% who volunteer weekly describe their "ideal" work environment as a place that will help them make the world a better place, outranking all other factors, including high salary (41%) and flexible hours (37%).

- 87% who volunteer weekly have purchased a product that supports a cause in the past year; that number drops to 48% for non-volunteers.

- 71% who volunteer weekly are likely to speak out against a company that is NOT socially responsible as compared to 48% of non-volunteers.

http://www.coneinc.com/Pages/pr_45.html

Examples of companies with Successful CRS and CRM strategies in Cyprus

Marfin Laiki:

For Marfin Popular Bank, "Corporate Social Responsibility constitutes a perpetual value which is inextricably linked with its strategy and it is without doubt a fundamental field for the successful creation of values for the society". (http://www.laiki.com)At Marfin Popular Bank, CSR is all about improving people's quality of life through focusing on some areas for contribution. One of the most important areas for contribution is the support of "Radiomarathon"; cause-related marketing, which is a charitable organization for people with special needs. The company supports this cause for 17 years as they see that this cause help people that suffer and improves their lives. The most important success factor for the company is that the company's employees are willing to contribute to this effort for helping people in need.

Bank of Cyprus:

Bank of Cyprus established in 1992 the Bank's Oncologist Center. It is a charitable, independent organization and it is created by an agreement between the Bank of Cyprus and the Cyprus government who signed an agreement. The government provided the bank with land to build the center and also the annual operating expenses are paid by the Cyprus government. The mission of this center is "to treat cancer with state-of-the-art services, to cooperate with public and private hospitals as well as the cancer voluntary organizations, to initiate and participate in prevention and early detection programs, to undertake research and to foster continuing education for all the professionals working with cancer patients, to develop collaborative links with leading oncology institutes in Europe and North America and to evolve as a referral center for neighboring countries". (http://www.bococ.org.cy)

Ernst & Young:

Ernst & Young has formed a partnership with "Young Volunteers" a very successful non-profit organization with great impact in the Cyprus Society since its members are Young dynamic children who organize themselves charity events or volunteer to charity events in order to collect money for other children in need (www.youngvolunteers.com)

Research in Cyprus:

Research Methodology

As stated in the introduction, the survey focused on exploring the attitudes, perceptions, and opinions of the workforce of three financial services corporations in Cyprus that are involved in successful CRM activities: a) Ernst & Young b) Popular Bank, and c) Bank of Cyprus. Ernst & Young has established in the last 6 years a partnership with "Young Volunteers", a charity that raises money in support of children. The Popular Bank has formed a partnership with "Radiomarathon" in 1991 to raise money for children with special needs and the Bank of Cyprus established a partnership with the Anti-Cancer Society in 1992. A total of ninety questionnaires were given to the Marketing Departments of the three businesses,

thirty to each bank. From these, a total of sixty questionnaires was completed and returned back to the researchers, twenty from each bank.

The researchers decided to adopt a quantitative research approach and selected a survey as the key data collection method. Bryman (1988) stated that surveys are probably the most common modes of quantitative research. A questionnaire with closed-ended questions can become an excellent data collection instrument. However, it is often characterized by a response error or bias which the researcher must try to identify and minimize.

Research Objectives:

This section sheds light onto the research findings regarding the survey's objectives:

More analytically the survey set seven different objectives:

Objective 1: To identify the frequency of participation of employees to CRM activities in order to get an insight about the involvement and enthusiasm or not of employees on the cause.

Objective 2: To examine how employees feel about the need for corporations to be involved in CRM activities.

Objective 3: To identify the degree of satisfaction of employees for the CSR and CRM activities their corporations are involved into.

Objective 4: To examine whether employees feel that these CRM activities bring management closer to employees.

Objective 5: To examine whether the employees feel proud for the involvement of their companies in CSR and CRM activities.

Objective 6: To examine whether the employees expect their companies to promote their CSR and CRM activities to the public.

Objective 7: To examine whether the employees believe that a company which is involved in CSR activities is a good employer.

The results of the survey, which were analyzed with the help of the SPSS and Excel programs, indicated a positive correlation between job satisfaction and successful Cause Related Marketing programs which is an important positive

"Internal" factor that companies need to take seriously into consideration when planning their marketing strategies.

Analysis of the Research fndings

Objective 1:

When the employees were asked to indicate how many times they have participated in CRM activities organised by Ernst & Young with Young Volunteers, Popular Bank with Radiomarathon and Bank of Cyprus with the Anti-Cancer Society the majority of employees in all three companies said that they participated between 2-5 times. This indicates that the employees like the Cause their company is associated with and support this partnership with their participation. At this point it has to be clarified that the employees volunteered to play an active role in these activities. For example the employees of E&Y volunteered Table 1 and Graph 1 show the frequency of Participation in CRM activities. It is important to note that employees do not receive any monetary rewards or any other tangible benefits for their contribution to the event.

Table 1: Frequency of Participation

Frequency of Participation to CRM Activities				
	Never	Once	2-5 times	more than 5
E& Y	0%	15%	55%	15%
Popular Bank	10%	15%	70%	5%
Bank of Cyprus	5%	20%	50%	25%

Graph 1: Frequency of Participation
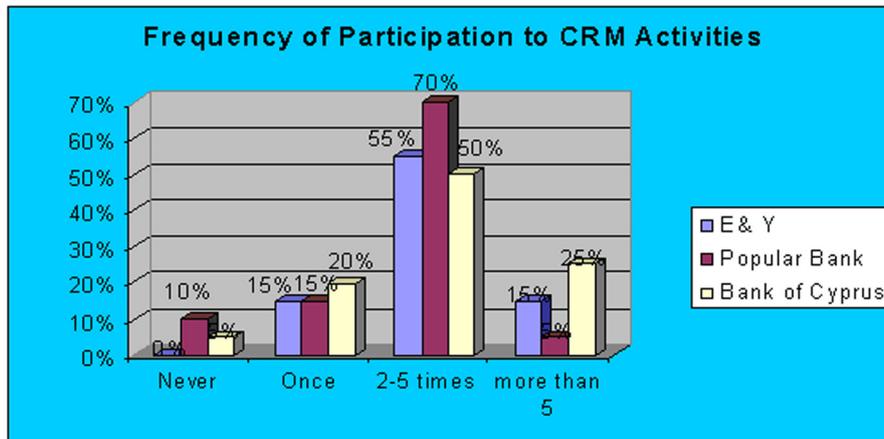
The data presented in Table 1/ Graph 1 shows that the majority of employees participated more than once to the CRM activities supported by their corporations. This indicates that the employees embraced the cause and volunteered to help more than one time.

Objective 2

The survey also aimed at examining whether employees expect their employers to participate in CRM programs. Table 2/Graph 2 indicate that the great majority of the employees agree with the statement that the companies have to form partnerships with social organizations. Only a small percentage of the responders (5-10%) said that they are indifferent to the matter and none of the responders said that he/she disagrees with the statement.

Table 2: Need for companies' involvement in CRM Activities

Companies must be involved in CRM Strategies			
	Agree	Indifferent	Disagree
E&Y	95%	5%	0%
Popular Bank	90%	10%	0%
BOC	90%	10%	0%

Graph 2: Need for companies' involvement in CRM Activities
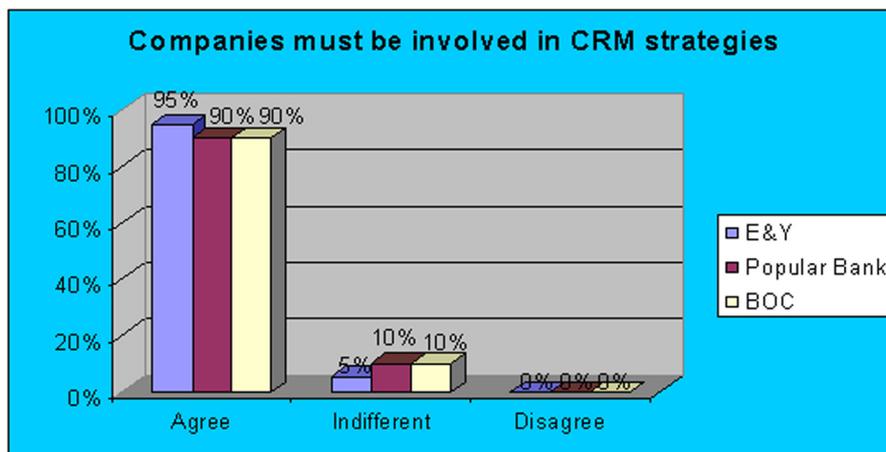
Objective 3:

The survey also aimed at examining whether the employees are satisfied with the partnership their employer formed with their social partner. The majority of the employees are happy with the decision of their company to engage in CRM (90 % of the employees of Popular Bank and Bank of Cyprus, respectively and 95% of the employees of E&Y said that they are satisfied).

Objective 4

The survey revealed that the employees feel proud for the CRM activities implemented by their employer. All the employees of E&Y and 90% of the employees of Cyprus Popular Bank and Bank of Cyprus respectively said that they feel proud. Pride in working for an organization has the potential to lead to low staff turnover, increased employee morale, motivation and productivity.

Objective 5:

The fifth objective of the survey was to examine whether employees believe that the CRM activities bring the top management and the lower level employees closer. The table below suggests that a big percentage of the employees working for the Cyprus Popular Bank feel that this is the case while only 15% has no opinion. 75% of the employees employed by the Bank of Cyprus and 65% of the E&Y employees agree that CRM activities bring the workforce closer. This may be due to the fact that people are united under a common goal, which motivates and even inspires them to work as a team for its success.

Table 3: CRM strategies and employees' satisfaction

The Participation of my company to CRM strategies leaves me...			
	Satisfied	Indifferent	Dissatisfied
E&Y	95%	5%	0%
Popular Bank	90%	10%	0%
BOC	90%	10%	0%

Graph 3: CRM strategies and employees' satisfaction
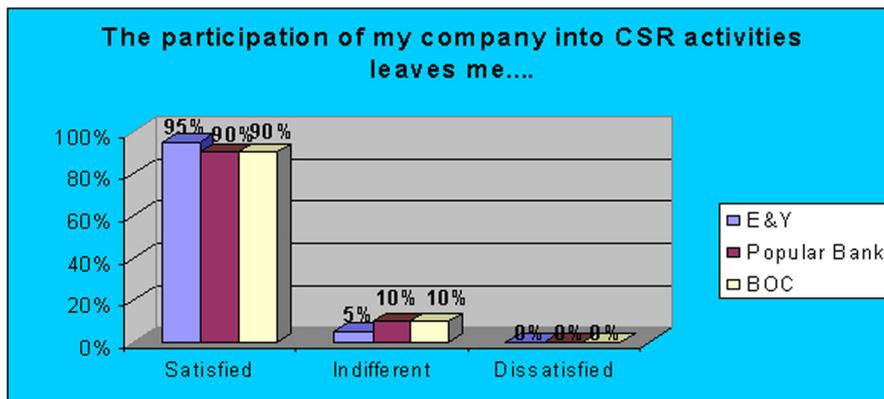
Table 4: CRM activities and Pride

CRM activities of my company make feel proud			
	Agree	No opinion	Disagree
E&Y	100%	0%	0%
Popular Bank	90%	10%	0%
BOC	90%	10%	0%

Graph 4: CRM activities and Pride

"CRM activities of my company make me feel proud"
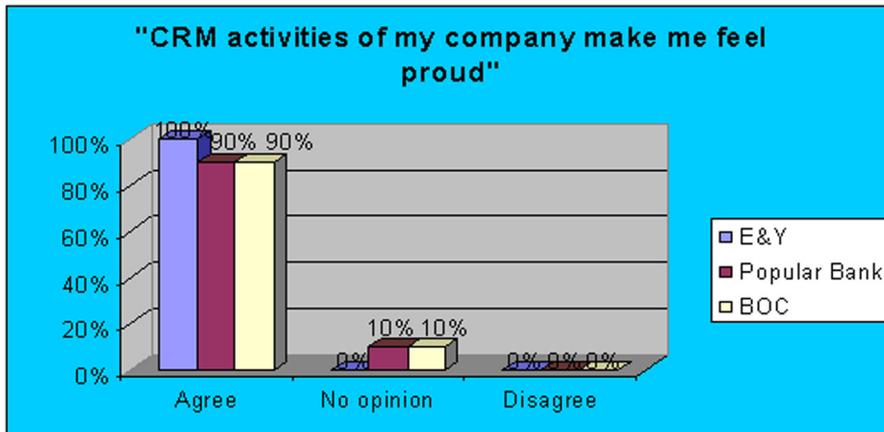
Table 5: CRM strategies and employees-management relations

CRM activities bring management closer to employees			
	Agree	No opinion	Disagree
E&Y	65%	35%	0%
Popular Bank	85%	15%	0%
BOC	75%	25%	0%

Graph 5: CRM strategies and employees-management relations

"CRM activities bring management closer to employees"

Objective 6

The sixth objective of the survey was to examine whether the employees expect their companies to promote their CRM activities to the general public in order to create awareness in relation to the firm's involvement in social causes. It seems that the majority of the employees of the three companies expect their employer to promote their CRM strategy. 75% E&Y employees, 90% of the Cyprus Popular Bank employees and 75% of the Bank of Cyprus employees share the view that promotion is vital. However, it is important to acknowledge that promotion should be carried out with care in order to avoid generating criticisms

and accusations that the company is using the CRM campaign for self-interest.

Objective 7

The last objective of this survey was to examine whether the employees of the three companies feel that there is a positive correlation between a good employer and the employer who decides to adopt a CRM strategy. The outcome of the survey indicated that the majority of the employees in the three companies see a positive correlation between a good employer and an employer involved in CRM activities.

As indicated in the table and graph above 75% of the employees of E&Y and Bank of Cyprus and 85% of the employees of Popular Bank agree that there is a positive correlation between a company involved in CSR and a good employer.

The high percentage of the employees who believe that an employer involved in CRM activities must also be a good employer has to be taken under serious consideration by the employers who intend to form partnership with important for the society Causes.

Table 6: Promotion of CRM strategies

Companies must promote their CRM activities			
	Agree	No opinion	Disagree
E&Y	75%	25%	0%
Popular Bank	90%	10%	0%
BOC	75%	25%	0%

Graph 6: Promotion of CRM strategies
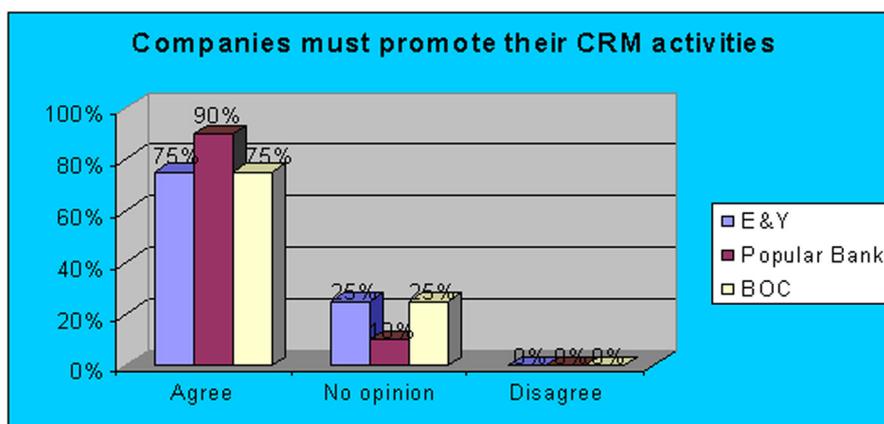
Table 7: Companies with CRM strategies are Good Employers

A company involved in CRM is a good employer			
	Agree	Disagree	No relationship
E&Y	75%	5%	20%
Popular Bank	85%	10%	5%
BOC	75%	25%	0%

Graph 7: Companies with CRM strategies are Good Employers
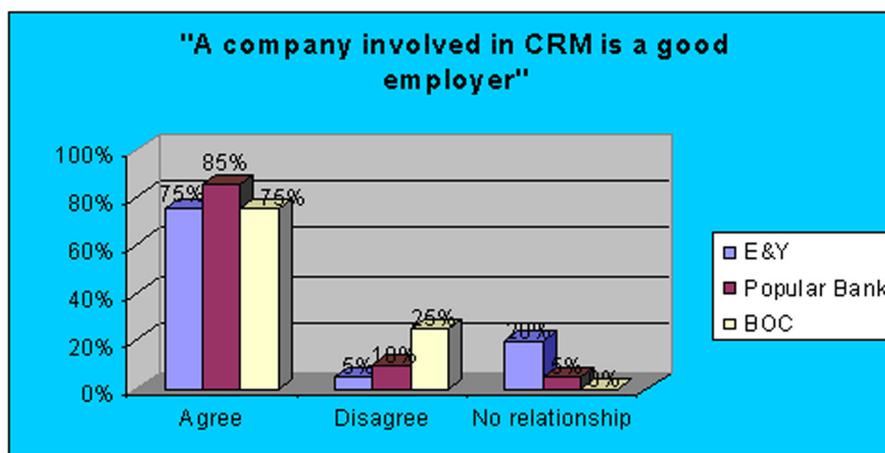
Conclusion

CSR is a concept that holds that businesses should integrate social and environmental concerns in their corporate operations and in their interaction with their stakeholders on a voluntary basis. Stakeholders are becoming more concerned and even critical of the social and ethical performance of corporations in which they are interested. Nowadays, there is an increased concerned by businesses to improve the quality of life among their local stakeholders and the wider community. This need can be potentially fulfilled through an effective CRM campaign in which businesses and charities form a partnership with each other in order to serve their collective self interests and benefit their respective stakeholders. The present study has generated some knowledge regarding the employees' attitudes and perceptions towards the CRM activities supported by their organizations. The survey research on the employees of the companies indicated the following very interesting data:

1: Almost all responders of the questionnaires have participated at least once in the CRM activities of their organization. The majority of them (more than 90%) have participated more than once. A big percentage of employees in the two organizations participated even more than five times. Obviously the above mentioned who have participated more than five times in CRM activities employees have been enthusiastic on the causes their companies have formed partnerships with.

2: The majority of employees (more than 90%) agree on the need for corporations to prove their Social Responsibility. This is a very big percentage and employers need to take it into consideration. Nobody disagrees on the concept and only a small percentage of employees are indifferent.

3: The majority of the employees (90-95%) are satisfied with the CRM activities their corporations are involved into. Nobody is dissatisfied and only a small percentage of employees indicated indifference.

4: The majority of employees (75-85%) feel that these CRM activities bring management closer

263

to employees. This is important information from the management point of view since this kind of activities make employees feel that they build up better relationships with their managers.

5: Almost all the employees do not only feel satisfied with their employers' involvement in CRM activities but proud as well.

6: The majority of the employees of the two corporations under study expect their employers to promote their CRM activities to the public.

7: The majority of employees (65-75%) feel that there is a positive correlation between an employer who is involved in CRM activities and a "Good" employer.

 Employees share a strong feeling of satisfaction with their employer's corporate citizenship. They feel proud, motivated and since their involvement in CRM activities they have demonstrated low absenteeism. It can be suggested that CRM has the potential to unite people under a common cause. Cooperation and teamwork can enhance the quality of the work environment and this can contribute in improving the level of service offered to internal and external customers. CRM can also increase staff morale, motivation and even lead to employee loyalty. Linking businesses with charities or good causes can be mutually beneficial. Current social issues are addressed by providing support, resources and funding; businesses address their marketing objectives; and participants/volunteers gain strong feelings of satisfaction, motivation, and pride. Surely your company should not be missing out on this great opportunity.

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PACKAGING CONVENIENCE: CONSUMER PACKAGING FEATURE OR MARKETING TOOL?

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Abstract

The marketing function of consumer packaging seems to be recognized among practitioners, yet academic research in this area is still quite limited. One relatively underestimated topic, from the academic point of view is packaging convenience, which is considered as one of the primary functions of modern packaging. According to various food and beverages industry reports, packaging convenience is a key purchasing motivator for consumers. It affects their preference towards a particular type or design of packaging and influences their behaviour. Packaging also needs to provide convenience to the middlemen (e.g. bottlers, transportation companies).

It is the purpose of this paper to provide limited insight into consumer packaging convenience from the marketing standpoint through the analysis of academic studies and findings from primary research, which is qualitative in nature (focus group interviews with consumers and in-depth interviews with Croatian soft drinks industry professionals). Since packaging convenience relies significantly on the physical characteristics of packaging, this paper tries to link these characteristics with the concept of packaging's communicative dimensions (i.e. shape, size, colour, material, carried information, graphic applications). In other words, packaging convenience is related to the successful design (i.e. shape and size) and the material of which it is made. Consequently, packaging convenience is communicated to consumers via its various communicative dimensions and should be considered a consumer packaging feature, as well as a marketing tool.

Key words

consumer packaging, packaging convenience, marketing function of packaging, soft drinks

Introduction

In today's highly competitive environment, the struggle among brands for consumer attention has become intensely competitive. Marketers cannot solely rely on the persuading power of advertising, especially if the decision making at the point of purchase is increasing (POP Advertising Institute, 2000, quoted in O'Guinn, Allen and Semenik, 2009; Wells, Farley and Armstrong, 2007). The odds for consumer to choose one brand over the other at the point of purchase significantly rely on packaging and its ability to persuade the consumer (Löfgren, 2005; Löfgren, Witell and Gustafsson, 2008). However, the marketing aspect of packaging has not received appropriate attention among academic researchers (e.g. Garber, 1995; Underwood, 1996; Underwood, Klein and Burke, 2001; Underwood, 2003; Rundh, 2005; Löfgren, 2005), despite its obvious importance within the modern retail environment.

While academic research on the marketing aspect of packaging is scarce among academic researchers, such research is very common among practitioners (Porter, 1999). Consumer product companies frequently research consumer preferences towards packaging in order to suitably develop its functions, the structural and graphic design of packaging and even the optimal size of the pack (Ivaňez Gimeno, 2000, quoted in Ampuero and Vila, 2006). Unfortunately, although the majority of these research findings are very practical in their nature, they usually remain unavailable to the wider public. However, a number of consumer goods and packaging industry related reports published by various trade associations and consultants stress the importance of packaging, especially in the context of usage convenience (e.g. Oertel, Peterman, and Scherz, 2002; Future Innovation Today, 2006; Rexam Group Marketing, 2008). According to these studies, the convenient

use of packaging is one of the key marketing drivers as busier lifestyles, smaller household units and a general lack of time have changed consumption habits.

The main purpose of this paper is to provide limited insight into consumer packaging convenience from the marketing point of view through the analysis of related academic research in combination with primary research findings. Since the availability of relevant academic research is limited, the primary research has certain explorative characteristics in its approach. The research's main goal is to explore the meaning of packaging convenience from both the consumer and producer/marketer side. Furthermore, the primary research findings should provide relevant information necessary to link the concept of packaging convenience with the various communicative variables of packaging.

Marketing aspects of packaging and the usage convenience

Marketing function of packaging

Packaging is considered to be a part of both the product and brand (Ampuero and Vila, 2006). Within recent marketing literature, packaging is usually considered a part of the product strategy or a product related subcategory within the traditional 4Ps (e.g. Calver, 2004; Kotler et al., 2005; Kotler and Keller, 2008). However, technology has progressed considerably and, with consumer choice continually expanding, packaging has become a means by which buyers, particularly in consumer markets, can make significant brand choice decisions (Fill, 2009). In other words, the marketing aspects of packaging are considered important from the marketing communications point of view.

According to the summarization by Underwood, Klein and Burke (2001) and Underwood (2003), packaging is becoming an increasingly important marketing variable for several reasons. Firstly, marketers are no longer relying solely on advertising and are diversifying how marketing budgets are spent to include other communicational tools (Holahan, 2006; Moriarty, Mitchell and Wells, 2008; Belch and Belch, 2008). Packaging is recognized as a brand communicator (Meyers and Lubliner, 1998).

Secondly, studies show that there is an increase in nondurable product buying decisions at the point of purchase (Gordon and Valentine, 1996; POP Advertising Institute, 2000, quoted in O'Guinn, Allen and Semenik, 2009; Scheier and Egner, 2003; Silayoi and Speece, 2004; Wells, Farley and Armstrong, 2007). Indeed, with the introduction of self-service retail, the salesman as the communicator and mediator has been removed from the process and the role of packaging has changed as information directed toward consumers has to be put on the package (Olsson and Györei, 2002). Retail development resulted in larger retail outlets facilitating the proliferation of products and offering consumers a vast selection and resulting in a more competitive market (Silayoi and Speece, 2004). Furthermore, packaging is considered a vehicle for communication and branding (Underwood and Ozzane, 1998; Silayoi and Speece, 2004). And finally, both practitioners and theoreticians recognized the importance of the packaging volume (i.e. container capacity) and shape as elements of differentiation and product attractiveness (Bloch, 1995; Krishna and Raghubir, 1999; Bloch, Brunel and Arnold, 2003; Folkes and Matta, 2004; Yang and Raghubir, 2005; Raghubir and Greenleaf, 2006).

The marketing function of packaging is commonly related to the ability of packaging to communicate various marketing messages. Packaging appearance can reinforce the image of a brand, as the identity of a brand is expressed visually in the appearance of products (Schmitt and Simonson, 1997). Contrary to the classic description and classification of marketing communications which includes elements like advertising, sales promotion, personal selling, public relations and direct marketing (e.g. Belch and Belch, 2008; Fill, 2009), Wells, Burnett and Moriarty (2003) also include packaging into the mix. The authors support this approach by stressing the importance of packaging acting as a 'silent salesperson', helping consumers by bringing a particular brand to their attention, highlighting USPs (unique selling propositions/unique benefits), giving friendly tips on usage and, ultimately, helping them to break through the 'misery of choice' created by the increasingly vast range of seemingly similar brands (Smith and Taylor, 2004).

Packaging is becoming a very important part of marketing and marketing communications because of its ability to communicate messages to consumers at the point of purchase (Underwood and Ozzane,

1998). Like advertising in general, packaging also needs to attract and keep consumer attention by the deployment of various messages (De Pelsmacker, Geuens and Van den Bergh, 2004). Fill (2009) explains the marketing communications aspect of packaging by pointing out colour, shape, package size and the carried information as dimensions or elements that communicate to consumer. Or other authors (e.g. Kesic, 1997; Shimp, 2003; Underwood, 2003) also deem packaging material to be a means of communication. Underwood (2003) suggests that packaging communicates marketing messages through its structural and visual elements, including a combination of brand logo, colours, fonts, package materials, pictures, product descriptions, shapes and other elements that provide brand associations. To summarize, the marketing function of packaging emerges from its communicative dimensions (Shimp, 2003; Underwood, 2003; Draskovic, 2007; Fill, 2009), which include the following elements (Figure 1):

- packaging shape or design;

- packaging size;

- packaging colour;

- packaging material;

- carried information;

- graphic applications (brand logo, fonts, images, etc.).

Packaging convenience

Convenience is commonly considered a characteristic that makes a product easy to obtain, simplifies its usage or consumption and adds to one's ease or comfort (Random House Dictionary, 2009). In other words, convenience is suggests that something (e.g. consumption) can be done with reduced effort (Scholderer and Grunert, 2005). In the marketing context, the concept of convenience was recognized quite early. For example, Mortimer (1955) noted ten forms or levels of convenience, among which he also mentioned, packaging convenience. Kelley (1958) stressed the importance of convenience on consumer purchasing. In more recent studies (e.g. Candel, 2001; Chandon and Wansink, 2002; Menrad, 2003; Scholderer and Grunert, 2005; Olsen et al., 2007), convenience is considered as one of the variables that influences consumer behaviour and

contributes to the market success of a product, especially in the context of non-durable consumer products.

Like the overall marketing aspects of packaging, packaging convenience receives limited attention among academic researchers. However, some studies relate packaging convenience with the product convenience. McDaniel and Baker (1977) notice packaging design could be visually attractive, yet the package could lack on the convenience side, which could result with a negative perception of a product. A research study conducted by Olsson and Györei (2002) indicated that packaging related convenience at the point of purchase could increase sales. Consequently, convenience is considered as one of the essential functions of packaging, in addition to marketing and logistical functions (Prendergast and Pitt, 1996; Smith and Taylor, 2004; Robertson, 2006). Packaging plays an important role in allowing products to be used conveniently which is related to the changing consumer habits and behaviour (Smith and Taylor, 2004). Furthermore, packaging needs to provide convenience to both the middlemen (e.g. bottlers, transportation companies) and consumer (Prendergast and Pitt, 1996). Therefore, the usage convenience of packaging could be related to both the logistical and marketing functions of packaging.

Research methodology

Overall remarks on the research methodology

Since the literature review shows certain limitations related to studies available and theories related to packaging convenience, the main goal of the primary research is to explore the topic and provide insights into consumer perceptions of packaging convenience. Furthermore, one of the research goals is to also explore the relationship between the communicative dimensions of packaging and packaging convenience. Since the primary objective of the qualitative research methodology is to provide insights into the understanding of marketing phenomena (Malhotra and Birks, 2003), this approach to the research topic seems to be the most appropriate for this study.

As the literature review revealed, the concept of packaging convenience is related to both

consumers and producers/marketers. Therefore, the primary research consists two stages – focus group interviews with consumers and in-depth interviews with marketing managers. Since the scope of packaging convenience could be extended over various consumer product categories, which would make the primary research extremely demanding in terms of time and finances, the research is limited to the Croatian soft drinks market and the following types of packaging materials were included: polyethylene terephthalate (PET), glass, carton (or laminated, multilayer packaging) and can.

Focus groups procedure

As Wilkinson (2004) suggests, focus group methodology is a way of collecting qualitative data by engaging a small number of people in an informal group discussion, 'focused' around a particular topic (Wilkinson, 20004). Therefore, the focus group interviews were conducted on two groups of soft drinks consumers, each consisting of eight persons. In order to satisfy the soft drinks consumption criteria, during the recruitment only persons who reported regular soft drinks consumption (i.e. at least two times per week) and at least occasional purchasing of soft drinks (i.e. at least once per week) were selected. In both groups women and men were represented equally. Participants in the first group were relatively younger (i.e. between the ages of 25 to 40), while the second group consisted of older participants (i.e. ranging in age from 41 to 60). All participants were from the city of Zagreb.

The data collected by the focus groups was interpreted by content analysis. As Shapiro and Markoff suggest, content analysis refers to 'any systematic reduction of a flow of text (or other symbols representing the presence, the intensity, or the frequency of some characteristics relevant to social science' (1997, p. 14). Since the group interview is based on open-ended questions, the qualitative conventional content analysis is selected for data interpretation. Hsieh and Shannon define qualitative content analysis as 'a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes' (2005, p. 1278).

In-depth interviews procedure

The primary aim of the second stage of research is to provide an overview of the topic from different perspective, i.e. producer/marketer point of view. Therefore, in-depth interviews with Croatian soft drinks industry professionals were conducted in this stage. As Rapley suggests, an in-depth interview, also known as intensive interview, is a research interview that 'pervades and produces our contemporary cultural experience and knowledge of authentic personal, private selves' (2004, p. 15).

Participants for the in-depth interviews were selected from among soft drinks industry experts employed by the major soft drinks companies in Croatia. The initial contact with the candidates for the in-depth interviews was done via e-mail in which they were kindly asked to participate in the research. At the end, a total of six candidates confirmed their willingness to participate and the in-depth interviews were conducted with them. The in-depth interviews took place in participants' offices and were partially structured with an interview agenda. Similar to the focus groups, data collected at this stage of primary research was analysed through the execution of content analysis. However, the content analysis approach used at this stage is somewhat adjusted to the specifics of the used research method.

Primary research findings

Focus group interviews findings

Following the interview agenda, participants were asked to explain their daily routine related to the purchasing and consumption of soft drinks. After a set of more general questions, the discussions addressed various types of packaging materials used for soft drinks and their level of the usage convenience.

Participants mostly agreed that the packaging convenience is related to the packaging material. Consequently, plastic or PET packaging and carton packaging are perceived as the most convenient types of packaging. Glass, on the other hand, is perceived as the least convenient (Figure 2). It is considered heavy and easy to break. Therefore, handling with the glass packaging should be careful and is more complicated. While can is in

some cases considered as a convenient type of packaging, participants expressed a very negative attitude towards it due to its supposed impact on the taste of the content (i.e. metal taste) and certain hygiene related issues.

Besides the packaging material related characteristics of packaging, participants also stressed packaging size as one important variable of packaging convenience. Firstly, participants prefer portion size packaging (i.e. smaller packages, 20 or 25cl), especially if the packaging lacks a resealing feature. Furthermore, smaller packaging is considered appropriate for children. Secondly, larger sized packaging (i.e. 1.5 litre or bigger) is generally considered not very convenient due to difficulties related to the handling of such packaging (e.g. the content is usually spilled because one can not handle a larger sized packaging appropriately due to its lack of rigidity, larger sized packaging cannot be always stored properly in the refrigerator).

An important packaging convenience related characteristic is the type of closure or the existence of a resealing feature. Participants prefer packaging with convenient closures that could provide a possibility to reseal the package, especially in case of larger sized packaging. Overall, participants are the most satisfied with the closures provided on the PET packaging because they are easy to reseal. Most of the glass packaging can be resealed, with the exemption of the portion size packages, which gives glass a certain level of convenience. The resealing feature of carton is considered an advantage of that type of packaging, yet participants complained about its functionality which is not always at the appropriate level (e.g. the seal could sometimes easily break-off or could leak). Furthermore, participants are relatively unsatisfied with can because it cannot be resealed.

Preferences of packaging material and the importance given to packaging convenience differ depending on the purchase channel and consumption occasion. For example, glass seems to be very popular in the HORECA segment (i.e. hotels, restaurants, catering) where its lack of convenience is not that much of an issue since consumption occurs at the point of purchase. In other consumption occasions, where consumption occurs away from the point of purchase, participants expressed more preference towards more convenient packaging types.

In-depth interviews findings

Overall, participants are aware of the importance that packaging convenience has for consumers. They are aware that PET is generally perceived as the most convenient type of packaging for soft drinks. Participants also reported certain practices regarding the choice of packaging materials depending on the product segment. The choice of packaging material in which a certain product category is packed depends on the packaging requirements that are specific to the product (i.e. carbonated beverages need packaging that could withstand the internal pressure caused by the carbonization), target market and certain messages that packaging needs to communicate to consumers.

Both PET and carton are considered very convenient packaging materials from the production point view. The costs related to the transportation of packages from suppliers to the filling plant are much lower for PET and carton than glass. While PET and carton are transported in a condensed way (i.e. like pre-form or folded and wrapped around a cylinder), glass is transported in its final form (i.e. as a hollow container). Furthermore, glass is significantly heavier than PET and carton, which makes transportation costs even higher. Finally, participants consider both PET and carton as very innovative materials. Participants are also aware of certain disadvantages of PET and carton packaging and cans. PET packaging does not provide very good protection to the content and the level of carbonation would decrease over time due to carbonation loss through the material. Carton packaging protects the content very well, especially soft drinks that are very sensitive to the sunlight, while its biggest disadvantage is related to limited recycling possibilities. Participants are aware that can is not a very popular type of packaging on the Croatian soft drinks market. According to them, it is because can is associated with canned food. Furthermore, the current design of cans raises questions regarding the level of hygiene that this packaging provides (i.e. since consumers mostly drink directly out of a can, the opening is not protected during the transportation and on retail shelves, which is considered as very unappealing characteristic of a can). Participants also noticed that glass, as the less convenient type of packaging, is the most preferred by consumers in HORECA where it is perceived as premium type of packaging. In other distribution channels glass

has a smaller share. Participants believe that the main reason for this is the lack of convenience that seems to be crucial to consumers in situations when the purchase and consumption of soft drinks are separated. A summary of advantages and disadvantages of various types of packaging per soft drinks product type and distribution channel is presented in Figure 3.

Conclusion

As the reviewed literature and the primary research findings suggest, packaging convenience is an important packaging feature from both consumer and producer perspectives. Consumers require more convenient packaging due to changing lifestyles, while producers require packaging that can be both easily handled by middlemen and minimize cost.

The primary research reveals that, in the case of soft drinks, packaging convenience is directly related to the packaging material, shape and size. Packaging material determines the physical characteristics of a package like breakability, rigidity, transparency, weight, etc. Design, on the other hand, can improve packaging convenience through the modifications of shape and size, or by adding special features to a package (e.g. resealing capability). Therefore, packaging convenience and the communicative dimensions of packaging are related via packaging material, size and shape (Figure 4). In other words, packaging convenience is communicated via these communicative dimensions of packaging.

Packaging convenience could be considered a packaging feature from the industry professionals' perspective, yet its influence on consumer behaviour should not be underestimated. It is an important marketing variable or tool that could affect behaviour and result with increases in sales. Packaging convenience is related to the successful design of packaging and the material that it is made of, but it is also represented through messages communicated to consumers via the communicative dimensions of packaging. Therefore, packaging convenience should be considered a consumer packaging feature, as well as a marketing tool.

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MARKETING IN MUSEUMS VIA WEB - REALITY OR DISTANT FUTURE? SOME ASPECTS OF VIRTUAL MARKETING IN CROATIA

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The paper brings a model way of communicating between museums and the potential audience by using marketing in museums through the web, with the aim of attracting the largest possible number of visitors to museums, as well as legal framework and implications of this method for all participants.

Introduction

In today's lifestyle in the digital age has been created the possibility of new types of communication via the Internet and web services.

The medium of the Internet has entered into all the pores of modern life and it seems as if the virtual world takes precedence over the real world: children are less playing in the park, and more on the Internet are playing online games, also adolescents and other age groups are increasingly socializing on Facebook and other social networks than in the real world. For business people to do their job there is almost no more necessary to meet the party, just to conduct via e-mail and computers; politicians present their programs, religious communities are also more present on the web. Furthermore, if you do not want to wait in queue at the bank counter or ATM outside in the rain, banking operations are possible through certain web pages, or you can just do nothing and easy read newspapers and listen to the radio (anyone in the world) over the Internet.

In this way Internet has become a new economic space in all social and business spheres with the largest potential market of goods, services, capital and information how Delibašić and Hadžikadunić have noticed .

Such environment provides an opportunity for museums in its traditional worldview and way of functioning to add new, modern, digital form of communication with potential visitors to its web site, and to interest them for its exhibition and exhibited objects and invite them to visit the physically museum.

The advantage of the web as a medium is that it is not limited to the local community, but reaches the wider global environment, which can lead to decisions travel and visit the real museum, and thus also to the growth of cultural tourism.

Through the web site the museum at the same time can visit very large number of people anywhere in the world and at any time of day (at home in slippers, without the travel costs, on the holidays and weekdays, when the bad weather is, or when the consequences of the current recession prevent expenditures for social activities) and most importantly, they can stay at a particular web page as long as individuals interested in its contents, without the typical sentence: "Sorry, we are closing now!".

Communication with customers through the museum marketing

Marketing in museums today is no longer a novelty, indeed, still a large number of museums in the world has employed marketing professionals and experts in charge of marketing the museum.

Applying marketing in museums are achieving adequate information and communication channel between the museum and the users . Marketing activities aimed to increase the number of visitors. This can be achieved by various promotional activities such as radio, TV, newspapers, billboards, and other. Internet Marketing as we know from the economic sphere of life should be adapted to the needs of the museum and lead on the museological principles. In marketing perspective, museum product are exhibitions (permanent and temporary exhibitions), and special events that further draws attention to the activity of the museum . Result of good marketing situations that, e.g. while travelling round Europe, we often witness that visitors stand in queue at the entrance to the museum to see an exhibition (e.g. Rome, Berlin), regardless of the price of tickets, which are often very high (e.g. in Italian museums).

The museum can be marketing classified as cultural products in general. Application of marketing in museums comes to increase in the value of cultural products, and thus cultural and tourist offerings, and to an inevitable cultural tourism as their symbiosis. The museum completes the tourist offer, or is the goal and purpose of a trip. Thus, the cultural offer is still an important element in tourism development and function; we can say that tourism and museums are long-term partners .

Indicator is the situation in Croatia from a few years ago when the major world exhibitions weren't guest appearances in Croatia. Then were often organized a number of trips of various travel agencies with the basic aim of visiting some exhibition, such as the Picasso exhibition in Vienna or the Celts in Venice. In the meantime, Croatia becomes a destination of great and important visiting exhibitions, of course, if the material opportunities allow.

Not only the attraction of visiting foreign exhibitions, but also the existing collections of museums and exhibition organized by Croatian museums are increasing the number of their audience. Of course, an important role in this is increasing marketing activity of the Croatian Museum.

The Zagreb City Museum (abbreviated: MGZ), which curates the monumental heritage of the city of Zagreb, the Croatian capital, has employed professional person in the charge of marketing and public relations already in the second half of the 90 -is of the last century, which accompanies the exhibition and marketing events organized by the Museum.

Thus, in the last few years, exhibitions and events prepared by employees of the Museum of the City of Zagreb and accompanied by good marketing have resulted an increased public interest and a larger number of visitors. We will allocate some of them:

Example of good exhibition or "a good museum products" not only in Zagreb but also in the framework of the Croatia is The Zagreb City Museum exhibition named " A Brook in the Heart of Zagreb - Along the Medveščak Brook from source to mouth," which is set 2005 in the Museum's own exhibition space. This exhibition was visited by more than 20 000 visitors - a great number of visitors for small country like Croatia - and the duration of the exhibition, due to the exceptional interest of the audience, was extended for three months.

Example of good events and a very well-accepted marketing campaign of The Zagreb City Museum is the event called "Living pictures." In that event which is held annually during the last weekend of the carnival and before Ash Wednesday, employees and friends of MGZ are costumed and revive a) famous personalities from Zagreb and the Croatian past (for example: Croatian-Hungarian King Bela IV and the Queen Mary and their Royal guard, Croatian-Hungarian King Matthias Corvinus, the Austrian Empress and Queen Maria Theresa Croatian, Croatian and Austrian Emperor Francis Joseph I, the Croatian ban Josip Jelačić Bužimski, Croatian opera singer Milka Ternina, prima donna of the State of Bavaria Opera in Munich, famous in Europe and America, Penkala, the famous inventor of the first mechanical pen in 1906. - PENKALA), and b) people from everyday life (like hairdressers, tailors, coopers, postmen, painters), c) leisure activities (skating, swimming, tennis, dancing) and d) the virtual characters as Professor Baltazar, world-famous cartoon character of the Zagreb School of Animated Film. What makes this event even special is that all the costumed characters turn visitors in first person by presenting their life stories, business, or statesman's views, how

they work in public life in Zagreb and the Croatian history of the Middle Ages to the present and telling ways of life and customs in period which they lived and / or that event happened. In this way it creates an interaction with the visitors . According to the excellent audience reaction (which would like that this event takes place more frequently than once a year), we see that the communication aspect of the museum with visitors was successful.

Successful promotion MGZ-a was achieved 2007th when the Museum of Zagreb celebrated its hundredth anniversary. These are but the occasion of the jubilee of the new logo museums, occasional printing T-shirts and similar promotional materials for the first time publicly presented objects that have never been exhibited, and today they are guarding the depots of the museum.

Excellent communication skills such as the Museum's and track modern tendency to present lifestyles of celebrities in the memorial collection of authentic venues. Thus, MGZ, unless the main building with permanent exhibition and temporary exhibitions cares of few memorial collections in other parts of the city, such as the Memorial area Miroslav and Bela Krleža (Croatian writer and actress), Collection - House of the Architect Viktor Kovačić and Collection of Dr. Ivan Ribar and Cata Dujšin-Ribar (Croatian politician and paintres), John Geresdorfer's collection of musical automats, which are opened to the public. Although the world trend of visiting places of residence of famous people is constantly growing, here, unfortunately it (yet) isn't the case. It is obvious that such a model of the museum and tourist offer should clearly be presented to the potential visitors because it is a great potential to develop stronger marketing, based in the Hooper-Greenhill thesis that living in the era of constant change, the future of the museum lies in the development of communication skills of museum that we need to understand that we can use the museum as the communication medium and its communication potential .

Museum and the electronic environment

In a virtual environment the museum gets a new, virtual dimension and becomes different . Offers new possibilities for communication and information as a complement, not competition to his real form, because in this way improves communication with the audience and increases the availability of materials and will nor remove it needs of the existence and activities of the classical museum .

As already noted, the dominance of the Internet in today's life is changed and the mode of museum activities in relation to the public and museum objects. The positive side of globalization is that it is now available a very large number of people throughout the world, and that museums are faced with new challenges and tasks, which is closer to its content to as many users around the world .

The advantage of the web site on the permanent exhibition is that the web using digitizing materials can stand up and store more data than in the permanent collection, which is often determined by the confined space of the museum and that each day reduces the new museum acquisitions. Of course, it is easier and cheaper to change and add content, to update a website than to change the permanent exhibition.

To achieve the benefits of web pages, it should primarily be informative and visually interesting; the present time there is a place for the blog - a direct communication with the curators and other interested parties. In addition, it is possible to on-line purchase from the museum shop.

Of course, as elsewhere, there is a downside to manipulate the Internet and beautifying reality show or highlight something which in reality is not (e.g. when a stranger travels half the world and came to the museum with the desire that the world-famous museum item, see live and only then inform that the item on the restaurant or on loan because someone "forgot" to update the website and put that information).

The fact is that the Croatian museum visitors are usually only consumers of museum services, and not, as in many museums in the world, active participants in creating the service. The reasons are numerous: museums do not encourage interactivity, because only some museums spend Opiniometer and their evaluation, "goods" do not open up the market through new media and tools as well as tourist exchange or not to cultivate cooperation with the tourist tour operators.

Communication with museum customers via web marketing

1. 1. Foreign experience

Abroad, the opportunities to engage web marketing experts are real since a longer period of time, while in Croatia the greater attention is paid to the to the larger scale only recently.

However, we could learn from foreign experiences. Thus, we believe that the Croatian museums should do and then incorporate strategies for using digital media in the presentation of its activities.

A good example provides the Canadian Archives & Museum Informatics, which the workshop in category "Museums and the Web" organized in 2002. One of the topics the workshop titled "Web marketing: Strategies for Using Digital Media", put the focus on the areas of digital marketing execution: 1 E-mail marketing, 2 Interactive games / digital premiums, 3 Multimedia CD-ROM marketing, 4 Online Vs. Offline promotion (traditional direct mail), 5 E-Newsletters, 6 Digital Brochures, 7 Interactive Ads .

Maybe we should think seriously about how marketing presentation of museum exhibitions in Croatian museums on the trail of a solution that was suggested a case study of the digital marketing campaign through the three main areas of digital marketing strategy in using the campaign to promote the exhibition: 1 Digital marketing, 2 Direct mail marketing, 3 E-mail marketing .

Some examples from the world's museums can be a good guide to creating strategies for using digital media in Croatian museums.

Thus we learn that a museum can make different categories of membership depending on their interests, material options, features of free use of specific content, contact with the museum curators, to obtain information about events and the like on the example of the Metropolitan Museum in New York .

On the Australian example we learn that the museum has an educational function. The Australian The Workshops Rail Museum on which the Web is offering more educational programs (http://www. theworkshops.qm.qld.gov.au/education/programs/ school_programs. asp) for schools in pdf format which can be downloaded free from the site of the museum. In such a program titled "Tourism marketing in the museum," students meet with the concept of marketing of tourism and museums with the task of attracting tourists in relation to the quality and quantity, i.e., whether it is better to attract more visitors and attract "real" visitors, then

entire brochure with notes as a reminder that you follow and museum tickets.

However, we must not ignore any comments that appear in the context of this tool to attract visitors. Khalife analyzed the most common marketing mistakes on the web site like: to slow loading of pages for which users do not have the patience, the lack of accurate address or location of the museum on a map, which may discourage foreigners looking for a museum. In addition, many sites are designed with flash animation and often require additional installation of certain software that users are not interested, indeed annoying to them and go to another page. They also frequent the old information and the example of the exhibition which has already passed the exhibition says that just may see in a museum. Difficulties managing the site are rare because it is not adapted to all users, then it is necessary to continuing professional maintenance of the page which is a further cost to the museums, etc.

Benchmarks for marketing and web address to potential customers can be the museum data on the statistical surveys conducted in Australia where it was noticed that to reduce the number of visits to museums in the last decade of the 20th century, as more people stayed at home in front of a computer . That information should be the guiding Croatian museum's staff.

According to Kotler offer and services of the museum via the web visits a large number of people all over the world, so the museum web site should contain basic information but also the museum and educational materials, images from the collection, exhibition hall ticket for a later visit and a shop for on-line purchase .

Often with the marketing is the promotion identified, so it become a marketing and promotion strategies . The purpose is to promote communication with their target Museum market through public relations and advertising . According to one definition of "virtual marketing in general is a set of marketing actions that encourage Internet users to e-mail message passed on to other people, thereby creating an increasing number of people who have seen the same message. This form of marketing gives the best results only when it is honest and when such a message, users understand and thus become motivated to be passed on" . E-mail marketing consists of sending e-mails to existing customers and new in order to acquire new customers. So the

museum via web marketing by e-mail users can send a calendar of events. The advantage of web marketing of "real" is that there is a possibility of direct access to each user, and also the fastest and cheapest means of communication - which is certainly an advantage in today's era of crisis, but also simply to measure the effects of marketing campaigns automatic page counter and what the user is most interested. The downside is that it could be recognized as spam.

The latest example of the museum marketing is the museum presence on the web blogs of social networks, such as social network Twitter . Along with the name of the museum and state there is the number of users listed- (Table 1 and 2). According to the data presented here, we see that the two mentioned summer months the number of users is approximately equal with a tendency to rise in August compared to June 2009.

Table 1 – Data for June 2009 (data downloaded from http://www.museummarketing.co.uk/

Table 2 – Data for August 2009 (data downloaded from http://www.museummarketing.co.uk/)

HOW TO DEVELOP A CUSTOMER-ORIENTED COMPANY: THE INTERNAL MARKETING APPROACH

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Abstract

Nowadays Russian companies strongly suffer from the global crisis, mainly from the declining customer demand. This article investigates the role of internal marketing in motivating company's employees to satisfy external customers' needs better. The proposed conceptual model illustrates the internal marketing purposes and tools. It was evaluated to what extent the personnel needs of selected companies were satisfied. On the whole the job satisfaction was found to correlate with the quality of employees' meeting the external customers' needs. However, the research also reveals that very often companies don't pay enough attention to their personnel requirements. If a company meet staff needs to a greater extent it may increase external consumers' satisfaction and become more competitive in global markets.

Key words

Internal marketing, personnel needs, consumer satisfaction

Today highly competitive business environment and more exigent customers call for using all available company's resources for providing better consumer satisfaction. It is our contention that it especially applies to internal marketing because it considers a staff as company's internal clients, hence better satisfaction of personnel requirements makes them more motivated to meet external customers' wishes. We believe our paper contributes to the literature by adding to the knowledge that exists about relationships between satisfaction of internal and external customers' needs.

Conceptual background/hypothesis development

While a comprehensive review of the vast literature pertaining to internal marketing is beyond the scope of this paper, in this section we'll provide a brief overview of main approaches to internal marketing that we suppose to be important to the understanding of our research.

Internal marketing was originally proposed as an approach to service management which entailed the application of the traditional marketing concept and the associated 'marketing mix' within the organisation amongst employees as customers of the organisation in order to improve corporate effectiveness by improving internal market relationships (Berry 1981; Helman and Payne 1992). Internal marketing has been proposed as a management approach which enables to motivate all the staff of the organisation to examine their own role and to adopt a customer consciousness and service orientation, whether 'front-line' service performers or 'back-office' service support workers (Cowell 1984), to meet the needs of external customers. Table 1 illustrates different approaches to internal marketing.

The common thread in these research streams is that internal marketing is an ongoing process that occurs strictly within a company or organisation whereby the functional process aligns, motivates and empowers employees at all management levels to consistently deliver a satisfying customer experience. Thus,

Hypothesis 1. Internal marketing increases personnel loyalty to a company and customer consciousness.

Table 1. The evolutional development of internal marketing

Berry, 1981	Internal customers must be happy in their jobs before they can effectively serve the final customer
Gronroos, 1981	Everyone in the organisation has a customer. It is internal communications and the need for motivated and customer conscious employee
Berry (1981, 1983), George (1977, 1990)	It advocates treating employees as internal customers (an idea first tried in the 1950s by Japanese quality managers) and adds a twist to the concept by treating employees' jobs as internal products. A firm needs employees to be satisfied with their job products in order to have a well motivated work force and satisfied customers
George, 1990	A holistic management process to integrate the multiple functions of the organisation by ensuring that all employees understand and experience the business and its activities in an environment that supports customer consciousness; ensuring that all employees are prepared and motivated to act in a service oriented manner, Internal marketing focuses on achieving effective internal exchanges of value and symbols (e.g, resources and including non-economic transactions i.e, communications) between the organization and its employee groups as a prerequisite for successful exchanges with external markets
Berry and Parasuraman, 1991	Internal marketing is the design of better job products to meet the needs of employees
Collins and Payne, 1991	The employee is an internal customer who is an important part in delivering satisfaction to external customers, and whose support of overall marketing strategy is essential to succeed
Kotler, 1991	The task of successfully hiring, training, and motivating employees to serve the customer well
Bekkers and Van Haastrecht, 1993	Three approaches to internal marketing: hierarchical exchange process, internal supplies, exchange process organisation/employee The internal market consists of groups communicating to other groups within the organisation and internal marketing is considered to be the process of creating market conditions within the organisation to ensure what internal customers wants and needs are met
Ballantyne et al., 1995	Internal marketing is any form of marketing within an organisation which focuses staff attention on the internal activities that need to be changed in order to enhance external market place performance
Ballantyne, 1997	Internal marketing as a relationship development process with three complementary activity modes - energizing, code breaking and border crossing. Together, these made possible the translation of external customer requirements into operational forms
Theopold, Schacherer, 2002	Internal marketing is a planned effort using marketing-like techniques internally to overcome cross-functional resistance to change and to align, motivate and cross-functionally integrate employees towards the effective implementation of change strategies in order to deliver customer satisfaction through a philosophy of creating motivated and customer conscious employees

In a wide range of academic literature devoted to internal marketing an organisation is viewed as an internal marketplace. So, all departments of an organisation have customers that need to be served with performance - either those customers are internally or externally (Grönroos, 1981; Gummesson, 1987; Heskett, 1992; Rafiq and Ahmed, 1993). Based on this idea Piercy and Morgan (1990, 1991) proposed the concept of internal customers and suppliers, that is based on the premise that the internal environment of the organisation can be divided into distinct internal market segments with different wants and needs. Jobber (1995) recommends formulating marketing plans which apply external (4Ps) marketing techniques to internal (employee) markets (Figure 1).

The idea of internal customers and the ongoing relations between them in terms of service quality, service delivery processes and common goals and values has been carried out from different points of views such as TQM; HRM, Strategic Management (Piercy and Morgan, 1990 and 1991; Johnson and Scholes, 1989, 1993; Berry and Parasuraman, 1991; Varey, 1995; Piercy 1995).

Hypothesis 2. Since internal marketing relates both to the fields of HR management and marketing we expect some traditional marketing tools as 4Ps to be useful for internal marketing evaluation and development in a company.

Nowadays Russian companies strongly suffer from the consequences of the global crisis, mainly from the declining customer demand. Russian customers become more exigent concerning not only a product quality but also a quality of corresponding services and professional skills of the 'front-line' personnel.

Hypothesis 3. Because internal marketing makes a company more customer-oriented, it allows increasing Russian customers' satisfaction and thus attracting more clients to a company during the crisis.

Method

Sample A firm that manages a panel of approximately 1000 enterprises situated in Yekaterinburg, Russia, was engaged to provide the participants for the study. After we developed the data collection instrument using the panel's online software, the firm sent e-mail 'invitations' to a number of their panel. A total of 36 companies' responses were received which make up the data to be used in the study reported below.

436 study participants that were from 16 to 60 years old, men and women equally, and had an average net monthly disposable income from $100 to 1000 and higher represented a broad cross-section of the personnel of participating companies in Yekaterinburg.

Procedure

All the needs were divided into four groups regarding 4Ps of internal marketing: a job as an internal product; an alternative value of a job as a price of internal product; stuff allocation within a company as a product placement; internal communications and corporate culture as an internal product promotion.

At the first stage the respondents were asked to estimate the importance of different job needs for them using scale 1-3 (3-the most important need, 1-the least important need).

Then they were asked to estimate the extent of the satisfaction of every need mentioned above in their companies using scale 1-3 (3-completely satisfied, 1-completely unsatisfied).

After that the collected data was analysed to reveal the internal marketing effectiveness in participating companies and coefficient of the personnel satisfaction was calculated based on the following formulas:

$$W_j = \frac{\sum_{i=1}^{n} w_j}{N} \quad (1)$$

Wj – the average importance of a j-need; Wij – the importance of a j-need for a i-employee, n - the number of questionnaires.

$$W^{av} = \frac{\sum_{j=1}^{m} W_j}{M} \quad (2)$$

Wav – the average importance of evaluated needs, m – the number of needs.   - higher important needs; - average important needs;   - lower important needs.

$$U_j = \frac{\sum_{i=1}^{n} u_j}{N} \quad (3)$$

Uj – the average level of satisfaction of a j-need; Uij – the level of a j-need satisfaction of an i-employee.

$$U^{av} = \frac{\sum_{j=1}^{m} U_j}{M} \quad (4)$$

Uav – the average satisfaction level of evaluated needs.   - higher satisfied needs;   - average satisfied needs;   - lower satisfied needs.

$$U^{max} = \frac{\sum_{j=1}^{m} U_j^{max}}{M} = \frac{b_3 \cdot M}{M} = b_3 = 3 \quad (5)$$

Umax – the highest level of a need satisfaction.

$$S_{PSj} = W_j \cdot U_j \quad (6)$$

Spsj – the coefficient of personnel j-need satisfaction in the participating company.

$$Npsj = W_j \cdot U^{max} \quad (7)$$

Npsj – the highest level of the personnel j-need satisfaction in the participating company.

$$\hat{E}_p = \frac{\sum_{j=1}^{m} S_{PSj}}{\sum_{j=1}^{m} N_{PSj}} \cdot 100\% \quad (8)$$

Kps – the coefficient of the personnel satisfaction in the participating company.

Finally based on the formulas (2) and (4) all the evaluated needs were divided into nine groups presented in table 2.

Table 2. The matrix of personnel needs satisfaction level

Need satisfaction level	Need importance for an employee		
	High	Middle	Low
High	Group 1	Group 2	Group 3
Middle	Group 4	Group 5	Group 6
Low	Group 7	Group 8	Group 9

The satisfaction level of needs in groups 1, 2, 4, 5 is considered enough. The satisfaction level of needs in groups 7, 8 is necessary to increase. The importance of needs in groups 3, 6 may be increased if it corresponds to the aims of a company. As for the needs in the group 9 a company may analyze the reasons of its lowest importance and satisfaction level and take appropriate measures.

Results

Based on the previous studies which investigated the role of internal marketing (Sasser and Arbeit, 1976; Berry et al ,1976; George 1977, 1990; Grönroos 1981, 1989; Winter 1985; Flipo, 1986; Richardson and Robinson, 1986; Gummesson, 1987; Piercy and Morgan, 1991; Rafiq and Ahmed, 1993; Piercy, 1995; Cahill, 1995 ; Pitt and Foreman, 1999; Lings, 1999) we conclude that satisfying the stuff needs increases personnel and hence customers loyalty to a company. Furthermore

through the high loyalty of its employees and customers the organisation can increase its total customer retention rate which brings significantly positive effects on long-term market share, turnover and overall margins (Reichel, 1997).

Summarizing the findings the following key elements of internal marketing concept and tools can be mentioned:

- Motivating and satisfying employees.

- Customer orientation and sales mindedness.

- Use of marketing-like approaches internally.

- Cross-functional collaboration and integration.

- Change strategy and implementation.

A proposed method of evaluation the internal marketing effectiveness based on marketing-like techniques (satisfying personnel needs using

internal '4Ps') approves that internal marketing is the process of creating market conditions within the organization to ensure what internal customers wants. This method also allows revealing weak spots in a company's internal marketing and then taking appropriate measures.

The method was approved by the example of 36 companies in Yekaterinburg, Russia. Among them were 16,5% manufacturing business enterprises, 50,2% retail field companies, 33,3% service companies.

The calculated coefficient of the personnel satisfaction in the participating companies was 68,8% in manufacturing business, 70,1% in the retail field, 74,9% in human services. So the service companies take the leading position concerning their employees' satisfaction level but still they are far from the maximum.

The matrix of personnel needs satisfaction level was developed for companies of all the fields. The results shows that the employees working in manufacturing business mostly need better internal communications and joint responsibility, more influence on decision-making process in a company, more opportunities to make oneself a career.

For the employees working in the retail field nonfinancial incentives are very important. They also want to know a company's mission, main competitors and company's competitive advantages, to understand a contribution of each member of the stuff in company's goals achievement.

For the employees working in the service companies nonfinancial incentives are very important. They also need better social welfare (a dining room, an aid post, a kindergarten, etc.).

The extent of job satisfaction was found to correlate with the quality of employees' meeting the external customers' needs. 80,6% of respondents told that if their needs are satisfied better they will better satisfy the needs of external customers.

General discussion

Although no company wants to lose its competitive advantages it is perhaps inevitable in the face of growing competition in the global markets. Companies may focus on strengthening their financial position, developing organisational structure, reengineering business processes, using different product strategies and technologies. Our paper suggests using internal marketing to make a company more competitive in a market due to higher loyalty and consumer consciousness of its employees.

Managerial implications

We believe that these conclusions lead to a number of significant implications for Russian companies. They should be well-informed about their staff needs and recognise the importance of their satisfaction in increasing its total customer retention rate which brings significantly positive effects on long-term market share, turnover and overall margins.

Future research directions

In no way do we suggest that our paper is the final word on this topic but we hope that it can act as a way to open a dialogue on the role of internal marketing in the provision of consumers' satisfaction. We consider that there is a number of very interesting questions that remain to be answered relative to our research. For example, the future research could investigate what other marketing-like techniques may be used within an organization or to check more carefully the causal links between staff satisfaction and customer satisfaction.

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MARKETING STRATEGY FOR SMALL BUSINESS GROWTH IN CROATIA

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As the Croatian economy continues to move towards joining the EU, some of the biggest opportunities for Small-to-Medium Sized Enterprises (SMEs) will be derived from their ability to sustain growth in the global marketplace. It is generally accepted that SMEs are becoming increasingly important in terms of employment, wealth creation, and the development of innovation. Nevertheless, there are certain doubts about the quality of management in this sector suggesting that there are particular weaknesses in innovation, a lack of financial resources, marketing, entrepreneurial skills, practical knowledge, and human resource management. As a result, many SMEs do not achieve their full potential and fail to grow.

For an enterprise to survive in the market, Hall (1995) believes that longevity is associated with age and the company's ability to grow. According to the survey, the main reason for the deterioration in the survival rate of small businesses is in poor management, which is under the direct control of the SME owners/managers. Taking into account the high failure rate in the sector of small enterprises, it is necessary to investigate the factors, characteristics and management skills that are required for SME's to survive and thrive. These factors include personal characteristics of owners, the availability of external assistance, motivation, marketing strategies, trade policies, financial management, marketing and business characteristics.

This paper will seek to explore the extent to which small enterprises develop marketing strategies to ensure their future survival and the growth phase in the lifecycle of the company. Identifying companies that have withstood the high rate of failure in the introduction stage and are at the stage of growth, we explore the extent to which the application of marketing strategies contributed to their growth.

The main objective of this paper is to determine factors that are responsible for the success of Small Enterprises in Croatia. The research will particularly focus on examining the following factors:

- To analyze the motivation of SME managers

- The ability of SME managers

- Confirm the problems in launching a new SME

- Define the characteristics of SME

- Determine the impact of applying business marketing strategies

- Determine the impact of marketing on business

- Analyze the characteristics of the operating business

- Determine the importance of human resource management

- To analyze the financial operations

The above factors are subject to direct control of the owner and focus on them will create a framework that will help owners who run companies to overcome the high failure rate during the first two years and allow them to move into growth phase of their life cycle.

The propositions put forward in this paper are as follows:

P1. When starting up a small business in Croatia finances are the biggest obstacles

P2. For start up a small business in Croatia suppliers are not barriers

P3. For start up a small business in Croatia, access to consumers is difficult

P4. When starting up a small business in Croatia, SME owners/managers have a marketing plan

P5. When starting up a small business in Croatia, the owners have the vision and mission

P6. Small Enterprises in Croatia have a very competitive environment

P7. The main sources of competitive advantages of Small Business in Croatia are the price and quality

The study will be conducted using two general methods of research: the primary (fieldwork) and secondary (desk) research methods.

a) Secondary research

This method we will process the available secondary data sources and information books and articles in scholarly and professional journals and other publications dealing with marketing strategies, small and medium-sized enterprises in Croatia, collections of works from international and national professional conferences, statistical bulletins and Yearbooks , doctoral and master's theses, and the Internet.

b) Primary research

Under this method, surveys will be carried out with the owners of small businesses in Croatia. Surveys will cover 50 companies and 50 employees, provided they have operated for more than three years. The reason for selecting companies that have operated over three years is because these companies are in their growth phase of life as advocated by Churchill and Lewis. The research will be carried out via postal survey technique combined with personal interviews and the Internet. The survey questionnaire will thus be the research instrument for achieving the objectives of the study and Random; stratified sampling will be used for survey.

PERCEIVED QUALITY AS A DETERMINANT OF PRIVATE LABEL SUCCESS

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Abstract

Private labels have been present on the market for more than a century but they have experienced an intensive expansion in the last thirty years as a response to increasing power of producers and sharpening of competitive battle on the market. In the beginning retailers have introduced private labels as a cheaper alternative to strong manufacturer brands with the focus primarily on price and little attention paid to quality of private labels. This strategy has influenced customers to perceive private labels as lower quality products and cheap looking packaging has further reinforced that impression. Faced with intensified competition on the market, retailers have realized the importance of private labels as a differentiation and loyalty tool so they have changed their focus and started to invest in quality of private labels and their marketing position. Price was no longer emphasized as a major competitive advantage of private labels and focus shifted to providing additional value to customers. Since value is defined as ratio of perceived product quality relative to price, it can be concluded that for success of private labels perceived quality is often more important than the actual quality of the product. It has become clear that „the battle of the brands" is fought on the perception level. Consumer perception of product quality is considered as one of the most important determinants of consumer behaviour in product selection and it can be defined as consumers' judgment of general excellence or superiority of products or as an evaluation of products based on its characteristics. Attributes which indicate quality can be divided on basic or intrinsic and intangible or extrinsic attributes. Intrinsic attributes of perceived quality are an inseparable part of the product, including physical characteristics of the product (colour, taste, smell, etc.). They cannot be changed without changing the product itself, and are used simultaneously with the consumption. Intangible or extrinsic attributes of perceived quality are related to the product, but are not its physical part, such as price, brand and advertising intensity. The aim of this paper is to analyze the concept of perceived quality and its attributes as determinants of private labels success with the goal of further intensifying research in this area. Research conducted for the purpose of this study is to investigate the perceived quality of private labels in Croatia and analyze which attributes of perceived quality have the most influence on success of private labels in Croatia.

Key words: perceived quality, private label

Introduction

Private labels are brands which are owned by someone else rather than their manufacturer. In most cases private labels are owned by retailers but they can also be owned by any other intermediary like distributors, importers and others (Vranešević, 2007). The owner of private label, and not the manufacturer, is responsible for management of private label and he assumes all the responsibility. Therefore, ownership of a brand can be highlighted as the first element of distinction between private labels and manufacturer brands (Fitzell, 2003). The second element of distinction is their distribution. In contrast to manufacturer brand, distribution of private labels is, in most cases, restricted to their owners' stores or distribution network (Schuh, 2006). Exclusivity in distribution of private labels and consequently their ability to differentiate one retailer from another was one of the main reasons for such strong increase in private labels market

share and their importance on the market in the last thirty years.

As an answer to the tightening of competitive struggle among retailers in 1980s and with a goal to stand out on the market and differentiate themselves from the competition, retailers started to implement marketing in their business model (Schuh, 2006). Development of sustainable relationships with customers, for most retailers, became a strategic goal. They also recognized the importance of developing their own identities which would result in greater customer loyalty and stable sales revenues. In this aspect, private labels proved to be a unique weapon because they, unlike manufacturer brands, could not be found in every store and were able to offer a competitive advantage to their owner. During the 1980s, and especially 1990s, almost every retail chain in Europe has tried to launch their own private label in order to offer consumers something special and different from competing chains and manufacturers. The main objective was to develop retailer's private label which would become trusted brand and thus ensure customers' loyalty. The strategy used by most retailers was to offer products of good quality in categories with low range and in categories with no or low innovation. Development of private labels in categories with large degree of differentiation between products and without dominant market leader proved to be a good strategy as retailers encountered fewer barriers in these categories (Kwon et al., 2008). In the next phase, the range of private labels has been extended to other categories in which retailers used private labels to offer products similar to strong brands and increase their negotiation power with respect to manufacturers. Finally, after they introduced private labels into as many product categories, merchants started expansion within each category by offering products of good, better and best quality that is generic, traditional and premium private labels (Kumar & Steenkamp, 2007).

Evolution of private labels

Evolution of private labels can generally be defined through four distinctive phases or private label generations. The first phase of private label development was characterised by products with low quality and very low prices, which usually had the same name as the retail chain they belonged to. In the second stage, private labels already had some basic elements of their own identity, usually a name, logo and colour, and sometimes even a slogan. The products, in accordance with legal regulations and retailer's instructions, had a certain level of quality, but the quality was still lower than the quality of manufacturer brands. At this stage of private label evolution, the emphasis was not on quality but on achieving low production costs which ensured the price significantly lower than those of manufacturer brands. The third phase of evolution was characterized by retailers focus on quality of their private labels which has led to gradual equalization in the quality of private label and manufacturer products in general. Prices of private labels were, in this phase, still lower than the prices of manufacturer brands, but retailers did not insist on low prices as the main features to attract and retain customers. They rather emphasized good value which private labels provide to customers through the price and quality ratio. In the last phase of private label development retailers were focused on offering products which are better than the products under manufacturer brands and represent a unique offer on the market. The fourth phase is also characterized by private labels leadership in certain product categories. (Burt, 2000; according to Laaksonen & Reynolds, 1994). Thus, for example, the share of private labels in the category of chilled ready meals has, on a global level, in 2008 reached 47% while in Europe, as the region where private labels are the most developed, this share has reached astonishing 97% (Cross, 2008).

As it can be seen from the phases of private label evolution described above, retailers' focus in private label management has shifted from price orientation to orientation on quality and consequently on value private labels are offering to consumers. This shift has enabled strong development of private labels because in the eyes of consumers they offer good value for money. Using value as a differentiation point is good strategy because that characteristic can be transferred to great number of categories (Keller, 2003, p. 274) and it keeps retailers away from direct competitive fight with manufacturer brands (Baltas, 1997). If value is defined as the ratio of perceived product quality relative to price, it can be concluded that, for the success of private labels, perceived quality is often more important than the actual quality of the product (DelVecchio, 2007). It has become clear that „the battle of the brands" is fought on the perception level (Richardson, 1997).

Perceived quality as a concept

The concept of perceived quality has a great impact on marketing management in general. Perceived quality depends on consumers' needs, desires and demands, their expectations and value perception throughout the whole period of client-company relationship. (Vranešević, 2000, p. 125).

Generally accepted and often cited definition of perceived quality in the marketing literature is proposed by Zeithaml. Zeithaml (1988) defined perceived quality as "consumers' judgment about a product's overall excellence or superiority" and emphasized that perceived quality has four characteristics in general:

- First, Zeithaml addressed that there should be a clear difference between perceived quality and objective quality. Objective quality is defined as tangible superiority on some predetermined ideal standards. However, based on the idea that all quality evaluations are subjective, there has been continuous debate as to what the ideal standards should be. In addition, the standards or attributes of objective quality are based on what managers rather than consumers perceive to be important. Therefore, Zeithaml argued that perceived quality should be a similar concept to the user-based approach and should be different from objective quality.

- Second, Zeithaml argued that perceived quality was formed in terms of complex levels of abstraction rather than bringing an attribute. She maintained that consumers retain product information in memory at various levels of abstraction, ranging from simple product attributes to complex personal values. Olson and Reynolds (1983, according Han & Kwon, 2009) also argued that perceived quality should be considered as an abstract and complicated structure.

- Third, Zeithaml considered consumers' perceived quality as global evaluation of a product, similar in some way to attitude.

- Fourth, Zeithaml argued that consumers' evaluation of quality should be made within the consumers' evoked set, which included products that were viewed as substitutes by consumers. Consumers determine the relative excellence of a product after comparing those substitutes.

According to Monroe and Krishnan (1985, according to Chen at al., 2005) objective quality is a term used to describe the technical excellence of products, and differs from the perceived quality which depends on consumer's personal criteria for quality evaluation. Some other authors, as Maynes, argue that objective quality does not actually exist, and that quality assessment is completely subjective process considering that quality is always the result of someone's assessment, either consumers', managers' or researchers' (Snoj et al., 2004). Perceived quality cannot be objectively determined because of two subjective components present on consumer's side. First, it is the perception of consumers that is entirely individual. Second, how consumers perceive the quality of products depends on the judgments which functional characteristics of products are important to them in the pre-purchase period, and that characteristics do not necessarily coincide with the characteristics of that attention given by the manufacturer (Piri-Rajh, 2006, p. 133). Also, often consumers are not motivated to collect all the information (or all the information is not available) that could objectively determine the quality of the product. Therefore, the perceived quality is seen as a kind of consumers' general impression about the product and at the same time, it is a customer's reason for purchase.

Perceived quality of private labels

Consumer perception of product quality is considered as one of the most important determinants of consumer behaviour and product selection. The importance of perceived quality for the success of private labels was confirmed through experiment conducted by Richardson et al. (1997). Despite the fact that an objective laboratory comparison of quality between private label and manufacturer brands did not show significant differences, differences have existed when subjective quality perception of consumers was measured. Experiment was conducted in a way that private label product was placed within manufacturer brand packaging and vice versa. The result of this experiment has demonstrated that, regardless of the actual quality, consumers prefer manufacturer brand. This result is not surprising if we take into account that brand manufacturers

spend considerably more funding in comparison to private labels in order to develop all aspects of the brand. Greater recognition of manufacturer brands influences the perception of consumers that its products are superior to private labels (Beldona and Wysong, 2007).

It is widely believed that consumers use cues to infer quality. Product information cues that indicate quality can be divided into intrinsic and extrinsic (Olson, 1977, according Han & Kwon, 2009). Intrinsic cues, which are an inseparable part of the product, include physical characteristics of the product (colour, taste, smell etc.). They cannot be altered without changing the nature of the product itself, and they are used simultaneously with the product consumption. Extrinsic cues are related to the product but are not physically a part of it. Extrinsic cues are: brand, image, sales activities, advertising, word-of-mouth etc.

Intrinsic attributes of quality are influenced by physical characteristics of the product which makes it easier for customers to evaluate the product (Vranešević, 2000). But, under the stronger market competition intrinsic cues lose their significance because all manufacturers tend to offer products with similar characteristics which, after a certain time, become a standard that must be fulfilled. Therefore, physical characteristics cannot be taken as a critical factor in the competitive struggle. So, intrinsic cues are just the basis for building other attributes in the process of creating the overall value. On the other side, the extrinsic cues are more difficult to determine and they are more influenced by subjective experiences of customers. Today it is hard to attract consumers without the existence of extrinsic benefits of a product, but if product benefits are not appropriately based on the intrinsic benefits, then the negative effects and consumers' dissatisfaction could appear.

Consumers are likely to rely more on extrinsic cues in estimating performance of the product (Han & Kwon, 2009). In particular, when consumer first encounters a new product, s/he often does not know the intrinsic value of that product and bases his/her purchase decision upon the already known extrinsic cues of the product such as brand and store name, price or country of origin. Extrinsic cues become even more important when quality is difficult to evaluate as in the case of experience goods such as food products. Furthermore, the evaluation of intrinsic cues by consumers may require more time and effort than the consumer perceives is worthwhile (Sirohi et al., 1998).

As it is already highlighted, the objective quality level of private labels has been steadily increasing, greatly narrowing the quality gap between private labels and manufacturer brands, which leads to conclusion that the primary determinant of private label success is the ability to meet an acceptable level of perceived quality (DelVecchio, 2001). However, despite the increased investments in private labels quality, they usually suffer from deficiencies of extrinsic cues such as strong brand name and packaging in relation to national brands (Richardson et al., 1994). This is especially the case if we consider generic private labels for which retailers do not develop brand elements and whose plain packaging is conveying "cheep" image. Richardson et al. (1994) have found that when assessing product quality consumers largely rely on extrinsic cues and this finding can in larger degree explain consumers' unfavourable evaluation of private labels perceived quality with respect to manufacturer brands. Introduction and investments in premium private labels may be an answer for retailers. Their goal is not just to offer high quality through intrinsic cues but to provide added value to customers, especially compared with leading manufacturer brands and also to improve general perception of private labels (Davies & Brito). Previous research has shown that introduction of premium private label has a positive impact on the success of all private labels in the portfolio (Zielke & Dobblestein, 2007). In managing premium private labels, focus is primarily on extrinsic cues so retailers are investing in development of strong brand image for those brands (Kumar and Steenkamp, 2007). According to Zeithaml, in relation to other criteria in the pre-purchase period, consumers perceive brand as a sum of certain information, and therefore the brand image serve as a "shortcut" to the conclusion about the product quality.

Research methodology

Research conducted for the purpose of this paper is to investigate the perceived quality of private labels in Croatia and analyze which attributes of perceived quality have the strongest influence on success of private labels. With this research goal in mind, four hypotheses were defined:

H1 Quality of private labels in Croatia is perceived to be lower compared to quality of manufacturer brands.

H2 Consumers in Croatia perceive difference in quality between private labels of different retailers.

H3 Consumers in Croatia perceive difference in quality between private labels in different categories.

H4 Consumers in Croatia rely more on extrinsic attributes when assessing quality of private labels.

The questionnaire used in this research referred to private labels in general and was not category specified. In the research, convenience sample of 150 students of the Faculty of Economics and Business at the University of Zagreb was used. The sample consisted of 75 per cent female respondents and 25 per cent of male respondents.

Research results

From 150 students, which were taking part in the research, 139 or 93 per cent are buying private labels mostly from Konzum, leading retailer in Croatia, and dm-drogerie markt. Private labels are mostly bought in food and beauty products categories.

Only 28 per cent of respondents think that quality of private label products in Croatia is at least as good as manufacturer brand product quality. Most of the respondents i.e. 62 per cent think that the quality of private label products is little lower and 10 per cent think the quality is much lower in relation to quality of manufacturer brand products. This finding leads to the conclusion that consumers in Croatia perceive private labels as inferior to manufacturer brands with regard to quality which corroborates the first hypothesis.

When asked if quality of private labels of different retailers is basically the same, most respondents i.e. 36 per cent did not agree with this statement and 30 per cent of them did. However 34 per cent of respondents were undecided with respect to this question. When asked do they think that quality of domestic private labels is higher than private labels of foreign retailers half of the respondents was again undecided. From the remaining respondents, 36 per cent does not agree with that

statement and only 14 per cent does. Taking into account both statements regarding differences in private label quality between different retailers we cannot accept or reject the second hypothesis.

With regard to quality of private labels in different categories, 77 per cent of respondents think that differences exist and this finding corroborates the third hypothesis.

In order to test the last hypothesis respondents were asked to grade ten variables which can have an impact on the perceived quality of private labels. Those variables are by their characteristics divided into intrinsic and extrinsic attributes what can be seen in table 1. Table 1 also states average values for all attributes and corresponding standard deviation values. The respondents were asked to rate each of these attributes on five-point Likert scale, where 1 is "Not effective at all" and 5 is "The most effective attribute". Results show that price has the strongest influence on consumers when assessing perceived quality of private labels with an average grade of 4,22 and standard deviation of 0,75. As the second most important attribute respondents have stated physical characteristics of the product as the only intrinsic attribute among top five ranked attributes.

According to the average grade of different attributes, it can be concluded that price, physical characteristics of the product, word of mouth, retailer's image and private label image have the highest influence on the perceived quality of private labels. Those five attributes have the average grade above 3,5. Four of these attributes belong to extrinsic type and just one can be put in the group of intrinsic attributes. Therefore, it can be concluded that extrinsic attributes have stronger impact on perceived quality then intrinsic ones which confirms the fourth hypothesis.

As a limitation to this research we can state the use of convenience sample and size of the sample. Therefore future research studies should include a broader cross-section of consumers. A second limitation is that the survey was not designed to investigate category differences, i.e. the degree of perceived private label quality in different categories.

Table 1 - Importance of different attributes in determining perceived quality of private labels

No.	Type of attribute	Attribute	Result	Standard Deviation
1.	Extrinsic attribute	Price	4,22	0,75
2.	Intrinsic attribute	Physical characteristics of the product (colour, taste, smell)	3,89	1,01
3.	Extrinsic attribute	Word of mouth, recommendations from friends and relatives	3,78	0,91
4.	Extrinsic attribute	Retailer's image	3,71	0,96
5.	Extrinsic attribute	Private label image	3,55	1,06
6.	Intrinsic attribute	Package design	3,38	1,16
7.	Extrinsic attribute	Country of origin image	3,37	1,14
8.	Intrinsic attribute	Package size	3,04	0,98
9.	Extrinsic attribute	Sales staff	2,94	1,17
10.	Extrinsic attribute	Advertising intensity	2,61	0,93

Conclusion

The evolution of private labels during the last 30 years, from the low price-low quality products to real brands with high quality and all the brand elements, is a result of marketing concepts implementation into retail environment. Recent developments, which have seen the major grocery chains extend their brand names into product and service markets beyond the core product offer, provide further confirmation of the central role that private labels now play within corporate strategy per se (Burt, 2000).

One of the most important determinants of private label success on the market is perceived quality. Perceived quality of private labels has traditionally been lower than perceived quality of manufacturer brands. This can largely be explained by the fact that manufacturer brands have traditionally invested more in extrinsic cues of their brands. Intrinsic cues, which include physical characteristics of the product (colour, taste, smell etc.) have lost their importance on the competitive market because all manufacturers tend to offer products with similar characteristics which, after a certain time, become a standard that must be fulfilled. On the other hand, extrinsic cues like brand, image, sales activities, and advertising are becoming more important.

The research conducted for the purpose of this paper has shown that consumers in Croatia perceive private labels as inferior to manufacturer brands with regard to quality. On the other hand when they asses quality between different private labels their attitudes are not so strong. Consumers remained undecided with regard to question is the quality of all private labels basically the same and do domestic brands have higher quality than those from foreign retailers. However respondents agree that there are differences between quality of private labels in different product categories. Analysis of attributes which have an impact on perceived quality shows that extrinsic attributes have stronger impact on perceived quality then intrinsic ones. Price, physical characteristics of the product, word of mouth, retailer's image and private label image have the highest influence on the perceived quality of private labels in Croatia.

Private labels have become an important part of retailer's strategy and their share is constantly increasing. However, it is crucial for retailers to direct their efforts from just offering good quality products to conveying that message to customers through the focus on extrinsic cues of their private labels.

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B2B RELATIONSHIPS IN THE BANK SERVICES MARKET IN POLAND

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Abstract

Direct, personalized and close relationships between an institutional seller and an institutional buyer are a characteristic feature of entities operating in a non-anonymous market, which is specific to relations between companies. An institutional buyer, which is very demanding, but also more willing to share strategic information, expects perfect service in terms of identifying needs, preparing bids, as well as communicating and providing the service to the customer. An institutional customer increasingly focuses on active participation in the process of value creation. Thus, the issue of building lasting relationships with customers is particularly important in the B2B (Business to Business) market, in which a single buyer can have a significant share in the overall turnover of a supplier, and its loss poses a real threat to the company's financial position. Creating customer relationships in the B2B market effectively requires an appropriate organizational culture aimed at building lasting relationships. These activities are indispensable to developing proper relationships between a customer and an organization. According to the L.L. Berry's model, relations can be built on the financial, social and structural levels (Berry, pp. 240-241).

Building a lasting competitive advantage which is difficult to copy is conditioned by the level of the established customer relationships. The higher the level of the established relationship, the greater the commitment of customers, evidenced not only by continuing shopping, but also and above all, by their greater emotional involvement. In the context of the above discussion, the aim of the article is to describe the character of relationships among banks and institutional customers in Poland.

Key words: B2B market, customer relationships, marketing, banking services

Methodology

In order to accomplish the objective, research has been conducted. Secondary and primary sources of information were used in the research. Secondary sources included available results of marketing research, scientific studies and the subject literature. The study was also based on primary sources, i.e. the results of the research conducted by the author among bank customers in Poland. The primary research was carried out with the use of the Computer Assisted Telephone Interview (CATI). The used method enabled the researcher to control the choice of sample and the quality of the research. The telephone interviewers were supervised by the qualified controllers. They also had an opportunity to consult unexpected situations with the researcher, who was present in the same building and available on-line as well as via the telephone.

The research was conducted all over Poland among 600 institutional customers. The sample was chosen proportionally, taking into account the number of employees. 50% of the interviews were conducted in small companies (up to 9 employees), 30% were conducted in medium companies (from 10 to 49 employees), 20% were conducted in big companies (more than 50 employees, including one interview conducted in the company with 251 employees and more). The interviewees had to be responsible for contacts with the bank. The respondents who took part in the survey were mainly private entities. The research comprised mainly service companies (43%) and trade companies (31%). 41% of the companies operated on the local market, every third company serviced the regional market, every fifth company operated in the all-Poland market. The respondents were companies with dominating domestic capital. See table 1.

Table 1 The structure of the surveyed companies

Company size							
up to 9 employees		10-15 employees		51-250 employees		250 and more employees	
quantity	%	quantity	%	quantity	%	quantity	%
298	49,7%	180	30%	114	19%	8	1,3%
Form of ownership							
private		state		cooperative		self-government	
quantity	%	quantity	%	quantity	%	quantity	%
17	2,8%	565	94,2%	11	1,8%	5	0,8%
Dominating form of activity							
production		services		trade		mixed	
quantity	%	quantity	%	quantity	%	quantity	%
57	9,5%	259	43,1%	186	31,0%	91	15,2%

Range of activity									
local		regional		all-Poland		international		global	
quantity	%	quantity	%	quantity	%	quantity	%	quantity	%
246	41,0%	187	31,1%	129	21,5%	36	6,0%	1	0,2%

Dominating capital					
domestic		foreign		half-and-half	
quantity	%	quantity	%	quantity	%
566	94,3%	8	1,4%	24	4,0%

The core of relationships in marketing activities

The paradigm of relationships has become the key aspect of company's activities in the market. The significance of relationships is emphasized in the concepts of modern marketing. To exemplify the above one can refer to the definition formulated in 1994 by the American Association of Marketing according to which "marketing is an organizational function and a set of processes aimed at creating, communicating and providing customers with value as well as managing customer relationships in a way that is favourable to the company and other interested subjects" (Keefe, p.17). Since formulating the definition of the core of relationships presents a considerable challenge both in theory and practice of company management, this problem is relatively rarely discussed in the literature. To some extent this gap is filled by J. Barnes and D. Howlett (1998, p. 16). On the basis of the review of the literature on social psychology and relationship marketing, they have noticed that a relationship is determined by two conditions: first, the existence of the relationship must be mutually recognized by both sides, as the behaviour of one side accounts for the behaviour of the other side, and second, the beginning of the relationship is conditioned by something more than the sole contact with a customer, which is very difficult to describe, but is recognized by the sides of the relationship.

Customer relationships begin with a single transaction. The conscious, planned and mutually advantageous repetition of such transactions in the long term is the core of the relationships. They include a behavioural aspect connected with the recurrence of contacts and the affective aspect. The latter is connected with the mutual closeness of both sides of a relationship, emotional involvement and a mutual willingness to maintain the relationship. The above influences the permanence of the relationship. The review of the literature on marketing leads to the conclusion that lasting relationships are determined mostly by customer satisfaction due to provided value as well as involvement of both sides and mutual confidence. These elements reduce uncertainty and risk stemming from using services provided by a given company. They encourage both the customer and the company to make and increase investments in the relationship by close cooperation. They also stop customers from taking advantage of short-term incentives offered by competitors as customers expect long-term benefits from maintaining the relationship with a given entity. Moreover, the above elements cause partners to perceive highly risky activities as prudent due to credibility, professionalism and a belief in the lack of opportunist behaviour towards the partner. Customer satisfaction, confidence and involvement of a company towards its consumers influence customers' buying behaviour (the behavioural aspect of a relationship) as well as the affective aspect of a relationship. The latter refers to the customer's attitude towards the company, his acceptance of its activities, and above all, to the emotional link between the two

sides. Relationships which are based on positive emotions cause consumers to maintain a positive attitude towards a given offer and the willingness to purchase it despite the fact that the competitors' offer is more attractive economically.

The nature of relationships in the B2B market – theoretical background

Direct, personalized and close relationships between an institutional seller and an institutional buyer are a characteristic feature of entities operating in a non-anonymous market, which is specific to relations between companies. Having a strong bargaining power and an analytical approach to purchase decisions, an institutional buyer bases the latter on benefits resulting from the involvement of a service provider and solutions offered by it. Being very demanding but also more willing to share strategic information, an institutional buyer expects assiduous attention understood as the identification of its needs, the preparation of an offer, its communication and provision. Although an institutional buyer has become more demanding, it has also become

more willing to contribute and cooperate. It has confidence in a company and treats it as an equal partner, but it demands the same attitude of the company. An institutional customer wishes to participate actively in the process of value creation. Therefore, building lasting customer relationships is particularly important in the B2B (Business to Business) market, where a specific, single buyer can have a significant share in total sales of the service provider, and its loss poses a real threat to the financial situation of the company.

In the marketing literature it is emphasized that developing customer relationships is a long-time process which requires proper and conscious planning as well as careful and consistent realization. The process cannot be limited to chosen promotional activities; it must be comprehensive and cover the whole company. This requires an appropriate organizational culture aimed at creating lasting relationships. Such activities are indispensable for developing the right link between a customer and an organization. According to L.L. Berry's model, relationships can be established on three levels and have three dimensions (Berry, pp.240-241).

Table 2. Levels of relationships in business practice.

Level	Dominating dimension of customer relationship	Degree of offer customizing	Potential of competitive advantage retention
First	Financial	Low	Low
Second	Social	Medium	Medium
Third	Structural	Medium or high	High

Source: Berry, L.L. (1995), "Relationship Marketing of Services – Growing Interest, Emerging Perspectives". Journal of the Academy of Marketing Science, Vol. 23, No 4, pp. 240–241.

The first level includes financial relationships, which are characterized by a low degree of offer customizing and small potential for maintaining competitive advantage. Companies create these relationships by using economic incentives, such as loyalty programs, prizes, free services and purchase discounts. The results of marketing research published in the literature indicate that there is a positive relation between the above mentioned marketing tools and the retention of customers and recurring purchase (Liu, pp. 19-35; Verhoef, pp. 30-45; Bolton, Kannan, Bramlett, pp. 95-108; Bawa, Shoemaker, pp. 370-376; Gustafsson, Ross, Edvardsson, pp. 157-168). However, marketing tools aimed at increasing economic value and

developing financial relationships are liable to being copied, and therefore fail to ensure lasting customer relationships. This issue is discussed by numerous authors, who show that marketing activities used to create financial relationships in the long term can lead to passive resistance and frustration and have a negative influence on customer relationships (Algesheimer, Dholakia, Hermann, pp. 19-34; Stauss, Schmidt, Schoeler, pp. 229-252; Rudawska. pp. 309-316). Financial incentives may be effective if they are used to increase customers' buying activity. Relationships between companies and their customers should be reflected in key areas for the relationship marketing. In the literature it is often emphasized

that a long-standing customer is characterized not only by regular purchase or using services provided by one company. It has to be assumed that being a long-standing customer is not associated with the motor activity of purchase, but to the state of consciousness, a sense of closeness and attachment. Customers' loyalty indicates their confidence in the company. Loyal customers are emotionally attached to the company and willing to maintain special bonds with it. The literature recognizes the following characteristics of lasting relationships among customers and service providers (see: Jones, Sasser, p.94; Day, pp. 29-35; Gould, p. 16; Griffin, p. 31):

1. decreased sensitivity to price changes;

2. increased recommendation of the company to other customers;

3. increased frequency and a range of used offers;

4. decreased tendency to change the service provider.

L.L. Berry emphasizes that customers interested in price incentives are particularly susceptible to promotional activities undertaken by competitors. Therefore, companies should aim at creating relationships based on links which are stronger than those resulting from financial benefits.

The literature on the nature of relationships among customers and companies distinguishes two aspects of these relationships. One of them is the behavioural aspect, which indicates the recurrence of purchase as the indicator of customer's attachment to a given company. The financial dimension of relationships, which has been described above, presents them in this context, and tools applied here can be regarded as the simplest way of implementing demands of the relationship paradigms of marketing. As has been emphasized, long-standing customers are not only these who participate in loyalty programmes, but also these who expect an individual approach. The company should discern, for example with the aid of modern technologies, the fact that it has had its customers for a long time and it should surprise its customers pleasantly thus evoking a sense of attachment and an inclination for further cooperation. Here we speak of the so-called psychological aspect of relationships, which refers to the emotional state and customer's attitude

towards a given entity (Jakoby, Chestnut; Oliver, p.35; Berscheid, Synder, Omoto, pp. 792-807; Barnes, Howlett, p. 17; Butz, Goldstein, pp. 63-79). Emotions strengthen and stabilize relationships and lead to mutual confidence, which forms the basis for a lasting relationship (Dobiegała-Korona, Doligalski, Korona, p.39). In L.L. Berry's model this psychological aspect of relationships refers to the second and third levels of relationships, where value offered to customers does not refer only to financial incentives, but also to direct, often personal contacts with the personnel and close cooperation.

The second level of relationships (see table 2) is marked by the social dimension of customer relationships, which is characterized by a medium degree of customizing the offer and medium potential for maintaining competitive advantage. On this level relationships result from direct (personal) and indirect (telephone, e-mail) contacts between a company and its customers (Mitręga , pp. 38-41; Zeller, pp. 17-18). Creating social relationships involves developing interactive channels of communication, personalizing services, providing services by the same staff member, extending services by adding seminars and invitations to celebrations as well as designing marketing activities suitable for identified customer groups. These activities exceed economic values and should provide customers with excellent service and satisfy their needs through a diverse offer. The notion of "offer" has to be understood widely, as it comprises the product range, modifications to prices, promotions and distribution (availability). Involvement, competence, motivation and interpersonal skills of front-line workers are of key importance on this level. Social contacts can make customers more tolerant and understanding when the company is faced with a crisis.

The level of structural relationships forms the third and most difficult to achieve level of relationships. It is characterized by a high degree of offer customizing and high potential for maintaining the competitive advantage. In this case personal contacts between customers and personnel must be supplemented by adjusting the offer and procedures to the particular customers and their problems. Structural relationships are strengthened by searching for innovative solutions and participating customers and service providers in the innovation process. On this level the organization possesses a detailed knowledge about individual customers. It is possible due to modern computer

systems, such as data bases and comprehensive CRM systems, i.e. computer systems supporting customer relationships management in analytical and operational fields. The computer technology makes the knowledge available even if customer service staff do not longer work for the company. In case of structural relationships the parties cooperate closely on the basis of jointly developed rules, exchange necessary information, feel responsible for possible problems and involved in the improvement and development of their relationships. Individual benefits supplemented by benefits from the first and second levels make the established contact strongest, and the sides become partners which participate in realizing mutual expectations.

Gaining a lasting and difficult to copy competitive advantage is directly proportional to the level of relationships between an organization and its customers. The higher the level of established relationships, the greater customers' attachment showing in the continuation of purchase and greater emotional involvement. It seems that investing in the improvement of a widely understood service, despite high costs and devoted time, makes it possible to gain and maintain the competitive advantage.

The nature of a bank-to-institutional customer relationship – the results of the research of the Polish market

In order to identify the nature of a bank-to-customer relationship L.L. Berry's (1995) model of relationship levels was used. On the basis of an extensive subject literature particular dimensions of the relationship were described. Each dimension has been equipped with a set of variables describing customers' attitudes towards their banks. The financial dimension of a relationship is presented in six profiles, which show customers' attitude towards price incentives used by banks in order to develop relationships. They show how price incentives influence the choice of a specific bank, emotional attachment to it, or intentions of leaving a bank.

As far as the social relationship is concerned, the explanatory variables regarded those aspects which triggered off specific emotions, satisfaction, confidence and security stemming from efficient and good service, possibility to use banking services efficiently and comfortably, and opportunities to

have all requirements met as a result of a varied bank offer. Since banks are subject to regulations, they cannot fully differentiate procedures and offers. Due to the above the description of the structural dimension was connected with the necessity of considering advanced forms of cooperation among bank staff and customers (not only forms restricted to courtesy, efficiency and availability) and possibilities of offer customizing (within a certain scope it is possible to customize only procedures). Therefore, in order to construct variables describing the structural dimension J. Heide and G. John's (1992, pp. 32-44) concept of relational norms was used. These norms form a variable which consists of:

1. flexibility of operations,

2. mutual exchange of information, and

3. solidarity.

The conceptualization of flexibility of operations refers to the bilateral anticipation of readiness (willingness) to make required alterations during cooperation according to circumstances. In the conducted research the explanatory variables were related to customizing an offer and price as well as the cooperation between a bank and its customers in order to establish rules of cooperation and their possible alterations. The next aspect of these norms - mutual exchange of information – refers to the anticipation that both sides will be willing to exchange information important due to conducted operations and potentials for cooperation. The last relational norm refers to solidarity, that is expectation to the high value of the relation. Variables which were used in this case refer to the mutual responsibility during cooperation or bilateral commitment to develop relationships. J. Heide and G. John propose norms that relate to the highest level of relationships, which is perceived by partners as mutually advantageous and helpful in reducing opportunist attitudes. In this case partners declare good intentions and communicate clearly and honestly. This type of relationships is based on confidence. It is recognized that this type of relationships can form a basis for a lasting competitive advantage, which is difficult to copy.

The conducted direct research has revealed that relationships based on financial links are assessed the lowest by companies. Price incentives practiced by banks are insufficient to build long-term relationships in the B2B market.

The research has indicated two facts: firstly, in most cases promotions have not influenced the choice of a given service provider, and secondly, financial incentives have not determined further cooperation with the bank. As many as 70% of the institutional customers have experienced such a situation. Finally, numerous institutional customers are not emotionally attached to the bank and would not change their service provider if it abandoned this kind of activities.

The research results have concluded that relationships between companies and banks are based on social links. It undoubtedly results from the positive attitude of the surveyed companies towards interpersonal contacts with the bank staff, which develop confidence and customers' attachment to their service provider. The analysis of variables determining social relationships has shown that most respondents, in some cases as many as 90%, indicate a good rapport with the bank staff.

Motivation, involvement and skills demonstrated by customer service staff are of key importance for creating social relationships. The research has proved that respondents perceive bank staff

as nice and kind (92% of institutional customers), familiar with services on offer (89% of institutional customers), communicating in a clear and exhaustive way, offering the best possible financial advice (85% of institutional customers). A slightly smaller percentage of the respondents have declared that the bank staff are always willing to meet when the need arise and the quality of their work influences customer retention.

The research has shown that the other variables used to describe the social nature of relationships were also highly assessed. In general, 80% of the respondents agree that the bank fulfils their needs by providing them with a diverse offer. They also agree that the bank staff and services are easily available (opening hours, the number and location of cash machines, a car park). They also admit that the bank staff promptly respond to their remarks and complaints, and feel personally responsible for solving arising problems. The respondents emphasize the fact that they have a lot of confidence in the bank staff, which is particularly important for creating relationships with institutions of public credit.

Chart 1 The assessment of variables explaining financial character of relationships between institutional customers and a bank
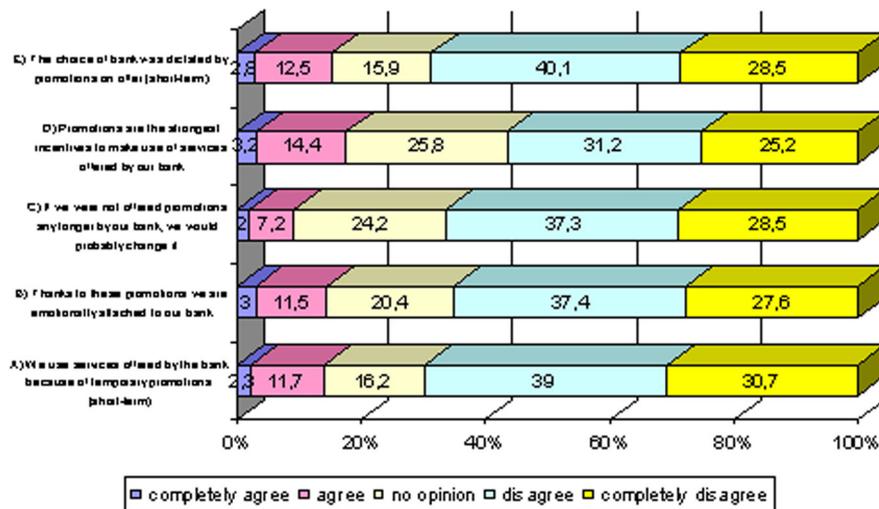
Source: self-study.

Chart 2 The assessment of variables explaining the social nature of bank-to-customer relationships
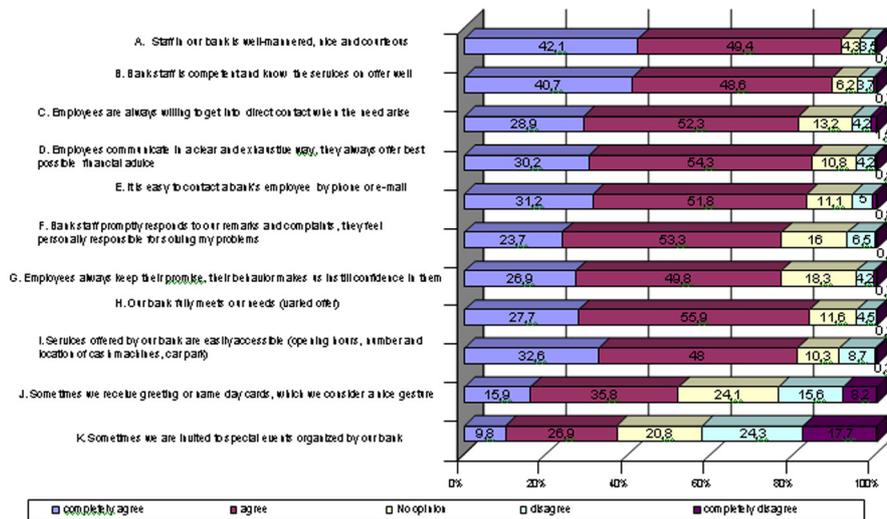
Source: self-study.

In order to describe relationships based on structural links the following variables have been used: the flexibility of operation, the mutual exchange of information and solidarity, i.e. mutual involvement of both sides of the relationship in its development. Relationships between banks and their customers based on structural links refer to a smaller group of customers. The percentage of the respondents who confirm cooperation fulfilling the conditions of flexibility, the mutual exchange of information and solidarity is lower comparing to the nature of relationships analyzed before. On the basis of the results of the direct research it can be stated that a relatively big group of customers agree that their banks provide them with a customized offer and price conditions (chart 3 – variable A). Such an opinion was expressed by 64% of the institutional customers. Companies declared the joint development of new rules of cooperation in exceptional circumstances (chart 3 – variable B), as well as possibilities of adjusting procedures to arising problems (chart 3 – variable C).

As far as the variables describing relationships based on structural links in the mutual exchange of information and solidarity are concerned, most declarations confirm the existence of such links (chart 3 – variable D-H). As many as 64% of the respondents indicate that they immediately share information important to either side.

The results have confirmed that in most cases relationships between customers and banks have only begun to assume the nature based on structural links. Basing on the observation of practices used by banks in Poland it can be supposed that structural links more often concern bigger companies in a better financial situation, or long-standing companies, i.e. the ones which are considered more attractive for financial institutions. These speculations are confirmed by the conducted statistical analyses. As far as the institutional customers are concerned the financial situation is a statistically important factor differentiating the assessment of structural relationships among the chosen groups (table 3.). The analysis of the average values shows that the institutional customers which are in a better financial situation assess the relationships on the structural level higher.

Chart 3 The assessment of variables explaining customer relationships in the structural dimension.
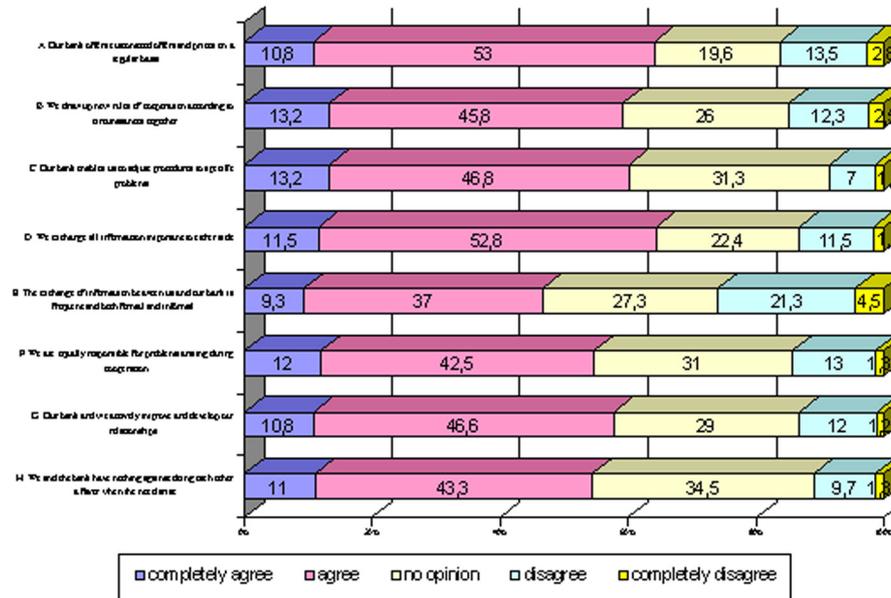
Source: self-study.

Table 3.

Variables explaining relationships on the structural level*	Institutional customers	
	Test	Level of significance – p
Our bank offers customized offers and prices on a regular basis	34,8662 (K-W test)	0,0000
We draw up new rules of cooperation according to circumstances together	4,8260 (anova)	0,0007
Our bank enables us to adjust procedures to specific problems	4,7410 (anova)	0,0009
We exchange all information important to either side	5,3866 (anova)	0,0002
The exchange of information between us and our bank is frequent and both formal and informal	3,7301 (anova)	0,0052
We are equally responsible for problems arising during cooperation	2,8680 (anova)	0,0225
Our bank and we actively improve and develop our relationships	13,7509 (K-W test)	0,0081
We and the bank have nothing against doing each other a favor when the need arise	3,4638 (anova)	0,0082

The analysis of variance concerning the institutional customers' perception of relationships in the structural dimension – differences in subgroups account for financial situations; $p < 0,05$

Source: based on self-study with the use of Statistica 6.0 computer program

On the basis of the analysis of correlations it is possible to show statistically significant relations between the assessment of structural relationships and the financial situation of banks' customers. In case of institutional customers the examination of random relationships has shown that these correlations are positive. This means that the better the financial situation, the higher companies assess relationships between them and their banks on the structural level.

Conclusion

To conclude the conducted research, it should be stated that according to the institutional customers which make use of bank services, relationships between them and banks are mainly of social nature (chart 2). The conducted research also shows that the respondents highly assessed those relationships which had been built on the basis of structural links. The analysis of the opinions passed by companies operating in Poland makes us suppose that banks are only beginning to create relations on the structural level.

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THE FACTORY OUTLET FORMAT DEVELOPMENT IN ITALY: THE CASE OF MARCHE REGION RETAIL "DISTRICT"

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ABSTRACT

The factory outlet model is having a strong expansion in several industrialized countries, however the development doesn't follow an homogeneous path and it could be observed different kind o this retail format. In the present work, this phenomenon is analyzed in order to describe the main features of Italian market and making a comparison among different Italian format.

The most consistent development of Factory Outlet Centres in Europe is occurring in the UK; therefore the Italian market is following a significant pattern of entry. This is aimed to clarify if the potential development of the factory outlet and FOC, as an out-of-town shopping offer, can be considered possible in different areas of Italy.

As a consequence of this first aim, we discuss the results of different researches in order to investigate two formula of factory outlet: Factory Outlet Centre and small-sized Factory store. In particular, small-sized Factory Outlet research was carried on in Marche Region footwear industrial in witch a growing number of manufacturers have opened points of sale in many cases near their manufacturing plants which could transform the industrial district into a "retail district" also.

INTRODUCTION

The FOC (Factory Outlet Center) model is having a strong expansion in several industrialized countries; the most consistent development is occurring in USA and in the UK; therefore the Italian market is following a significant pattern of entry.

In particular, in fashion business, it could be note a dramatic transformation in distribution by which we see a concentration of the distribution networks in consolidated markets (decline of multi-brand stores, growth of single-brand stores, of hyper-markets and of chains) and the advent of organized distribution in emerging markets. In addiction, it could be observed the widespread of vertical branding policy and the grow of direct distribution channel.

In this context in recent years, some international firms specialized in FOC management, built up different new stores, in addiction, a growing number of manufacturers have opened points of sale – in many cases near their manufacturing plants.

However the development of factory outlet model doesn't follow an homogeneous path and it could be observed different kind of this retail format. In the present work, this phenomenon is analyzed in order to describe the main features of Italian market and making a comparison among different Italian format.

So these different formulas of factory outlet have been considered: the factory outlet village and the factory outlet sited in industrial district (as the ones of the Marche Region).

As a consequence, we discuss the results of different researches in order to investigate different formula of factory outlet. In particular small-sized Factory Outlet research was carried out in Marche Region footwear industry and is for this case that we investigate the manufacturer's point of view (Gregori-Cardinali-Temperini, 2009). In fact, the important economic aspect of this area is that many famous brand factories started up a

retail business too, with the aim to make a shorter distribution channel.

Factory Outlet research was carried out collectiong data from different source, in addiction we use the results of a qualitative research developed using a de-structured pattern of questions in a FOC (Valmontone Fashion district, see Rasicci-Vignali, 2008).

THE MAIN FEATURES OF OUTLET FORMAT IN ITALY

The out of town exodus can be traced back to the development of food superstores since the mid-1960's onwards, but by the 1980's retail warehouse operators had also been contributing to the development of putting pressures for suburbanization.

In 1974, Vanity Fair opened the first factory outlet in Reading Pennsylvania (USA). It started from a collection of warehouse buildings. Actually, the first stimulus to factory outlet development was the manufacturer's need to dispose of its excess stock that arises from cancelled orders, or returns and slow-selling lines . Originally, factory outlets were stores which crudely displayed merchandise. Later, they became the result of conversions arising from existing shopping centres or clusters of basic warehouse-style units.

Nowadays, factory outlet centres are "shopping villages", where an attempt is made to create a warm and realistic atmosphere to make a customer happy and relaxed. Factory outlet centres can range from 930-185,000 square metres with an average unit consisting of approximately 14,000 square metres. Within the USA, these centres attract regular weekly customers from within a 25-mile radius. The main sectors that the factory outlets deal with are shown in Figure 1:

Figure 1: Composition of factory outlets sales (percentage)
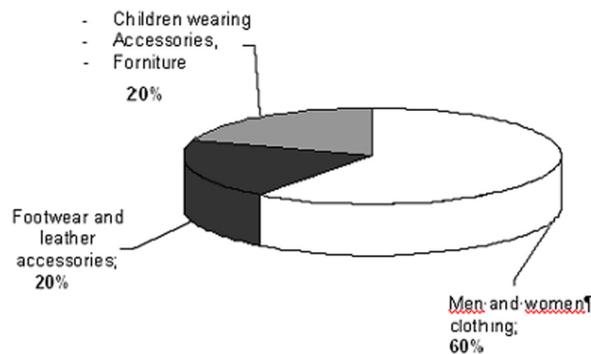
Source: " Shopping e relax all'Italiana", Largo Consumo 01/08

Several economic factors contributed to the growth of the outlet industry during the 70's and 80's (Table 1).

Table 1 – Factory Outlet origin

It can be argued that the energy crisis and a decrease in consumers' discretionary income led to a more conservative and value-for-money consumption model. At the same time, consumers' feelings toward an awareness and desirability for designer labels were increasing . Finally, manufacturers' preference for the factory outlet format can also be considered as a response to the growing retail distribution competition based on private label merchandise and other tools of strategic marketing.

Several factors led toward the development of out-of-town shopping:

- widespread ownership of cars met the need of consumers to have a more dynamic mobility and availability of car parks in commercial area;

- a continuous search for discounted prices by consumers (Fernie, 1996) led many retailers to choose a location far from the city centre where structural costs were too consistent;

- creating relaxing atmosphere for shopping in the attempt to combine the concept of "shopping as a consumer need" with the statement of "shopping as a way to enjoy consumers' own leisure time".

The larger out-of-town location also offered a wide range of superstores, including purveyors of furniture, carpets, DIY products, food products as well as fast food restaurants that have been seen to complement (Jones and Vignali, 1993).

The combination of these elements has created a climate conductive to the growth of "value retailing". Value retailing offers customers "value for money" spent, that is, quality merchandise at lower than normal cost. This is a different concept from discounting because it does not imply the equation "low quality=low cost merchandise". Developers recognized that factory outlet centres, which offer value retailing in out-of-town shopping centre formats, would be highly attractive to the mobile European consumers of the 1990's.

Source: Vignali - Rasicci (2008)

A rapid development of discount formats – and discount proposition within mainstream formats – is both the source and result of overcapacity and as such led to an increasing commodity nature of retail offering (Kaas, 1994).

One of the most important consequences of this multiple price offers has been the consumer perception of the "fair market" value, for some products (Emory, 1970; Gabor and Granger, 1970). This happened because an implausible percentage price reduction claim was expected to result in higher estimates of perceived price reduction and perceived offer value (Ang, Leong and Tey, 1997).

In the fashion industry this statement is extremely important due to an ongoing chance to make a comparison between the high street price and factory outlet price for similar products. This could lead to a change in the consumer attitude towards such brands (Tabel 2).

Table 2 – Brand implications in Factory Outlet strategy

According to the literature, a company can create values for its customers and differentiate its products from its competitors by investing in the image of and loyalty toward its own brand. The brand is able to summarize its product's tangible and intangible features in order to make it unique and inimitable in consumer perception. Hence consumers' are willing to pay a "premium price" to purchase such a brand rather than a substitute product.

The following aspects show the ways in which a brand can be expressed:

- Identity: is what the company wants the brand to communicate to the market embracing the company's culture and values (Aaker, 1997).

- Image: is how consumers receive the company's message and, as a consequence, perceive its brand (Kepferer, 1992).

- Positioning: 'is all about creating the optional location in the minds of existing and potential customers so that they think of the brand in the "right way"' (Keller, 1999;44).

In terms of strategy, "identity" should precede "image" because this is the result of the company's values passed along the market. After that, "positioning" should be implemented by the company as a strategic choice in order to let the consumer differentiate the company's brand from their competitors' brands.

The spread of factory outlets, where famous brands can be bought at cheapest prices, can compromise their positioning policy. In the fashion sector, this issue gains more importance considering the relevance that both "personal identity" and "social identity" have in the act of purchasing (and wearing) fashion items (Noesjirwan and Crawford, 1982). The efforts made by the company to communicate a fashion brand's "personal identity" leads to a self-image developed in the costumer's mind through cognition. It includes the people's perception of what they are like. Consumers seek those brands that match their self-image (or the image they would like to project) to others (Schiffman and Kanuk, 1997; Soloman, 2002).

Source: Vignali-Rasicci (2008)

In order to avoid customers' "disaffection" toward brands available both in high street shops and in factory outlets, a strong store image could be built by the retailer. In this case, customers can assess the brand, not –or not only- considering its discounted prices, but also referring it to the store image perception, that is consequently linked to customer loyalty.The success of this brand formula has affected the development of the factory outlet as a new performing retail formula not only in USA, but also in Europe, starting from the Uk.

However, due to a strong land use planning framework which inhibits out-of-town developments, the UK lagged behind the USA, and so did many other continental European countries in the growth of peripheral retail activity. While in 1980 only 5% of the sales took place through out-of-town retailing, by 1991 it grew to 17% and this phenomenon is showing an upward trend. In figure 2, the growth of the factory outlet number in Europe can be seen.

In Figure 3 the Gross Leasable Area (G.l.a.) of factory outlet in Europe is analysed for Country. This indicator can lead to the size of the centres, regardless of their presence in terms of number.

Even if the UK has the most important presence of factory outlet centre in terms of g.l.a., the Portugal is the first Country in Europe with the biggest rate g.l.a. vs population evaluated like g.l.a. per 1.000 inhabitants that is of 13,4, followed by the Uk (10), Croatia (8,7), Switzerland (8,5) and Italy (7,4), with Germany (1,9), Greece (1,6) and Romania (0,8) in the final places.

Figure 2: Number of factory outlet in Europe, 1992-2009
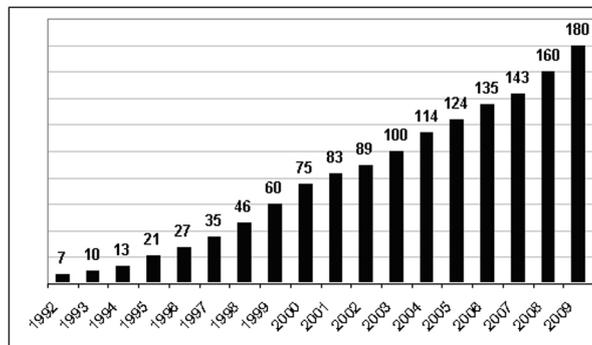
Source: Institute fur Gewerbezentren, Stamberg, December 2008

Figure 3: G.l.a. of existing Outlet Centre in Europe (m2)
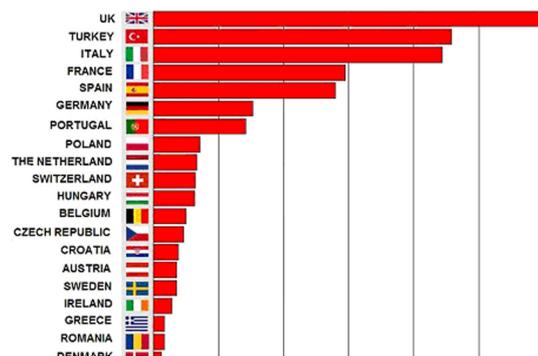
Source: Institute fur Gewerbezentren, Stamberg, December 2008

The European market is dominated from a limited number of Companies owner of the main factory outlet centre. The most important, in terms of market share, is the McArthurGlen Designer Oultlets (12,6), followed by Value Retail (5,6%) and Neinver (5,0%) .

THE ITALIAN FORMATS OF FACTORY OUTLET CENTRE

The location of many shopping malls in suburban contexts and close to big route interchanges is now characterizing Italian retail distribution.

For many years, this kind of retail format has been linked to the typical format of the integrated shopping mall, despite some difficulties arisen from the commercial law in Italy (Table 3) .

Table 3: Legal problem for the word "outlet"

This kind of retail distribution has caused some concern in the clothing sector about "unfair competition". As a consequence, some parliamentarians submitted a draft law with the subject line: "Provisions to protect competition in the area of outlet" on May 13, 2004 presented to the Chamber of Deputies (XIV legislature).

This draft law states that "Under accusation is domestic industry's clothing that, in this period of crisis, is invading the market with an offer higher than the demand. This is creating a perverse system of production whose outputs are allocated in the system of "factory outlets". The proposal aims to come to an agreement that preserves not only traders but also consumers. Actually, it foresees that the name "outlet" is not used in an improper manner. (…) In order to avoid a distorting effect in terms of competition, the term "outlet" is explained as:

• A factory shop where manufacturers use their own space, close to the main factory, to sell their product to the final consumer.

• A manufacturer sells to a final consumer (with no other intermediaries) merchandise characterized by a unique brand. They have to be manufactured six months before, at least or must have some defects in manufacturing.

• Shopping centre, as regulated by letter g), comma 1, article 4, d.lgs. 31 March 1998, n.114 or by regional law.

Source: Vignali-Rasicci, 2008.

Table 4: Company leading the sector in Italy

COMPANY	Sales (millions Euros)	n.visitors (million)	Employers	n. Foc in Italy
MCARTHUREN GROUP	545	12,5	3.100	4
FASHION DISTRICT	350	12	3.000	3
DEGI	259	7,8	1.450	3
NEINVER	175	5,5	1.800	2
VALUE RETAIL	No available	3	530	1

Source: "I Signori dell'outlet", Economy-il business magazine di Mondadori, Jenuary 2010, pp. 28.

Quite recently its development seems to have led to a wider building investment in order to attract bigger basins of customers. Throughout this direction the factory outlet model has become popular in Italy (Table 4 and Figure 4).

The Italian factory outlet centre sector is composed from 20 centres and has generated 3 billion Euros in 2009.

Its target segment is represented by women who are 25-35 years old with a medium level of education, and a medium-high shopping availability.

Factory outlet centres are developed as a mixed retailer formula (shops and department stores) and arise from an original factory shop. It is organized with the aim to gain benefit from the several synergies existing between industry and distribution. Presently, in Italy, especially in the non-food sector, the partnership between industry and distribution is considered as one of the most important way to achieve success. This is due to their particular structure. On one hand, the Italian industry's main feature is the organization with manufacturing districts and high specialization of small factories in a particular phase of their manufacturing process. On the other hand the Italian retail format is the "pulverization" of retail. This has moved to the spread of factory shops and to a development of small stores with a very deep offer. For these reasons vertical integration in the economic structure has become very popular in Italy.

311

As mentioned before, two different kind of factory outlet format are analysed. The first one is the formula of F.o.c. that can be considered as a shopping village, where the dimension of the "shopping experience" is one of the main elements. The research about this kind of format, of the qualitative kind, is conducted on Valmontone factory outlet centre, owned by the Fashion District Company (table 5).

The in-depth interviews have involved eight customers of this Factory Outlet Centre. The sample is composed of 4 women and 4 men.

One of the most important aspects is the perception the respondents have of their shopping experience in factory outlet centre; they think that this is more enjoyable than the one they live during their shopping "expedition" in city centre shops. This is due to several components. First of all, this commercial centre structure can reproduce very nice village where a warm and familiar atmosphere can be found. Secondly it should be highlighted that inside the centre, several restaurants, cafés, and other recreational activities are really appreciated because they give a relaxing break to the customers.

Disposing of a real "village" for shopping is linked to the consumer choice of "what to do" in its own free time. The answer "I go to factory outlet centre to spend my own leisure time" has been common to all the respondents. This just to reinforce the remark already underlined, about the importance of the architectural structure of the centre and the shopping experience the consumer can live inside.

Despite of this, a general preference for city centre shops can be underlined if people's priority is to go closer to their place or work. The chances to choose among a wide range of merchandise seems to be possible both in factory outlets and in city centre stores, but combining the need to do shopping with the willingness to spend free time is considered possible only in factory outlets.

In order to understand what a shopper's priorities are, the following results should be considered (figure 5).

Table 5: Valmontone Fashion District structure

With more than 200 stores, a g.l.a. of 47,000 sqm and 6,000 million visitors, it has registered a rise in the number of visitors of 13,2% (source: "Valmontone: all'outlet la crisi sembra non aver lasciato segni", Ciociaria Oggi, 29.12.2009, pp.23). It is located at a 30-minute-drive from all the biggest urban centres and just a 40-minute-drive from the international airport of Fiumicino, near Rome. Although other brands will be added, in terms of luxury, it is a medium-level-branded-shop-factory outlet. The Valmontone Fashion District has various strengths. First of all, this area is characterized by a development in progress of a new entertainment park with 40 games, 5 theatres, restaurants, self-service cafes, bars and entertainment rooms. There is a significant strength due to a significant offer of electronic goods, with the integration of "Unieuro" stores as tenant.

Source: http://www.fashiondistrict.it/

Figure 5: Priority elements that customers consider when they buy clothes and accessories

feel comfortable — 4,25
price — 3,75
feel conventional — 2,88
feel unconventional — 2,85
fashion — 2,62
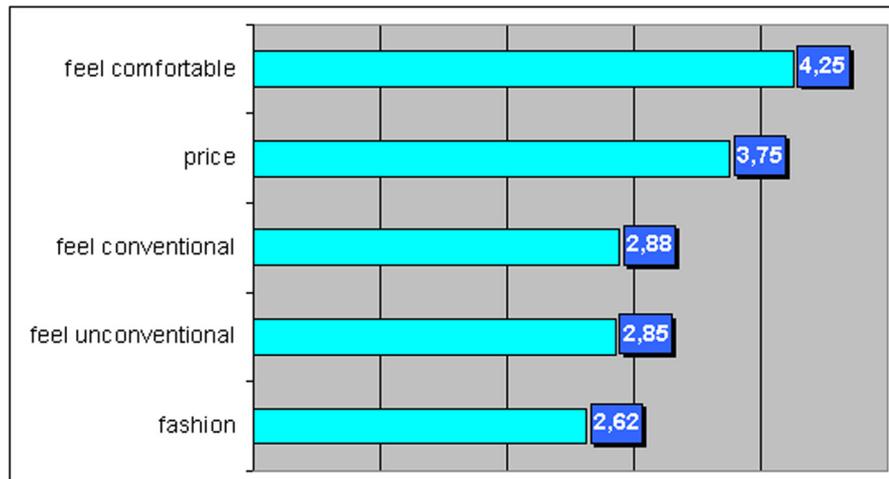
Source: Rasicci-Vignali (2008)

Even in this case, although "fashion" got an average value, it is the last factor, in terms of importance that is able to influence the choice of the customer. "feeling comfortable" and "price level" seem to be the most important factors in the choice for a store for the Italian respondents.

All these remarks can lead us to confirm that the factory outlet in the village format is now appreciated and very performing in Italy as much as it is in the most European developed Countries. From this point of view, it is clear that elements like the location (in suburban area), the structure (the village and the availability of restaurant and cafès) and the warm atmosphere (very far from the "impersonal" atmosphere of a traditional shop) are the most important tools that the Company Management of this retail format can mix to attract visitors and getting the best economic performance.

THE CASE OF FERMO AND MACERATA INDUSTRIAL DISTRICT

In this paragraph a different formula of factory outlet is considered, analyzing the main differences characterizing this retail format respect to the Factory outlet centre format . With this in mind, the results of an exploratory research conducted in factory outlets with reference to the Fermo-Macerata footwear Industrial district are presented. This area comprises approximately 3,500

enterprises that are specialized in the production of footwear or footwear components; on a national and European level, this district represents the principal manufacturing hub.

A consistent change in the sale policies of these industrial district firms occurred in the last years, with important implication for its distribution channels as well. This is registered not only for the shoes sale, but also for the sector linked, such as clothing and accessories.

The results of an exploratory survey conducted on 31 Factory Outlets (owned by different manufacturer) located in eight different townships of the Fermo-Macerata district will be presented below (Gregori-Cardinali-Temperini, 2009). The survey was carried out through direct interviews (PAPI) with entrepreneurs (owners), managers of the point of sale and sellers (table 6).

Table 6 – The survey methodology

The study took place in the period between December 2008 and January 2009. Surveys were conducted on stores situated in different cities of the district. The sample was extracted - in a probabilistic method – from the main data base on line; it should be noted that the survey population was not specifically determinable, either in terms of size or characteristics because some of the small factory outlets are not registered in this data base. The survey was conducted through

a structured questionnaire, for the most part consisting of multiple-choice, closed questions. The questionnaire had been previously tested on a pilot sample of subjects in order to verify its suitability. The quality of the data collected was checked by adequate procedures aimed at proving the data's consistency and likelihood (data base cleaning).

As concerns the methodology used, the work was done following a positive/interpretative approach which also adopts an inductive method, according to a schema described in Silvestrelli (1994).

The analysis will be focused on fashion branded products, especially referred to the footwear sector, that is one of the "key" business for the factory outlet success.

About the comparison between the British and the Italian market will be made. What we try to investigate is development potentiality that the factory outlet formula could have if, from the U.K., it is "plant out" in a different area, such the MARCHE Region, in Italy.

This Region has been chosen because it is characterized from the greatest number of footwear manufacturers specialized in different types of production and circumscribed, for the most part, to the area in and around Fermo and Macerata.

This research It was presented in SGBED in a fully version Bratislava the 29th May 2009.

Source: Gregori-Cardinali-Temperini (2009)

As regards the Fermo-Macerata district we can see that a lot of firms adopt a two-level distribution channel (manufacturer-agent-retailer-consumer) and the ability to control the channel is low. Thus, it is obvious that it is difficult for these firms to develop effective retail strategies; in this sense, an interesting option for a "downstream movement" in the distribution system could be the opening of "traditional" factory outlets (referred to as FO) . An increase in the number of the points of sale seems to be a fairly recent phenomenon, as can be gathered from an analysis done by year of opening which reveals that over 60% of these outlets were built over the last five years.

The 58% of the FOs are located in the vicinity of the factory and, in many cases, share the same premises. Alternatively, the FOs are located in commercial areas or in town centres in the outlying areas around the manufacturing site. There are also some cases of points of sale located in areas outside of the Marche region.

Refer to the assortment of goods, outlets also sell accessories in addition to footwear; the figures for these sales are worthy of note. The greatest percentage of turnover is generated by sales of items from the current season and here, the FO is similar to a traditional point of sale (60% of the overall turnover of the point of sales); this is followed by sales of "samples" and items from the previous season. Thus, it can be said that in some cases the sales format is very similar to that of a traditional point of sale, also in light of the fact that the average discount percentage is often quite modest and there is only a significant economic advantage in pricing at certain times.

The interviewees from small and medium-size enterprises, especially, are aware of the importance of the synergy created by proximity to the district and to a brand, but efforts to jointly carry out sales or promotional activities remain quite limited.

One last point to bring up is the fact that the formats proposed by the different manufacturers are so heterogeneous; in fact the differences are quite evident, not only in the management methods, but also in the organizational approach and retail mix.

Table 7 – Different format of FOs in the districts

From preliminary analysis, the following FO typologies emerge:

- the traditional FO which in some cases appears to be managed with only limited attention by the industrial manufacturer; in fact it is often evident that the emphasis remains more on production than on commercial sales. In many cases the opening of a point of sale has merely consisted in opening the show room, which had previously been accessible only to intermediary agents, to the public. Such an adaptation of a "business" approach to a "retail" approach does not appear to fully exploit the potentialities of the FO.

- The FO which closely resembles the sales format used in other traditional points of sale on the retail market; these are not located in or near the premises of the manufacturer, but are in commercial areas or town centres.

- The concept store whose primary objective is to promote the "brand experience" rather than serve as a commercial distribution channel. This is the case for the larger manufacturers who often have a very well-known brand (Sansone, 2005).

Source: Gregori-Cardinali-Temperini (2009)

The data on the provenance of the customers and on their motivations for buying proved interesting. As can be observed in the table below, only 50.6% of the estimated turnover is generated by clients from the Marche region, whereas that generated by clients from other regions and from other European nations, as well, is especially high. From this data it becomes evident, therefore, that the catchments area for these types of sales structures cannot be compared with points of sale for analogous goods.

Such an expanded catchments area must be looked at in light of some phenomena which cannot be explained from the perspective of surface area (square metres) of the point of sale and of the goods sold. These parameters are normally used to define the dimension of a catchment area (Sbrana-Gandolfo, 2007).

Then, it must be pointed out that the motivations for buying are in line with those revealed in other studies (Mattiacci-Ceccotti, 2005). What is different, instead, is the "buying situation". In many cases, as seen, purchases are made by people who find themselves in a particular area, either for work or while on vacation, and who decide to combine the entertainment aspect of shopping with the primary reason for coming to the area in the first place. To these consumers we must add those who choose to go to the district with shopping as their main motivation. A form of "factory outlet tourism" has grown out of this; in fact, there are tour operators who organize trips which include among the attractions, shopping excursions to some of the main FOs in the district.

The last few years have seen an increase in consumer flows to the area; the district seems to take on the appearance of a "natural shopping centre". Such a clustering of factory outlets seems to have a high capacity to attract consumers, thanks to the presence of famous, "luxury" name brand firms, but also simply because of the geographical vicinity of so many manufacturers. This "phenomenon" could transform the industrial district into a "retail district" also.

DIFFERENCE AND HOMOGENEOUS FEATURES OF OUTLETS FORMAT

In the present paper two different formula of factory outlet have been considered: the factory outlet village and the factory outlet sited in industrial district (as the ones of the Marche Region).

As shown from the empirical studies, the common feature of the two factory formats is that the most important factor able to influence the decision of consumers to visit factory outlets was the possibility of saving money .

Anyway, there are lot points of difference between these formulas. About the assortment of the store both format sell goods with some defects (produced for "normal" stores), and unsold products (old collection products); but, in factory outlet village its frequently found goods produced exclusively for the factory assortment on contrary in FOs many manufacturers sell samples and product test.

In terms of communication and promotion policies, are the main elements of the marketing strategy of the factory outlet village while they are poor elements in the outlet strategy of industrial district . Some of the causes of these differences could be found in the following elements:

1.   the property of the factory outlet. In the case of the Village formula, the outlet is owned by multinational company, specialized in this kind of business. Consequently, the marketing strategy can be dedicated to the retail approach.

2.   the size. In the case of the factory outlet centre the big size is the first condition able to make a "village", producing the condition of transforming it in a tourist attraction as well. In fact, the structure of this "retail village" is similar to a shopping centre one, from the facilities, architecture and arrangement point of views.

Further implications of these aspects regard factory outlet location. Even if this arises from the big size, the factory outlet village formula is developed in sub-urban areas, sited near metropolitan town. Instead, the geographical area of the factory outlet of the Macerata and Fermo kind is close to the industrial district (feature connected by a "trade off" to its development).

In the case of factory outlet sited in industrial district, it can be observed that their close position

(among the different outlet), is an important point of advantage because give them the chance to get important synergies.

Another aspect to keep in mind is that the district has the capacity to attract clientele that is comparable to the one of a FOC, in spite of the fact that it does not have a structure which incorporates all of the different points of sale; this is an especially important since; critical mass (in term of offer) is important for get customers and, therefore, important in attracting the retail tenant: "the customers want to see a wide choice of goods" (Whyatt, 2007).

Table 8 FOC and FOs features

	FOC	FO located in industrial districts
Customer advantage	–Saving Money –Leisure (service) –Brand experience	–Saving Money –Shopping experience "searching bargain price" (Silverstelli, 2006)
Location	–Close to a large city	–Non necessary near a large urban agglomerate, in the "natural location" of the industrial districts
Property	–In many cases a multinational company	–The manufacturer
Assortment of the single store	–Goods produced exclusively for the factory assortment –Goods with some defects produced for the city centre stores –Unsold goods and old collection products.	–Goods with some defects produced for the city centre stores –Unsold goods and old collection products –Sample and product test
Assortment of the different stores	–Very heterogeneous (fashion products prevalence)	–In many cases homogeneus (eg shoes and accessory)
Pricing and promotion	- low price policy with end of seasons sales	- low price policy with no seasons sales
Communication	–Common advertising strategy	–Doesn't exist a common promotion strategy o advertising strategy –Opportunity could be kept from integration with tourism
Store Services	- Bar/restaurant services - Leisure services: kids services, lounge services, ecc	- Bar services only in few large FOs

CONCLUDING REMARKS

It is possible to see that these points of sale play a significant role within the context of brand strategy and client loyalty; moreover, it can be said that these retail businesses could represent an interesting opportunity for SMEs. Many micro-firms that do not have a well-known brand could thus benefit from the "synergy effect" generated by the district or FOC.

Howeaver, in this factory formula, there may be some limitations that emerge due to the absence of a synergetic use of communication and promotion tools which can, instead, be activated in an FOC.

Therefore it can be argued that this condition could also have some critical points, as shown in the precedent considerations.

What cannot be overlooked, though, is the fact that for an efficient management of a point of sale, simply dedicating an area of the manufacturing plant to the selling of the products does not suffice; what are needed are new management tools typically adopted for retail businesses.

According to this study, it can be argued that the aim of this new factory outlet formula marketer is to give coherence an industrial firm marketing approach to a "consumer" marketing approach.

This requires competences and conditions that could be developed through giving coherence to store offers by creating some "shopping directions" and allowing customers to live a complete shopping experience by revitalizing tourist historical attractions of foreseeing the same opening times or planning particular promotional

projects and offering a heterogeneous assortment of merchandise and services (for example, not only handicraftsmen, but also local travelling market).

ALTERNATIVE BUSINESS STRUCTURES (ABS) IN LEGAL SERVICES; A REVIEW OF THE ISSUES RAISED BY THE PROPOSALS CONTAINED IN THE LEGAL SERVICES ACT 2007 AND IN PARTICULAR, THE IMPACT ON CONSUMERS

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Abstract

For many years there have been tight controls on the way in which lawyers may do business and organise themselves when providing legal services. The restrictions have focussed on limiting who may own, finance or manage a legal practice. Broadly speaking this has led to the two main types of set up; solicitors working in partnership and barristers being self-employed but in a set of chambers with other barristers. Lawyers have been unable to avail themselves of the opportunities of alternative business structures (ABS) including incorporation with its key features of limited liability and the ability to issue shares to third parties. This has restricted the way in which lawyers can serve their clients. The needs of clients and the prospect of economies of scale and the opportunities provided by external investment has provided the impetus for the reforms to open up the market to ABS in part 5 of the Legal Services Act 2007. Briefly, regulators of the legal profession will be able to seek designation from the Legal Services Board (LSB), the body responsible for overseeing the regulation of lawyers in England and Wales, and the Lord Chancellor as licensing authorities. Firms with alternative business structures will then be able to apply to licensing authorities for licences to offer legal services.

Examples of ABS might range from a high-street firm offering both legal and accountancy services to a law firm floated on the stock exchange. Consumers should get more choice, better value and more responsive services from a market-place open to such diverse and innovative models.

This paper is an attempt to examine the shape of how ABS in legal services and how it may affect consumers.

Structure based on a consultation issued by the Legal Services Board "Wider Access, Better Value, Strong Protection: Discussion paper on developing a regulatory regime for alternative business structures" 14 May 2009

Key words and expressions: Legal profession, regulation, consumers, opening up markets

Introduction

The LSB, has set out a timeline culminating in the objective of granting the first ABS licenses by mid-2011.

The proposals for ABS may facilitate the most radical reform of legal businesses for decades. Consumer groups and regulators have welcomed the reforms. The response from lawyers representatives has been more cautious; Desmond Browne QC, Chairman of the Bar, said:

"The Bar Council welcomes in principle the introduction of Alternative Business Structures and the opportunity to provide innovative solutions to changes in the demand for the provision of legal services. There may, however, be tension between liberalisation of the market, and the core

principle of providing effective access to justice. It is right, therefore, to advance with caution."

The drive towards ABS will come primarily from service providers seeking to exploit commercial opportunities provided by opening up the market. In addition the regulators will need to be prepared to approve applications in accordance with the guidelines.

ABS regulation

Current regulators will seek licensing powers and organisations which are not currently overseen by the LSB will also seek such powers. However it is still possible that there will be regulatory gaps in the licensing structure where there is no competent licensing authority. In such circumstances the ABS will need to act as a licensing authority itself. It would be inequitable for a potential ABS provider to be hindered in providing services by the fact that they do not have an organisation from which to seek approval. There would also be an adverse effect on competition.

The LSB may find itself taking a lead in this respect by providing direct licensing before the frontline regulators. The licensing rules developed by the LSB will be important in influencing the regulators' approach to their licensing duties. Therefore this will provide an important opportunity to promote best practice and consistency.

The steps taken to ensure organisational and financial separation of the LSB's licensing activities from its other activities should be aimed at ensuring that the license monies received by the LSB are used only for this aspect of its business and that it is self financing in this regard. The direct licensing role of the LSB may evolve into a significant level of activity to justify legal and physical separation as well as accounting separation. This will provide a clear separation between the various functions of the LSB and reduce the risk of a conflict of interest arising. In particular, it will provide an even playing field for other licensing authorities and transparency for potential applicants. The LSB should also consider independent governance and management of its licensing activities and seek to foster a separate identity, culture and branding.

However, adopting a risk based and proportionate approach, the LSB should be prepared for formal separation of its licensing function and its other

functions in the event of a significant volume of applications.

The current restrictions on the business structures available to lawyers create market imperfections and failure. ABS will increase access to corporate finance in order to permit new types of borrowing and borrowing on a greater scale. Lawyers who operate in ABS will open up previously restricted means of raising finance. Therefore providers of legal services may obtain finance through charges, debentures and the issue of shares. Regulation currently exists to protect investors and consumers who deal with businesses who borrow in this way, for example, rules governing the maintenance of share capital. Legal services would fall within such rules which would continue to apply. However the opening up of the market will lead to businesses being exposed to greater financial risks and consequently third parties including consumers will need to be protected from those additional risks. In other words the transition from a traditional form provider to an ABS should not carry with it any additional financial risks to consumers.

The introduction of ABS will augment financial risks rather than risks arising from the conduct of lawyers. The traditional business structures of partnerships and chambers with attendant personal liability and did limit consumers' financial risks and therefore regulation of lawyers has tended to focus on matters of lawyers' conduct rather than financial stability of the businesses or prudential regulation.

Consumers will not be in a position to judge the financial stability of ABS providers. Any gaps in the protection provided by insurance or compensation funds will need to be plugged. Failure to protect consumers will lead to a very damaging loss of consumer confidence and consequent damage not only to ABS but to the reputation of legal services providers as a whole.

The shape of ABS

The experience of opening up the market in optical services is relevant and there are analogies with legal services. However there is an important difference; in optical services, the dispensing function was treated separately from the ophthalmic function and deregulated and unqualified sellers were permitted to supply spectacles. Optometry presents greater health risks than dispensing and

therefore the regulation of optometry has been reserved. There is no obvious parallel discrete legal service which may be similarly opened up to unqualified ABS staff and a proposal to do so would actually restrict the types of business able to be done by ABS firms.

The Specsavers joint venture model between a qualified individual and a multiple may provide one possible paradigm for an ABS where lawyers provide the technical legal services and ensuring regulatory compliance but the body as a whole can exploit economies of scale in ancillary activities such as marketing and training. The model combines the commercial incentives with incentives to enhance and maintain professional standards. The regulator's role will be facilitative rather than prescriptive and therefore it should aim to provide an environment which is structurally neutral, one that does not favour one model over another.

Benefits to consumers

ABS will allow new providers in the marketplace which will lead, at least in theory, to a reduction in the price of legal services. It should be noted however that in relation to opticians, "the evidence regarding price was inconclusive" .

ABS should lead to innovation in the delivery of legal services for example, by greater provision of advice by telephone and less reliance on face to face meetings. However consumers should be drivers of such changes and the regulation of ABS must remain neutral and facilitative and not favour one means of delivery over another. There has been a shift towards the provision of legal aid by telephone and health services by NHS direct. However where such services are provided exclusively by one means, say the internet, this will create a potential barrier to access to justice in particular for vulnerable consumers.

The benefits of delivering high quality legal services should be available to all users, from corporate clients of City firms seeking advice on an M and A to legally aided individuals facing criminal proceedings. The 'high' end of the City has generally worked well, with well informed clients able to demand the services which they require in a competitive market and for which they can afford to pay. This cannot be said for most individuals and small businesses who have little or no knowledge of the service which they are receiving and are not in a position to demand a high standard of service and who cannot effectively shop around between providers.

The British Printing Industries Federation (BPIF) has expressed an interest in providing legal services for its members who are not served well by traditional providers. This may demonstrate how ABS may provide the spur for the provision of specialised niche services rather than a threat to current small providers as claimed by lawyers' representatives.

The removal of restrictions on finance and management which apply to existing practices will lead to opportunities for greater efficiencies by enabling solicitors, for example, to join an accountancy practice or a financial adviser. There are potential conflicts of interest which may arise from such arrangements, for example in relation to estate agents who act for sellers and lawyers in the same practice acting for a buyer. There needs to be strong protection put into place so that consumers are well protected in such circumstances.

The introduction of forms of finance in addition to loan finance and capital contributions from partners will change the model of reward in ABS from the traditional salary and equity share of profits. It is important that the incentive structures provided by ABS to staff and directors are appropriate to the nature of the business and do not encourage excessive risk taking which may threaten consumers, investors and third parties.

Risks of ABS

The opponents of ABS have argued that some of the dangers arise from the involvement of individuals in legal practices who are not lawyers and who are not therefore bound by professional codes of conduct. This risk may be mitigated by moving towards entity based regulation rather than regulating lawyers individually.

Traditional forms of legal practice are not immune from the risks which are claimed for ABS and the starting point for the regulation of ABS must be as close as possible to that of existing firms. However there may be some circumstances and some practices which present greater risks and which merit greater regulatory control.

It is unclear how increased competition with the possible entry of large retail brands and the changes in market structure which might follow would lead to a reduction in access to justice. Most legal services do not require face to face meetings between lawyers and their clients and the commoditisation with lower costs and greater brand recognition is likely to lead to enhanced access to justice.

In relation to the specific risks associated with dealing with client's money, the protections which currently apply, for example, the principle under the Solicitors' Account Rules that client money must be kept separately from that of the firm, must be maintained. The safety of client money is fundamental to consumer confidence in legal services and to the success of ABS. The risk of loss as a result of fraud or poor accounting practices must be minimised.

Barristers have traditionally viewed their status as self employed as essential to their independence, reputation and access to justice in relation to cases where it would be hard to obtain representation. However those qualities are not exclusive to self-employment. ABS will provide opportunities for new ways to deliver legal services alongside the traditional structures and there is no proposal to restrict the services provided currently at the bar or to impose restrictions on how those services may be provided.

ABS firms may wish to provide a seamless service for clients by employing in-house advocates and the distinction between advocacy and other types of legal services may be eroded as a result. Such a model may be attractive commercially as well as a way of providing the client with the benefit of the advisor with whom they have built a close relationship representing them in court. The debate around a fused legal profession has been going for some years. Consumers' interests are not served only by one particular model to the exclusion of others. The restrictions on the way in which lawyers do business have acted against consumers' interests and that they would be better served by accepting that the regulatory objectives may be achieved in a number of ways.

Conflicts of interest

There is potential for unforeseen conflicts of interest to arise when ABS firms are created that did not exist in the context of traditional firms and such cases will present challenges to the current regulation of lawyers. However such conflicts may be dealt with by extending existing principles in order to deal with the circumstances.

This approach has evolved already and an example may be seen with the relaxation of the rules in 2004 relating to the payment of referral fees by solicitors to third parties, in particular insurers in road traffic accident cases. In such cases, claimants have been referred to personal injury solicitors by their insurance company. In return the solicitors have paid a referral fee to the insurers. There is potential for a conflict of interest where the claimant may be unaware about the fact of the payment and that they have a choice and may appoint their own solicitors if they wish. The rules in relation to this arrangement make it clear that clients must be told about the arrangement, nevertheless the SRA found "widespread infringement of the rules". The problems which arose were not problems with the rules but with their monitoring and enforcement. Following a review of the way in which the rules were operating the SRA decided against an outright ban preferring instead to seek to improve compliance.

Another area for a potential conflict of interest to arise is in the context of a multi-disciplinary partnership (MDP) bringing together lawyers and estate agents. Under the Solicitor's Code of Conduct a solicitor may not act for more than one party in conveyancing . A logical extension of this rule might be to proscribe a lawyer within an estate agent MDP where the agent is appointed by the seller from acting for the buyer. The same would apply in relation to a lease or other property or mortgage transaction.

It is clear that "the approved regulators already have rules in place to manage conflicts of interest within legal firms and we should not assume that the risks of ABS are substantially different from those already found within legal practices ." There would be some value in an explicit statement setting out the hierarchy of duties in the event of a conflict of interest between the duties of a lawyer to their company employer or as a director of that company and their duty to their client.

Entity based regulation

The traditional approach of regulating the conduct of individual lawyers rather than the risks associated with the firm as a whole has focussed on the conduct of the lawyer rather than the impact of the breach of the rules upon the client. This has given rise to an opaque system of regulation and a punitive rather than a redress based regime where regulators have seen their purpose limited to disciplining the lawyer and avoiding damage to the reputation of the profession rather than providing redress for consumers. For example the Solicitors' Code of Conduct is a detailed set of rules the purpose and relevance of which are difficult for consumers to understand with a confusing distinction between service and conduct matters. Their implementation is reactive and often relies upon a complaint from a consumer or another lawyer. As a result of the punitive nature of the sanctions and the possibility of disciplinary action that might be taken against lawyers (while providing nothing in the form of redress for the consumer), lawyers who were the subject of complaints, might be very defensive in their response to complaints and respond as if acting in litigation. The result of this would be a long and drawn out investigation where the regulator's role would be reduced to one of passing on the parties' comments to each other before finally coming to a view. This would often leave the consumer disillusioned and the individual lawyer resentful. (see several reports of the Legal Services Ombudsman of England and Wales passim).

One of the important benefits of an entity based approach would be to dissipate the highly charged and unhelpful personal nature of the exchange between complainants and lawyers. The shift of the focus of regulation from individual lawyers to the organisational entity is to be welcomed however it does not necessarily follow that regulators will change their attitude and focus on the impact upon providing redress for the user rather than the disciplining of individual lawyers.

The system of absolute barriers of entry to non-lawyer ownership or management of law practices will have delivered consumer protection but only in a very imprecise way and in as much as any barriers based on qualification will drastically reduce the numbers of service providers and therefore the risks to consumers. An unintended consequence of the barriers to entry will be their disproportionate impact to the harm posed by non-lawyer involvement in legal practices and their anti-competitive impact.

The traditional approach with the focus on the conduct of the lawyer rather than the risks to consumers is unworkable in the context of ABS. Regulators who derive their authority from the qualifications of the lawyer will lack jurisdiction over individuals who do not hold the relevant qualifications and regulatory gaps will appear. Such an approach also risks the alienation of users.

Risk based regulation

The concept of entity based regulation and a risk based approach are in fact separate issues, however, in changing the focus from the regulation of individuals to the regulation of entities, a risk based approach to regulation is also needed to accompany this shift. The Solicitors Regulatory Authority (SRA) has begun to place greater emphasis on managing the risks to users associated with a legal practice as a whole while maintaining solicitors' obligations to abide by their professional codes. The introduction of a licensing regime for ABS will require the SRA and other licensing authorities to go further in this approach.

Licensing authorities should move towards a risk based approach to the regulation of ABS. The Better Regulation principles and Hampton Review and the approaches adopted by other major regulators such as the Financial Services Authority (FSA) and the Food Standards Agency as well as regulators of other professionals all point towards a risk based approach and a move away from a programme of routine inspection which ignores the risks posed by particular activities.

Although there is a broad consensus on the theory of a risk based approach, it is not so clear as to how it should work in practice. The essence of risk based regulation has been described as 'distinguishing what matters' . A risk based approach is also highly practical because of the fact that it is not possible to monitor all practices at all times. Therefore what are the factors which should guide a regulator in determining the risks posed by a particular firm? In financial services, size is an important indicator as to risk and it is easy to see how many consumers may be affected by the breaches or failure of a bank or insurer. However the legal market is quite different. Larger law firms will often act for corporate clients who deal on equal terms with their legal advisors

and, with some notable exceptions, individual consumers will usually be represented by small practices. This is compounded by the fact that larger practices attract fewer complaints than sole practitioners and small firms. Where complaints do arise from corporate users, these are more likely to be resolved by agreement between the parties or, failing that, by resort to civil proceedings and require less intervention by the regulator.

Also in financial services the risk of a firm becoming insolvent and the loss of client's money are the key financial risks for consumers and the regulator's focus is on these areas. In legal services, the financial risk is limited by the fact that lawyers are usually the custodians of client monies for only a short time.

Legal services differ from financial services in a vital respect; that they do not pose the same risks of systemic failure.

Adopting a risk based approach rather than applying equal supervision to all, will require regulators to measure the risk of a particular occurrence or event. In its measurement of risk, the FSA adopts a formula of the likelihood of occurrence multiplied by the impact it would have if it did occur. The FSA will determine the level of supervision from close and continuous to statistical/thematic and resource allocation to a particular activity depending on the measurement of risk in accordance with the formula. Can a similar measurement of risk be applied to legal services? The answer is unclear. The aim must be to ensure that the issue is investigated using a methodical approach while leaving scope for judgement.

While there are clear differences between the regulation of corporate and individual services the recommendations of the Smedley Review of the Regulation of Corporate Legal Work , in particular that there should be a stronger ongoing engagement between the regulator and the regulated. The shift of focus to systemic issues such as risk management and governance will point inevitably to an entity rather than individual based approach. However as the report makes clear, 'None of my recommendations for change affects the core values of what it is to be a solicitor. All solicitors would continue to be subject to the Solicitors Act, the SRA's prevailing code of conduct and the Solicitors Accounts Rules and Professional Indemnity Rules '.

There will be similarities between the regulation of large corporate law firms and the future regulation of ABS which may be large businesses. They will demand similar regulatory tools more appropriate to larger businesses. However as borne out by the current approach of the SRA and the recommendations in the Smedley report, the conduct rules will not be dropped and will continue to apply but it does imply an additional focus on broader issues of governance and risk and the management of the entity rather than the conduct of individuals.

The key objectives of all legal services regulation must be to protect consumers and maintain and promote public confidence in legal services and their regulation. In the words of the LSB itself, it is 'responsible for ensuring that the highest standards of competence, conduct and service in the legal profession are maintained for the benefit of individual consumers and the public generally.'

Regulation should be based mainly on the adoption of high level principles rather than a prescriptive approach. For example, adopting a general duty to deal with clients fairly would be more helpful to consumers than a panoply of detailed rules describing exactly how this should be done. However this must be balanced with the need for certainty among providers. Lawyers by their nature and training should not baulk from the imposition of rules and if it promotes certainty and avoids cautious risk averse behaviour which may lead to lost opportunities as a result of the failure to innovate, circumstances may be helped by the issue of guidance by the relevant licensing authority. The creation of safe harbours with detailed guidance for firms would allow them to demonstrate compliance while leaving a degree of flexibility for other firms to adopt different practices.

It is important that the licensing body is well regarded by the sector which it seeks to regulate and has an effective dialogue with it. Therefore the choice between principles or outcomes based regulation should be influenced by the views of the members of that profession itself.

There may be a link between the incorporation of a legal practice and lower levels of complaints as demonstrated by the experience of the Office of the Legal Services Commissioner in New South Wales. The link may indicate more effective management of such practices. It may also indicate that those

practices which have taken advantage of the opportunity of incorporation also demonstrated a progressive attitude to complaints handling.

Majority of lawyer managers?

The Act requires at least one of the practice managers to be authorised in relation to a licensed activity. It also prohibits a licensing authority from imposing a requirement that all managers should be lawyers. However it is left to the licensing authority's discretion to introduce further entry requirements such as tests of suitability or competence or a requirement that the majority of managers should be lawyers.

The requirement of having a majority of lawyer managers acts as a proxy for a test of suitability, which in turn is aimed at protecting consumers. Such a requirement has obvious limitations in delivering consumer protection and may also have some disadvantages. Moreover it risks replicating the current requirement that owner/managers should be lawyers. If the same consumer protection may be provided by addressing the risks of the involvement of unqualified owner/managers head on rather than by proxy, than this would be a more efficient and proportionate solution. One way to do this is to devise a 'fit and proper' test as currently applied to non-lawyer managers in Legal Disciplinary Partnerships (LDPs).

Head of Legal Practice (HoLP) and Head of Finance and Administration (HoFA), fit and proper test

A HoLP and a HoFA are separate and distinct roles and may be subject to a requirement from a licensing body that they may not be performed by the same person. As well as being different roles, the positions provide a level of accountability to each other and form part of the internal checks and balances of a practice.

A fit and proper test should be aimed at determining the suitability and character of the individual as opposed to their competence which should be a matter for the legal practice. There may be exceptional circumstances where the competence of the manager may pose such serious risks that would impact upon the licence but these should be rare.

The same test should apply to non lawyer managers as is applied to individuals wishing to become solicitors. The test focuses on past criminal activity and results of a Criminal Records Bureau check. There is an important difference; most (but not all) applicants to become solicitors or barristers will be doing so at the start of their professional lives. Therefore they will not have had the opportunity to be involved in or have responsibility for businesses and face the risk which it entails. The applicants to be owner/managers are more likely to have had significant experience of business. As a result they may have had greater exposure to risks of say, business failure.

In addition to basic information about past convictions a fit and proper test should include qualities raised by the FSA's test for approved persons carrying out controlled functions, namely; honesty, integrity and reputation, competence and capability and financial soundness.

Licensing and on going monitoring

Licensing regimes are frequently focussed on the granting or refusal of licences with little ongoing involvement by the regulator. Ongoing regulation of legal services ensure that the circumstances which led to the granting of a licence continue and that no changes have occurred which might justify a review of the grant of the licence or any conditions imposed being upon it.

A compliance led approach which merely monitors firms and consciously avoids becoming involved in their management seems appropriate. As a result there may be an increased risk of failure by firms. A zero failure approach is unrealistic; it is unavoidable that some licensed practices may fail and an attempt to control risk to the extent of preventing all financial failure would unreasonably constrain business. However large scale financial failure with consequent consumer detriment would have a chilling effect on ABS and on consumer confidence in the legal professions. Previous research seems to suggest a broadly positive attitude towards the business structures underpinning legal services, in as much they were understood by consumers. Recent experience with the banking sector would suggest that this confidence is easily lost when things go wrong and while legal services do not present the same systemic risks and therefore would not require the same levels of intervention, the consequences of failure would be significant.

In financial services the risk of financial failure represents one of the key risks. In relation to legal services misconduct and mismanagement and damage to reputation of the service provider and regulator are at least as important both in the probability of their occurring and their impact.

The proposal to provide a higher level of supervision for licensed firms whose activities are considered to pose a higher risk will require a more intensive relationship including inspection visits carried out in person rather than completion of a paper based audit exercise. This approach is consistent with a risk based style of regulation as discussed above.

The business structure of a legal firm may or may not have an impact upon the level of risk presented by that practice. Some ABS may in fact be lower risk than some legal practices. Any intervention and differences in the approach to regulation between traditional practices and ABS should be based on evidence rather than assumptions about risks presented by any particular business structure. Part of ensuring a level playing field will require an outcomes based as opposed to a prescriptive model of regulation and also with a view to the risks presented by the activities of the entity as a whole rather than an approach based on the qualifications of individuals.

Access to justice

Access to justice will be a condition of the granting of a licence. Access to justice should not be confined to face to face legal advice from a qualified solicitor or barrister. Access to justice may be delivered in a variety of ways by a variety of providers. The delivery of services and information at a distance and in particular online could discharge the obligation to provide access to justice.

Providers seeking to use ABS will also seek to exploit information technology with a view to providing legal services online. Online legal services have so far been commoditized providing standard administrative focussed services such as conveyancing and general advice. Some commentators envisage that this trend will continue and that it will be applied to complex problems and to personalised services.

However while there may be new methods of delivering access to justice in a meaningful way to a wider range of consumers, including the special needs of vulnerable consumers. Such consumers are still likely to depend on the traditional method of providing legal services face to face.

It is likely to be only in very special circumstances that an ABS licence might be declined on the basis of the failure to meet this condition alone. Any such action would involve attempting to anticipate the impact on the market of the entry of a particular provider, an impossible task and one that is better left to competition authorities looking at the market as a whole as opposed to licensing bodies.

Compensation and indemnity

There is no evidence to suggest that ABS of itself will present any greater risks to traditional practices. However one can see from the entry and evolution of volume providers delivering services in one particular field, that they may present different risks to the current profile of a legal practice by servicing fewer clients and providing a bespoke service across a range of specialisms. In dealing with the risks professional indemnity brokers and underwriters would price and offer these risks in accordance with market forces and industry practice.

While opponents have argued that the ABS would lead to an erosion of professional standards and greater risks as a result of the demands of external investors for a return, it is also true to say that external investors will require the business to succeed. Therefore, the fear that the pressure to act unethically or to cut corners and provide a poorer service, may be misplaced.

While the way in which claims by consumers are dealt with by lawyers and their insurers, particularly the fact that establishing negligence will often require further legal action, has come under criticism consumers have not faced problems arising from the lack of adequate insurance cover held by the lawyer. The current insurance arrangements which apply to solicitors and barristers appear to work well from the consumer point of view by providing effective and seamless cover in the event of a claim. This would point to compulsory professional indemnity insurance for ABS and we would be keen to ensure that the current protection provided by the indemnity and compensation arrangements is not undermined by ABS. ABS firms should be under an obligation to provide adequate insurance cover in the event of a claim by a consumer and this

should be a license condition. It will be instructive to see how the insurance market responds to ABS in its pricing of the risks as the premiums should reflect any additional risks.

The primary concern for legal services regulators is the safety of client monies rather than the financial stability of the firm. There are measures which are invoked for the transfer of files of work in progress in the event of the failure of a firm. However consumers' claims that arise against firms who are insolvent should be borne by their insurers. Regulators may not be concerned with the financial state of a firm, but that they may use their licensing powers to ensure that adequate insurance arrangements are in place should a firm fail.

Complaints handling

The Act provides for the Office for Legal Complaints (OLC) ombudsman service to have jurisdiction over unresolved complaints made by users of ABS practices. The jurisdiction would be invoked on a similar basis to the current practice; that generally it should only be made available where internal processes have been exhausted and that firms should be given the opportunity to resolve complaints by agreement with their users. However there will be circumstances where it will be necessary for the OLC to intervene before the exhaustion of the complaints procedure, for example, where the firm has refused to engage with the process or that there have been unacceptable delays. The system should therefore provide for a degree of flexibility in relation to jurisdiction in order that complainants are not held in limbo.

There should not be materially different arrangements for complaints handling for ABS firms than which exist for traditional firms, however this does not mean that the complaints procedures have worked well. As highlighted in the Clementi Report , the complaints system for solicitors in the past has been slow and ineffective. The process has been characterised by an adversarial and procedural approach lacking clarity and consistency and independence. Of course many of the reforms brought about by the Act were aimed at improving complaints handling and implementing the recommendations of the Clementi report. However the Legal Services Ombudsman remains critical of the overall performance by the Law Society's Legal Complaints Service, while

welcoming improvements in turnaround times and service delivery . The introduction of ABS may herald a modern and progressive approach to complaints handling. For example a large retail brand that has in place a professional complaint handling set up may provide a more effective way of resolving consumer problems than has been done by the Law Society in the past. It is important that the lessons of the past are learned and that the mistakes are not repeated.

Fit to own

Two main risks to the regulatory objective of promoting lawyers' adherence to their professional principles may be identified; firstly, the interference by owners who exert pressure on management to act in a way to compromise their professional principles and secondly, the potential for conflict between a the duties owed by a lawyer to his/her client and the duties owed by a director to a shareholder.

A fit to own test will go some way to mitigate the risks in relation to the interference by an owner who exerts pressure on the management including the specific problem of organised criminals who seek to influence an ABS. However it is unclear how the fit to own addresses the the second risk which is more of a commercial risk without also clarifying the circumstances where the conflict will arise and how it should be managed.

A material interest is 10% and a controlled interest is greater than this and that more onerous obligations would apply to the controlled interest. However it is unclear how these tests will apply. It will be a matter for the licensing bodies to resolve this.

The constitution of the ABS, for example, the memorandum and articles of a company may provide an opportunity to detail the hierarchy of duties owed by directors and employees of the company. This may not be necessary in the light of the statutory duties relating to fitness to own however it would go some way in clarifying matters for officers and investors of a company.

Licensing bodies will need to take account of the current rules that apply to different business structures, for example, the Companies Acts 1985 and 2006 and the Partnership Act 1890 and to what extent the requirements in those statutes are

replicated by licence conditions. Licensing bodies will need to take account of the difference between the application of the fit to own test in relation to a private or public company. Whereas the extent of the interest can be controlled in relation to a private company we cannot see how restrictions on the ownership of shares in a public company might be applied where its shares are quoted on the stock exchange.

There appears to be an assumption by opponents of ABS that a partnership structure restricted to ownership and management by lawyers provides greater protection against corruption and unethical practice than a corporate structure with external share ownership. However it does not necessarily follow that corporations are more vulnerable in this respect.

Not for profits and other special bodies

Users of special bodies face some of the risks as other consumers of legal services, namely, poor quality advice and negligence, inadequate complaints handling or loss of client money. In response to these risks, the regulation of such bodies must aim to ensure equal protection for consumers who may also be vulnerable and in particular need of legal assistance on matters that are critical to them.

Other risks which generally arise from commercial work such as conflicts of interest will be less relevant to clients of special bodies and regulators can take a less stringent approach to the regulation of these.

According to the 2007 Act, not-for profit organisations, community interest companies and trade unions are all allowed to carry out reserved legal activities without authorisation for an unspecified "transitional period". Thereafter, they will be licensed as "special bodies" and as such it is expected that they will be subject to a different approach from the regulators.

How different that approach might be should depend on the entity involved: for example, a law centre might involve both profit-making and not-for profit elements. Regulators should be wary of adding to the costs and complexity of "special bodies", but also conscious of the need to protect the consumer and so the adoption of an outcomes based, entity focussed regulatory approach would

allow the licensing authority to judge when to demand more stringent requirements.

Legal firms that do not stray too far into ABS territory – those with less than 10% non-lawyer management and ownership (perhaps a traditional legal firm that makes their IT Manager a partner) – should also benefit from a lighter regulatory touch as they will be very similar in structure to traditional law firms which are outside the jurisdiction of these regulatory changes.

The SRA has set a threshold of 25% non-lawyer managers in relation to LDPs. This does raise the question of whether the LSB should follow this lead and recommend whether bodies with less than 25% rather than 10% of non-lawyer managers should qualify as special bodies. The choice of the threshold figure will have an impact on the size of the entity which might apply; if the figure is set at 10% an ABS applicant must have at least 10 managers to qualify but by setting it at 25%, a firm of 4 may qualify. There may be an unintended impact on the access to justice particularly in rural areas by excluding organisations with less than 10 managers as this would effectively exclude all but the largest organisations.

Not-for-profit ABS organisations in particular should have regulation tailored for them, just as the FSA has special rules for credit unions and just as the OFT issues a single group licence for Citizens Advice's network of bureaux. The approach of the FSA has been to isolate the core risks which are faced by customers of not for profits in the financial sector such as credit unions and to ensure that those risks are mitigated. However where regulation is aimed at dealing with risks arising from commercial work, these regulations may be sidestepped.

Trade unions are currently exempt from the requirement to seek a licence apparently on the basis that they provide legal services to a closed group of users, the members. Therefore, trade unions will only need to apply for ABS status if they offer legal services to members of the public other than their members, which seems unlikely to happen. However where trade unions engage a legal firm to provide specialist representation and advice to members, that provider will be subject to the licensing regime.

In short, a lighter touch approach to the regulation of "special bodies" seems justified; a more heavy

handed one might well be counterproductive in championing consumers' welfare.

STIMULATING EFFECTS OF PRIVATE CONSUMPTION AND SECTORAL INTERDEPENDENCE

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ABSTRACT

The main purpose of this paper is the identification that private consumption as a component of final demand is affecting significantly the gross output of each productive sector of the economy. A second interrelated objective is to determine, define and measure the linkages between the sectors and identify which sectors drive the economy to greater growth and development.

In order to explore the stimulating effects of consumption and the strengths of linkages of the Greek economy, Input – output methodology developed by Leontief has been used as it offers important insights in the interdependence of production and consumption in an economy.

The study reveals the following findings.

Among the five different types of final demand which are the driving force behind the growth, private consumption is dominant over the other components in stimulating the gross output of the sectors in the Greek economy.

Linkage indicators have used in identifying key sectors. Key sectors are defined as the sectors with above average forward and backward linkages.

So, Manufacturing records the highest direct backward linkage indicator in all tables, followed by the financial intermediation services.

It should be noted that the most recent official data in this study is for 2000. This is considered as a limitation for input – output analysis and for this study. More recent data should be incorporated into the analysis in order to draw more reliable conclusions.

On one hand the application produced interesting findings concerning the stimulating effects of final demand and yielded some policy implications for the economic growth of the country. On the other hand, the empirical analysis provided the opportunity for testing the effect of final demand on gross output of the economy and the economic linkages among sectors.

Introduction

The input-output analysis and particularly the traditional multiplier analysis viewed the economy from the standpoint of the productive sectors and considered the impact on production income and employment on all sectors resulting from final demand changes for each productive sector. On the other hand, it is also significant to view the economy from the standpoint of the final demand sectors and to compare the total effects in gross output, directly assigned to each of the various final demand categories.

The primary purpose of this paper is the identification that private consumption as to category of final demand is affecting significantly the gross output of the productive sectors of the economy. A second interrelated objective is the study of the sectoral linkages and the identification of the key sectors based on the input – output techniques.

The study of sectoral linkages and the identification of the key sectors based on the input – output technique shows the nature and the degree of interdependence of an economy. Thus in order to study the structure of the Greek economy input – output technique is appropriate. For this purpose the Input – Output Transaction Table of the year 2000, is used and the analysis followed has been in terms of aggregated transaction matrix.

Two different approaches are found in literature of linkages. Chenery and Watanabe (1958) proposed to use the column and row sums of technical coefficient matrix to measure the backward and

forward linkages of a particular sector. This method measures only the first round effects, which are called direct backward and direct forward linkage indicators.

The forward and backward linkages in Leontief framework are very useful for assessing the impact associated with the growth of a particular sector.

Rasmussen (1956) favoured the use of colum (row) sums of the Leontief inverse, to measure the intersectoral linkages. These indicators are considered as total (direct plus indirect) backward and forward linkage indicators. Rasmussen however has labeled total backward and total forward linkage indicators as the "power of dispersion" and "sensitivity of dispersion" respectively.

The demand led Leontief model is criticized as been inadequate for measuring the forward linkages. So Rasmussen's measure for forward linkages based on Leontief inverse is said that to have a qualitative inconsistency (Cella 1984).

An alternative measure for the forward linkages can be obtained by using the supply driven Ghosh model (1958).

Hirschman (1958) used Rasmussen's indices for identification of key sectors in his analysis about disequilibrium development strategy.

These approaches were widely discussed and were put forward (Yotopoulos and Nugent, 1973, Lauman 1976, Jones 1976. More recently, linkage analysis methods have again attracted attention.

Clements, 1990, Sonis et al, 1995. Dietzenbacher, 1997.

The plan of the paper is as follows: Section 2 discussed the input – output methodology used in this study. In section 3 the results about the components of final demand acting as stimulant for different sectors are identified as well as the key sectors. The conclusions drawn on the basis of empirical results are discussed in section 4.

Methodology

The stimulating effects of final demand categories

In the simple Leontief input – output model, final demand is exogenous and includes consumption purchases by households or private consumption demand, government consumption demand, gross capital formation, change in stock and export demand. In the case of households, they earn incomes in payment for their labor inputs in the production process and as consumers they buy goods for final consumption. This simple model, i.e. household – exogenous input – output model, known as type I Leontief model (Leontief 1656). It is given by:

$$x = (I - A)^{-1} y$$

Where:

x   is gross output,

A   is the matrix of technical coefficients,

(I-A)-1   is the Leontief inverse

y   is final demand

The final demand is defined as follows:

Final demand (y) = private consumption demand [y(1)] + government consumption demand [y(2)] + Gross domestic capital formation [y(3)] + change in stock [y(4)] + export demand [y(5)].

The final demand components influence the gross output of a sector in varying degrees. The vector that shows the gross output produced by different sectors to satisfy total final demand   (I-A)-1•y.

We can write

(I-A)-1 y = (I-A) -1 [y(1)+y(2) +y(3) +y(4) +y(5)] or

(I-A)-1y = (I-A)-1y(1)+(I-A)-1y(2)+(I-A)-1+y(3)+(I-A)-1y(4)+(I-A)-1 y(5)   (1)

Where (I-A)-1 y(i), i=1, 2, 3, 4, 5 is the vector whose elements are gross output of different sectors to supply the ith component of demand.

We premultiply both sides of equation (1) by the inverted diagonal matrix of gross output <x>-

1, which will show the relative strength of each component of final demand in influencing the gross output of a sector.

<x>-1(I-A)-1 y = <x>-1 [(I-A)-1 y(1) + (I-A)-1 y(2) + (I-A)-1 y(3) + (I-A)-1 y(4) + (I-A)-1 y(5)]

Where <x>-1(I-A)-1 y(i),   i = 1, 2, 3, 4, 5 show the gross output generated by the ith component of final demand.

Measures of interindustry linkages.

Input – Output technique is an important analytical tool to understand the nature and the degree of integration of an economy. The concepts of backward and forward linkages related to this method are very useful for assessing the impact associated with the growth of a particular sector.

The backward linkage, based on the Leontief's inverse matrix, is simply defined as the column sums of the inverse matrix, i.e.,

$$\beta_j = \sum_{i=1}^{n} bij$$

Sector's j backward linkage, reflects the effects of an increase in final demand of sector j on overall output, that is, it measures the extent to which a unit change in the demand for the product of sector j causes production increases in all sectors.

Similarly, the forward linkage can be defined by reference to the tows of the Leontief inverse matrix. Thus a measure of forward linkage of sector i is as:

$$f_i = \sum_{i=1}^{n} bij$$

It measures the magnitude of output increase in sector i, if the final demand in each sector increases by one unit. In other words, it measures the extent to which sector i is affected by an expansion of one unit in all sectors.

Rasmussen's index of power of dispersion is defined by the ratio of average of j-th column of Leontief inverse to the total average, that is,

$$P_j = c/L$$

where c= Σ bij/n , the column-wise average and L = Σ bij/n2 , the total average, and bij, demotes the elements of Leontief inverse. The value of Pj is around the one, and represents the rate of two averages. This index describes the extent to which an increase in final demand for the products of sector j is dispersed throughout the economy.

The index of power of sensitivity of dispersion is defined as the ratio of average of the i-th row sum of Leontief inverse to the total average.

$$P_i = e/L$$

where e= Σ bij/n the row – wise average. This index measures the strength of forward linkage in the demand side model.

The value Pi, reflects the power of the average increment demand in all sectors, over the direct and indirect average requirements of production of each sector.

Identification of key sectors

A key sector, is defined as a sector in which both strong backward and forward linkages are greater than unity. Both backward and forward linkages are two different sides of the same coin, namely a forward linkages of one sector being regarded as a backward linkage of another. In practice however, it is important to know which sector is a catalyst for developing linkages. In this regard, backward linkage likely to be more important since it represents the demand of inputs from other sectors required by productive activity of one sector.

The augmented form

The augmented structure can be represented in the following way. The matrix A is known as the direct requirements coefficients matrix and   (I-A)-1 is the open Leontief inverse. In an "open" input – output model the productive sectors of the economy are assumed to be endogenous and all final demand are assumed to be determined be factors outside the system.

The model, however, can be closed with respect to households by including in the matrix A one more column and row, for household consumption and households incomes respectively. This will form a new matrix A* and (I-A*)-1 is called the closed inverse matrix. This model is known as type II Leontief model.

Results

The identification of the categories of final demand that affect the gross output of each sector is significant from the point of view of policy making. As the key sector drive the economy forwards increasing sectoral interdependence and generate greater growth in the same way the final demand categories with greater stimulating effects are required to be identified for policy purposes.

Table 1 indicates the relative strength of each category of final demand in stimulating the gross output of productive sectors. From these results, we see that the most sectors primary produce consumer goods and private consumption is the most important stimulant.

For the productive sectors of Mining and Quarrying and Hotels and Restaurants, private consumption y(1) have strong influence on the gross outputs.

We find that private consumption also acts as a stimulant for Agriculture Hunting Forestry, Electricity Gas, Real Estate Rending, Other Social Services, and Wholesale and Retail Trade.

While studing the relative strength of each component of final demand in influencing the gross output of the sectors, we find that private consumption demand is dominant over the other components of final demand in the case of sectors Public Administration, Education and Mining and Quarrying, government consumption y(2) plays a key role.

Gross capital formation y(3) significantly affects the output levels of Mining and Quarrying, and Constructions sectors. Gross capital formation also affects the output of Manufacturing, but not substantially.

Mining and Quarrying is the only productive sector whose gross output level is affected by export demand Y(5) while the sector of Manufacturing is affected but not in a substantial extent.

The results of our computation of backward and forward linkage effects using aggregated of sixteen sectors input – output table of 2000 of Greece, are given in Table 2 and Table 3 respectively. A ranking was done to both backward and forward linkages. Ranking provides a basis for assigning priorities to different sectors in the economy for development strategy. We know that mutually interdependence of various sectors result into total linkage coefficient which incorporates not only the first round effects but also the subsequent or indirect effects. Table 2 and 3 show total backward and forward linkage coefficients for the sixteen productive sectors of the Greek economy. So, the procedure allowed the sectors to be ranked in the descending order of priority in terms of their linkage generation.

Looking at backward linkages of sectors that present the highest rank were, Financial Intermediation Services, Manufacturing, Constructions, Public Administration, Defense and Social Security, Hotels and Restaurant, Electricity Gas and Water supply and Wholesale and Retail Trade, in year 2000. From the data of Table 2 we can observe that all the above sectors have a power of dispersion greater than one, and are key sectors. Regarding forward linkages, which reflects the importance of products in production, the sectors that showed the highest rank was Manufacturing, Financial Intermediation Services, Real Estate Renting, Agriculture Hunting Forestry, Wholesale and Retail Trade and Mining and Quarrying, in the year 2000. In Table 2 we can see that the same sectors have sensitivity of dispersion greater than one. This demonstrates that a unit increase in all sectors final demand would generate an above average increase in the above sectors. According to Hirschman (1958), the sectors which have strong forward and backward linkage indices identify as the key sectors of an economy.

The results of identification of key sectors are given in Table 2. Table 2 is obtained by arranging the output multipliers of the Greek economy in a descending order. The highest output multiplier is found for Financial Intermediation Services sector while the lowest for Private Households with Employed Persons sector. Financial Intermediation Services, Manufacturing, Constructions, Public Administration Defense and Social Security, Hotels and Restaurants, Electricity Gas and Water Supply, Wholesale and Retail Trade, rank above average and can be considered as key sectors. The high

output multipliers demotes the potential to cause production in many sectors linked to them.

The backward and forward linkages for the closed model are given in Tables 4 and 5. It is found from these tables that the absolute values of the backward and forward linkages• are increased in the augmented structure. The number of sectors having the backward linkages values greater than the overall average has increased in the augmented structure, Table 4. This is due to the fact that the elements of the closed inverse (I-A*)-

1 contains elements which are larger than those of the open inverse, because they include extra output required to meet consumption induced output effects, as a result of closed the model with respect to households.

Unlike the backward linkages in the case of forward linkages the number of sectors showing strong linkage has declined.

TABLE 1 - DEPENDENCE OF PRODUCTIVE SECTORS ON DIFFERENT COPMONENTS OF FINAL DEMAND GREECE, YEAR 2000.

Code	Sectors	y (1)	y (2)	y (3)	y (4)	y (5)
A.	Agriculture, hunting, forestry	1.0776	0.1290	0.3673	0.0095	0.3929
B.	Fishing	0.9913	0.0143	0.0103	0.0002	0.2842
C.	Mining and quarrying	5.2624	0.8009	2.4122	0.1114	2.0764
D.	Manufacturing	1.0937	0.1750	0.5125	0.0090	0.4387
E.	Electricity, gas and water supply	1.0135	0.1263	0.2085	0.0045	0.1983
F.	Constructions	0.0998	0.0267	0.8967	0.0002	0.0267
G.	Wholesale and Retail trade	0.8155	0.0364	0.1757	0.0014	0.1409
H.	Hotels and restaurants	1.1830	0.0071	0.0033	0.0000	0.0076
I.	Transport and communication	0.6194	0.0465	0.0594	0.0007	0.4799
J.	Financial intermediation	0.8422	0.0921	0.2734	0.0030	0.2434
K.	Real estate, renting	0.9145	0.0837	0.1244	0.0014	0.1362
L.	Public administration, defense and social security	0.0210	0.9790	0.0000	0.0000	0.0000
M.	Education	0.3517	0.7603	0.0027	0.0000	0.0025
N.	Health and social work	0.5935	0.4369	0.0010	0.0000	0.0010
O.	Other social services	0.7839	0.0642	0.0683	0.0003	0.1203
P.	Private households with employed persons	1.0000	0.0000	0.0000	0.0000	0.0000

FIGURE 1 - DEPENDENCE OF SECTORS ON DIFFERENT COMPONENTS OF FINAL DEMAND
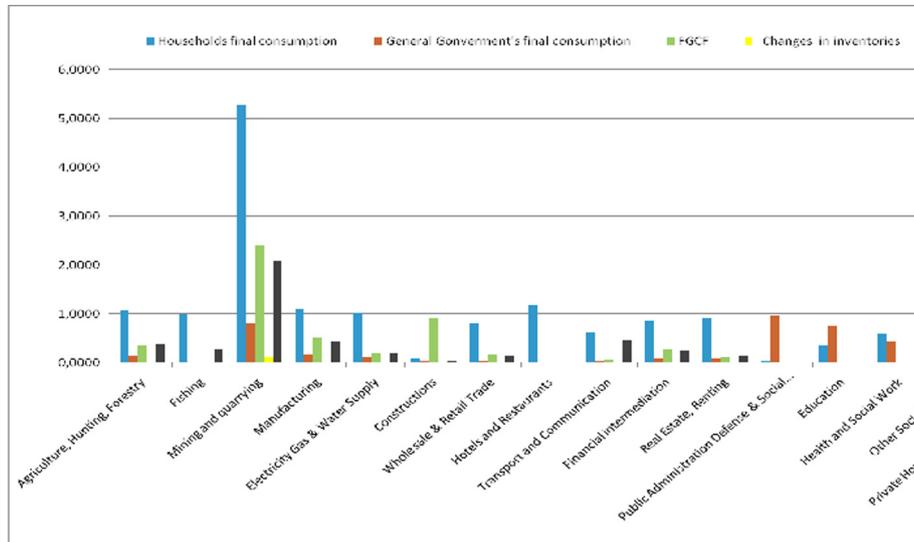
TABLE 2 - LEONTIEF BACKWARD LINKAGES AND POWER OF DISPERSION GREECE, YEAR 2000

Code	Sectors	Leontief Backward Linkages	Power of Dispersion
J.	Financial intermediation	**2.7866**	**1.6519**
D.	Manufacturing	**2.3184**	**1.3954**
F.	Constructions	**1.9279**	**1.1601**
L.	Public administration, defense and social security	**1.9012**	**1.1446**
H.	Hotels and restaurants	**1.7607**	**1.0598**
E.	Electricity, gas and water supply	**1.6826**	**1.0135**
G.	Wholesale and Retail trade	**1.6697**	**1.0048**
A.	Agriculture, hunting, forestry	1.6474	0.9923
C.	Mining and quarrying	1.6345	0.9846
I.	Transport and communication	1.5301	0.9209
B.	Fishing	1.4784	0.8906
O.	Other social services	1.4549	0.8765
N.	Health and social work	1.4083	0.8486
K.	Real estate, renting	1.2406	0.7473
M.	Education	1.1591	0.6981
P.	Private households with employed persons	1.0000	0.6027
	Average	**1.6625**	

TABLE 3 - LEONTIEF FORWARD LINKAGES AND SENSITIVITY OF DISPERSION GREECE, YEAR 2000

Code	Sectors	Leontief Backward Linkages	Power of Dispersion
D.	Manufacturing	**4.4063**	**2.6480**
J.	Financial intermediation	**2.7817**	**1.6750**
K.	Real estate, renting	**2.1283**	**1.2806**
A.	Agriculture, hunting, forestry	**2.0855**	**1.2642**
G.	Wholesale and Retail trade	**1.8157**	**1.0926**
C.	Mining and quarrying	**1.7423**	**1.0405**
I.	Transport and communication	1.5753	0.9489
E.	Electricity, gas and water supply	1.4168	0.8524
O.	Other social services	1.2748	0.7676
F.	Constructions	1.2228	0.7319
H.	Hotels and restaurants	1.0807	0.6384
B.	Fishing	1.0286	0.6200
N.	Health and social work	1.0254	0.6171
M.	Education	1.0161	0.6104
L.	Public administration, defense and social security	1.0000	0.6027
P.	Private households with employed persons	1.0000	0.6027
	Average	**1.6625**	

TABLE 4 - BACKWARD LINKAGES IN THE AUGMENTED STRUCTURE

Code	Sectors	Backward Linkages
P.	Private households with employed persons	3.7717
J.	Financial intermediation	3.7455
D.	Manufacturing	3.3294
L.	Public administration, defense and social security	2.8742
F.	Constructions	2.8396
H.	Hotels and restaurants	2.7427
A.	Agriculture, hunting, forestry	2.6685
G.	Wholesale and Retail trade	2.6521
E.	Electricity, gas and water supply	2.6440
C.	Mining and quarrying	2.6112
I.	Transport and communication	2.4934
N.	Health and social work	2.3828
K.	Real estate, renting	2.2275
M.	Education	2.1464
	Average	**2.4455**

TABLE 5 - FORWARD LINKAGES IN THE AUGMENTED STRUCTURE

Code	Sectors	Forward Linkages
D.	Manufacturing	4.9357
J.	Financial intermediation	2.8657
K.	Real estate, renting	2.3555
A.	Agriculture, hunting, forestry	2.2240
G.	Wholesale and Retail trade	2.0489
C.	Mining and quarrying	1.8074
I.	Transport and communication	1.6772
E.	Electricity, gas and water supply	1.4588
O.	Other social services	1.3146
H.	Hotels and restaurants	1.2833
F.	Constructions	1.2446
B.	Fishing	1.0381
N.	Health and social work	1.0794
M.	Education	1.0406
P.	Private households with employed persons	1.0059
L.	Public administration, defense and social security	1.0036
	Average	**1.7739**

Conclusions

The paper employs an input – output analysis from the perspective of the strength of each component of final demand in influencing the gross output. Furthermore, the input – output flow table explains the way in which the activities of different sectors are linked with each other in a network of interdependence. Because of the interrelations among various sectors any increase in final demand from a sector sets off the process of chain reaction on output not only in that particular sector but also in all other sectors.

So, the paper examines the intersectoral linkages in the Greek economy for the year 2000, using different linkage methods.

For most sectors private consumption y(1) acts as a stimulant that is generates a substantial direct and indirect requirement of the gross output.

Linkage indicators show an increasing degree of intersectoral interdependence in the case of the Greek economy. Overall indices of intersectoral interdependence exhibit a relative increasing trent. In addition, there are increasing trends in the total forward and backward indicators. This indicates that there is a positive relationship between the growth of production activities and the increase in intersectoral interdependence in Greece during the period of time reviewed. It is important to note that high total linkages are concentrated mainly in Mining, Manufacturing and Construction, while low total linkage effects are found in Agriculture Hunting Forestry and Health and Social Work and Other Social Services. That means that Manufacturing sector, Mining and Constructions are dominant in the Greek economy over the period studied.

The identified key sectors display a structure of the Greek economy which reveal that the capital intensive basic industries like Mining, Electricity Gas and Water Supply, Construction etc are supposed to play the role of engine in the process of growth. The development of these basic industries as channels of transmitting the benefits of growth, is the consequence to diversify the production structure of the Greek economy.

Finally, through the results discussed above, it is easy to provide a clear strategy for the allocation of government policies among different sectors of the economy. This exercise is of immense help to the planning authority to manipulate the impact in desired direction.

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TRAVELLING HUNTERS' SATISFACTION WITH THEIR SOUTH AFRICAN SAFARI EXPERIENCES

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Abstract

South Africa, as one of the most recognised trophy hunting destinations in the world, boasts a highly-developed, well-controlled, and professional hunting and game ranching industry (Radder & Han 2008). Despite past successes, providers of the hunting safari are challenged by the global economic downturn, negative public perception due to a few individuals' involvement in put-and-take and canned hunting practices (Von Brandis & Reilly 2007) and claims by anti-hunting groups (MacKay & Campbell 2004).

Providing satisfying hunting experiences could enhance the industry's chances of continued success. Satisfaction is an important source of competitive advantage (Ritchie & Crouch 2000) in so far as it affects tourists' expectations, intentions for future purchase (Akama & Kieti 2003), decisions to return to the destination (Kozak & Rimmington 2000) or spreading positive word-of-mouth (Huo & Miller 2007).

Conventionally, tourist satisfaction is measured by importance-performance models (Deng 2007); SERVQUAL (Williams 1998); and SERVPERF (Yoon & Uysal 2005). Much debate ensued about the usefulness of the above approaches (Carrillat et al 2007) particularly in measuring tourist satisfaction with an entire holiday at a specific destination (Truong & Foster 2006), Tribe and Snaith (1998) initiated, and Truong and Foster (2006) further developed the HOLSAT instrument to overcome some of the other models' caveats. Given the complexity and multitude of components comprising the safari hunt; the variety of service providers, ranging from travel agents, airport staff, outfitters, professional hunters, trackers, skinners and taxidermists involved in the total experience;

and the uniqueness of South Africa as a hunting destination, an adapted HOLSAT model was used to determine safari hunters' satisfaction with their South African experience. This paper reports the results.

Keywords:

HOLSAT, safari, satisfaction, South Africa, tourism destination, trophy hunting

Introduction

Customer satisfaction affects the long-term viability of organisations through repeat purchase and positive word-of-mouth communication (Anderson 1998; Huo & Miller 2007). It is widely accepted that disconfirmation of expectation is the key determinant of satisfaction (Yuan & Jang 2008). Satisfaction results if perceived overall performance meets or exceeds initial expectations; dissatisfaction follows if perceived performance falls below initial expectations (Hui et al 2007; Ofir & Simonson 2007).

Importance-performance analysis of satisfaction coupled with confirmation-disconfirmation concepts, originated in the work of Fishbein (1967) and Oliver (1980), amongst others. In this context, consumer satisfaction is a function of expectations related to certain performance attributes and the judgment of actual performance (Martilla & James 1977), taking into account the perceived importance of the attributes (Tribe & Snaith 1998). This resulted in an importance-performance analysis (Deng 2007; Matzler et al 2003; Matzler et al 2004; Tarrant & Smith 2002). Confirmation results when customer perceptions

match expectations; disconfirmation follows when performance deviates from expectations.

Importance-performance analysis (IPA) is fundamental to the SERVQUAL analysis. SERVQUAL (Akama & Kieti 2003; Parasuraman et al 1985; Williams, 1998; Wisniewski 2001) focuses on the notion of perceived quality, and measures the difference between consumers' expectations and perceptions of service. Satisfaction results when perceptions of performance exceed expectations.

SERVPERF also developed from the perceived performance model (Tse & Wilton 1988). However, SERVPERF excludes expectations and measures satisfaction based on performance alone (Cronin & Taylor 1992). This model is appropriate when tourists, for example, do not have any knowledge about their destination circumstances and hence use only actual experience in assessing satisfaction (Yoon & Uysal 2005).

Much debate ensued on the usefulness of the above approaches (Carrillat et al 2007; Cronin & Taylor 1994) particularly in measuring tourist satisfaction with a holiday or destination (Babakus & Boller 1992; Fuchs & Weiermair 2003; Truong & Foster 2006). HOLSAT (Tribe & Snaith 1998; Truong & Foster 2006) was hence proposed to overcome some of the caveats of the earlier cognitive satisfaction models.

Firstly, destinations are no longer well-defined geographical areas, but rather represent the fusion of travel itinerary, cultural background, purpose of visit, educational level and past experience (Buhalis 2000; Fuchs & Weiermair 2003). It is therefore necessary to determine satisfaction with a number of elements of the tourist experience. The South African hunting safari invariably involves international flights and travel to the hunting area. Visiting hunters come from a large variety of countries, such as the United States of America, Germany, Norway, Spain, and the United Kingdom. Their educational levels vary from high school to postgraduate degrees, while their experience levels range from novice to highly experienced.

Secondly, since numerous service providers are involved, an interconnectedness of tourism organisations exist (Woods & Deegan 2003). Many of these service providers are independent of one another, and the collective service delivery is therefore beyond the control of any individual provider. As a result, dissatisfaction with any

component of the experience could result in dissatisfaction with the overall experience (Huo & Miller 2007). Travelling hunters interact with the hunting outfitter who organises the safari, sees to written agreements as to the species and sex of game offered, trophy fees and daily rates, arrangements with the landowners and licenses and permits (PHASA 2009). En-route, hunters deal with the services provided by airline staff and immigration officers. Additional services are provided by the professional hunter (PH) who has to accompany and guide the visiting hunter during the actual hunt, supervise the hunting process, ensure that the client adheres to the relevant laws regarding trophy hunting (PHASA 2009). Additional services are provided by trackers who help find the desired animal and the outfitter who takes care of the accommodation and catering. Following the hunt, the animal is skinned by skinners and the trophy is delivered to the taxidermist for preparation, who then dispatches it to the hunter's home.

Thirdly, the conventional models do not necessarily measure the effect of price and perceived value (Akama & Kieti 2003) on satisfaction. For example, a holiday in Vietnam and a luxury cruise vacation are likely to differ vastly with respect to price and value (Truong & Foster 2006) despite sharing a number of attributes. A satisfaction model is thus required that takes cognizance of value judgments. Variations in the cost of the South African hunting safari are brought about by differences in daily rates and the prices charged per animal.

Fourthly, importance-performance models use importance to form expectations which are then measured against actual performance. According to Tribe and Snaith (1998) the emphasis on importance diminishes the usefulness of these measures of satisfaction as all tourists may not attach the same level of importance to particular items due to the nature of the destination. Furthermore, focusing on performance only, as is customary with the application of SERVPERF, does not give a complete picture of a multi-faceted holiday destination (Tribe & Snaith 1998). While travelling hunters' expectations might differ according to destination, they are expected to have fairly similar expectations with respect to particular elements of the South African hunting safari.

Finally, a holiday or destination might be characterised by positive and negative attributes (Tribe & Snaith 1998; Truong & Foster 2006). While the presence of certain positive factors generates

satisfaction, their absence does not necessarily generate dissatisfaction. Similarly, while certain negative factors can generate dissatisfaction, their absence does not necessarily lead to satisfaction (Alegre & Garau 2010). The hunting safari is associated with positive and negative attributes. Not managing to see all of the Big Five as hoped for (positive attribute), the hunter might not necessarily be dissatisfied with the experience. Similarly, not experiencing long waits at the airport (negative attribute) might not necessarily result in higher levels of satisfaction.

Given the characteristics of HOLSAT and those of the South African hunting safari, the aim of this paper was to adapt the HOLSAT model and measure hunters' satisfaction with their experience. Although HOLSAT has been applied in tourist setting, no evidence of published research that verified its application to hunting could be traced.

The HOLSAT model

HOLSAT specifically addresses the variable and multidimensional character of consumer satisfaction with a destination or holiday by comparing the performance of a diverse range of holiday attributes of the destination against the visitor's prior expectations of the same (Truong & Foster 2006). Satisfaction represents the degree to which the assessment of the attributes of the destination exceeds the visitor's expectations for those attributes. Expectations are not defined in terms of importance but rather relate to what people were anticipating for the attribute for the particular holiday experience (Tribe & Snaith 1998).

Instead of utilising a fixed menu of attributes, generic to all destinations, a suite of attributes considered most appropriate at the particular destination is generated from sources associated with the destination. These could include promotional material, guidebooks, media reports, and interviews with those who have visited the destination (Truong & Foster 2006). This addresses concerns (Carman 1990; Truong & Foster 2006), that fixed dimensions are not necessarily applicable in other situations, especially those associated with measuring satisfaction with destinations. Developing destination-specific attributes also allows price-based reasons for selecting a holiday destination to come into play thereby taking into account measures of value. (Tribe & Snaith 1998).

HOLSAT purposefully utilises both positive and negative attributes. Positive attributes are characteristics that convey favourable impressions about the destination, whereas negative attributes are those that do the opposite (Truong & Foster 2006). Although holidaymakers visit a particular destination for hopefully a pleasant experience overall, there may nevertheless be negative features about the location that the vacationer is fully aware of before commencing the holiday. Tribe and Snaith (1998) suggest that the inclusion of negative attributes is an additional important advantage of HOLSAT because these also have the capability of contributing to holiday satisfaction.

The HOLSAT model features a questionnaire wherein respondents are asked to rate the expectation of each holiday attribute (instead of its importance) and to rate the experience or performance on the same set of attributes following the holiday experience (i.e. perception of the performance. A Likert scale is used to score each attribute for both states.

Mean scores for each attribute are determined for both "expectation" and "experience". The difference between the mean "expectation" and "experience" scores for each attribute gives a quantitative measure of the level of satisfaction shown by the vacationers. The results can also be presented graphically on a matrix whereby the score for "expectation" is plotted against "experience". Attribute scores are shown relative to a 45-degree "Draw" line. "Win", "Loss" and "Draw" scenarios for each holiday attribute are possible. "Win" represents those attributes where the consumers' expectation is met or exceeded, "Loss" represents a situation where consumers' expectations are not met and "Draw" suggests a close match of consumer expectations and experience. For negative attributes, the interpretation is the reverse (i.e. points plotted above the Draw line represent a "Win" for that attribute), since the "experience", although negative was not as bad as initially thought by the holidaymaker. For each attribute, the further away from the "Draw" line data points are plotted, the greater or lesser the degree of satisfaction perceived by the holidaymaker. Where points lie directly on the Draw line, the holidaymaker's "experience" exactly matches his or her "expectation", and therefore satisfaction has also been achieved (Truong & Foster 2006).

Methods

This study was part of a larger mail survey of travelling hunters conducted in 2007. A two-step procedure was followed for this section of the research. First, a list of 33 positive and negative attributes associated with hunting were identified based on a review of promotional material directed at potential safari hunters (e.g. Africa Hunting Safari 2007; Trophy Hunting South Africa 2007); adventure tourism literature (e.g. Swarbrooke et al 2003); hunting literature (e.g. Fulton & Manfredo 2004; Hayslette et al 2001; Radder 2000, 2003, 2005); a diary describing the experiences of an American hunter's South African safari; and interviews with a hunting outfitter and with a PH.

The identified items were independently scrutinized by various experts: an active wildlife and game ranching researcher and consultant; a senior academic in adventure tourism management and a senior wildlife practitioner. This process resulted in 29 Likert-scale items: 18 related to positive attributes and 11 related to negative attributes. A 30th statement was included as an open question which allowed respondents to add any additional attributes they deemed relevant. Limiting the items to 30, addressed Tribe and Snaith's (1998) suggestion that the HOLSAT instrument comprising 56 items was too long.

A cover page explained the purpose of the research and invited respondents' participation. Section A comprised questions on the biographical detail of the respondent. Section B dealt with hunters' expectations and perceptions of their South African hunting safari. Respondents had to circle the number 1 to 6 on a continuous Likert scale (1 = unlikely to happen, 6 = likely to happen, with no labels in-between) that best described their expectations with respect to certain attributes of the South African safari. Next to it, and using a similar continuous 6-point scale (1 = did not happen, 6 = did happen) they could indicate the outcome with respect to the particular attribute. An even scale was used to prevent respondents from routinely circling the mid-point which can reinforce its central tendency (Ryan 1995). The items reflecting the positive and negative attributes were scattered and randomly placed in the list of items to reduce respondent bias (Tribe & Snaith 1998).

Access to a reliable address list of safari hunters was difficult. Although some records on visiting hunters are kept, these are not accurate and not readily made available, presumably in an effort to protect the clientele base. However, a facilitator in the industry with access to some addresses and who had no direct interest in hunters as clients, affixed address labels to 2 000 sealed, postage-paid reply-envelopes containing the questionnaire, and mailed these to potential respondents who hunted in the Eastern Cape, one of the major hunting destinations in South Africa, between 2003 and 2007.

After four months, 215 packages were returned undelivered due to unknown, incorrect, or changed addresses. This attested to the unreliability of the records. Contrary to the HOLSAT method, the questionnaire was administered only once and no follow-up was necessary. An acceptable total of 236 useable questionnaires (Sekaran 2000) resulted after removal of poorly completed ones. This yielded an acceptable response rate of 13.2%

Descriptive analyses such as frequencies, mean scores and standard deviations were conducted to examine hunters' demographic profiles and the levels of expectations and perceived outcomes. Paired-samples t-tests were performed to determine whether any significant differences existed between the mean scores for expectations and outcomes.

Findings and discussion

Profile of respondents

Ninety six percent of the respondents were males; 65% lived in the USA and 58% in a rural environment. Eight percent were younger than 40, 63% were between 40 and 60 years old and 29% were older than 60%. Fourteen percent had annual household incomes of less than US$60 000, 25% between US$60 000 and US$100 000; 37% between US$100 001 and US$200 000 and 19% had income exceeding US$400 000. Twelve percent of the respondents had no post school education, 47% had 1-4 years and 41% had more than four years of post school training.

Expectations and outcomes on positive attributes of the hunting safari

T-tests were calculated in addition to the mean scores and standard deviations (Table 1), to determine the levels of expectation and perceived experience regarding the positive attributes associated with the hunt.

The respondents had particularly high levels of expectation (mean score >5.0 on the 6-point scale) that they would see animals they have not seen before; would be able to experience the majesty of nature; be able to test their hunting skills; get away from every day stress; live out a dream; share the campfire with like-minded people; would be able to take trophies not available outside of South Africa; and contribute to wildlife conservation.

Respondents did not expect that they would see the Big Five; get back to their roots or recommit to life.

Experiences or outcomes with high mean scores included: seeing animals not seen before; experiencing the majesty of nature; escaping everyday stress; testing hunting skills; and sharing the campfire with like-minded people.

The disconfirmation model is based on the difference between experiences and expectations. A positive difference shows that the mean score for the experience exceeded the score associated with the expectation (Table 1). Differences were significant in the case of getting away from every day stress; accommodation being comfortable; having a great social experience; getting value for money; taking all trophies on the wish-list; and getting back to their roots.

Expectations and outcomes on negative attributes of the hunting safari

In order to determine the levels of expectation and the perceived outcome or experience regarding the negative attributes associated with the hunt, t-tests were calculated in addition to the mean scores and standard deviations (Table 2).

No mean scores exceeded 5 on the 6-point scale. Difficulty in stalking the animal attracted the highest mean score in the case of both expectations (M = 4.78) and outcomes (M=4.64). Respondents expected that finding the desired trophy animal might be difficult (M =4.04). This was indeed the case as the mean score of the experience (M=4.33) exceeded that of the expectation.

Although respondents anticipated that immigration and customs clearance would be inefficient and slow (M=4.32); and that they would have to wait long at airports (M=4.18), immigration and customs clearance was not as slow as anticipated; neither was the wait at airports as long as hunters thought it might be.

The respondents did not seem to expect that they would have an overall negative experience (M=1.53), that personal problems would have a negative overall effect on their experience (M=1.92) or that they would pay too much for the safari (M=2.89).

Table 2 also shows the differences between the mean scores for "expectation" and "performance" with respect to the negative attributes. The t-test shows that the differences between the mean scores were significant in the case of anticipated physical risk; inefficient and slow immigration and customs clearance; long wait at airports; being robbed in the streets and the hunt not being worthwhile if all desired trophies were not found. Negative difference scores indicate that the outcome was more positive than expected. While the respondents for example anticipated that they might be robbed in the streets, this did not happen. Although some physical risk was anticipated, it did not materialize. The only significant positive difference related to the hunt not being worthwhile if all the desired trophies were not found.

Table 4 summarises the mean scores associated with the negative attributes of the hunting safari. The highest levels of satisfaction associated with the negative attributes of the hunt was that of, "being robbed in the streets," followed by, "immigration and customs clearance being challenging."

Table 1 - Mean scores and results of paired-samples t-tests: Positive hunting attributes

Attribute	Expectation		Outcome		Mean difference	t-test	
	M^a	SD	M^b	SD		T	Sig^c
I would be able to see animals I have not seen before.	5.34	1.09	5.41	1.27	0.07	1.16	0.249
I would be able to experience the majesty of nature.	5.28	0.92	5.33	1.05	0.05	0.83	0.409
I would be able to test my hunting skills.	5.27	1.02	5.39	0.95	0.12	2.44	0.015
I would be able to get away from everyday stress.	5.22	1.04	5.46	0.91	0.25	4.37	0.000
I would be able to live out a dream.	5.14	1.25	5.19	1.34	0.06	0.88	0.381
I would be able to share the campfire with like-minded people.	5.10	1.10	5.30	1.09	0.20	3.01	0.003
I would be able to take trophies not available elsewhere in the world.	5.03	1.42	5.17	1.40	0.14	2.37	0.019
I would be able to contribute to wildlife conservation.	5.00	1.29	5.08	1.30	0.09	1.39	0.166
I would be able to sample the country's typical food.	4.96	1.26	4.99	1.33	0.03	0.41	0.682
I would be able to learn more about Africa and her people.	4.91	1.14	4.91	1.22	0.00	0.07	0.948
The accommodation would be comfortable.	4.91	1.17	5.20	1.32	0.30	4.15	0.000
I would have a great social experience.	4.58	1.39	5.00	1.31	0.42	5.73	0.000
I would be able to also spend time on enjoyable non-hunting activities.	4.50	1.61	4.59	1.67	0.09	1.23	0.219
The experience would provide me with value for money.	4.29	1.58	4.57	1.53	0.28	3.93	0.000
I would be able to take down all the trophies on my list.	4.05	1.54	4.68	1.62	0.64	5.84	0.000
I would be able to recommit to life.	3.66	1.85	3.89	1.89	0.23	3.20	0.002
I would be able to get back to my roots.	3.31	1.75	3.62	1.84	0.32	4.94	0.000
I would be able to see the Big Five.	2.54	1.86	2.63	1.97	0.09	0.80	0.426

a Expectation mean scores were measured on a Likert scale ranging from 1 to 6

(1 =unlikely to happen, 6 = likely to happen)

b Outcomes mean scores were measured on a Likert scale ranging from 1 to 6

(1 =did not happen, 6 = did happen)

Table 2 - Mean scores and results of paired-samples t-tests: Negative hunting attributes

| Attributes | Expectation | | Outcome | | Mean | t-test | |
	M[a]	SD	M[b]	SD	difference	T	Sig[c]
Stalking the animal would be challenging.	4.78	1.07	4.64	1.34	-0.14	1.63	0.104
Immigration and customs clearance would be inefficient and slow.	4.32	1.48	3.55	1.83	-0.77	6.55	0.000
I would have to wait long at airports.	4.18	1.49	3.53	1.78	-0.65	5.94	0.000
Finding the trophy animal would be difficult.	4.04	1.34	4.33	1.59	0.29	2.45	0.015
I would pay too much for my hunting safari.	2.89	1.47	2.65	1.57	-0.24	2.46	0.015
I would face physical risk (e.g. be injured by the animal/bitten by a tick).	2.74	1.56	2.05	1.62	-0.69	5.94	0.000
I would be robbed in the streets.	2.44	1.47	1.56	1.40	-0.88	7.44	0.000
The hunt would not be worthwhile if I do not get all desired trophies.	2.04	1.56	2.48	1.98	0.45	3.74	0.000
Personal problems would negatively affect my experience of hunting.	1.92	1.45	1.86	1.58	-0.06	0.62	0.534
I would dislike my professional hunter (PH).	1.89	1.27	1.92	1.67	0.03	0.26	0.793
I would have a negative overall experience.	1.53	1.10	1.64	1.43	0.11	1.19	0.234

a Expectation mean scores were measured on a Likert scale ranging from 1 to 6

(1 =unlikely to happen, 6 = likely to happen)

b Outcomes mean scores were measured on a Likert scale ranging from 1 to 6

(1 =did not happen, 6 = did happen)

Satisfaction

Satisfaction results when experience exceeds expectations. Table 3 summarises the attributes where the differences were significant.

Table 3 shows that the largest gap and hence the highest level of satisfaction was experienced in the case of hunters "being able to take all the trophies on their lists". This was followed by "having a great social experience" and accommodation being comfortable".

Conclusions and managerial implications

This study was a first attempt at measuring travelling hunters' satisfaction with their South African hunting safari using an adapted HOLSAT model. Attempts were made to measure satisfaction with the integrated hunting experience instead of focusing on the relationship between the expectation and the experience with individual elements of the hunting safari or specific service providers. Instead of utilising a fixed list of attributes, a suite of attributes deemed most appropriate to

South Africa as a destination and safari hunting as an activity, were generated.

A disconfirmation approach was followed in comparing expectations and experiences (perceived outcomes) of positive and negative attributes of the safari. The inclusion of negative attributes in addition to positive attributes, attempted to overcome the caveat of conventional tourist satisfaction surveys that primarily focus on positive attributes which are often the very reasons why the tourist chose to visit the destination (Alegre & Garau 2010).

The research highlighted positive and negative attributes hunters deemed most likely to form part of the hunting experience. Safari providers can use these findings to inform their marketing messages and their offerings. Analysing the gaps between hunters' expectations and perceptions of the outcomes can likewise assist providers in focusing their attention on those attributes where the largest gaps exist.

Although the research investigated positive and negative attributes related to elements of the integrated safari experience, the research failed to differentiate between the attributes' contribution to satisfaction as compared to dissatisfaction.

This research did not attempt to construct the simplified diagnostic visual tool as suggested by Tribe and Snaith (1998) as it first has to be decided whether the "draw" line should be based on the midpoint of the scale or be based on the midpoint of the resulting mean scores.

Table 3 - Significant differences between safari hunters' experiences and expectations: Positive attributes

Mean scores of positive attributes			
Attribute	Experience	Expectation	Difference
I would be able to get away from everyday stress.	5.46	5.22	0.25
The accommodation would be comfortable.	5.20	4.91	0.30
I would have a great social experience.	5.00	4.58	0.42
I would be able to take down all the trophies on my list.	4.48	4.05	0.64
I would be able to get back to my roots.	3.62	3.31	0.32

Table 4 - Significant differences between safari hunters' experiences and expectations: Negative attributes

Mean scores of positive attributes			
Attribute	Experience	Expectation	Difference
Immigration and customs clearance would be challenging	3.55	4.32	-0.77
I would have to wait long at airports	3.53	4.18	-0.65
I would face physical risk	2.05	2.74	-0.69
I would be robbed in the streets.	1.56	2.44	-0.88
The hunt would not be worthwhile if I do not get all desired trophies.	2.48	2.04	0.45

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INTEGRATED QUALITY MANAGEMENT IN TOURIST DESTINATION

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Abstract

The paper deals with integrated quality management and its implementation in tourism services. It presents European approach towards managing the quality of a destination suggested by the European Commission and the tool serving for measuring the quality of a destination Qualitest owing to which the quality of individual European destinations can be evaluated. Integrated quality management is an approach based on cooperation of all areas participating in tourism development in a destination. The quality is evaluated in a complex way with respect to the impacts of tourism development onto local inhabitants and environment. Qualitest is formed by a complex of 16 quality themes focusing on the quality of a destination and the quality of a product. Each quality theme is evaluated by three indicators judging the quality of preconditions (QPCI), the quality of management (QMI) and the quality of the power of a destination (QPI). These indicators combine qualitative as well as quantitative values. Conducting Qualitest in full extent is rather demanding as it requires a fully functioning organization of destination management and availability of various kinds of data, some of which can only be obtained by special measurements. The objective of this article is to define necessary preconditions that have to be satisfied by a destination if it wants its quality to be measured using the tool of Qualitest. Making a questionnaire for visitors of a destination and tourism service providers in a destination, as well as accomplishing a marketing research, appears to be an inevitable precondition for obtaining data necessary for conducting Qualitest. Analysing selected themes including relevant indicators and also suggesting model questions for the questionnaire intended for service providers are parts of the article. The results and values obtained for individual indicators can be compared to a similar foreign destination and in the process of benchmarking a better overall quality of a tourism destination can be reached. If there are not fully convenient conditions for a complete realization of Qualitest in a destination, the paper suggests adapting some coefficients to local conditions and using available data in such a way that at least partial measuring the quality of a destination could be conducted. The paper provides partial results only, discussed problems are subjects of further research.

Key worlds

Integrated Quality Management, qualitest, tourist destination

Tourism services are not offered individually, that is why it is inevitable to evaluate the quality of a whole complex of services within the frame of a tourism product or a tourism destination. The level of tourists´ satisfaction is not based on the quality of individual services but it comes out of their overall impression that consists of local inhabitants´ hospitality, the willingness of staff, environment cleanness, the feeling of security and so on. A united approach of all participants of tourism development is a necessary condition for maintaining the quality of a destination; this can be reached by various forms of cooperation. The quality within the destination has to be guaranteed by all co-creators of the service chain and at the same time these providers must feel responsible for the quality. The overall quality is taken care of by the destination management and main partners in the region. Maintaining the quality of services is rather demanding as although facilities can be of the top quality it can be devaluated by staff approach or an overall weak linkage and availability of individual services. When measuring the quality of a destination we have to evaluate this destination as a whole, including all services

that are offered, and these do not have to be on a united level again. In traditional European tourist destinations it is taken for granted to own the certificate of the quality, which guarantees the standard level of quality. The most of big important hotel companies, travel agencies and transportation companies already have a certain system of quality management. These systems are mostly based on ISO 9000 standards or EFQM model of exceptionality that have been adapted for tourism. The term "quality" is in tourism also known in the connection with ecological labels for accommodation services. This again concerns maintaining given criteria. Ecolabel is a voluntary tool of certification and marking environmental productivity that is used all over the world. It indicates an overall environmental productivity of a product (goods or service) in a certain category with respect to its lifespan. Unlike "green" symbols or various kinds of declarations created by producers and service providers this ecolabel is granted by a third party on the basis of independently given criteria.

The quality of a tourist destination can only be reached by implementing integrated quality management (IQM). The success in developing tourist destination depends on the cooperation of subjects that through their activities influence to high extent the success of the whole area. What seems to be an important precondition is creating a strategic partnership that is conditioned by participating subjects persuasion about its benefits and advantages that they could not gain as individuals - for instance because of economic reasons, limited accessibility of certain information, abilities to use some disposable data efficiently and so on. Cooperation on a higher level based on cooperation and coordination of service providers, i.e. private sector with organizations that through their decisions influence the environment for enterprise and developing tourism in a certain area - so self-governing and administrative authorities of at least regional level, is inevitable. Partnerships of various forms can be created, from work groups to coalitions, forums or strategic alliances.

European committee has initiated creating integrated quality management on the basis of published studies that have provided the best results of quality management in selected European destinations and then has created a tool used for evaluating quality in a destination called Qualitest (annex 1). The document was published by European committee in 2003 with the name

Qualitest – A Manual for Evaluating the Quality Performance of Tourist Destinations and Services (www.ec.europa.eu).

IQM is a periodical process consisting of five steps mentioned below; during this process results are analysed and individual key elements are adapted to a required level, which should ensure the quality of the whole:

1. Identifying partners and establishing a leader that is able to make the others interested in meeting a united target.

2. Suggesting and selecting measures that lead to improving the quality of a destination.

3. Realizing the measures.

4. Measuring effects.

5. Evaluation and adaptation.

Integrated quality management connects four key elements of a destination in its approach, and imbalance in any of them can have a crucial impact on the overall quality of a destination and a tourist product:

• Tourists´ satisfaction that is connected with regular monitoring their satisfaction with a tourist destination services.

• Service providers´ satisfaction, which also includes evaluating the quality of jobs and career growth of employees as well as the success of local tourism businesses.

• The quality of local inhabitants´ life and their satisfaction including their relationships towards the development of tourism in their area.

• The quality of environment that monitors the influence of tourism on natural environment, culture and society.

Qualitest is a manual for measuring qualitative outputs of a tourist destination by which four key elements of IQM are measured (tourists´ satisfaction, service providers´ satisfaction, the quality of local inhabitants´ life and the quality of environment). It is a periodical process with the objective to continue in increasing the quality. It is formed by a set of indicators that are used for evaluating the effects of quality management on the overall level of quality in a destination and thanks to comparing the level

of these indicators it is possible – in the process of benchmarking – to compare ways of meeting similar partials objectives in various destinations, to make use of good experience and to reveal weaknesses. Through conducting Qualitest a tourist destination gains figures for each indicator of quality management that take tourists, service providers, local inhabitants as well as environment into account. By keeping and comparing results of previous years a destination can follow positive or negative development of individual indicators.

Qualitest consists of 16 quality themes divided into two main groups: Quality of the destination and Quality of the tourist product. The first group provides information on the background quality of the destination – the essential aspects that play a key role in the function of tourism in a destination, and must be in order. The second group provides information on the quality of the tourist product itself, as seen through the eyes of the tourist, and is based on a breakdown of the activities taken during the lifecycle of a typical holiday. Each quality theme gives rise to a set of three indicators: Quality Perception Condition Indicators (QPCI), Quality Management Indicators (QMI) and Quality Performance Indicators (QPI). The indicators are interlinked, reflecting the integrated approach to quality management that is essential in tourist destinations.

Quality Perception Condition Indicators (QPCI) is considered to be entrance points of quality management. They reflect the level of satisfaction of visitors and local tourism services providers. They are gained by way of a survey and based on subject opinions of the questioned people. Good results of these indicators are the main objective of integrated quality management. If the results are not satisfactory in case of nay indicator (compared to previous years or similar destinations the management has to check relevant QMI and QPI and conduct actions necessary for improving them. Then the survey has to be repeated so that it is found out whether the previous QPCI results have improved.

Quality Management Indicators (QMI) are qualitative and are based on destination management self-evaluation. The level of destination management

is crucial for its successful development as one of the main activities of destination management is ensuring the communication between investors and managers of the destination, for example by force of local organizations of tourism.

Quality Performance Indicators (QPI) are quantitative and make an objective counterpart of QPCI. QPI is linked to QPCI and QMI again for each qualitative aspect. The number of complaints concerning public transportation in a destination per 100,000 passengers can be an example of QPI.

Neither contemporary Czech literature nor expert articles mention the practical usage of Qualitest as a tool for measuring the quality of a destination. The methodology for its usage is rather new and has been created on the basis of expert studies elaborated in urban, rural and seaside areas with the target to evaluate European, national and local levels of developing quality indicators in typical tourist destinations.

Preconditions of a destination for using Qualitest:

1. Geographical demarcation of a destination; for easier data processing it is suitable when destination borders agree with self-governing demarcation borders.

2. The existence of functioning tourism organization practising destination management including personal and financial preconditions for conducting Qualitest.

3. Conditions for conducting surveys of visitors´ and tourism services providers´ satisfaction with the aim to obtain data for QPCI.

4. Unified persuasion of subjects providing tourism services about benefits of their partnership in the interest of increasing the quality of a destination.

5. Cooperation with public sector for the purpose of obtaining data for QPI (police, municipal authorities, Trade Supervisory Office, Hygiene station, …).

Figure 1: Qualitest (A Manual for Evaluating the Quality Performance of Tourist Destinations and Services, 2003).
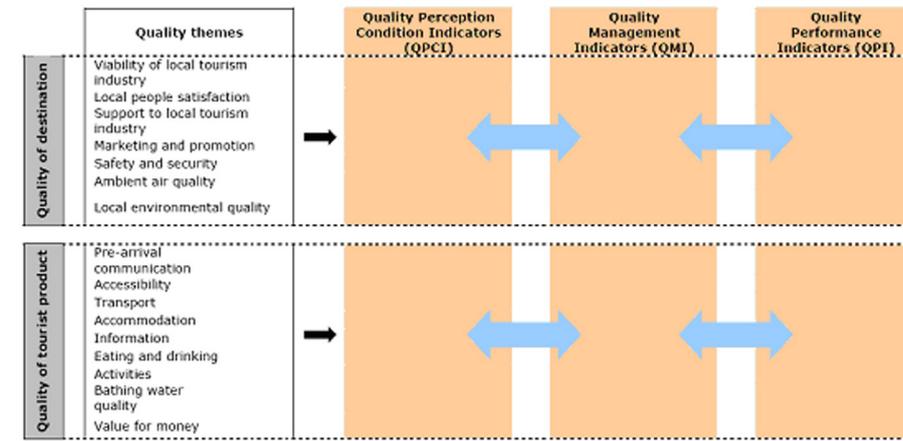
The complicatedness of conducting Qualitest requires skilled workers´ participation; they collect necessary data and conduct the survey of satisfaction of customers, employees, service providers and local inhabitants. It is necessary to create questionnaires, collect data and evaluate outcomes. This activity requires the background of a destination management organization and sufficient personnel and financial provision. It is needed to create a questionnaire for tourism service providers and for customers for the purpose of gaining data for individual indicators. Questions have to be formulated with reference to individual indexes in such a way that after having been evaluated they provide information on the state of indicators which they concern.

The following part analyses first three destination quality themes (Viability of local tourism industry, Support to local tourism industry, Marketing of destination) in detail and provides model questions for creating a questionnaire intended for tourism service providers. The questions are formulated on the basis of familiarity with the situation in the Czech Republic and they are adapted to potential responders. Some themes and indicators are evaluated with the help of customers´answers some with the help of service providers´ answers. The indicators of destination management QMI are based on a destination management self-evaluation. If the question "Is there an efficient link and communication in practice between the destination management and tourism industry in the destination? " is answered positively by the destination management, it is suitable to get

the feedback for objective reasons and conduct a qualitative survey among tourism service providers in the destination – to find out if they share the same opinion. So in some cases the QMI indicator has to be evaluated according to the combination of management's self-evaluation and the feedback obtained from service providers´ answers. When evaluating the indexes concerning the quality of a tourist product the value for money can be a rather complicated index. The opinion if visitors are more than satisfied with the value of money in the destination comes out of the fact how strong is the currency in which they generate their disposable income in relation to the currency which they pay with in the evaluated destination. The presumption is that European committee counts on establishing single currency of Euro in all European destinations. This has not been done yet so this index has to be evaluated with respect to the given fact. Also some QPCI values in case of some indexes can be disputable as for example ambient air quality can be quite an intangible value for responders.

Viability of local tourism industry

The term tourism industry is used to cover a multitude of different tourist services, which fuse to form the identity of tourism in the destination. It's vital that the destination management company monitors the economic viability of the tourism industry in the destination. This ensures that the tourist services are continuing to be competitive, and also ensures that the destination maintains its

fundamental identity. The indicators chosen are interconnected. All three need to be measured on an annual basis, and the results compared with those of previous years.

QPCI - The QPCI measures the satisfaction of the local tourism industry with the business climate in the destination. (Number of local tourism industry professionals in Tourism Industry Survey more than satisfied with business this season in comparison with business last season / Total number of local tourism industry professionals in Tourism Industry Survey) * 100

QMI – At this theme the QMI indicator gives an answer to the question: Is there an efficient link and communication in practice between the destination management and tourism industry in the destination? (yes/no). It monitors if there is any space in the destination for meeting local service providers with the destination management for the purpose of exchanging experience, solving problems and feedback.

QPI - The QPI indicates the year on year percentage rise and fall in the net number of tourist services in the destination. (Number of newly established tourist services – number of failed tourist services) / Total number of tourist services in destination) * 100

Model questions for creating the questionnaire:

• How satisfied were you with your activities in last season in comparison with the previous one? (excellent-good-satisfactory-poor-very poor)

• Is there any space in your destination for meetings with the destination management for the purpose of exchanging experience, solving problems and feedback? (yes/no)

Support to local tourism industry

Business support, in the form of advice centres, funding programmes, soft loans etc., is one means to assist tourism businesses in the destination to continue to develop and evolve. The indicators chosen reflect the need for business support and are interconnected. All three need to be measured on an annual basis, and the results compared with those of previous years.

QPCI - The QPCI measures the satisfaction of the local tourism industry with the business support opportunities offered in the destination. (Number of local tourism industry professionals in Tourism Industry Survey more than satisfied with business support opportunities in destination / Total number of local tourism industry Professional in Tourism Industry Survey) * 100

QMI - The QMI states whether business support, in the form of advice, workshops, training courses or financial support, is offered to tourist services in the destination in a comprehensive programme. An evaluation requirement should be built into the framework of any business support programme that is offered locally. A programme is in place to coordinate business support to tourist services and transport services in the destination and its success is regularly evaluated (yes/no).

QPI - The QPI reflects on how successful the local tourism industry is in applying for the business support on offer, and this relates directly to the QPCI. (Number of successful applications made in given year for business support / Total number of tourist services and transport services in destination) * 100

Model questions for creating the questionnaire:

• Were you satisfied with the possibilities of tourism development support in the destination? (excellent-good-satisfactory-poor-very poor)

• Are you aware of the existence of any programme for supporting tourism development in your destination? (workshops, trainings, supporting project filing, …) (yes/no)

• Did you have at least one successful project for supporting enterprise in tourism? (yes/no)

• Did you apply for any financial support of tourism business last year? (yes/no)

Marketing of destination

Marketing and promotion activities are intrinsic to tourism management. Various mechanisms are used to finance these activities in a destination. Tourist services often contribute funding to common marketing and promotional initiatives, and local authorities provide supplementary funding. It's important that the destination management

is accountable to the tourist services in terms of the marketing quality, and that there is sufficient transparency of the return on investment.

QPCI - The QPCI measures the satisfaction of the local tourism industry with the quality of the destination's marketing and promotional activities. (Number of local tourism industry professionals in Tourism Industry Survey more than satisfied with quality of marketing and promotion of destination / Total number of local tourism industry professionals in Tourism Industry Survey) * 100

QMI - The QMI determines whether the directions for tourism have been outlined and if the marketing that actually takes place is checked against these for non conformance. The destination has formally approved a tourism strategy, which contains clear directions on which to base marketing, and this is regularly checker (yes/no).

QPI - The QPI indicates how many overnight stays each Euro invested in marketing and promotional activities brings for the destination. The higher the ratio, the better. Total number of overnight stays in destination / Marketing costs (EUR).

Model question for creating the questionnaire:

- How satisfied were you with the overall marketing support of the destination? (excellent-good-satisfactory-poor-very poor)

In the process of evaluating QPCI indicator the data acquired from questionnaires intended for service providers in the destination are used in case of themes mentioned above – these are accommodation and boarding facilities, transportation services, sports activities, commercial tourist attractions. It is inevitable to identify service providers, to send the questionnaires to concrete company managers and to try to motivate them to fill them in. At least 50% recoverability of the questionnaires is necessary to be ensured.

Qualitest is very demanding from the point of the extent of its processing and the great amount of information that does not always have to be necessarily available for the destination management. Its full application would only be possible in selected destinations where there is already a developed functioning system of destination management, the destination has an

international importance and increasing the quality on the basis of comparison to other competing European destinations would be beneficial and crucial. Qualitest should ensure the comparability of European destinations within the frame of individual themes and indexes. However, in some destinations initial conditions are different and the values of some indicators have to be obtained by different means, which limits or even makes their comparability impossible. For comparison it is necessary to choose destinations with initial conditions that are as similar as possible. For applying integrated quality management in the destinations of the Czech republic as well as for realizing Qualitest as a tool of its measuring it is needed to create a methodology that is based on theoretical foundations mentioned above but at the same time it is less demanding as to its application and it is possible to be applied in our conditions. The basic precondition for applying integrated quality management is a functioning organization of destination management that cooperates with service providers in the destination and has financial as well as personal background for managing the destination quality. It might seem that evaluating the quality of a destination and its increasing is rather untimely in the contemporary state of destination management in the Czech Republic. Many destinations do not have any destination management organization and the development of tourism is not managed conceptually. If there is a destination agency, it mostly fights with the lack of financial means for its basic operation and the implementation of an extended research necessary for conducting Qualitest is not realistic for it. Nevertheless, the purpose is not to search for reasons that prevent the destination from increasing its quality. If the destination wants to be competitive on the market it can use the mentioned procedure at least as a guide and theoretical base which themes and indicators deserve monitoring. It is not necessary to conduct the whole Qualitest at first stage but its partial usage is undoubtly suitable for any destination.

The article introduces European approach to managing the quality of a tourist destination, defines necessary conditions of the destination for applying integrated quality management and provides partial suggestions on the basis of which it is possible to proceed when using the tool for evaluating destination quality Qualitest in some of the destinations in the Czech republic that are of international importance. The detailed analysis

of all themes and possibilities of real feasibility concerning evaluating by QPCI, QMI and QPI indexes in the conditions of the Czech Republic will be the subject of another research.

The results mentioned in the paper are a part of the research target, identif. code VZ: 6215648904

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THE QUALITY EVALUATION OF TEACHERS OF THE TOURISM ANDHOSPITALITY: A SELF- MARKETING APPROACH

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ABSTRACT

The sustainability development of the tourism and hospitality as priority branch of the economy of Uzbekistan links with the conditions of tourist educational system, its ability to train and maintain a competent graduate. A quality assurance on education consists of four elements: quality of teachers; quality of educational programme; quality of the material and technical basis; quality of graduates. Evaluation a quality of teacher is spared in article main attention. Since, they are a main of the production power and competency forming factor of the education.

For the study of the attribute of teachers as agent of educational service's market, we have used "self- marketing" concept in the evaluation their quality. "Self- marketing teacher" is based on three types of activity usually executed teachers in high school of Uzbekistan: a pedagogical; a research; enlightenment spiritual. We suggest that we should use the qualitative determinant of "Educational usefulness of the teacher" as an indicator of his educational perfection status. In the article the definition of the three types of teacher`s usefulness: pedagogical usefulness, research usefulness and tutorial usefulness of them are given. We recommend a qualitative method for valuating "Teacher's educational benefit" degree. According to the results of our calculations, we differentiated tourism and hospitality`s teachers of HEI into four quality grades: the teachers of higher category, the teachers of the first category, the teachers of the second category and the teachers of the third category of quality. Based upon this qualitative gradation, respective quality marks are recommended. These quality marks are the "Excellent teacher with gold book", "Good teacher with silver book", "Successful teacher with bronze book" breast medals awarded by rector of the university or ministry of the education.

Keywords: Quality of teachers, Self- marketing, Educational usefulness of the teacher, Teacher's educational benefit, "Gold, silver and bronze books"quality mark.

Introduction

In modern condition competitive advantage tourism and hospitality branch are reached at no charge to natural resource, but at the expense of the measure elaboration of human capital (knowledge's, practical skills, competence, intellectual faculties, information awareness, innovation), which emerge the base of the economic growing of the countries. The general opinion became at the last years that efficiency of the development of the economy modern state in enormous degree depends on that, how much facilities it puts in its own people. So, in Uzbekistan, on some estimation, share investment in human capital forms more than 25% gross internal product that exceeds "net" gross investments quotient capital in plants, equipment and storage premises.

Quality assurance of the tourism and hospitality educational process and university`s science requires the systemic assessment of the nature of reproduction process in sphere of the higher education. Self- marketing can serve as efficient instrument of such assessment.

Preparation of highly-skilled specialist in the field of tourism and hospitality with high education depends on the quality of the educational programs of HEI which in turn, mainly is related to the quality of teachers and academic methodic instruments.

Use of the TQM concept in the system of tourism and hospitality study in Uzbekistan lets us find innovative solutions of the evaluation of teacher's quality. In the article a "self- marketing" approach to teacher`s usefulness, based on calculation of "Teacher's educational benefit" grade of pedagogical, scientific and tutorial self- rating of a professor- teacher is shown. Such an approach allows, on one hand, to determine the level of educational potency of a teacher during conducting lessons, and, on the other hand – opens up the perspective to evaluate perfectness and quality of manual, tutorial, innovation&research developed by the teachers.

A self- marketing evaluation of the teacher's usefulness

The particularity of the higher tourism and hospitality study is concluded in organizations education basing as on leading pedagogical methods and information technology, so and on result of the research functioning the teacher and efficient integrations of the formation with tourist companies. So, teachers of HEI execute pedagogical, research and spiritual enlightenment work. At realization of the execution to their activity with positions self-marketing it is important is self-rating of the teacher`s educational usefulness degree. Educational usefulness of the teacher, in our opinion is understood measure of the profit, brought by him in process of its activity in high school when shaping a competence of graduate. Follows to distinguish three varieties to usefulness of the teacher (See chart 1).

Under self- marketing is understood systematic increasing of market value to more important product - themselves himself (herself). Main idea of self- marketing is concluded in self-evaluation its positions in society to account of the maximum mobilization to energy and initiatives, natural talents, gained knowledge and personal businesslike skills and active life position. The purpose of self- marketing in our case is a rendering help to conduct the marketing research of the own teacher of the tourism and hospitality for following

determination a grade of his educational perfection, which expressed in knowledge, skills, talent, professionalism and competence of pedagogue.

The qualitative determinant of the "Educational usefulness of the teacher" as an indicator of his educational usefulness status is reasonable defined by the below given "Teacher's educational benefit" multiplier:

TEB = PUR + SUR + TUR / 3;

Here: TEB is professor-teacher's educational benefits rate; PUR is professor-teacher's pedagogical usefulness rating; SUR is professor-teacher's scientific usefulness rating; TUR is professor-teacher's tutorial usefulness rating;

Determining the pedagogical usefulness of the lecturer (PUR)

The quality of pedagogical usefulness of HEI lecturers depends of the level and fullness of development academic-methodic materials of study courses, as well as skills of communicating lecturer's knowledge to students. Consequently, the quality of pedagogical activity of the lecturers is suggested to be calculated by the following formula by us:

PUR = PAL + MRC;

Here: PUR is professor-teacher's pedagogical usefulness rating; PAL is the pedagogic activity of the lecturer; MRC is the methodic rating of the course.

By the pedagogic activity of the lecturer we mean his ability to clearly and effectively present teaching materials in the auditorium and the effectiveness level of transmitting the knowledge to the students. This actively could be quantitatively evaluated by a number of criteria (See table 1). On the basis of the criteria indicated in table 1 on a 30-point scale it is possible to evaluate the pedagogic activity of the lecturer.

Chart 1.HEI teacher`s educational usefulness types
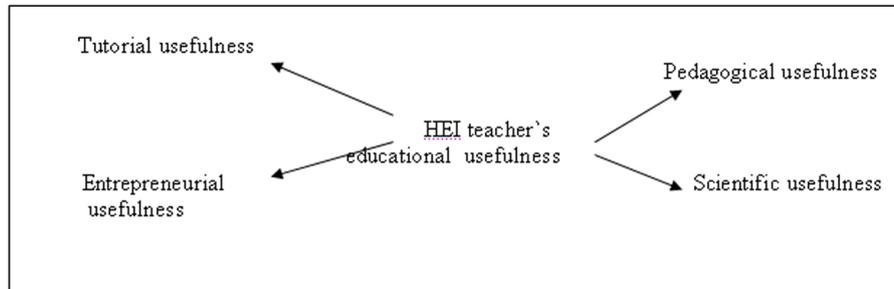
Table 1.Assessment criterion of pedagogic activity of the lecturer (PAL)

№	Evaluation criteria	Points
1	Quality of presentation of teaching materials (evaluated on the basis of mutual participation)	
	high	8-10
	average	4-7
	low	0-3
2	Students' success rate	
	86-100%	8-10
	71-85%	5-7
	56-70%	1-4
	up to 55%	0
3	Evaluation of pedagogic skills of the lecturer by students (based on the questioners "lecturers in the eyes of students")	
	excellent	8-10
	good	5-7
	fair	1-4
	poor	0

The procedure of calculating the MRC. The methodic rating of the course defines perfectness and quality of the academic methodic set of the academic course, developed by the lecturer of the corresponding subject. It's suggested to calculate the methodic rating of the course on the basis of expert scoring of its contents on a 70-point scale (See table 2).

If the lecturer instructs several courses, then for determining his pedagogical rating the arithmetic mean value of methodic rating of the course of courses instructed by him is taken. For instance, a lecturer instructs 2 courses. By expert scoring MRC of the course №1 is determined at the level of 50 points, and that of the course №2 – 60 points. Pedagogic activity of the teacher is evaluated as 25 points. Then, the pedagogical rating of the lecturer would be 80 (25+ (50+60)/2) points.

Quality of the lecturer is evaluated by mutual participation of lecturer`s classes by their colleagues, by holding open lectures, students level of reaching the learning objectives. Academic-methodological sets of disciplines are evaluated by colleagues, by chair's scientific council or commission.

Estimation the scientific usefulness of the teacher (SUR)

Many implementations have been made since our republic gained its independence. In this case, the "Law about knowledge" of the republic of Uzbekistan and "National program of training personnel" have been most important path and still are being used as main privilege in learning sphere. Main task of current learning sphere is to reinforce the quality of teaching, because the quality is considered as the main factor to ensure the future. We can count

below reminded factors as main factors impacting the quality of higher education:

- The quality of personnel;

- Readiness of students to the lessons;

- Internal structure and the educational conditions of the higher education institution (informational resource centers, existence of computer networks, usage of different learning experiences and etc.)

Scientific activity is the main requirement of preparing professionals and increasing their quality.

Considering it as main part of preparing candidates of science and PhD, scientific activity helps to increase their quantity as well as their qualities. The function of the higher educational institutions is not only giving gathered knowledge to students but also developing researches to gain new knowledge. The difference between higher educational institutions' teachers and other educational institutions' teachers is they remain doing scientific activities simultaneously with pedagogic, behavioral and entrepreneurial activities. To develop the scientific research activities of scientific – technical development directions of the republic of Uzbekistan will be chosen as the base. Main directions of scientific activities are:

- Theme of scientific researches of HEI;

- Theme of scientific researches of departments;

- Scientific themes of teachers, graduate students and researchers;

- Scientific themes of bachelor and master students.

Consumers of the results of researches are government, different businesses, students and society. Scientific activity types:

- Researches financed by governmental budget;

- Researches financed by international funds;

- Researches financed by state grants (based on contest).

The functions of management the scientific activity:

1. Planning (based on the theme confirmed by institution and the department together with personal plans of professors)

2. organizing scientific activity (define the working group, make plans and observe the execution)

3. Teachers' motivations (motivation methods);

4. Observe their activities and realize by evaluating.

Table 2.Assessment criterion of methodic rating of the course (MRS)

№	Evaluation criteria	Points
1.	Quality of the prototype and used educational programs	0-5
2.	Fullness and quality of lecture texts	0-10
3.	Volume and quality of handouts and exhibitive materials	0-5
4.	Novelty, actuality and presence of main and additional textbooks on the course	0-10
5.	Presence of problem compilations, case studies and other methodic instructions for conducting practical lessons	0-15
6.	Presence of quality rating problems and evaluation criteria of students on the course	0-5
7.	Publications by the lecturer of textbooks, study manuals other academic methodic materials on the subject involved	0-20

Table 3. Evaluation measures of teacher's scientific activeness (TSA)

	Evaluation measures	Scores
1.	Participation in Researches financed by governmental budget	6 – 8 (8 points for administration)
2.	Participation in Researches financed by state grants (based on contest)	4 – 6 (6 points for administration)
3.	Participation in Researches financed by contracts made with businesses	2 – 4 (4 points for administration)
4.	Defending thesis PhD Candidate	 5 2
5.	Participation in Researches financed by governmental budget (with themes confirmed by department)	3 – 5 (5 points for administration)
6.	Printing monograph - himself - coauthor (if there are 2 authors - with 3 or more authors	 10 8 6
7.	Participation in scientific conferences: - international - national - HEI	 6 4 2
8.	Getting patents and authorial certificates	3
9.	Printing articles - foreign printings - national printings - in local printings	 3 2 1

Nowadays, existing rating system and the time limits are not giving chances to fully evaluate teachers' activities. Some sides of teacher activities are being out of attention, and this is causing many debates and controversies. Based on existing experience, we want to give below proposals to evaluate teacher activities. To define the quality of teacher's scientific usefulness rating we suggest this formula:

SUR = TSA + TSMA + TSOA;

Here: SUR is professor-teacher's scientific usefulness rating;TSA is teacher's scientific activeness; TSMA is teacher's scientific – methodological activeness; TSOA is teacher's scientific organizational activeness.

Teacher's scientific activeness is his affective participation in practical researches and training pedagogic personnel. It is preferable to evaluate teacher's scientific rating in 100 point system.

50 points, in here, are given for scientific activeness, 30 points for scientific – methodological activity and 20 points for scientific – organizational activity (50 + 30 + 20).

Scientific potential (i.e. scientific and PhD) number of published articles, books and textbooks. Study programs and curricula are evaluated by the references of the experts and industry customers, by discussing them in the academic-scientific council etc.

Table 4.Evaluation measures of teacher's scientific – methodological activity (TSMA)

	Evaluation measures	Scores
1.	realize the results of researches to the educational process: - printing manuals - printing handbooks	 8 4
2.	realize the results of researches to the production: - make practical advices - realization statements	 3 1
3.	Printing practical handbooks	4

Table 5. Evaluation measures of teacher's scientific – organizational activity (TSOA)

	Evaluation measures	scores
1.	Participation in defending thesis: - as opponent in PhD thesis; - as opponent in candidate thesis; - as reviewer for the PhD thesis; - as reviewer for the candidate thesis	 5 3 3 1
2.	As the reviewer of manuals and handbooks	1
2.	Thesis supervising: - PhD; - candidate; - master.	 5 4 2
3.	Attract students to the scientific activities: - supervising the scientific study group - organizing contests - organizing student conferences	 1 1 1
5.	Supervising postgraduates and researchers	2
6.	Supervising student researches	1

Estimation of spiritual-educational usefulness of teacher (TUR)

Undertaking the education and education in organic unity is considered main task of the tutor of the high school. However, tutorship in high school has their own particularities and it in determined measure differs from educator. There was faithfully if in condition of the high school the name as spiritual leader. The quality of spiritual and educational activity of a teacher recommended by us to define in the following way:

TUR = TAT + GOT;

Here: TUR is professor-teacher's tutorial (spiritual educational) usefulness rating;

TAT – tutorial (spiritual educational) activity of a teacher; GOT – general outlook of a tutor.

Rating of spiritual educational activity of a teacher implies the total tutorial activity and general outlook of a teacher. Tutorial activity of a teacher characterizes his/her principal activity following in spiritual – educational sphere with his/her students .The work of a teacher as a tutor is possible to evaluate by a number of criteria (See table 6).

In general out look of a tutor it means his / her knowledge, works (articles, speech, scientific research concerned his tutorial work, poetic works-poems, stories and etc.) and skillful use of his/her knowledge in the capacity of a tutor. These qualities of a tutor (teacher) are evaluated with the following criteria (See table 7).

Table 6.Estimation criteria of tutorial usefulness of teacher (TAT)

T/p	Estimation criteria	score / point
1	Competence of quality of tutorial works and documents	
	High	8-10
	Medium	4-7
	Low	0-3
2	Progress and attendance of students at tutorial groups	
	86-100 %	8-10
	71-85 %	5-7
	56-70 %	1-4
	55 %	0
3	Full knowledge about his students (character, interests, communication, parents, living standards, plans and etc.)	
	High	8-10
	Medium	4-7
	Low	0-3
4	Estimating organized works of a tutor (excursion, hikes, going to the theatres, cinemas, tours to historical cities, different competitions and others)	
	High	8-10
	Medium	4-7
	Low	0-3
5	Visiting, conducting and participating in different measures (holidays, competitions, meetings, living in hostels and flats of students, their houses)	
	High	8-10
	Medium	4-7
	Low	0-3
6	Estimating the scientific research activity of students of the tutor	
	Excellent	8-10
	Good	5-7
	Satisfactory	2-4
	Bad	0
7	Training winners and victors from students in different Olympiads, contests, sport events.	
	International	8-10
	Republican	5-7
	Regional	3-4
	Among the youth	1-2

Table 7. Estimation criteria of the general outlook of the tutor (GOT)

№	Estimation criteria	Score
1	Estimation of knowledge (political-economical, historical-geographical, pedagogical-philological, etc.)	
	Excellent	8-10
	Good	5-7
	Satisfactory	2-4
	Unsatisfactory	0
2	Works published in press or TV interviews and giving broadcast talk on the sphere of spiritual educational activity. (articles, appearance on TV or giving speech on radio, scientific research concerning to tutorial work, poetic work such as poems, stories and etc.	
	High	8-10
	Medium	4-7
	Low	0-3
3	Estimation of students of tutorial skill of the tutor (by results of the questionnaire). The tutor from the students' point of view.	
	Excellent	8-10
	Good	5-7
	Satisfactory	2-4
	Unsatisfactory	0

Qualitative differentiation of HEI teachers

By the results scoring of the "Teacher's educational benefit" multiplier four lecturer's quality categories could be distinguished:

1. Highest category teacher – methodically perfect pedagogue, which possesses complete academic-methodic set of course, meets the requirements of the state educational standards. Excellent possession of pedagogic skills are considered to be HEI best lecturer, students' success rate is high, and his pedagogic rating is at 86-100 points. High scientific activeness, scientific – methodological activeness is high as well as strong. Researching abilities are excellent, is the best teacher in. Supervises students' scientific – researches and has many students who got first places in scientific olympiads, who won presidential and state grants, and whose articles are printed inside and outside of the country. His scientific activeness is evaluated as 86-100 points. On quality conducting the tutorial work and registration of the tutorial documentation, the perfect teacher is considered as the best teacher of high school. He/she has the full and correct information about his/her students. Attendance and progress of the students is high. Students are engaged with scientific research activity. Among the students there are winners and participants of the international sports competitions. The tutor periodically prints his articles in mass-media on problems of bringing up the youth, and morally educational articles and etc. And his tutorial rating makes 86-100 points.

2. First category teacher – methodically strong pedagogue, having complete academic-methodic materials of study courses, teaching style meets the requirements, students' success rate is good, and his pedagogic rating is at 71-85 points. Active professor – teacher in scientific research, his scientific – methodological activities are good and strong. Researching abilities are enormous, and is a good teacher in. Supervises students' scientific – researches and has many students who got second places in scientific olympiads, who won state grants, and whose articles are printed inside of the country. His/her scientific activeness is evaluated as 71-85 points. By the quality of conducting tutorial works and registering tutorial documentation, a strong pedagogic acquires enough full and proper information about his students. Attendance and progress of his students are good. Some students are engaged in scientific research work. Among the students, there are winners and participants in republican olympiads, contests and sports competitions. By times are published and edited articles on the problems

of bringing up the youth by his students. The tutorial rating consists of 71-85 points.

3. Second category teacher – a lecturer, having academic-methodic materials of study courses, but these materials do not completely meet the requirements of the state educational standards. Possesses average pedagogic skills, students' success rate is satisfactory his pedagogic rating is at 56-70 points. Medium scientific activeness, scientific – methodological activeness is medium as well. Researching abilities are medium, medium teacher in. Supervises students' scientific – researches. His/her scientific activeness is evaluated as 56-70 points. The quality of carrying on tutorial works and registering tutorial documentation, a satisfactory pedagogic acquires enough information about his students. Attendance and progress of his students are good. Among students there are winners and participants in regional olympiads, contests and sports competitions. Sometimes are published articles on the problem of bringing up the youth. His/her tutorial rating consists of 56-70 marks.

4. Third category teacher – the lecturer lacks some parts of academic-methodic materials of study of the courses, style of teaching does not meet students' requirements, students success rate is low, rating of this lecturer lies between 41 and 55 points. Low scientific activeness, scientific – methodological activeness is low as well. Researching abilities are low. Does not supervises students' scientific – researches. His scientific activeness is evaluated between 41 and 55 points. By the quality of tutorial works and registering the tutorial documentation a satisfactory pedagogic acquires information about his students. Attendance and progress of his students are satisfactory. Among the students there are winners and participants in olympiads, contests and sports competitions which are organized at the University (by the youth). His/her tutorial rating consists of 41-55 points.

The introduction of the system of qualitative differentiation of HEI teachers by the abovementioned four categories can serve as the basis for determining annual additional payments to their main salaries, identifying floor and ground wage levels, promotion and accomplishing moral stimuli. Categories mentioned also can be useful for increasing of professional skills of teachers.

Introduction of "the quality mark" for teachers

According to the results of an academic year, taking into account the pedagogic, scientific and spiritual-educational activities of the teacher and his "Teacher's educational benefit» grade, awarding the lecturer with the corresponding "quality mark" logo button (See table 8).

Introduction of "the quality mark" logo buttons for HEI teacher will stimulate the development of positive competition among them for receiving gold, silver or bronze books with corresponding scripts. Colleagues and students will have a visionary idea about the level of quality of lecturer according to his/her "quality mark".

The recommended quality levels and the quality mark buttons could be introduced in the evaluation activities of HEI in two stages. At the first stage, it would be appropriate to implement the given system within the HEI, when on the basis of an internal attestation of the educational programs, categories of lecturers are identified, the latter being issued with "the quality marks", preordered by the HEI. Further, this system could be spread in the sphere of HEI of the Republic. It would be possible to identify and determine the categories of lecturers according to the results of state attestation and accreditation of HEI and to issue lecturers with the "quality marks" buttons of the Ministry of Higher and Secondary Special Education.

Table 8.Qualitative levels and quality mark of HEI teachers

№	Teacher's rating	Qualitative categories of teachers	Quality mark for teachers	Characteristics of quality mark
1.	86-100 points	Highest	Excellent teacher	Script "Excellent teacher" in gold book
2.	71-85 points	First	Good teacher	"Good teacher" in silver book
3.	56-70 points	Second	Successful teacher	"Successful teacher" in bronze book
4.	41-55 points	Third	No mark	-

Conclusion

During years of reforms in educational system of Uzbekistan and realization of National Program on Preparations of Specialist many changes took place. But still there are some shortages exist in Uzbek educational system to be adequately compatible with world standards. Followings are main factors for that:

- There exists extremely centralized system of managing the HEI, thus they lack independence to solve many of their own issues.

- Active participation of students in process of quality assurance is not encouraged.

- The system of quality assurance does not exist for educational programs and there is similar problem with secondary educational programs.

- Organization and educational-methodical assurance of self-education of the students is in need of modernization.

According to TQM the operations of the institution is analyzed as dynamic process which should be managed with assistance of certain methods and tools. Management of quality process in threshold is the base on principal such as:

- Management process (i.e. all the processes should be managed)

- Customer orientation;

- Result and achievement orientation

- Involvement of staff in management system and their motivation

- Responsibility towards society

- Development of institutional cooperation

- Continuous training of staff and innovation process

- Confidence in management;

Organization of quality management in education should be base on self- marketing approach (i.e. should include self- evaluation all activities of teacher`s and influence the level of educational services). Collectively the culture of quality should be formed, that means there should be some progress done in direction of developing interest towards quality among management and staff members.

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THE ROLE OF TOURISM INDUSTRY IN SOCIAL AND ECONOMIC DEVELOPMENT OF REGION.

LEYLA CHORSHANBAEVA

Tourism influences tremendously the economy and development of the region contributing to influx of currency, improvement of infrastructure, creation of new work places and, besides this, the increase of the population's income.

In Uzbekistan, for the last years, scientific researches on re-comprehension of the phenomenon of tourism in modern society are being held; it is considered in the context of joint activity of many sectors. The vigorous development of tourism overtakes considerably the elaboration of appropriate scientific instruments, its economic analysis and strategic planning.

The given work is based on the approach considering tourism as a system having its own complicated structure and interacting with other sectoral systems. In the given context it is offered to consider tourism as a complex-forming branch based on integrated use of the whole economic, cultural and natural potential of the territory; forming activity of other branches; and tourism industry itself – as a narrow segment of activity on delivery of a solvent customer to the region and placement this customer at disposal of local economy's service.

The theoretical basis of the research is scientific-applied, methodological and analytical works of local and foreign scientists, materials of international forums and seminars conducted in the frame of international programs; standard legal documents and analytical materials of the government and administrations of the Republic of Uzbekistan, the city of Samarkand, NK Uzbektourism, researches of the Center for Economic Researches of the RUz, data of Goskomstat of the Republic of Uzbekistan and Samarkand.

Different methods were used for collecting and analyzing the information. Interviews in focus groups, questioning and analysis of literary sources were held. The chosen methodology of research is the total combination of the methods of complex analysis, processing and generalization of information, employment of statistic analysis methods, sociological investigation and profound interviews. . The focus-groups included the managers and workers of the tourism enterprises, restaurants, hotels and the tourists who visited our town.

Samarkand is almost situated in the centre of Uzbekistan, in the knot of automobile and air lines, that has great importance in its forming and development. The potential of Samarkand as one of the important components of the tourist potential of Uzbekistan is recognized both by native and foreign specialists. The kinds of tourism that have many conditions for development are very various. The presence of a great number of unique natural objects: lakes, mountain summits, rivers, forests, steppe and desert landscapes is the base for the ecological and adventure tourism. A rich cultural-historical inheritance, ancient traditions of craft and art can attract admirers of the cultural-cognitive, archaeological and ethnographical tourism.

In the research process of the tourist industry's role in social and economic development of the region it was found out that the Samarkand tourist industry's potential is used not completely nowadays:

- the existing capacity of hotels and other means of accommodation allows Samarkand to receive 200 – 250 thousand tourists per year already today without difficulty versus 101,7 thousand who visited Samarkand in 2008 according to official data of the Samarkand Regional Branch of NK Uzbektourizm,

- in accordance with the data of the survey with the managing staff of the Regional Branch of NK Uzbektourism, the average expenses of tourists in the city of Samarkand make about

150 – 200 US $ per day. So, the unreceived profit from visits is 15 million US $ per year.

Growing economic importance of a tourism activity increases the employers and the state's interest to it that leads to appearance of new tourism firms and new trends of the tourism. This process is result in increase of the level of population's employment and income.

The calculation of the attraction of working resources at the tourist activity's must be considered on 4 categories :

Direct employment- the people engaged in the tourist enterprises such as hotels, restaurants, shops for tourists and also tourist agencies. Direct employment in the sphere of tourism in Samarkand is 3824 persons, it is equal 1,5 % of the employed population.

Indirect employment – working places made in delivery sectors such as, for example, agriculture, transport, fishing industry, communication etc.

Generative employment – additional working places supported due to the expenses of incomes, that the workers of direct and indirect employment get – banks, insurance offices, policy, firemen and doctors.

Building employment – working places made in the time of the tourist infrastructure building.

Uzbek experts think that for one worker direct engaged in the tourist business comes 5 persons engaged in this sphere indirectly, 3 persons of the generative employment and 1 man engaged in sphere of building or 1:5:3:1.

So, if direct employment in the tourist industry in Samarkand is 3824 persons, then 1920 persons are engaged here indirectly, 11472 persons are engaged generative and 3824 persons are engaged in building.

It means that aggregative total employment in tourist industry of Samarkand is 38240 persons or 15,2% of the employed population.

As 101700 tourists visited Samarkand in 2008, and the above mentioned calculations showed that total employment in tourist industry of Samarkand is 38240 persons. So, that means that for 5 tourists come 13 people engaged in the sphere of tourism. According to WTO facts, for 1

tourist comes 9 workers of the tourist industry on overage, it comes that this index in Samarkand is 3 times lower than the world one. In other words, the tourist industry attracts 3 times less of the working resources who could get incomes participating in the tourist industry. It shows again that the tourist industry isn't developed in accordance to the world standards.

Besides that tourism has influence upon the economy of the country and the region both directly and indirectly . The direct influence means the money contribution by tourists in tourist enterprises, financial guaranteeing of the workers and creation of new working places. The indirect influence is due to the direct tourism influence that generates the rise of demand in branches and enterprises connected with them.

In this bond the question: "What is the structure of the tourist's expenses in Samarkand?" is also important. The tourists` questionnaire showed that they spend:

- 40% of all their expenses on living;

- 30% on shopping;

The interview with tourists showed that the size of their shopping could be more if the prices were available, the assortment were various and the style of Samarkand souvenirs were sensitive.

- Tourists spend 1 % of all their means on entertainment. It shows the lack of entertainment establishments in Samarkand, were tourists could spend their free time.

- Tourists spend 5 % of all their expenses on communication service. Such low expenses are because of the centers of communication (such as Internet, talks stations etc) which are not concentrated near the tourists` routes movement.

- Transport expenses of tourists are 1 % of their general expenses, as transport services are included in the tour cost.

- Excursions make up 10 %. The excursion program includes 6-7 main monuments of architecture. The rest are either in the unattractive aspect or outside the city. Through monument has its own legend and history, which can interest tourists.

Diagram. The structure of the tourists` expenses in Samarkand
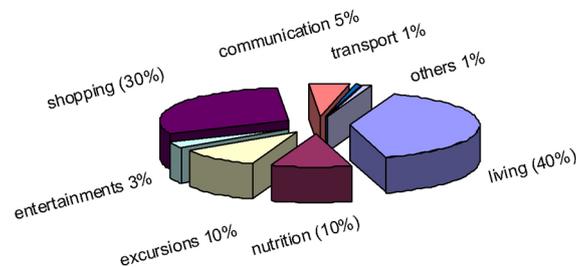
The money of tourists starts working on the economy of the region, when the tourist firm buys regional goods and services. The sellers of these goods and services after getting money from tourists pay off the salary to their workers, who spend it on buying goods, the payment of services etc.

The analysis of the tourists` demand in Samarkand for goods and services showed that 20 % of nutrition, 90 % of transport means, 60 % of goods of wide consumption and 10 % of souvenir production are supplied due to import. The leakage of money obviously doesn't stimulate the local economy properly.

Evaluating the conduction of tourist enterprises, connections with adjacent branches of Samarqand's economy, it is necessary to note that the potential of the local industry isn't used by tourist enterprises completely as imports are preferred to native goods because of not being competable and the monotony of goods of the local production. The reason is the absence lack of management and marketing strategy of production development, the moral and physical oldness of the main production funds of industrial enterprises of Samarkand.

If tourist enterprises used the enterprises` production of other branches of Samarkand completely, it would make additional working places and would tell positive on the social-economic development of the region.

So, the tourist industry of Samarkand has great potential for development and improvement of economic prosperity of the population. The successful function of the row of components both local and national importance are needed for tourism development: to direct the activity of tourist firms on exploitation of ecological,

religious, cultural, sport, extreme tours; to widen the assortment of given services and especially the services included in tours with the aim of the incomes` increase of tourist companies. The more services are given, the more tourists spend their means.

It was established that the combination of direct and indirect influence of the scheme of the tourists` expenses defines the influence upon the local economy in general. They also need to put in tourist funds in the local economy as many as possible buying national goods and services to get maximum economic income from the tourists` expenses. They need to apply maximum efforts the local economy to be able to produce these goods and services.

The researches showed that Samarkand and Uzbekistan are not mastered by the world tourist association on the whole in informational plan. In connection with this, the main aim of tourism development in Samarkand must be the forming of the modern marketing strategy of progress of the tourist product at the inside and international markets.

It is necessary to assist private tourist business in Uzbekistan. Only active development of private business and competition in the sphere of tourism can settle the problem of service quality increase and the attraction of foreign tourists. However, private business itself needs assistance of the state and first of all the removal of barriers for its activity.

Adoption of suggestions and recommendations elaborated in the process of research, in the author's opinion, will allow to develop the tourist industry of Samarkand, what will result in social and economic development of the city, i.e. not only economic rise will be provided, but social

infrastructure will be improved considerably too, the level of population's employment and income will increase.

TOURIST SATISFACTION WITH WORLD HERITAGE – THE CASE OF THE DOURO REGION-

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Abstract

This paper, addresses the issue of service quality in tourism sector. The goal of this study was to establish baseline data concerning a tourist profile and their evaluation of the stay at Douro Vinhateiro Region, a World Heritage in the North Portugal. The study attempts to investigate the relationship between the destination attributes and tourist´s satisfaction, identify the relationship between satisfaction and the intention to revisit the region, as well as the attributes predictor´s of the tourists' satisfaction using Ordinal Regression Analysis. The main goal of the study is contribute to the improvement of the tourism offer in the region and consequently of the country. In this sense an empirical study was conducted through a questionnaire using IPA analysis with some modifications, in the summer of 2003. The profile of the tourists can be described as middle age (51-60 years), with a higher education and a income higher than 2000€ per month. Results show that satisfaction as a strong relation with the intention to revisit the region, tourists who are satisfied return. The predictor´s attributes that contribute most to the overall satisfaction of tourists are the weather, accommodation and restaurant services, the regional cuisine and price.

Key Words: tourists satisfaction • IPA • performance • tourist's profile •Portugal

Introduction

In 2008, according to data from the World Tourism Organization, the arrivals of international tourists totaled 924 million worldwide, 16 million more than in the previous year. The corresponding growth of 2% in international tourism occurred mainly due to the remarkable results of the first six months, since the second part of the year witnessed the increasing instability of the financial and economic systems, leading to a slow-down in the activity of the tourism sector (INE, 2009). In Portugal, tourism, conversely to the last two years, when the tourism activity has achieved a high nominal growth rhythm, the year of 2008 was marked by a slowdown in the tourism activity as a result of the basic effect of the data of previous years on one hand and due to the present world economic situation, on the other.

Portugal is traditionally a country of destination for Europe's tourism market. Between 2000 and 2008, the tourism consumption grew nominal annual average of 4.5%, meaning the end of the period, over 5.2 billion euros compared with 2000 (Eurostat, 2008). To the same period, the value added generated by tourism increased in nominal terms, at an average annual 4.5%, corresponding to over 2.1 billion in 2008 compared to 2000.In 2006, employment in tourism represented 8.1% of total employment in the economy, more 0.1 pp than in 2005, standing at about 416 thousand individuals. Represents 8% of GD, increasing for 17% if considered leisure and restaurants services.

Since the quality of the destination present one of the major factors for growth, We pretend to this work to contribute to this growth. is to help with this work, for that growth.

The purposes of the study were characterize tourist profile, identify the relationship between cultural/heritage destination attributes and the overall satisfaction of tourists who visited a cultural/heritage destination, and analyze the differences in the level of overall satisfaction of tourists' with respect to quality price relationship, intention to re-visit the region and destiny to a friend or colleague and identified predictor´s attributes that contribute most to the overall tourists satisfaction.

In recent years the focus on the literature of customer satisfaction has been increasing, given the importance of this concept, which is seen as an antecedent to customer loyalty and even entrepreneurial success (Reicheld & Sasser, 1990). Thus, there are several studies on customer satisfaction in the tourism sector which used scales of multiple attributes (Yi, 1990). Those are more recent than on other sectors, however limited and inadequate (Moreno, S. et al., 2000).

Understand the tourists' satisfaction is extremely important for the tourism industry, mainly due to the potential effect on the future of the economy (Petrich, 2003). Satisfied tourists tend to share their positive experiences to others (word of mouth) and to buy the product repeatedly (Prebensen, 2004, Kozak & Rimmington, 2000; Kozak, 2003; Ross, 1993). This requires the evaluation of the level of tourist´s satisfaction, the destination in general and the business tourist destination in question.

Having evaluated the tourist satisfaction, which is a good prediction of its intention to buy again, it is necessary to develop an appropriate strategy for relations with tourists, especially today, where there appears to be a decline in customer loyalty with tourist destinations.

The increasing importance of service quality as a means of gaining competitive advantage has led to the development and application of various techniques in order to measure the perceived quality of service in the industry of services (Parasuraman, Berry & Zeithmal, 1985, Cronin & Taylor , 1992). Most of these quantitative studies have adopted the paradigm of the expectation-disconfirmation, which explores the relationship between customer expectations prior to purchase and their satisfaction (performance) after purchase.

They argued that if the performance of the product and service exceeds expectations leads to satisfaction, otherwise, if performance is below expectations leads to dissatisfaction (Oliver, 1996).

SERVQUAL developed by Parasuraman et al.(1985, 1988), based on the paradigm of the expectation-disconfirmation, remains a very popular instrument in measuring quality service, focused on the expectations. This model have been subject to many criticisms, especially with regard to the different dimensions, its psychometric properties and the nature of how expectations are formed (Babakus & Boller, 1992; Zeithaml, et al.,1993).

Thus, many researchers believe that other direct methods are needed, to measure the quality of service such as SERVPERF and IPA (Importance-Performance Analysis).

The SERVPERF, is based on analysis of service quality performance.This model, developed by Cronin & Taylor (1992) and based on SERVQUAL uses a range of items which seeks to measure, using a Likert-type scale, the performance of a particular service not the difference between expectations and performance. After some studies using this method, it was concluded that is better on explained the variance in total service quality than SERVQUAL. However, with the application of this method, we lose a lot of useful information.

The other direct method used to analyze customer satisfaction and in recent years has gained much popularity for its simplicity and diagnosis, to identify marketing strategies, and used in several areas such as tourism, leisure and recreation, education and health, is the method based on the importance-performance paradigm (Go & Zang, 1997; Guadagonolo, 1985, Joseph & Joseph, 1997, Ford et al., 1999).

This method, developed by Martilla and James (1977), seeks to identify the importance of consumers in respect of certain attributes. The importance is seen as a reflection of the relative value of different's attributes used. The attributes considered less important, are those that have a minor role in overall satisfaction and the most important attributes are the Keys in building customer satisfaction (Barsky,1995).

The goal is to identify which attributes or combinations, which influence consumers to buy again the product / service. The information

obtained should be used by managers to develop marketing strategies where improved performance has more influence on consumer satisfaction (Lovelock et al., 1998). It also has the advantage of identifying which attributes of services, must be maintained and those for which a significant improvement would have little impact.

Methodology

The sample population for this research was composed of tourists who visited the Douro Region in June and August, in 2003. The survey was conducted over a 2-week period at four different places that are frequently visited in the Douro Region. Distribution of questionnaires was carried out only during the daytime Respondents were approached and informed about the purpose of the survey in advance before they were given the questionnaire. Data were collected at four different places: Lamego, Vila Real, Sabrosa e Régua located in Douro Region. We used stratified proportional sampling random. A total sample size of 122 was completed. The study analyzed which cultural/heritage destination attributes were important in satisfying tourists who visited cultural/heritage destinations, and identified the relationship of satisfaction to tourists' characteristics

The questionnaire used in this study consisted of two sections. The first section explored destination attributes affecting tourists' expectations, perceptions, and satisfaction levels in relation to a cultural/heritage destination. Respondents were requested to give a score to each of the 25 attributes on the levels of expectations and satisfactions separately using a 7-point Likert-type scale. A final question in this section was asked about respondents' overall level of satisfaction with the Douro Region (1 = extremely dissatisfied, 7 = extremely satisfied).

A section of the questionnaire gathered the respondents' demographic and travel behavior characteristics.

After sorting out the invalid questionnaires, data were coded, computed, and analyzed using the Statistical Package for Social Sciences (SPSS). Statistical analyses such as frequencies, descriptive, factor analysis, correlation analysis, multiple regression and Analysis of Ordinal Regression (PLUM) were used according to the respective objectives of the study.

Factor analysis was conducted to create correlated variable composites from the original 36 attributes and to identify a smaller set of dimensions, or factors, that explain most of the variances between the attributes. The derived factor scores were then applied in subsequent regression analysis. The dependent variable (tourists satisfaction) was regressed against each of the factor scores of the independent variables derived from the factor analysis,

Findings

Out of 150 questionnaires, 122 were usable. Unusable questionnaires included missing sections either expectation or satisfaction in the survey instrument. Therefore, the data from 122 respondents were analyzed in this paper. As can be seen in Figure 1, from the 122 tourists inquires, 75% were Portuguese, 10% came from the United Kingdom, 9% were Germany's people and 7% Spanish.

Concerning demographic characteristics of the respondents we find that the gender distribution of the respondents was quite even, with 43,4% female respondents and 56,6% male respondents and 68% of those are married. The dominant age group of the respondents was 51 to 60 years (29 %), in terms of level of education, almost 59% of the respondents had a university education level. With regard to respondents' annual household income, the largest group included those with an annual household income of US €2,000 or above (54,1%). Most of the Portuguese respondents (40%) reported that they live in the south.

Analyzing the travel behavior characteristics of the respondents:

in the category of the number of previous visits to the Douro Region, 68% of the respondents did have previous experience with area.

With regard to the length of stay, 55,8% of the respondents stayed for 2 to 5 days.

With regard to membership in a group, most respondents (64,8%) traveled with a partner, friends, and family members, whereas 35,2% of respondents traveled alone or in an organized group.

Figure 1 – Inquire Tourist´s Nationality
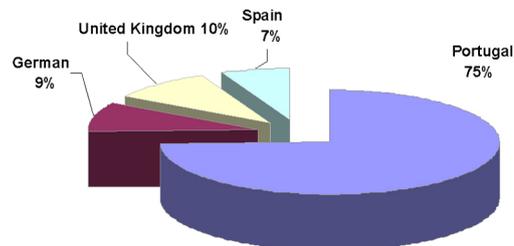
Lastly, in the category of travel information's sources , the largest group of respondents (51%) traveled to this Region because of mouth to mouth references.

Respondents were also questioned about their overall level of satisfaction with the Douro Region. From the research findings, 99,2% of the respondents indicated that they were satisfied, very satisfied, or extremely satisfied with the Douro Region, just one of the respondents were dissatisfied. This suggests that the Douro Region provides tourists with a satisfactory experience.

Concerning, relation price-quality of the destiny, weighing the costs and benefits of it, 89.4% of the respondents evaluated it as positive, and very positive.

Finally, in terms of loyalty, it is noted that the vast majority of tourists brings good memories of their visit to the Douro Region, more than 90% recommended the trip to a friend and return to visit this region.

In order to verify the relationship between overall satisfaction and destiny recommendation to a friend, relation price-quality and the desire to re-visit the region under study, we used descriptive statistics obtained the results presented in Figures 2, 3 and 4.

The results revealed a positive relation between the several satisfaction levels and trip recommendation (cf. figure 2).

The results in figure 3, show us that overall satisfied respondents evaluate the relation quality price as positive, very or extremely positive.

Concerning, overall satisfaction and re-visit the Douro Region, we found that whatever the degree of satisfaction, almost all the respondents had the intention to re-visit the region (cf. Figure 4).

In order to further understand the relationship between cultural/heritage destination attributes and identify the predictor´s attributes that contribute most to the overall tourists satisfaction, the study also used Ordinal Regression Analysis (PLUM).

The principal components factor method was used to generate the initial solution. To test the reliability and internal consistency of each of the attribute, the Cronbach's alpha (α). The results showed that the alpha coefficient is 0,9 for the 19 attributes. The results were considered more than reliable, since 0,50 is the minimum value for accepting the reliability test (Nunnally, 1967).

From a forced varimax-rotated factor matrix, five factors with 19 variables were defined by the original 36 variables that loaded most heavily on them (loading >0.4).

The eigenvalues suggested that a four- factor solution explained 67,77% of the overall variance before the rotation. The factors with eigenvalues greater than or equal to 1.0 and attributes with factor loadings greater than 0.4 were reported.

376

Figure 2 – Satisfaction vs Trip recommendation
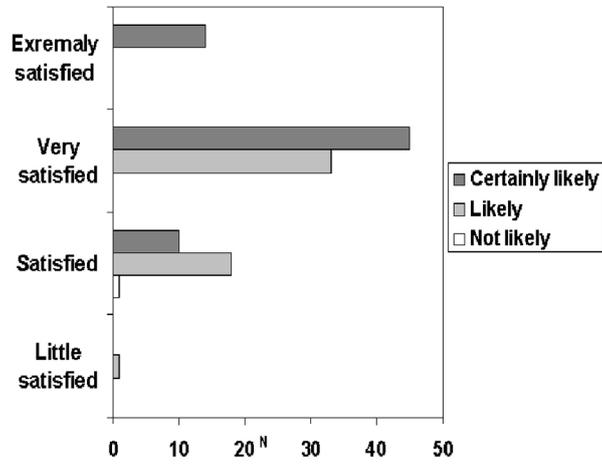
Figure 3 – Satisfaction vs Quality-Price Relation
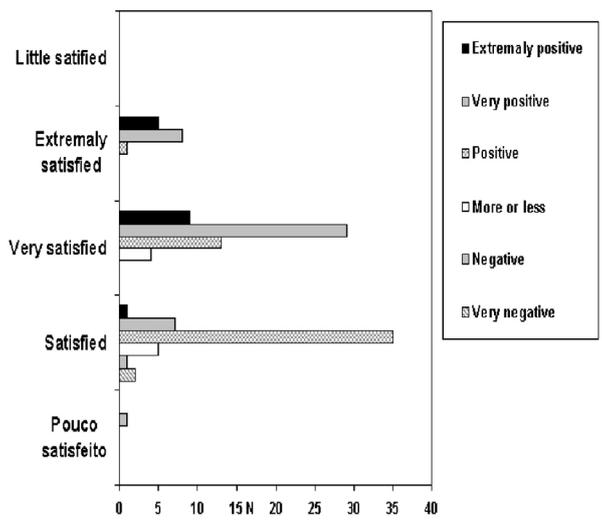
Figure 4 – Satisfaction vs Intention Re-visit
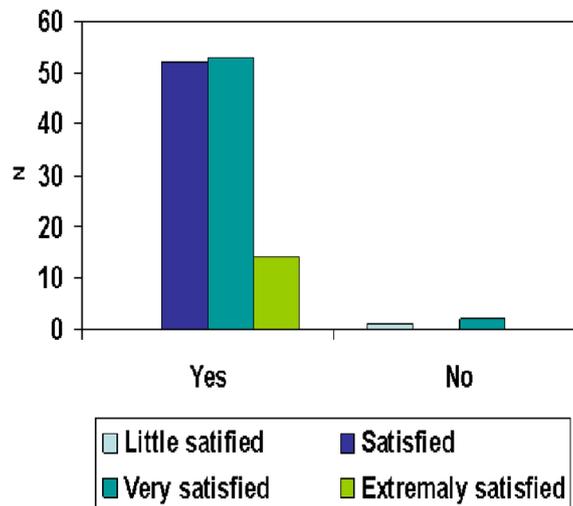
The overall significance of the correlation matrix was 0.000, with a Bartlett test of sphericity value of 829,82. The statistical probability and the test indicated that there was a significant correlation between the variables, and the use of factor analysis was appropriate. The Kaiser-Meyer-Olkin overall measure of sampling adequacy was 0,73, which was meritorious (Hair et al, 1995; Stevens, 1986).Table 1 illustrates the results of the factor analysis.

The five factors were: Environment, Accessibilities, hotel and restaurant services and climate, typicality and rest and professional service and safety.

The ordinal regression analysis (PLUM) was used, a procedure proposed by McCullagh (SPSS, 2004) in order to study the effect of predictor variables of different types of measurement in ordinal dependent variable.

After analysis of the dependent variable, overall satisfaction with the Douro Region, held the descriptive study of the independent variables in this case the factors extracted in principal components analysis

Table 2 illustrates the results to test the quality of the model:

- Adjustment of the model (likelihood ratio = 114.991; $\chi 2 = 25.453$, and p <0.001), which reveals that all five variables explains an adequate amount of variance in overall satisfaction.

- Measures of goodness of fit (Pearson $\chi 2 = 127.809$, p = 0.065; Deviance - $\chi 2 = 114.991$, and, p = 0.237), we can say that the model matches the data that we are studying.

- Statistics of R. The regression coefficients in the variable overall satisfaction are listed in Table 2. In the analysis of regression coefficients, we used the Wald test, which assumes a distribution of chi-square, which is regarded as the most appropriate procedure to study the contribution of each predictor to the model and its statistical significance.

378

Table 1 - Factor Analysis Results of the Perception of Attributes in the Douro Region (N=77)

Factor	Attributes	Factor loadings	Communa lities
1 - Environment	Water pollution	0,86	0,86
	Land pollution	0,84	0,79
	Air pollution	0,83	0,79
	Noise pollution	0,66	0,64
2 - Acessibilities	Road acessibilities	0,83	0,80
	Traffic	0,71	0,60
	Signposts	0,69	0,72
	Cultural offer	0,67	0,67
3 – Hotel/restaurant services and climate	Price	0,67	0,65
	Climate	0,64	0,50
	Restaurant industry	0,64	0,74
	Lodging	0,63	0,63
	Typical gastonomy	0,40	0,67
4 – Typicality and Rest	Landscape	0,77	0,62
	Relaxation	0,60	0,57
	Residents hospitality	0,58	0,61
	Region tipicity	0,42	0,55
5 – Profissional service and Safety	Safety	0,85	0,76
	Profissionals competence and simpaty	0,46	0,72

Table 2 - Regression coefficients in the variable overall satisfaction

Factor	Estimate	Wald	P
Envirnoment	0,04	0,15	0,698
Acessibilities	0,04	0,37	0,546
Hotel/restaurant services and climate	0,29	7,73	0,005
Typicity and rest	0,04	0,06	0,806
Profissional services and safety	0,15	0,80	0,371

The factor Hotel/Restaurant services and climate, it is the only variable that possesses predict value in the explanation of the global satisfaction with the Douro region (Wald =7,73; p=0,005).

The higher the classification in terms of attributes regarding hotel/restaurant services and Climate the higher the global satisfaction.

Conclusion

Respondents attribute different weights to the aspects of the services found in accordance with the importance and satisfaction for each of these aspects.

From the respondents that visited Douro Region, 68% of those are married. The dominant age group of the respondents was 51 to 60 years (29 %), in terms of level of education, almost 59% of the respondents had a university education level. With regard to respondents' annual household income, the largest group included those with an annual household income of US €2,000 or above (54,1%).

There is a positive relationship between satisfaction and recommendation of the trip to a friend, almost all the tourists rated the relation price-quality as positive

Concerning, overall satisfaction and re-visit the Douro Region, we found that whatever the degree of satisfaction, almost all the respondents re-visit the region.

The factor Hotel/Restaurant services and climate, it is the only variable that possesses predict value in the explanation of the global satisfaction with the Douro region.

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ESERVICES AND STRATEGY IN THE HOSPITALITY INDUSTRY: THE ALTIS HOTELS BUSINESS CASE IN PORTUGAL

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Introduction

A good corporate strategy means the capacity to create more value to our guests than our main competitors which should be, in the long term, translated into more profit to our shareholders.

Based on a job in progress for a PhD Thesis entitled "Growth Strategy of Hospitality Chains and The Innovation Technology, the Case of the Altis Hotels", the aim of this paper is to provide an overview of the process of reflection, idealization and evaluation of the main strategy of the Altis Hotels Chain, in a moment where the main goal is the solid expansion of the number of hotels of the Chain.

As we will show, this process was highly influenced by the urgent need to be ahead of main competitors both in terms of guest's satisfaction (by complementing the traditional hotel accommodation with other innovative services), as well as in terms of management increased capacity to manage a bigger Chain. Both topics were in the origin of the adoption of a new technology, supported by a new generation of ICT.

eServices and strategy in the hospitality industry

In the hospitality industry, besides accommodation, it is becoming more important to make our guests feel at home. And this is related directly with the capacity shown to provide them in their rooms or at the hotel premises, with the services that they usually use at home: TV and video services; telephone and Internet.

Until recently services like TV, video on demand, Unified Communication and the Internet, were provided on the basis of analogical technology and through rented infrastructures propriety of different hi-tech companies.

Besides very important problems regarding the capacity to change offered services and contracts with suppliers, the technologies used didn't provide adequate levels of interactivity of the type guest/hotel/technological enterprises. Hi-Tech supplier companies were mostly investing in the infrastructure to get the largest slice of profits from the services provided by the hotel and did not really care with guests' - final customers' – needs.

The business case of the Altis Hotels Chain – the past

At the Altis Hotels Chain, more precisely at the Altis, Altis Suites and Park Hotels, the Internet was provided to the guests with one Hi-Tech partnership. In this case, the guest bought vouchers at the hotel reception, or even online, through the home page of the hi-tech partner. There was no customized web page from the hotel to provide Internet access to the guest.

Meanwhile, if the General Manager of the Hotel decided to provide promotional vouchers, the hotel had to buy them from the partner, spending money with this type of promotion. This represented a clear competitive disadvantage for the hotel management.

Besides commercial decisions, there was also the problem with the hardware. The cable infrastructure, which provided Internet to the guest, was implemented in tvhv cable with signal amplifier/

reducer. After some years, this infrastructure was getting damaged by the use, and several rooms started to have poor levels of Internet connectivity. In spite of this situation, the selling of Internet connections has shown a rising tendency along the years.

Rooms had the same problem with the TV and video-on-demand service because the used infrastructure for this service was also loosing quality with time. Guests could not interact with the platform and could only watch movies at scheduled times without the possibility of pausing the film for a while.

Telephone infrastructure (also based in tvhv cables) also showed the same problems of the Internet, and guests were only able to use it to make/pickup calls, not having the possibility to use this service to send voice e-mails.

The business case of the Altis Hotels Chain – present and future

The Altis Hotels Chain's management team was much aware of the problems brought by both: the decrease in service levels, as well as the lack of interactivity (when using the Internet, video-on-demand and voice services) provided to the guests, brought by the use of the analogical platforms.

Considering that this was something critical regarding service level to their guests, when the management decided to project the new "Altis Belém Hotel & SPA" – directed to high wealth guests – it decided to adopt a new strategy for eServices.

This strategy was supported by the decision to invest in a single IP platform, through which guests should interact with the system in their mother language, to buy products and services from their rooms, as well as to watch movies anytime they want. Guests shall also use the platform to view how much money they have spent at the hotel, having direct access to their invoices.

The main differences between IP Services and Analogical Services presented in the Altis Hotels Chain can be observed in table A, below:

As it is known, it is not enough to define a strategy to obtain success. To succeed and prosper, it is crucial that a company shows the ability to permanently monitor the accomplishment of the strategic goals previously defined and, at the same time, to be able to correct the path.

On the other hand, the materialization of a strategy is done on a day-by-day basis, through the capacity to permanently innovate, to permanently overcome previous recorded levels of service, and to permanently offer to our customers the best and more innovative products and services. This implement the capacity to permanently obtain information about the level of services use, as well as the satisfaction provided to our guests.

At the Altis Hotels Chain, information is managed in a centralized way, which became possible through the implementation of a Virtual Private Network (VPN) that at the same time, allows personalized experiences to our guests.

The defined architecture of the Altis' VPN allows the multiple shares of information and knowledge from the operational decisions, as shown at figure 1.

It is our belief that this symbiosis between strategy and Management Information Services (MIS), as well as between strategy and Information and Communication Technologies (ICT), is valid in general, but it is particularly relevant in the permanently moving hospitality industry.

Following this experience, all the new hotels of Altis Hotels Chain (Altis Belém Hotel & SPA, Altis Avenida Hotel and Altis Prime Hotel) have implemented new eServices to provide a complimentary service to the traditional hotel accommodation.

New eServices are mainly IP Internet, IP Room Phone and IP Video On Demand. This "disruptive" strategy is supported by the main goal of providing personalized experiences to our guests.

These strategic movements have implied a new vision in the Altis Chain approach regarding guest's satisfaction. Guest's use of services became central to the management team, being analyzed from the moment a guest checks in until the moment he checks out.

We are now in a position to state that the biggest result originated from this strategic decision concerns the increase in the levels of interactivity between guests, the hotels and also the different relationship established between the hotels and their technology suppliers.

Table A – Characteristics of IP Services and Analogical Services at the Altis Hotels Chain

eServices IP/Analogical	IPVOD	VOD	Communication Manager	PBX
Mother Language	YES	NO	YES	NO
Personalized Contents	YES	NO	YES	NO
Voice email	-	-	YES	NO
Internet Acess	YES	NO	-	-
Movies 24X7	YES	NO	-	-
Pré Checkout	YES	NO	YES	NO
Weather Forecast	YES	NO	YES	NO
Airport Timetables	YES	NO	YES	NO
eNews	YES	NO	YES	NO
CityGuide	YES	NO	YES	NO

Figure 1 – Connected Altis Hotels through Internet VPN technology
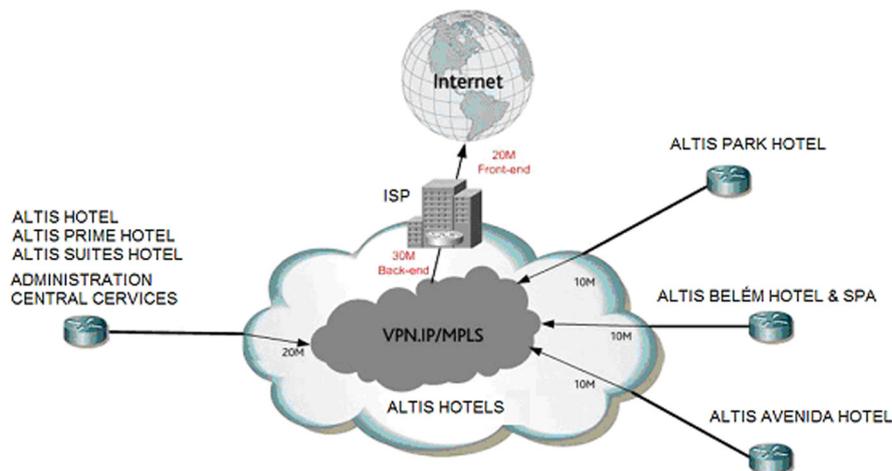
With the success of this new experience, in one year of Altis Belém Hotel & SPA, supported by a close day-by-day analysis provided by the adoption of a new type of MIS, the Altis Chain was able to extend this new strategy to the other Hotels of the Chain, making the replacement of the oldest analogical infrastructure by the IP one. The result: consolidation of the expansion strategy through more satisfied guests and, more profits to the shareholders of the Chain.

Conclusions

MIS are nowadays crucial to any company that wants to succeed. However, we should not forget that MIS should be conceived and putted to the service of a pre-defined strategy. If this does not happen, a company might well be overcome by the information that it is generated, without capacity to deal with it.

The Altis Hotels Chain adopted a new strategy of becoming a customer centered hotel, by providing to the guests high level services. The hotel chain decided to invest highly in the new eServices that should allow personalized experiences, a decision that was supported through the adoption of IP devices, such as TV, PC, PDA or telephone.

The new strategy implemented in the Altis Belém Hotel & SPA meets the new behaviors of its guests who wanted personalized experiences and was putted at the heart of its expansion strategy.

With this new strategy management believes that was able to create more value to the hotel guests than its main competitors and this, in the long run,

should be translated into more profit to the hotel shareholders.

Having proved successful, the newly adopted strategy of providing personalized experiences to the guests, is now being spread to all new hotels of the Chain, and in a near future, will be implemented in the existing hotels of the Altis Chain.

It is our believe that the example shown is a clear evidence that the theoretical approach that supports that the quality of services, if based on a clear strategy, and supported by adequate MIS, developed specifically for the situations where they will be applied, represents a true competitive advantage for any company that follows this way.

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LOCAL PRODUCTS AS A KEY FOR ECONOMIC DEVELOPMENT DRIVEN BY TOURISM: A CASE STUDY RESEARCH IN IRPINIA

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Abstract

Purpose - Literature on country of origin effect has mostly focused on the effect a country has on the consumers' perceived quality of local products. However, there are many cases in which product image might be considered much stronger than Country image, that being a potential resource that could be exploited for economic growth. Thus our research tries to shed light on the potential influence of local products on the economic development of a territorial area. Finally our study shows that local products perceived as being of high quality, have a great impact on country image for tourism or business opportunities, above all when scarce information on the product area is available to consumers.

Design/methodology/approach - The conceptual framework above presented was tested in Irpinia, a little area in Southern Italy, well known for its local production of typical food and wines. Our research goals were to discover and analyze those factors that may influence country perception related to the consumption of local products. On this basis, our unit of analysis was composed by people hosted by tourist facilities (hotel, restaurants, etc,) located in Irpinia. Research method is mainly quantitative: data collection was performed by mean of a semi-structured questionnaire; interviewees were selected through not probability sampling procedure, whereas data analysis, performed through SPSS software, involved multivariate techniques.

Findings - By giving reasons why tourists chose Irpinia (area or products), the research shows that there could be a dyadic association between country of origin and product image.

Practical implications - The paper provides, through a literature review and an empirical study, an innovative marketing and communication tool regarding both product/brand tactics and the improvement of tourism and territorial business opportunities.

Originality/value - While most literature focuses on the effects of country of origin effect over perceived product quality, the study proposes to use local products as marketing and communication tools to promote the area. The paper also highlights the dyadic relationship between product/brand and country of origin. These considerations allow the paper, with an adaptation of the initial framework, to provide academic and practical suggestions in operative marketing and communication regarding product/brand and territorial touristic development.

Keywords: country of origin, touristic and territorial marketing and communication, product/brand and consumer behaviour

Literature review

Research regarding the purchase value of the brand and its importance as a vehicle of information about the company, has developed in the past

few years following a multidimensional approach, which takes into account symbolic, emotional and cognitive factors.

In an increasingly networked economy, understanding the consumer behaviour effects of linking a brand to other entities such as another person, place, thing, or brand is crucial.

Therefore, a lot of researchers and practitioners, in the last decades, have been working to analyze the leveraging process to understand 1) what in fact consumers know about a brand and 2) how this knowledge might be affected by linking the brand to other entities.

According to these studies, marketers often link or associate their brands with other entities, like the place/country of origin (COO), as a way to build or leverage knowledge that might otherwise be difficult to achieve through product marketing programs.

To this end Keller (2003) argued that linking the brand to some other person, place, thing, or brand affects knowledge, either by creating new one or by affecting existing brand knowledge. In other words, the basic questions with leveraging knowledge regarding some entity seems to be: what do consumer know about the other entity? does any of this knowledge affect what they think about a brand when it becomes linked to or associated in some fashion with this other entity?

Many researchers have conducted explanatory studies into COO phenomena, in particular focusing on high-value, tangible goods such as automobiles, in a variety of cultural settings (Johansson, Douglas & Nonaka, 1985; Han, 1990; Knight & Calantone 2000). Gurhan-Canli and Maheswaran (2000) show how different cultural settings can be identified as the foremost reason in changing the consumer's perception of products. The explanatory study over two cultural settings, USA and Japan, explores differences in the perception of superiority regarding domestic goods.

The study allowed participants to evaluate a certain high cost product (mountain bikes) as an example of high valued, tangible goods. The findings show that respondents evaluated domestic products more favourably only when they were superior to the competition, showing that COO cues have a positive effect. Yet, their findings also indicated that COO decreases when competition products

from another country hold a notable positive image. Consumers relate to a positive image, and COO is used as an identifying tool associated with positive or negative images from countries where they have already had some experiences.

The COO of a product, then, is an important determinant of the consumer's bias against it (Baughn and Yaprak, 1993; Verlegh and Steenkamp, 1999); thus the consumer's attitude towards a product varies according to the specific origin of the product itself (Peterson and Jolibert, 1995).

Therefore, a lot of studies have shown that consumers use COO information to evaluate products and that COO affects evaluation by signalling product quality or acting as a risk mitigant (Bilkey and Nes, 1982; Han and Terpstra, 1988; Hong and Wyer, 1989; Johansson, Douglas and Nonaka, 1985; Cordell, 1992; Maheswaran, 1994). A number of studies also focus on the effect of COO stereotypes in promotional strategy. For example, Roth and Romeo (1992) found that the willingness to buy a product from a particular country is higher when the country image is also an important feature within the product category.

The COO, then, is an extrinsic cue (Thorelli et al., 1989) and it is known to influence consumers' perceptions and to lead consumers to cognitive elaboration (Hong and Wyer, 1989). Therefore, the COO of a product is used like a tool to affect consumers' perception, making it a useful cue on which consumers could base their assessments of product quality: "buy a product made in a particular country" (Aaker, 1991; Keller, 1993).

According to these considerations, consumers who have a positive (negative) perception about a particular product category made in a certain country, will show favorable (unfavorable) responses to the buying proposal conveyed by marketing and communication activities.

The COO effect is therefore the image of the quality of a certain product, made by a company which is possible to associate with the country of origin.

That image can be based on experiences the consumer had either with the product, or with information about the product gathered, for instance, through word of mouth or from press articles (Heslop and Papadopoulos, 1993).

Many studies have shown that consumers use the product-country image as a cognitive shortcut when they are supposed to evaluate products on which they have little information, when knowledge of the product is low or when they are hardly motivated to gather some information at all (Verlegh and Steenkamp, 1999).

Therefore, Roth and Romeo (1992) examined COO effect in terms of the fit (match or mismatch) between country image and product category image. They show that a positive product-country match exists when a country is perceived as being very strong in an area that also represents an important feature for a certain product category.

Within this situation Han (1989) postulated that consumers use a country's image as they are unable to detect true quality of the product during a purchase evaluation due to little previous experience or information available about the product itself. Furthermore, Han (1989) also argued that country image may be conceptualised as consumer halo. Therefore, Han designed some models to address the role of COO information in consumer choice behaviour known as the summary construct model and the halo model. Han (1989) hypothesised that consumers considered not purchasing a brand which they are unfamiliar with because they simply have unfavourable perceptions regarding the quality of the brand. Through the halo effect, COI (country of image) becomes vital for companies as it provides a high level of information such as price and quality. Most importantly COO results in consumers re-assessing their perception according to this information.

Furthermore, Han (1989) argued that once consumers become more familiar with products, they develop more confidence in the buying process. This notion substitutes the halo effect with the summary construct model. In this case, country image becomes vital as consumers base product evaluations mostly on the perceived benefits of the product. The perception of domestic products is more favourable than that of products made in a foreign country, due to the level of previous experience consumers have already had with the product. Thus it can be said that, both in high and low experience states, COO cues are vital in assessing the perceived value of products.

Keller (2003) says that theories about source credibility can be employed to better understand the country-of-origin or the product-of-country effects.

Many researchers and practitioners are studying the consumer's purchasing behaviour. They consider the socio-cultural symbolism as paramount. It focuses on symbolic meanings and cultural similarities, and is a key factor in distinguishing products and supporting the consumer's psycho-sociological processes of self-definition and social identification.

Recent studies have considered the consumer's ethnocentrism as a useful reference target marker (cultural similarity).

Therefore, consumers' ethnocentrism also impacts on perceptions of COI, ultimately influencing consumers' attitudes. Marketers need to consider consumers' ethnocentrism to effectively use COI, enhancing prospects of a favourable decision. The notion of ethnocentrism can help in predicting how COO information is used by consumers during product evaluations (Philip & Brown, 2003). Attitudes based on country image are regarded as consumer ethnocentrism, resulting in a bias towards the domestic country where consumers reside. Consumers rate their own country highly over developing countries, which is a vital consideration for marketers when consumers have no experience with a product. Hamin (2006) integrated this theory by expressing that COO and consumer ethnocentrism are closely related, in that providing highly ethnocentric consumers with COO information would serve as a proxy for brand recognition. His study shows that brand recognition and country of design (COD) are more successful in positively contributing to perceived qualities than price and country of assembly (COA). Hamin's (2006) study explicitly demonstrates that brand perception is a key factor during product evaluations. The study finds that consumers would assess domestic products favourably if they include ethical considerations in the purchase evaluation. This notion relates to a previous research conducted by Han & Terpstra (1988) which shows that while multiple cues may be used by consumers, in a low experience state consumers are more likely to use COO cues than other extrinsic information.

Many researchers conclude that consumers' cognitive processes are largely dependant on the perceived qualities and value of COO goods (Bilkey & Nes, 1982; Erickson, Johansson & Chao, 1984;

Parameswaran & Pisharodi, 1994; Haubl, 1996; Lampert & Jaffe, 1998). The perception is gained through previous product experiences together with other extrinsic cues available to consumers. The richer the experience a consumer holds with the product, the more favourable the cognitive process becomes. For example, a consumer may examine a product he/she is unfamiliar with. COO information is then used to assess the perceived quality of the product.

Knight & Calantone (2000) extended the theory of cognitive processing and COO relationships by building on research conducted by Han (1989) using the halo and summary construct model over two different cultural settings. The study tries to find out whether COI actually impacts upon consumer purchasing behaviour. This study was conducted in an international environment, yet the authors conclude that theory and practice of variables between COI and purchase behaviour appear likely to succeed all over the world. Their study finds that COI cognitive processing is considerably more complex than originally considered, particularly in the context of high and low experience states. Furthermore, their study describes the development and testing of a single unifying model capable of describing cognitive processing of the COI construct in a variety of purchase situations and cultural settings.

While Han's (1989) study presents COI and beliefs as operating independently on product attitudes, depending on the consumer's experience state, Knight & Calantone's (2000) findings suggest that both COI and beliefs simultaneously influence attitudes, under both low and high experience conditions. This is yet to be proven with low-value products, thus both the halo and the summary construct theoretical models are required to assess the cognitive process.

The Product Of Origin like an attractiveness variable of the Country

The halo and summary construct models developed by Han and other researchers demonstrate how different attitudes and beliefs of consumers affect the overall product evaluation. This notion is fundamentally dependant on the amount of experience which consumers hold with a particular product.

Firstly, the halo effect is the country image used to evaluate products that consumers have no previous experience with. COO cues concerning product origin and "made in" labels are vital to ensure that consumers understand the origin of the product. Han's halo model was developed assuming that COO serves as a recognition tool during product evaluations (Han, 1989) as when purchasing, consumers are unable to detect quality, particularly with unknown products. Consumers may turn to COO information to infer the quality of a product, therefore allowing a purchase decision based on the perception of quality related to the chosen country (Huber & McCann, 1982).

As consumers are able to relate a positive experience with other similar products originating from a certain country, they are then able to transfer this perception to the new product and also to the country. This notion is revealed by Maheswaran (1994) and Chao (1993), who demonstrate that after the product has been purchased, future perceptions become favourable towards that particular country and its products. COO cues may then be viewed as a brand recognition tool for consumers to infer perception of quality and value both for country and products originating from that particular country.

The use of multiple cues allows consumers' beliefs regarding value to change according to the other extrinsic cues offered. In contrast, if COO information is not offered to consumers they are more likely to make an unfavourable decision. If the COO information cannot be processed by consumers, therefore restricting perceived benefits of the domestic country's image, this will result in an unfavourable decision towards a little known product. Furthermore, inconsistently providing COO cues reduces domestic farmers' abilities to advertise their products as being on the same level as foreign items.

In the present research the country "Irpinia" is a very important asset for a product but, as we are about to show, it is still not being perceived as such by consumers. If the country image is developed through focused marketing and communication activities, it will increase the consumers' country perception so to have a double effect: product prototypicality, a higher country perception and hence increased interest of individuals (tourists, businessmen etc) towards the country.

With relation to the country's perception, in our case, the product of origin effect (POO) could evoke the degree of the country's economic competitiveness and/or the country's ability to manufacture products that require a certain level of skill and technology (Verlegh and Steenkamp, 1999). Specifically, competitiveness is about two categories of factors that are related with such capability, namely:

1. the sophistication with which a country competes (territorial uniqueness, raw materials etc);

2. the quality of the country's business environment (physical infrastructures, human resources etc).

These factors are informational cues that affect consumers' perception and mental representations of a COO (Lin and Sternquist, 1994).

Hence, the perception of capabilities could soften the negative predisposition of individuals towards little known countries.

The findings could be of interest to decision makers (territorial managers) in their formulation of marketing and communication strategies, by offering a better understanding of how the territory is likely to be perceived in relation to the product and other anthropological and structural variables. In addition, managers should gain insights on how to use (or not to use) their products' COO as a communication tool to compete with other countries.

Therefore, the product-of-country could create an attractiveness effect for the relevant country both for companies that could choose the country as a suitable place to invest in and for individuals/visitors who are looking for some experiences to live in thesse country of origin of the product. The companies' attractiveness is affected by the existence of intangible (human resources, know-how etc) and tangible (natural raw materials and other resources that could allow to reach a competitive advantage) assets.

These elements, with the product-of-country, could be the focus on which the local government could create attractiveness through territorial marketing and communication policies.

Therefore natural elements and the product-of-country represent the main levers of the country reputation that should be communicated to potential investors. For these reasons it is increasingly important to share these strategic levers in a holistic way and to communicate them via a territorial brand that could be also evoked by the product-of-country.

Irpinia and its resources

It's so difficult and not exhaustive at all introducing Irpinia to people who doesn't know the multiform charm of its territory. It can be useful to start from all those definitions made by illustrious writers, men of culture or simply by travelers enchanted by its beauties.

Irpinia is considered " Terra di mezzo", "Land in the middle": in fact this province is located in the middle of regione Campania and it's the heart of a very interesting area of southern Italy, between Puglia and Basilicata.

This peculiar geographical position makes Irpinia a fundamental land of passage and exchanges among those populations who live on the Tyrrhenian and Adriatic coasts. So it becomes a mysterious and fascinating place of "contaminations".

Irpinia is "a land with a millennial history" too: still today the long and important past of the regione Campania, inhabited since the prehistoric age, is testified by an enviable artistic, archaeological and historical patrimony characterized by the presence of four archaeological park and by a system of castles, mysterious small fortress and sumptuous historical dwellings.

Irpinia, considered "The Umbria of southern Italy", by Di Giacomo, Marotta and Gatto, is a land of important religious architectures too; not only very frequented shrines (like those of Montervergine and of Saint Gerard in Materdomini) but ancient abbeys and famous churches too – we can remember for example the Abbey of Goleto and that of Loreto – and numerous very little monasteries, important steps of possible and evocative "itineraries of the spirit".

Irpinia is above all "the green Irpinia": in fact It is located on the Appennino Campano and it is characterized by deep valleys, rolling hills and mighty mountains and by rivers and streams such as the Ofanto and the Calore, old ways of communications.

So crossing this territory is a continuous discovery of itineraries through landscapes still uncontamined, wonderful panoramas, polychromes of cultivated areas, geometries of vineyards and noccioleti (land cultivated with hazelnuts), huge spots of green woods and forests.

The most important attractions for natural tourism are: The Mount Laceno (with its lake) for skiing, the Mount Terminio, the Partenio, the Picentini Mountains which can be visited on foot, on horses or on mountain bikes to better understand the charm of one of the most beautiful natural realities of our country, breathing fresh and sane air.

In the 3000 km of the province, there are very important centers and above all little and typical villages, some of them among "the most beautiful villages of Italy", such as Calitri, which can be an important exampleto consider . Around the two most important architectural emergencies of the Castle and of the Church of Saint Canio's Mother, there is the fusiform, spindle-shaped plant of the historical center, with some terraced houses and mansions or houses with small arcades on columns and interesting stone portals.

Irpinia, this rich land of old traditions, finds its "typicality" above all in the gastronomy, in the crafts and in its folklore.

Farming, still intensely practiced, produces numerous and typical products such as wine. In fact Irpinia is the only province of southern Italy which produces three DOCG wines: the Taurasi, the Fiano and the Greco di Tufo; we can't forget the rich cheese production with the typical "pecorino Carmasciano", "caciocavallo Podolico", "treccia", the "scamorza" and the "Cacioricotta";or the production and the processing of chestnuts, hazelnuts, cherries, apples, walnuts and truffle. You can taste the Irpinia's gastronomy not only in the numerous restaurants and trattorias on the territory but through all the "Sagre", popular feasts, all year long and above all along the recently exploited "vie" (itineraries) of wine, cheese and honey, where it is possible to buy directly from the producers or in the farmhouses.

The ancient tradition in Irpinia, is still witnessed and we can see it from the vivid crafts production: in particular we remember the art of " pizzi e merletti" (ends and laces) and that of the precious "ricamo a tombolo" (tombolo embroidery) in Montefusco or Santa Paolina, the ceramics of Ariano Irpino and Calitri, the iron processing in sant'Andrea di Conza, of stone in Fontanarosa, the carving in Bagnoli Irpino and Montella, the tanning and the manufacture of leather in Solofra.

In the end we can't forget the religious and secular feasts, the historical re-enactments all year long, such as the famous Carnival, a bit different in each village, which involves everybody with its vitality and its masked parades, allegorical wagons and particular folk dances such as the tarantella.

So, reasons for visiting Irpinia are different and convincing…

Visiting this land is a real pleasure: it's a slow travel which enters in your heart and in your mind because its beauty is something that comes out slowly and by distance.

It's the ideal place for romantic people who intends to live an experience of real contact with nature or intends to walk through the alleys of its historical centers, stopping in the squares with trees, breathing fresh air and having the impression to go back in time, into a simpler dimension.

The new strategy of governance of the Ente Provinciale del Turismo in Avellino

So Irpinia can easily become a strong attractor for tourists because of all kind of resources useful to develop a tourism of quality (cultural, artistic, archaeological, environmental…). Nevertheless the quantity and above all the quality of this kind of offer is not so understood and known. In fact everybody knows the delay of the touristic development of this province: statistics about hotel accomodations in the last year and about the average stay of tourists on our territory show us the presence of a "professional tourism" related to people who has to work far from home and a tourism related to excursions (with an average stay on the territory equal to half of what occurs at a regional level).

Among the principal causes of this negative situation in Irpinia there's the incapability to govern tourism development processes. In fact organizing events to attract people results not very effective and what is spent results being not well invested. Yet we have an excellent tool for regional planning which exactly shows all the development trends to follow and which is very coherent with

the European Planning. The problem is that this regional planning and the financings often are not so well used.

The real change can occur only if we succeed in making our touristic product more appealing, finding the right marketing solutions.

The development of tourism in Irpinia, so, can occur only through the creation of a "Sistema Turistico Locale", a local touristic system, which is the integrated offer and a more effective management of resources on the territory with a new organizing model of governance, concentrated on the concept of cooperation among the principal tourism beneficiaries such as institutional organizations, agencies, professionals and the local community too.

The Ente Provinciale per il Turismo in Avellino is trying to define an govern the goals and the tourism development processes in a proper way by a logic of institutional, economic and social partnership which involves all the actors on the tourism scene, both public and private. This integration among the different components of the system seems to be necessary not only for the management but even for project processing.

The strategic choices and the management decisions made by the Ente, in addition, are always coherent with the demands of the entrepreneurs: It's the reason why advisory technical tables have been realized with the principal industry associations (innkeepers, farmhouses, Fiavet, cookers, sommeliers, caterers, slowfood) to cooperate for the development of the tourism economy.

All around the province, the Ente Provinciale per il Turismo intends creating "diffused hotels" or improve the presence of farmhouses and B & B, stimulating the quality of accommodations. In addition, It would support all the projects of villages restructuring, in particular paying attention to the "bioecolocical quality", which is a fundamental concept for our development because It satisfies who wants to live the "territoriality".

The Ente Provinciale per il Turismo, moreover, is convinced that tourism in Irpinia has to be related to the agro food sector because it preserves and guarantees the quality of our natural environment and promotes the typicality of our gourmet products. In addition it will be useful creating a cooperation

with the institutional organizations whose work in agriculture exploitation and development is very laudable.

Common projects, financed by the Region, the Govern or by the European Community will be realized to improve our economy. Important tools of reference are the PIRAP, representing the beginning of a new situation, will value and revitalize the culture, the tourism and the total territory.

Only after having created and determined the strategic goals for the local tourism economy and the "local touristic system", the trend "Irpinia", seen as a strong and important product of quality would be realized.

Everybody's wish is to decrease the "touristic napolicentrismo" (tourism based on Naple because it is the best known city in the Region) too : Irpinia can become a new touristic destination because its touristic product is very peculiar and it can satisfy all kind of a travellers' needs and wishes such as quality and tipicality. By this way entrepreneurs would invest on this product improving the local economy too.

Research design

The conceptual framework presented in the previous pages was tested empirically with an exploratory research in Irpinia, a little area in Southern Italy, well known for its local production of typical foods and wines.

Main research goal was to verify the hypothesis that local products may positively influence tourist' image of a province like Irpinia, a territory mostly aside from primary Italian touristic routes. Research aimed also at analyzing those factors, related to the consumption of local products, that may influence tourists' country perception. Finally, another, more general, research goal was to gather information about tourists' experience in this province, for example how much they know about Irpinia and its local products, and how they evaluate them. In this paper we focus on the main research goal, leaving to future publications a deep analysis of other aspects. Our research unit of analysis was composed by people hosted by tourist facilities (hotel, restaurants, etc,) located in Irpinia.

Fig. 1 – Concept Map
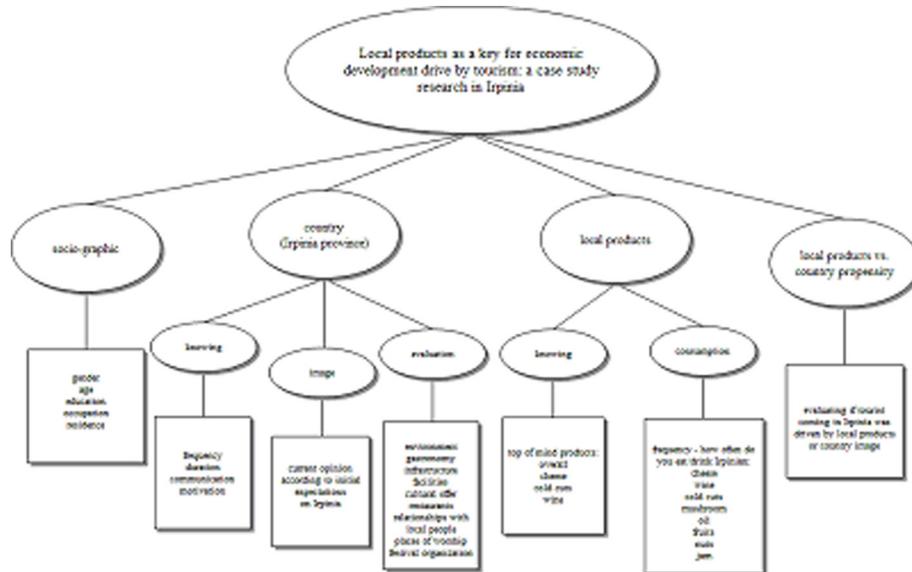
Stating these premises, and considering our research goals and their methodological implications, we thought a quantitative approach best fitted to our need: data collection was performed through a structured questionnaire; interviewees were selected through not probability sampling procedure, whereas data analysis, performed through SPSS software, involved multivariate techniques.

Concept Map

First research step was to choice those conceptual dimensions we thought to be at the core of our empirical research: to this purpose we usually start from the creation of a concept map representing research dimensions and, for each of them, the indicators to be operationally defined into the items of our questionnaire.

As shown in figure 1, main research dimensions are:

• Socio-graphic (gender, age, education, occupation, residence);

• Country: sub-articulated in knowing (frequency, duration, communication, motivation); image (how overall perception of Irpinia changed after stay) and evaluation (satisfaction level with some aspects of Irpinia tourists may have experienced during their stay);

• Local Products: sub-articulated in knowing (top of mind products) and consumption frequency of local products;

• Local products vs. Country propensity: to evaluate if a tourist is driven by local products or country in his decision of visiting Irpinia.

Next table shows the indicators chosen for each dimension, their operational definition and the measurement

The indicators shown in table 1 were operationally defined in the items of a structured questionnaire, according to the different type of measurement chosen.

Tab. 1 – Research dimensions, Indicators' operational definition and measurement

Research	Variables	Operational definition	Measurement
	gender	Sex	Dichotomy
	age	Years	Open ended question
socio-graphic	qualification	Higher qualification obtained by interviewees	
	occupation	Current occupation of interviewees	Multinomial variables
	residence	Province in which interviewee lives	
Country			
	frequency	How often do you visit Irpinia?	
knowing	duration	How long do you stay here?	Multinomial variables
	communication	Preferred form of communication to	
	motivation	Main reason why you visit Irpinia	
image	perception	current opinion according to initial expectations	7 point Likert Scale
	environment		
	gastronomy		
	infrastructure		
	facilities		
evaluation	cultural offer	satisfaction level with each item	0-10 Cantril Scale
	restaurants		
	relationships with local people		
	places of		
	festival		
Local Products			
	overall	top of mind products overall	
Knowing	cheese	top of mind products cheese	Open ended question
	cold cuts	top of mind products cold cuts	
	wine	top of mind products wine	
	cheese		
	wine		
	cold cuts		
	mushroom		4 point Likert Scale
consumption	oil	frequency consumption of each item	
	fruits		
	nuts		
	jam		
Country vs. Local			
Country vs. Local products propensity	4 sentences evaluating if tourist coming in Irpinia was mainly driven	Even if there were no local products, I would visit Irpinia Before coming here, I had already tasted local products	5 point Likert Scale

Sampling and data collection

As said before, our unit of analysis is made up of people visiting Irpinia's places for touristic reasons. Considering the exploratory nature of our research, we performed a non-probabilistic sampling procedure. So interviewees were selected among those people hosted in Irpinian facilities or participating to some local festivals during the month of October (?) 2009; off course, people involved in our research had not to live in or come from Irpinia. Data were collected by administering our structured questionnaire to tourists: our sample is finally composed of 106 individuals.

Data analysis

Data analysis was performed in several steps: firstly, we performed preliminary data quality control procedures, such as wild code check and consistency check. After that, we initially performed univariate analysis (mean, standard deviation, etc.) to have a general overview of variables' trend.

Univariate statistics are useful, but they give only a fragmented vision of research object, so we needed to build indexes: in this way, we could synthesize variables to use in multivariate techniques in order to test main research hypothesis.

To this purpose, we created three different indexes : local products consumption (LPC); country vs. locals product propensity (CLPP); local products related satisfaction (LPSS) and traditional events satisfaction (TES).

The first two indexes - LPC and CLPP - were built combining interviewees' answers to two different scales: a 4 point frequency scale measured tourists' consumption of local products, while a 5 point Likert scale measured whether tourists are driven by local products or Country in their decision of visiting Irpinia: the higher the value, the more tourists are driven by local products, the lesser the value, the more they are driven by Country image.

Other two indexes were built by applying factor analysis (FA) to the items of a Cantril scale measuring satisfaction level with some aspects of Irpinia tourists may have experienced during their stay.

Tab. 2 – FA results: factor loadings

Variables	1	2
environment	-	,728
gastronomy	,179	,657
infrastructure	,203	,160
facilities	,026	,057
cultural offer	,651	-
restaurants	,187	,819
relationships with local	,471	,467
places of worship	,882	,128
festival organization	,833	,159

Variance explained = 50,04%; KMO = 0,657

Bartlett's Test of Sphericity sig. per p<0,000

Factor analysis is useful to discover latent factors underlying a set of variables: factors are identified evaluating factor loadings, substantially correlation scores between each variable and a latent factor. Variables with higher (in absolute value) factor loadings are considered to best represent a latent factor and they could be taken in account together to give it a semantic interpretation.

Table 2 shows our factor analysis results: we decide to not consider those variable whose factor loadings were between -0.6 and +0.6. Considering variables with higher factor loadings, we decide to name the first factor "traditional events satisfaction" (TES), while the second "local products related satisfaction" (LPRS).

For each factor, variables were combined in an index using a weighting and standardizing procedure that comes along with factor analysis: so each index is, de facto, a standardized and weighted sum of the selected variables.

After the indexes were built, we used them to test research hypothesis with multiple regression analysis.

Hypothesis Testing

In order to test our main research hypotheses, we thought multiple regression analysis best fitted to our needs. In fact, multiple regression is a multivariate technique through which one can analyze the relationship between a dependent variable and a set of independent variables (Ho, 2005, 246).

In our model, dependent variable is Country image, this variable was operationally defined through a

seven point Likert Scale aimed at measure how, according to their initial expectations, Tourists' current overall perception of Irpinia has changed during their stay. Independent variables are the four indexes discussed before: LPC, LPSS, TES, CLPP.

Next tables shows the results of multiple regression analysis:

An examination of Coefficients Table shows that three indexes (CLPP, LPRS and LPC) are significant predictors of Country image, while TES is not. This means that factors related to local products have a significant influence on the way tourists perceive Irpinia after their stay.

Next tables show the results of multiple regression analysis without TES index.

The direction and the size of the beta weight coefficients also shed light on the nature of this relationships.

Beta coefficients' directions are all positive: this means that the higher are the values of all the three indexes related to local products, the more tourists' perception of Irpinia shifts toward a positive image.

Considering the size of beta weight, we notice that CLPP has the strongest influence (,504) on Country image: in other words, tourists mainly driven by Local Products in their decision to visit Irpinia tend to have a better image of this province after visiting and experiencing it.

Conclusions

Our research shows a situation where the territorial identity, and therefore the fame, of products/brands of country is hardly established, as the country of origin is little known within the reference market.

That means COO plays a minor or non-existent role in the creation of the fiduciary relationship between consumer and product. This situation stresses, on the one hand, the very high standards displayed by products and companies, while on the other hand it clearly represents a liability for the touristic and economic development of the territory, as in this case the perception of the territory and that of the product do not coincide.

The research also shows that users manage to identify single territorial markers, but these do not become part of a wider concept, that is the brand. For this reason the players involved should take action in order to favour the evolution of the brand, which in most cases is now an 'in progress' entity. The aim is to get to a 'finished' brand, that would include all features already known, in a holistic perspective.

It could be useful, for both researchers and practitioners, considering the following two options:

• getting rid of any reference to the territory with relation to the brand as the former, in most cases little known, hardly brings any added value to the latter;

or

• exploiting well established brands to make the territory better known. This, in turn, could then play a role in supporting the brand.

In the latter case a co-ordinated and shared effort between territorial institutions and the productive system will be needed. This way products can become communication tools for the territory in question (the product is at the same time tool and message of the territorial area) with the aim of developing tourist activities and/or attracting fresh capitals. A territory with a strong identity could then, in turn, support and strengthen the image of the relevant products.

This would be a high product-country-prototypicality case, as "Irpinia" becomes part of attitudes and stereotypes as perceived by the consumer.

The consumer could, via the product, both get in touch with the territory (culture, traditions, values, but also business opportunities) and strengthen/improve his/her relationship with the brand.

Tab. 3 – Multiple Regression Analysis: Model Summary and Coefficients

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
,695	,483	,439	,679

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-,422	,653		-,646	,521
CLPP	,257	,054	,527	4,796	,000
LPRS	,308	,106	,315	2,906	,006
LPC	,447	,197	,240	2,273	,028
TES	,097	,117	,092	,830	,411

Tab. 4 – Multiple Regression Analysis: Model Summary and Coefficients

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
,690	,476	,443	,677

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-,259	,621		-,417	,678
CLPP	,246	,052	,504	4,754	,000
LPC	,326	,104	,333	3,140	,003
LPRS	,432	,195	,232	2,211	,032

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A FRAMEWORK FOR SUCCESSFUL INTEGRATION OF THEORY AND PRACTICE AT THE POLYTECHNIC OF NAMIBIA, HOTEL AND TOURISM SCHOOL TO IMPROVE GRADUATE EMPLOYABILITY

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ABSTRACT

The Namibian Hospitality and Tourism School is the first technological institute of higher learning in Namibia to offer hospitality and tourism training programs. It runs a state-of-the-art hotel with 6 rooms, a restaurant, conference room and two training kitchens. Its curriculum places emphasis on theoretical and academic oriented programs. Students undertake a six-month internship program which on one hand exposes them to real work situations and on the other hand gives the potential employers an opportune chance to assess students' performance at different levels. The institution's graduates provide an immediate supply of the much needed manpower in the local nascent hospitality and tourism industry. The school, therefore, plays a significant role in the development of the hospitality and tourism industry through the provision of knowledgeable graduates who are highly skilled with positive attitudes and behaviours towards work. The overpowering challenge facing the Namibian Hospitality and Tourism School is how to overcome the perceived lack of credibility of higher level hospitality and tourism management programs by the labour market. Recently the school phased out certain lower qualifications and has introduced a Bachelor degree in both hospitality management and travel and tourism management. This paper addresses the measures needed to mitigate this problem. It identifies the key strategic business units for the school and facilitating services. In addition, the paper proposes a valid operational framework for the institution which should be incorporated into the operation of the school. The paper concludes with a set of four critical success factors for the school, implications to the curricula and staffing levels and necessary industry partnerships.

Keywords: Tourism training, curricula, critical success factors, operational framework, strategic business units

Introduction

The Namibian Hospitality and Tourism School is the first technological institute of higher learning to offer tourism and hospitality training in Namibia. The department started with National Certificates courses in conjunction with the Hospitality Training Centre. To date the academic staff has increased to nine while non academic staff has been increased to eight. Even though there are similarities between Hotel School's training curricula and the level of training, there are very specific characteristics of experiential learning that is not reflected by the available Hospitality and Tourism training frameworks such as the caliber of students, quality of academic staff and the facilities. This paper proposes a comprehensive and definitive hospitality and tourism training framework which incorporates key success factors and the various components necessary for the successful commercialization of the Hotel School.

Background of the School

The Namibian Hospitality and Tourism School strives to become a premier tertiary institution that offers unique training in hospitality and tourism within the country and within Southern Africa. This is enshrined in the School's vision mission and strategic objectives. (See Appendix I)

The school champions an internship program that provides practical training experience within the hospitality industry. In line with schools that have a global perspective the internship purports to teach students the values of cultural understanding and celebration of diversity. This internship prepares students to become hospitality and tourism professionals who possess the knowledge, managerial skills and competencies to obtain entry level management positions and assume leadership roles in various aspects of this global and dynamic industry (Goeldner, Ritchie, and McIntosh, 2000). It is hoped graduates from the school will contribute to the country's development efforts in a socially acceptable, economically viable, and ecologically sound manner and that they will uphold decisions which focus on hospitality development and sustainable tourism.

Programs offered at the Hotel and Tourism School

The School introduced a Bachelor of Hospitality Management and a Bachelor of Tourism Management in 2007 and is phasing out National certificate in Hotel operations, National Higher Certificate in Hotel operations, the National Diploma in Hotel Management, National Certificate in Tourism management and National Diploma in Tourism Management. The School's current curriculum places emphasis on the theoretical and academic oriented programs in contrast to the practically oriented curriculum models. It has been designed to provide students with the needed-market-based sensitive skills at the levels of craftsmen like the waiters, housekeepers, chefs, receptionists and barmen. It is imperative, that graduates are equipped with adequate skills to perform at optimum individual capacity at the level employed.

The graduates exiting at certificate and diploma levels have provided largely the immediate supply of the much needed manpower in the industry. Baum in George and Clark (1998) have observed two main issues which are a strong sense of local responsibility and civic mindedness required from employers within the tourism industry in order to overcome personnel poaching and to facilitate cooperative local tourism industry image development and raining initiatives.

Expected major outcomes of the programs

The current curricula is split into three phases namely, the certificate, diploma and the degree levels with the following outcomes. Typically, a program leading to the award of a Hospitality, Travel and Tourism Management degrees aims at developing a student who on successful completion of the qualification, should play a meaningful role/participant/or entrepreneur in an environmentally sustainable tourism industry. The degree programs aim at preparing students for advanced study as well as direct research and scholarship in major courses while providing applicable skills in the hospitality and tourism Industry. The expected skills at the different exit levels are in Appendix 2

Integrating theory and practice at the Hospitality and Tourism School

According to Powers (1996:215) a hotel service product is a bundle of features and benefits. Such a bundle includes three elements, reflected in Figure 1, namely: core products, facilitating and supporting products.

a)   Core products

With regard to the hotel school the provision of facilities for relaxation, nourishment and or social experience constitutes the core products. These areas constitute a generic function which is provided to guests in a professional and competitive way. They also constitute the main reason for a hotel being in the market. Thus, they could be used legitimately as core products (strategic business units) for the School.

Figure1: Core products in the commercialization of the Hotel and Tourism school
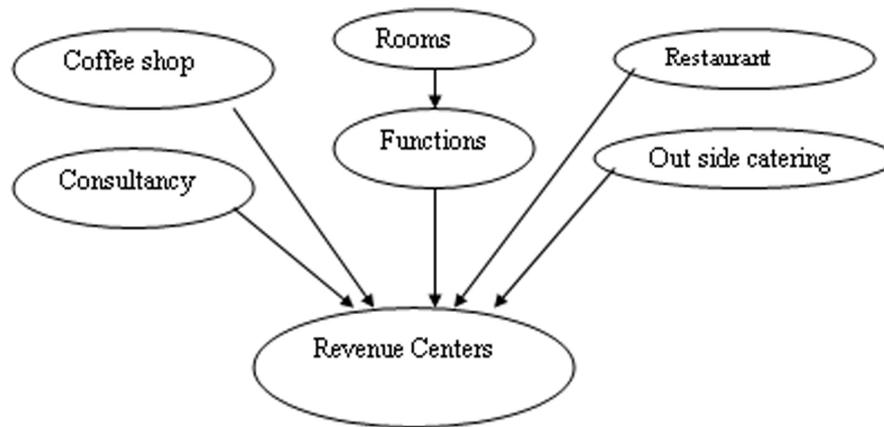
Currently the School relies on the restaurant, rooms and functions for revenue generation. However these units have the potential to bring in more revenue to the School. The other potential source of revenue is the bar which is currently under utilized. There is also a big potential for outside catering and provision of cafeteria services for students and staff where cheaper and self service type of food can be served. Similarly, there is a lucrative opportunity to run a fully fledged coffee shop which serves snacks and sandwiches. An avenue that has been hardly tapped is the prospect for consultancy and mobile training services. These strategic business units need to be pursued vigorously.

b)   Facilitating services

These are the absolutely essential parts of the operation. If these services are absent it is practically impossible to deliver the core benefits. For example, the absence of a front desk or housekeeping in a Hotel would make the operation impossible. In a restaurant, the kitchen provides a facilitating service without which the operation will be shut down. All the facilitating services at the school are adequate for the current level of operation.

c)   Supporting services

These services may not be essential in providing the core benefits but they are essential in marketing the operation. They can, therefore, be used to creatively to differentiate an organization from its competitors. The type of restaurant the school operates can be used innovatively as a distinct competitive advantage because of its location, size, environment, the service and resultant pricing structure.

Yet another important aspect of supporting services is the level of service delivery (Dolnicar, 2001). The major aim of a hotel is to provide an experience that satisfies guests (Bennett, 1995:309). To achieve this, staff and students should be involved intimately in the delivery of services in order to meet guests' satisfaction (Solnet, Robinson and Cooper, 2006:67). The actual guest experience starts with the customers' expectations of checking in and checking out which students should be involved in confidently (Solnet, Robinson and Cooper, 2006) This is one of the areas where tourists have become demanding and thus very well know what service to expect (Dolnicar, 2001; Buckley, 1994; Bodger, 1998). Facilities like the bell service, telephone sets, complementary teas/coffee and even room service should be an integral part of the students' training program while at college. As far as the physical comfort is concerned, the guest rooms, bath room amenities and food service are very important aspects of the supporting services (Bennett, 1995:313; George and Clark, 1998). Students need to be coached, mentored and trained on the delicate demands of the hospitality and tourism services.

In terms of tourism education, training and scientific research have always been important, this is even more obvious now, when tourism consumers are changing their habits and questioning established

business practices in the sector (Dolnicar, S. 2001; Carlson and Widaman, 1988). Faced with this need for greater security, more options, better service, greater satisfaction and certainly greater quality in tourism, the world Tourism Organization Education Council considers that these goals can only be reached through better training to meet the needs of the industry, Governments and Civil Society (WTO, 2000).

Methodology

The data used in this paper was based on a study conducted to gauge the perceptions of stakeholders regarding Hospitality training at the Namibian Hotel School. Both qualitative and quantitative data collection methodologies were employed. A questionnaire was designed to collect quantitative information while a focus group drawn from industry practitioners and lecturers was used to collect qualitative data. In addition, a series of in-depth interviews were conducted in order to understand how the training of learners can be enhanced and to what extent experiential learning

can influence meaningful learning. The use of multiple methods is not without precedence since Woodward et al, (1988), Mowl, (1994) and Carr, (1998) have used similar approaches before in their quest to have a detailed understanding of students' use and trust of information sources. As a result a convenience sample of 200 participants was chosen to take part in the survey, interviews and focus group respectively.

Findings

Table I below shows the total number of respondents who were involved in the study. The study used an equal number for each gender of respondents. The aim was to have a balanced view. Data collected from questionnaires, the focus group and in-depth interviews were triangulated. This permitted the subsequent determination of percentages and qualitative data that was necessary to provide accurate responses. Participants were divided into groups comprising students, industry stakeholders and lecturers as follows:

Table 1 Characteristics of respondents

Total Respondents	Gender	Questionnaires	In-depth interviews	Focus group
100	Males	80	10	10
100	Females	60	15	25
Over 25	Ages	+25	+25	+25

The respondents indicated that hospitality education differs from generic business training. As such the teaching approach and learning should differ. The training of hospitality learners should be predominantly learning by doing. The pattern of responses on the questionnaires was similar to that reported on the in-depth interviews and focus group.

The participants drawn from the industry indicated that they preferred students to be trained through experiential learning. They believed that learning by doing enhances the students understanding of concepts. Some of the respondents even cited examples where the hospitality trade was learnt through apprenticeship long ago and is the current status in some other institutions. The majority of students who responded to the survey (70%) were of the opinion that even if you

are not gifted academically, experiential learning tends to enhance understanding. The discussions undertaken with the focus group showed that potential employers preferred to employ graduates who already have hands on experience than those with the theoretical knowledge only.

Most respondents indicated that it is important for all stakeholders to be involved in curriculum development since they were the potential employers hence the need to be involved in the development of the product. Most students were of the opinion that the academic orientation of the courses should be translated into practice. In addition, academics felt that for commercialization to work there is need for top management of the Polytechnic to be training driven rather profit oriented. The respondents demonstrated a higher understanding of what it takes to produce a

graduate that would be acceptable and employable in industry.

A significant number of respondents indicated that there is need for extensive collaboration between the Hotel school and the tourism industry. Approximately 75% of the respondents emphasized the need to hold seminars, conferences and public lectures regularly in order to strengthen partnerships with the tourism industry.

There was strong emphasis by academics on the need to pursue consultancy services, students' sponsorship and joint ventures. This was deemed to be a prudent way to gain trust and recognition by industry. Emphasis was placed also on the need for school to generate fervent interest within the industry in order to attract funding. Such funding can be utilized for applied research, to support and develop other activities as well as capital expenses such as infrastructure, laboratory equipment and recurrent expenditure.

While the lack of skilled educators, during the pre-independence era, had a negative affect on the implementation of the curricula, respondents were of the strong opinion that in the post independence period there should be a paradigm shift. For the Hotel school to be become a premier centre for hospitality education, it needs to be resourceful and foster skills development at a practical level by calling upon experts in the industry to deliver guest lectures to students and present papers on certain aspects as deemed necessary.

Respondents recognized that Hospitality training is a technologically oriented program which entails the use of skills, intuition, judgment and assertiveness. Thus, the training of prospective hoteliers and the crafting of curricula should aim at strengthening the technological savvy of the graduates so that the institution can gain trust and generate good reputation among the stakeholders. In addition, this improves graduate employability opportunities.

An overwhelming majority of the respondents (90%) supported the suggestion that the school should form a subsidiary company (under the auspices of the Polytechnic of Namibia) that can engage in new business ventures that will enable students to improve on their experiential learning.

a)   Opportunities for improving graduate employability

The Namibian Hospitality and Tourism School has a number of strengths. The respondents appreciated that the School is staffed by a dedicated, flexible and qualified complement of staff. As a result the school boasts of a modern infrastructure, flexible programs which are offered on both full time and distance learning modes. Its outreach programs were viewed widely as providing an excellent opportunity for free entry and exit. The school is involved in exchange programs for both students and faculty members within the region and internationally and this was seen as a critical success factor. In addition the alumni base was viewed as thriving. Whilst linkages with strategic partners were emphasized and this aspect has still to be formalized. The strengths and opportunities are summarized below.

b)   Challenges and threats in improving graduate employability

Whilst the School has positioned itself strategically for regional and international competition, respondents pointed out a number of challenges and threats that could retard its achievement of this goal. The threats mentioned encompass, first, lack of local skilled manpower who can take full responsibility of the new developments. The school relies mostly on expatriates who operate on a contract basis. Currently there is no continuous staff development program to equip Namibians with the relevant skills ad knowledge.

This was thought to be exacerbated by inadequate funding and the current bureaucratic procedures within the entire institution. Most academic respondents were of the opinion that the current structure does not allow for clear reporting procedures hence hidden agendas

The curricula are inflexible to accommodate the commercial operations (60%).. However, some respondents (50%) reported that people fear change and this has been a major factor hampering the attainment of a balance between academic and commercial operations. Koh, (1995).observes that such a situation results in an unclear synergy of activities.

Figure 2: Strengths and opportunities of commercialization
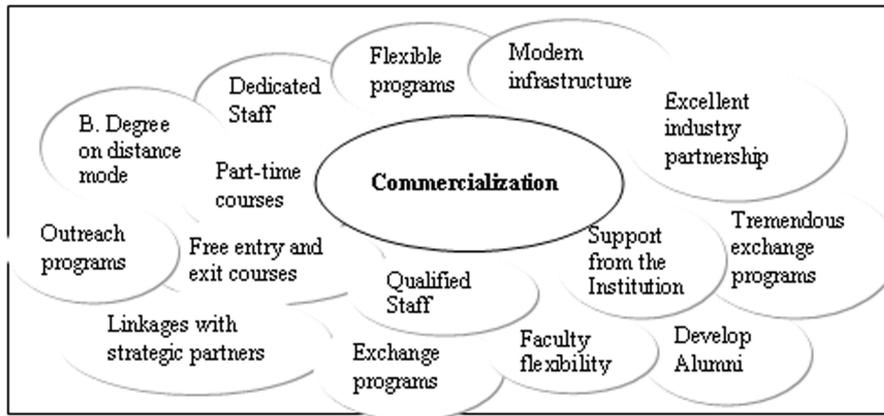
Figure 3: Summary of challenges of commercialization
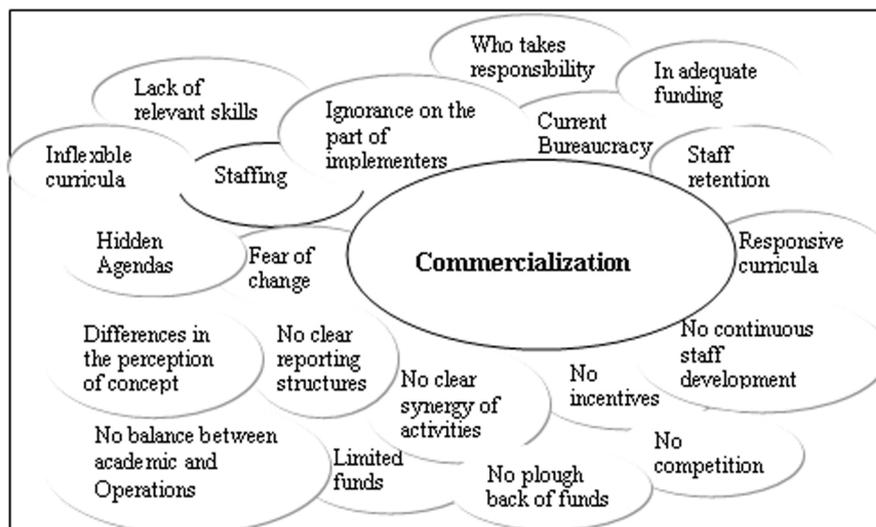
There was enough evidence that showed clear differences in perception regarding the commercialization concept as a model to improve graduate employability. Since the polytechnic of Namibia is funded by the Government, there is a limited base of funding as such there is no plough back of funds. Respondents who were lecturers indicated that currently there are no incentives to reward hard work. As a result this was thought to exacerbate laxity on the part of the staff. The major issues are summarized below.

c) Hotel operations-academic-industry partnerships

In addition to the academic programs available to the full time programs, the school runs the state of the art hotel with six rooms, a restaurant, conference room and two training kitchens which contribute significantly to experiential learning. The operations department hosts students on internship program for six months. The attachment is intended to expose students to real work situations where knowledge is integrated with theory. Nickel and Michalik, 2003 postulate that this is a necessary

tool to address social, academic and academic needs.

At the end of the attachment period, students are required to submit a comprehensive attachment report which is presented and discussed with other students and faculty members. The attachment contributes towards the work-related-learning mark. The attachment also gives the potential employers a chance to assess the students' performance at different levels (Koh, 1995:70). In addition, the employers' recommendations are also taken into consideration during students' evaluation and curricula reviews.

d)   Skills development

The overpowering challenge facing hospitality and tourism training providers at tertiary level in Namibia is how to overcome a perceived lack of credibility of higher level tourism and hospitality management programs by the labour market. While the present knowledge, skills and attitudes are meeting industry needs, the quality of training offered at the Hospitality and Tourism School was said to be at the heart of a quality global system. Nickel and Michalik, (2003:1) have discussed this point and have noted that whilst the playing field has remained dynamic within the changing environment, the lack of skills tends to impede the credibility of the globalized tourism and hospitality programs The current skills development methodologies need pay urgent attention to the more integrative and effective post experience and continuing management of education. As such provision of tourism and hospitality training should be able to deal with diversity and achieve more with less. The top four competencies that need to be incorporated in tourism and hospitality training are human resource management theories, written communication skills, managing service quality and interpersonal relationship that have been identified by Koh, (1995: 69).

Respondents noted that, when students go on attachment, they place constraints on the employers' budget, raise the potential of compromising the quality of service and of reducing production targets since they will be learning. Ritchie, Carr, and Cooper, 2003, in a separate study have noted that whilst students spend time on training at the expense of production, they may lose interest in their career path. Therefore, a need exists to provide students with adequate skills and knowledge in order to mitigate this problem

through proper programming. The department needs to play a significant role in the development of the tourism industry through the provision of knowledgeable graduates who are highly skilled with positive attitudes and behaviors towards work.

Establishing the operational framework to improve graduate employability

The aim of this paper is to develop a valid operational framework for the Hospitality and Tourism School. The operation of the School should subscribe to a mix of critical success elements, which should be incorporated into the operations of the School. The following critical success factors of the operational framework should be noted:

- The operational strategic direction and its linkage with training should be understood from inception by both Polytechnic of Namibia management and staff.

- The operations management and staff-skills training and experience should be merged with the academic orientation of the department by ensuring that those within the industry and those joining it in future have access to the right skills, training and knowledge essential for both as employees and employers

- Operational and training standards should be consistent with the output and demands of the industry while at the same time matching the international best practices in Hospitality and Tourism training. The challenge is to ensure that resources are targeted towards skills and training that best meets the industry's requirements and sufficiently flexible to adapt to changing needs.

- Programming and timetabling of academic activities should infuse well with the hotel operations in order to enhance experiential learning for the students. In order to compete in any of the world's competitive markets, the school should ensure that the new generation of hoteliers is well trained and talented in order to take Namibia's reputation to a higher level some years to come.

Validation of the proposed framework and the structure of operations

The tourism education and training system, including occupational training, industrial training and non-formal training must open path ways to higher education and university level, especially for tourism professions. To enable the successful integration of training and operations at the school, the commercial operations side of the school should fall under a Director who oversees both the operational and academic affairs (like the structure at Kenya Utali College, Cape Town Hotel School, Hotel School in Zimbabwe, Hotel School in Zambia, the University of Johannesburg Hotel School and Lycee Hotel School in Re Union etc). The Director of the School should be a strategic thinker who will be responsible for developing and engaging the School in income generating activities. S/he will be responsible for the day to day management (planning, leading, control, organizing) of the operations of the department. This is the most preferred and effective approach tourism and hospitality since it provides more practice oriented knowledge and skills.

Proposed organizational structure of the Hospitality and Tourism School

The following figure shows the proposed structure of the Hospitality and Tourism school.

Directly under the Director will be the two Heads from both the Operations and Academic affairs. The head of each department oversees the smooth running of the units. The two Heads of Departments will be responsible for the integration of curricula activities between the two departments in consultation with their subordinates. The academic affairs department will be split into two sub departments, namely a Hospitality department and a Tourism department.

The School will be run by a pool of academics and practitioners (Theory and practical primary lecturers). Those teaching practical oriented courses will be required to take their students to the operational areas for practicals i.e. Housekeeping, Food and Beverage and Front Office. Students will be timetabled in such a way that they are in operations on a shift basis. With the core staff in the operational areas, students will be required to market, produce and serve food to guests.

The following components are the core issues to be addressed at the Polytechnic of Namibia Hospitality and Tourism School.

This implies a gradual increase in the student numbers. Students will be split and operate in sub-groups within the operational areas. Students will not wait for the attachment period but will be able to learn by doing throughout their studies as they will be able to take part in the operational areas. To encourage students to perform to expectations within the operational areas, a credit system will be used that will ensure that students achieve a certain number of credits within the operational areas as stipulated in their course outline. A proper schedule for entry and exit from the operational areas will be developed. Additional items to consider are:

- The operational areas will be run by core staff supported by the (practical) Lecturers. Certain operational procedures will be laid down for both the Lecturers and the Students which will be adhered to in order to improve service delivery.

- An overhaul of the time table will be required. This implies that all courses taught from service departments will now be taught within the department. This implies developing and upgrading staff so that they are multi-skilled to teach non-specialized courses i.e. HR, marketing, entrepreneurship etc. Only on exceptional cases should a course be taught by a service department. The core staff that will be working with the students should be willing to provide support and encouragement to the students while they are in the operational areas.

- The department will operate on a grant from the Polytechnic and will be expected to generate revenue from its operations. This means that the department will develop strategies on marketing, finance and Human Resources. This will be supported by the development of proper pricing structures that will enhance capacity and improve revenue generation.

Figure 4: Proposed organizational structure of the school
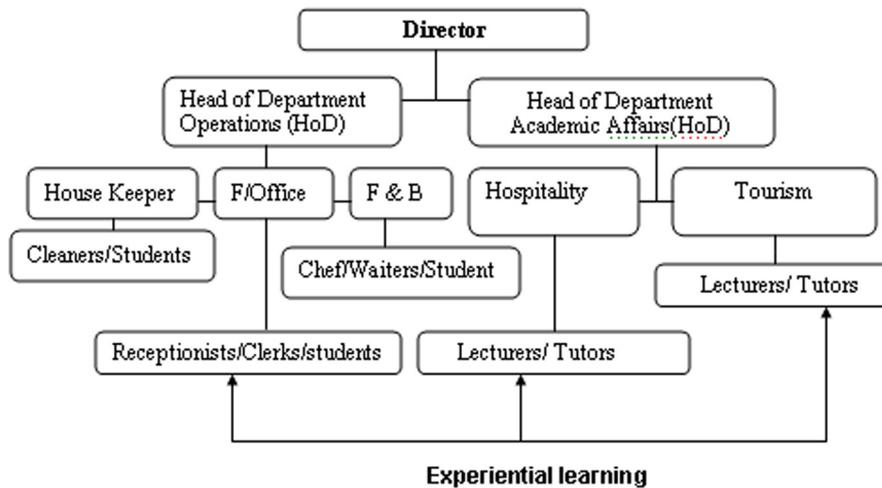
Figure 5: Implications of commercialization to School
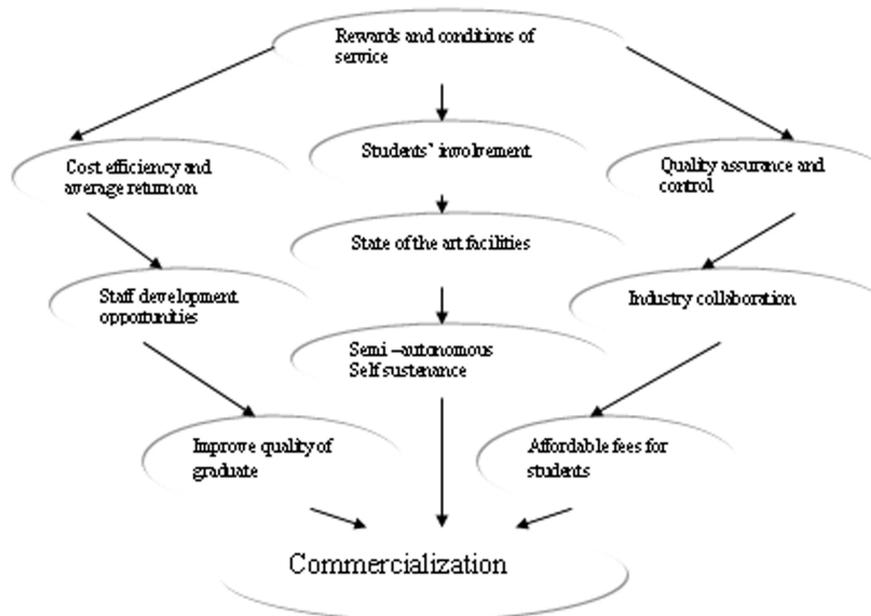
- In order to increase the students' enrolments, the department will introduce new programs and involve students on experiential learning. The outputs produced by students will be sold in various outlets around the Polytechnic and these outlets will be run by students. The distinctive competitive advantage of the department lies in its low labor costs where it can produce products in high volumes with a cost labor. It is envisaged that in future, the department will be able to supply other outlets in and around Windhoek with a variety of up market products.

- The involvement of students in operational activities will engender an entrepreneurial spirit

within the students while offering them the opportunity of discovery learning to improve their cognitive and psychomotor skills. This approach will help the institution to produce a technologically upright graduate who is innovative, assertive and creative in decision making process.

- The tourism management curricula will also need revision in line with market trends where the students also take other modules either basic catering like in the University of Pretoria in South Africa or Wildlife management like in the Clemson University in the USA.

Conclusion

The commercialization of the Hospitality and Tourism School holds the answer to improve graduate employability. The merging of training and the operations area can enhance students' experiential learning. Tourism and Hospitality education differs from any generic business education, hence, a fully fledged hotel is required for meaningful learning to take place. Whilst the design and structure of management may vary from one institution to the other, the ability to involve students in the operations can build meaningful learning and enhance understanding. To be able to achieve the vision and the mission of the school, positive thinking must be encouraged whilst staffing the school with dedicated cadres who will equip students with the desired skills and knowledge to meet industry needs. In order to increase gradate employability, the department has to become an employer of choice by integrating marketing of its programs that are developed at the foot of demonstrable, distinctive and competitive product offering. Whilst attaining world class service through the adoption of best practice human resource management and operations, the department can bridge the skills gap within industry through the development of internationally competitive certified training.

Appendix 1

Vision

To be recognized globally as offering premier programs, educating and training individuals for career paths in the Hospitality and Tourism industry.

Mission statement

To empower a global and diverse population of students for leadership and professional roles within the Hospitality and Tourism industry, through academic excellence, community service and a judicious balance of theoretical learning and industry work experience by placing the student at the centre of the learning process.

Strategic objectives.

The strategic objectives of the school are consistent with the Vision and Mission of the School which falls directly under the School of Natural Resources and Tourism. These are as follows:

o   Provide graduates with knowledge, progressive learning experiences and business skills required for obtaining entry level positions and achieving long-term success in the global Hospitality and Tourism industry.

o   To provide on-going advice and counseling to assist students in making decisions that may affect their academic and professional development.

o   To continuously review and deliver a strong academic and experiential program, commensurate with industry needs, community service, and program accreditation

o   To obtain accreditation by the Namibian Qualifications Authority, South African Qualifications Authority and the Association of Hotel Schools in Africa.

o   To promote the use and development of technology, critical thinking, effective oral and written communication, etiquette and protocol, decision making and leadership skills.

o   To cultivate an appreciation and acceptance of diversity, including: diversity of ideas and diversity of people and culture.

o   To recruit, retain and nature highly talented faculty members who are dedicated to continuous improvement in their academic, professional and social lives.

o   To encourage and support faculty and students' participation in scholarly, and community service activities.

o   To ensure that all Hospitality and Tourism majors have meaningful co-operation, internship, choices for job opportunities and other experiences that promote growth and development.

o   To continue to implement strategies that enhance teaching, increase research productivity and improve program expansion and effectiveness.

Appendix 2

Expected skills at different levels

After completing a certificate program students should be able to:

o   Contribute towards the understanding of the nature, history and culture of tourism and of the key role of communication in enhancing management of tourism organizations and destination regions;

o   Analyze the value chain of tourism and its links to other sectors of the economy;

o   Implement cash management procedures within travel business such as tour operators, travel agents, tour guiding, transport and other related companies;

o   Display factual knowledge of surrounding environment and appreciate the cultural diversity in Namibia;

o   Link with community agencies and private sector in order to build partnerships for the purpose of community development and the promotion of socio-economic development of communities;

o   To prepare and serve meals to guests; and

o   To carry out basic front office and housekeeping procedures

After completing the diploma program students should be able to:

o   Successfully manage a small to medium sized enterprise, especially those involved with Hospitality and Tourism;

o   Operate within the boundaries of tourism legislation and consider legal regulations for

management and marketing decisions in the industry;

o   Appraise the various levels involved in the distribution of tourism services and the possibilities of re-organizing the selling of travel products; and

o   To plan, organize and control the operations with a hotel set up.

After completing the degree program students should be able to:

o   To process and critically evaluate statistical information as a basis for management decisions;

o   To analyze political decisions in all areas of public policy-making at all levels (WTO, NEPAD,RETOSA, and or SADC) with regards to their impact on various aspects of tourism and its Development;

o   To manage interpersonal relations in the tourism industry and display an understanding of customer behavior;

o   To develop management and marketing strategies for their organization;

o   To use sound judgments, assertiveness, and innovative ideas to maintain to develop and manage a hotel enterprise.

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SUCCESS FACTORS IN CROATIAN HOTEL INDUSTRY

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Abstract

High dynamic and complexity of environment as well as high dynamic and differentiation within a company make success management more complicated than ever. Success factors are subtle instruments which we can influence, at the same time influencing the business success. It is important to explore and understand the success factors of the hotel industry too.

In this paper authors investigate the success factors in Croatian high quality hotels, that is four and five stars hotels. Achieving business success depends on many factors and authors will specifically focus on internet as a distribution channel and controlling as an expert management support.

In Croatian economy, tourism is one of the most important development factors, because it directly or indirectly creates around 22 % of total domestic product, and more than 40% of total export. Trends of its growth are visible in the number of high quality hotels, which has risen from 64 to 165 since 2007.

Tourism industry represents one of the areas in which Internet technology has a significant influence in changing some of the key industry premises. In the hotel industry, combination of human and technological elements can strongly influence competitiveness on the market, the quality of goods and services, decreased distribution costs and improved customer services. Attempting to reach the global consumer in a fierce competition on the market, Croatian hoteliers use internet technology more intensely. Although internet and primarily web sites offer new opportunities to hoteliers, they need to be employed efficiently and effectively, in order to bring about greater business success. Therefore, the first proposition of this paper is that Croatian high quality hotels accepted internet's potential and use it in striving for greater success as an additional distribution channel.

Also, controlling represents a function within a management system which increases its effectiveness and efficiency. So, another proposition of this paper is that companies with controlling achieve greater levels of business success than do companies without controlling, and that by improving controlling as a key measure, companies may directly increase their possibility of business success.

In order to find support for stated propositions, evaluation of 165 four and five stars hotels' websites was performed to evaluate the websites of Croatian high quality hotels and their content. The study results show that management of Croatian high quality hotels is still using Internet technology for presentation purposes only and there is no awareness that website content needs to be managed well. Furthermore, to evaluate the second proposition, authors conducted a comparative overview of hotel companies with and without controlling departments using the basic indicators of liquidity, productivity, economics and profitability. The resulting conclusion is that controlling, in its institutional and functional sense, is to be found in relatively few very successful hotel companies. Ultimately, authors' findings indicate that both, internet as a distribution channel and controlling, are significant factors of hotels' business success, but poorly used in Croatian high quality hotels.

Key words: distribution channel, internet, controlling, hotel, Croatia

Introduction

Business success is a permanent goal for all companies. However, high dynamic and complexity of environment as well as high dynamic and differentiation within a company make success management more complicated than ever. Achieving business success depends on many factors. Success factors are subtle instruments which we can influence, at the same time influencing the business success. It is important to explore and understand the success factors in specific industries. In this paper authors investigate the success factors in Croatian high quality hotels, that is four and five stars hotels. Specific focus is on internet, as a distribution channel, and controlling, as an information source and support to management decision processes, with intention to investigate their importance as success factors.

Tourism industry represents one of the areas in which Internet technology has a significant influence in changing some of the key industry premises. However, although internet and primarily web sites offer new opportunities to hoteliers, they need to be employed efficiently and effectively, in order to bring about greater business success. Therefore, authors presumed that Croatian high quality hotels accepted internet's potential and use it in striving for greater success as an additional distribution channel. Also, controlling represents a function within a management system which increases its effectiveness and efficiency. So, another proposition of this paper is that companies with controlling achieve greater levels of business success than do companies without controlling, and that by improving controlling as a key measure, companies may directly increase their possibility of business success.

In order to find support for stated propositions, evaluation of 165 four and five stars hotels' websites was performed to evaluate the websites of Croatian high quality hotels and their content. Furthermore, to evaluate the second proposition, authors conducted a comparative overview of hotel companies with and without controlling departments using the basic indicators of liquidity, productivity, economics and profitability.

This research is restricted by its focus on hotel industry alone, a relatively small but significant sample. The assumption has been made that what is true for hotel industry companies will also be applicable for companies from different industries.

This paper is organised in five segments. Introduction is followed by the description of theoretical framework. Next segment is research methodology, pursued by findings and discussion. Paper ends with final remarks and conclusions.

Theoretical framework

Success factors always bring out curiosity of scientists and practitioners. Success factors are not constant in time; as company environments change, some of the success factors gain or lose importance. Considering specific characteristics of environment and relationships of supply and demand on the global market, we can recognize three periods (Kropfberger, 1986; Küpper et al, 1990; Peemöller, 1990; Horvath, 1991):

1. Relatively static environment (1950s and 1960s)

2. Limited dynamic environment (1970s and 1980s)

3. Extremely dynamic environment (1990s and on)

Each of those periods has its own characteristics and success factors which characterize it.

Relatively static environment occurred in 1950s and 1960s, business conditions were stabile: changes were seldom, demand exceeded supply and practically everything could be sold. Information about environment was relatively precise and safe, so plans and predictions were quite precise and safe, too. Changes were rare but predictive, so companies had enough time to adapt to them. In relatively static environment, companies were mostly introverted, main goal was production increase and key success factors were technical rationalization of production and improvement of technology effectiveness (studies of work and time, study of movement, workplace study...), standardization and optimization. It was the period of mechanicistic approach oriented towards techniques.

Limited dynamic market changes in 1970s required quicker adaptation to changes, whilst in the same time growing company's size decreased transparency of business processes. Saturation of demand and increased supply resulted in their balance, and directed companies' attention to their competitors and battle for market share. Companies turned more towards their environment, hence, success factors changed as well. The basic principle of successful operations became orientation towards employees (Nagel, 1988), with an accent on human relations and human behaviour. Development of cybernetics, progress of information technology, increased importance of information in decision making process and information systems development in the companies emphasised information as an important success factor.

Contemporary business conditions are characterised by very high level of complexity and dynamics; companies are constantly exposed to new challenges and situations, information about changes in the environment are highly insecure, and projections are less and less reliable. In such extremely dynamic environment companies are permanently exposed to constant and significant changes. But market changes influence not only changes in companies but also the understanding of success (success as a growth, success as achieving and sustaining strategic success position and success as dynamic harmony with environment – holistic, organic approach), and success factors become: relationship with the customer, quality, management and strategy.

Discussion on success factors could be summarised in following points:

• In different periods different success factors were in focus;

• There are no simple recipes for business success: it depends on numerous factors and their interrelationships;

• Success factors should be understood as subtle tools and as subjects for consideration and discussion in every company;

• To finish unsuccessful period it is never enough single dimensionality, orientation to the multiple success factors is critical.

In this paper, information as a success factor is in focus: Internet as a distribution channel and controlling as an information support to managerial decision-making processes.

Industry used as an example was tourism, more precisely, hotels. After a three-year period of stagnation beginning in 2000, international tourism experienced spectacular growth. According to World Tourism Organization (WTO, 2007), international tourist arrivals reached an all-time record of 842 million in 2006, an increase of 4.5% over 2005 (Ministry of tourism, 2008). This rate of tourist growth is expected to continue through the remainder of the decade. Due to this expectation in many countries tourism industry gained high priority in economic development.

In Croatian economy tourism is one of the most important development factors, because directly or indirectly tourism creates around 22% of total domestic product, and more than 40% of total export (Helsel & Cullen, 2005). According to the Croatian national bank (2008), in the first quarter of 2008 revenues from tourism increased by 15.8%. The growth of tourist supply has consequences in growth of the competition on the market which affects profit margins in the tourist industry.

Internet distribution channel as a success factor

Nowadays, one quarter of global population uses internet, or more precisely, 1.67 billion people (Internet World Stats, 2009a). Interestingly, level of internet penetration is one of the rare indicators that place Croatia above the regional average. According to Internet World Stats (2009b), more than 50% of inhabitants (older than 15) uses internet. 84% of users have access to internet from home (GfK, 2007) and 8% of survey participants regularly (daily or monthly) shops online (GfK, 2009).

This rapid technology advances and its high penetration rates, combined with the globalization processes, created a global market. There are no physical or geographical boundaries anymore and the market is literary a global one, where European or Asian companies have customers from USA and Africa, and vice versa. Faced with the fierce local market competition, many companies use internet to reach their consumers, adding it to their usual distribution channels.

Internet is an important information technology tool that can be used to achieve many business purposes (Zhang, Keeling & Pavur, 2000), such as delivering a wide variety of information and services (Auger, 2005), business transactions facilitation (Van der Merve & Bekker 2003) and better communication with customers (Spremić & Strugar 2008). Key characteristics that make internet channels so attractive are potential to offer a broader selection of products and services, more available information about products and services that simplifies evaluation and purchase decisions. The most significant potential advantage of the internet channel is its ability to economically personalize the information for each customer (Levy & Weitz, 2009).

A shortcoming of an electronic channel is its inability to provide direct experience of the product. As a distribution channel, internet is appropriate for products for which look-and-see characteristics are important, while products that customers need to try in some way, touch-and-feel, are more rarely sold online (Levy & Weitz, 2009). According to AC Nielsen, most frequently bough online categories include books, computer hardware and software, music and video, DVDs and games, travel and event tickets (Achille, 2008).

In the tourism industry, combination of human and technological elements can strongly influence competitiveness on the market increasing the quality of goods and services, decreasing distribution costs and improving customer service. Being a service industry, communication needs in tourism are one of the key factors and internet enables different approach to potential clients. According to research from Morgan Stanley & Co. (1997), internet offers a large business possibility in the travel sector and on scale 'Internet possibility for different retailer's category' it takes a high third place.

Tourist agencies quickly recognised importance of internet, thus the number of Web based tourist agencies increases permanently. Virtual tourist (2008), one of the most popular Web based agencies has each month over 30 million visitors, while the most popular Croatian Web based agency Adiatica.net (2008) records almost 150,000 visitors a year.

Creating an individual relationship with every guest is a key element of a company performance on the market with growing competition and customer expectations. Intense internet usage enables that in tourism industry too, primarily fulfilling the role of an information and purchase (reservation) channel.

Business success depends on numerous factors and their interrelationships and orientation to multiple success factors is critical.

Researches and new trends show that Internet and e-business becomes key element in planning distribution channels. The major hotel brands in the USA increased their CRS reservation during 2006 for 8.4% (Kistner, 2007) resulted in more than 81 million bookings. As hotels invest more in marketing online, bookings increasingly will be made directly through hotel and web sites. Virtual tours, information in a choice of languages and detailed comparison of rates, and availability for rooms, amenities and other services are now expectation. The photography and video that capture the ambience and beauty of a hotel, rooms and destination and local attractions that visitor want must be part of web site information on language that guests most frequently use.

Market Metrix Hospitality Index reported that hotel web sites, for the first time in the 2006, scored higher in satisfaction than popular travel web sites (Barsky & Nash, 2007). This increase, partially credited to improved navigation and booking ease. Thus the hotel web site emerging not only as an important source of reservations but place from which customer loyalty can be build. Since that demand for information multiplies hotel web and CRS information infrastructure is under strong pressure for accuracy, simplicity and good response time.

The Long Tail does not hold only great opportunities for travel, tourism and hospitality, but also represents strong pressure for change. It represents a great opportunity for new generation of aggregators and software developers but also makes strong pressure on tourist destination infrastructure and hotel infrastructure. Since the competition in industry rises, hoteliers have to use e-business and IT not only to gain access to the customer or to build their loyalty, but also to get instant knowledge of the rates the key competitors are displaying on their sites, allowing them to react quickly.

There are different opinions on what makes a tourism web site effective and into consideration

should be taken design, content and management and content quality or design perspectives (Legoherel, Fisher-Lokou & Gueguen, 2002; Panian & Jaković, 2007). Term content refers to the information features or services that are offered on the website (Huizingh, 2000). But content is not limited to the subject, products or services provided, it also includes 'the solution and strategies employed to make it easy for the user to accomplish important tasks, such as information retrieval, search and navigation required in making a purchase, and obtaining feedback' (Stephens, 2004).

Zafiropoulos, Vrana, & Paschalouidis (2004) examined and measured the quantity and type of information provided through hotel websites and found out that higher class hotels as well as chain hotels appear to be more active in offering information services. Baloglu & Peckan (2006) utilized content analyses to analyze the websites of the selected group of hotels (four and five star) in Turkey in terms of design characteristics: interactivity, navigation and functionality.

Previous research conducted on the sample of 400 largest Croatian companies showed that their managers do not place the expected importance on e-business development (Spremić, Jaković & Pejić Bach, 2008). Though the potential objectives and benefits of e-business development were ranked very high, it became apparent that the e-business projects were focused on the simple and static web sites, developed in the form of an on-line catalogue (supporting very simple ways of interaction and information exchange). At the same time, more advanced ways of e-business interaction and integration were mostly ignored. The amount of investment in e-business projects is still very low, whereby companies that participated in this study planned to spend less than 2% of IT budget for e-business initiatives, whilst only 13.8% of companies planned to invest more significant resources in e-projects.

Similar findings were published by Spremić and Strugar (2008). They studied the web site quality of high quality hotels in Croatia, in 2007, and their overall conclusion was that hotels did not use internet to its full potential.

As it was stressed earlier, tourism is one of the most important development drivers of Croatian economy and it is of particular interest to test the level of internet application as a distribution channel. Empirical research was designed to investigate the quality of content of Croatian high quality hotels' web sites.

Controlling as a success factor

Controlling is in a modern economy an important function and also a business philosophy. It is a support to management in the process of adaptation to internal and external changes. According to the widest accepted understanding of controlling (www. igc-controlling.org, 2009), 'Controllers design and accompany the management process of defining goals, planning and controlling and thus have a joint responsibility with the management to reach the objectives.

This means:

• Controllers ensure the transparency of business results, finance, processes and strategy and thus contribute to higher economic effectiveness.

• Controllers co-ordinate sub-targets and the related plans in a holistic way and organise a reporting-system which is future-oriented and covers the enterprise as a whole.

• Controllers moderate and design the controlling process of defining goals, planning and management control so that every decision maker can act in accordance with agreed objectives.

• Controllers provide managers with all relevant controlling information.

• Controllers develop and maintain controlling systems.'

The foundation of the second proposition is the belief that controlling contributes to business success and may be an important factor of business success.

Methodology

Research of internet use by Croatian biggest companies indicated that companies still are not using e-business opportunities to the full and there is a significant gap at the adoption ladder Spremić and Strugar (2008) confirmed those findings in their analysis of Croatian high quality hotels' web sites. Furthermore, they established that the

quality of web sites is adequately measured with the set of five dimensions: facilities information, reservation information, contact information, web site management and surrounding information.

Presence of the controlling department in a company was often used as an indicator of company's orientation towards long-term success (Weber, 2005; Weber, 2008a; Weber, 2008b). Basic indicators used to evaluate successful operations are usually Current ratio, Operative cash flow, ROI and Altman's Z-score. Hence, described procedures were applied for research in this paper.

Research methodology for hotel web sites study

Starting proposition was that Croatian high quality hotels advanced: they accepted internet's potential and use it in striving for greater success as an additional distribution channel. In order to verify the proposition, authors performed an extensive analysis of hotel web sites. Sample were all Croatian hotels with four or five stars, 165, whose list was obtained from the Ministry of sea, tourism, traffic and development's official web site. Each web site was analysed for five dimensions (facilities information, reservation information, contact information, web site management and surrounding information), and each dimension had three to eight elements, 30 elements in total. Presence of each element was noted on specific web sites and the descriptive statistical analysis performed. Results were compared to those by Spremić and Strugar from 2007.

Research methodology for controlling in hotel industry study

The research starts with the hypothesis that hotel companies with controlling departments are more successful than hotel companies without controlling departments. The research is based on hotel industry (Osmanagic Bedenik & Lalovac, 2007). The sample encompasses 62 of the 406 existing hotel companies from all regions in Croatia. The representative quality of results may be seen by the fact that that 32 of hotel companies (rate of

return was 51.6%) which the answered survey manages with:

- 22% of total hotel residence in Croatia

- 35% of total hotel beds in Croatia

- 24% of total accommodation units in tourist villages

- 37% of total accommodation units in camps

- 48% of total asset value of all hotel companies in Croatia

- realize 44% of total achieved revenues in hotel companies in Croatia

- employ 37% of total hotel employees in Croatia

- the sample encompasses 7 of the 10 the best hotel companies in Croatia

- the sample is represented by 21.9% state companies and 78.1% private companies.

The inquiry, via questionnaire, was carried out from October to December 2004 (Lalovac, 2006).

Findings and Discussion

Research results of the hotel web site study

Research results of the hotel web site study are shown below, comparing findings to those from 2007. Analysis indicates that Croatian high quality hotels have improved their web sites since 2007 in 19 elements out of 30 elements observed and 11 elements were found in a smaller sample proportion of hotels, primarily in the reservation information dimension. Detailed analysis is described in text below.

It is obvious that number of hotels with four and five or more stars increased in just two years from 64 to 165, and that their regional distribution covers not only the most important Croatian touristic region, Adriatic coast, but it includes other Croatian regions as well. From 165 identified high quality hotels, one did not have a web site, so the following analysis is based on 164 hotels.

Table 1. Regional distribution of 4 and 5 stars hotels in Croatia

Counties (region)	2007		2009	
	4 stars hotels	5 stars hotels	4 stars hotels	5 stars hotels
Istria	10	0	21	2
Primorsko-goranska	17	3	28	3
Zadar	2	0	14	0
Šibenik – Knin	1	0	8	0
Split – Dalmatia	14	0	32	2
Dubrovnik - Neretva	4	5	10	13
City of Zagreb	6	1	12	3
Lika – Senj	1	0	2	0
Brodsko-posavska	0	0	1	0
Karlovačka	0	0	2	0
Koprivničko-križevačka	0	0	1	0
Međimurska	0	0	1	0
Osječko-baranjska	0	0	5	0
Virovitičko-podravska	0	0	1	0
Vukovarsko-srijemska	0	0	2	0
Zagrebačka	0	0	1	0
Varaždinska	0	0	1	0
Total	53	9	142	23
Total 4 and 5 * hotels		64		165
no Web site		2		1
Research sample		62		164

Source: Ministry of tourism, 2009

Table 2. Contact information

	2007		2009	
Quality attribute	Number of hotels	%	Number of hotels	%
Address	59	95	153	93
Telephone number	62	100	159	97
Fax number	58	94	157	96
E-mail	62	95	154	94
On line forum - guest book	13	21	32	20
Newsletters	13	21	57	35

Source: Spremić and Strugar, 2008; current research

Although basic contact information should be present even on a business card and hotels have improved since 2007, some of the information were still missing on the web sites of Croatian leading hotels. It is interesting that the address of the hotel was not placed on 11 web sites (7%), the fax number was not available on five web sites (3%) and the e-mail contact was unavailable on the nine sites (4%). The guest book was present on 32 (20%) and newsletters on 57 (35%) of web sites.

Information about hotel facilities was incomplete in majority of cases. One of the key information for hotel and client, the category, was not mentioned on 25% of web sites. The lack of the other information may also worry; hotel description was missing on 2% web pages in the sample, path to the hotel on 37%, maps on the 26%. The pictures of the hotel, room and content were more represented in the sample than maps. Multimedia in the form of video clips was neglected, and present on only 35% web pages in the sample.

Room rates in EUR were found on 31% of hotel web sites, while 31% of web sites had rates of them are present in domestic currency (HRK). There are number of web sites where room rates were presented in several currencies, mostly in kunas and EUR. Web sites with online computer reservation systems (CRS) offer usually much more different currencies, and also currency converter, which enable visitors to calculate room price in a very convenient way. Large number of hotels which present their room rates in EUR shows that majority of them is oriented towards foreign guests. On the other hand, room rates can be found on only 49% (81) of hotel web sites.

Although all of the high categorized hotels in the sample offer possibility for credit cards payments, only 35% of them mentioned this possibility on their web site.

There is considerably large number of the hotels without online reservations system (CRS). The room reservation can be mostly performed by filling an on-line computer form prepared for sending by e-mail. In that case visitor has to wait for the response (usually 24 hours) by hotel authorities. Such online registration forms usually lack any control, and user can fill and send form with lots of mistakes, empty fields, or even completely empty

form. Such practices indicate that Croatian top hotels do not find the e-business as a driver for business process automation and due to the lack of any control or trust mechanisms, visitors can consider them unreliable and uncomfortable for leaving personal data.

It is very important to inform web site visitors about hotel distance from e.g., beach, airports, market, and centre of the town, railway station, and bus station. Distance can be measured in miles, kilometres, minutes to walk, drive etc.

The distance of the destination from other cities, or other attractive locations must be specified too. 62% of the hotel web sites offer information on hotel distances, while 65% mentioned destination distance. Destination description is mentioned on three quarter web pages in the sample.

Web pages of highly categorized hotels should be in different languages, all in the sample are in English and 78% are in more than one foreign language.

Hotels use very few possibilities for additional promoting on their web sites. Over a half has links to other businesses, 29% have news and only 21% offers e-cards possibility.

Research results for the controlling in hotel industry study

Initial research results show that controlling exists in 31.3% of hotel companies and that 68.7% of hotel companies do not have controlling departments. Comparative analysis of hotel companies with or without controlling departments in regards to business success will try to find support for the second proposition, that hotel companies with controlling department achieve higher levels of business success comparing to hotel companies without the controlling department. To test the proposition, several indicators were taken into account: Current ratio, Operative cash flow, ROI and Altman's Z-score.

Comparative analysis proved that better liquidity exists in companies with controlling departments than in those without controlling department.

Table 3. Facilities information

Quality attribute	2007		2009	
	Number of hotels	%	Number of hotels	%
Category	47	76	123	75
Hotel - description	59	95	160	98
Hotel – path to hotel	27	44	104	63
Hotel – map to hotel	41	66	122	74
Hotel - picture	61	98	161	98
Hotel – room picture	59	95	161	98
Hotel – content picture	57	91	161	98
Video clips	7	11	57	35

Source: Spremić and Strugar, 2008; current research

Table 4. Reservation information

Quality attribute	2007		2009	
	Number of hotels	%	Number of hotels	%
Room rates	49	80	81	49
Room rates EUR	36	73	51	31
Room rates HRK	20	40	49	30
Room rates HRK only	13	27	30	18
On line reservations CRS	29	47	92	56
Other CRS reservation			66	40
Payment options	13	21	58	35

Source: Spremić and Strugar, 2008; current research

Table 5. Surrounding information

Quality attribute	2007		2009	
	Number of hotels	%	Number of hotels	%
Hotel – distances	19	31	102	62
Hotel – destination distance	9	15	106	65
Hotel – destination description	32	52	128	78

Source: Spremić and Strugar, 2008; current research

Table 6. Web site management

Quality attribute	2007		2009	
	Number of hotels	%	Number of hotels	%
Multilingual site	56	90	128	78
English language	59	95	164	100
Croatian language	51	82	127	77
Links to other businesses	20	32	88	54
News	12	19	48	29
e-cards	9	14	35	21

Source: Spremić and Strugar, 2008; current research

Table 7. Liquidity in companies with and without controlling departments

Indicator / Values	Hotel Companies	
	with Controlling	without Controlling
Current Ratio > 2	37,50%	30,80%
Current Ratio 1 - 2	12,50%	15,30%
Current Ratio < 1	50%	53,90%

Operative cash flow (cash flow from the core business) showed better results in hotel companies with controlling departments. Results of net operative cash flow are even higher and in favour of hotel companies with controlling departments.

Companies with controlling departments achieve higher levels of profitability then do companies without controlling departments (RoI of 7% has been taken as a measure to distinguish successful from unsuccessful companies).

The Z-score model, as a complete indicator of business success, was also analysed. It was found that Z-scores were also better in hotel companies with controlling departments. For interpretation of Z-score values it is important to emphasize that Z>2.99 represents financially healthy companies, values ranging from 1.81-2.99 represent financially jeopardized companies, while Z-score values below 1.81 represent financially 'distressed' companies or candidates for bankruptcy. It is worth mentioning that amongst bankruptcy candidates, more companies had controlling departments. These companies however were unsuccessful and in need of reform which cannot be realized by controlling alone.

Therefore, comparative analysis of liquidity, profitability and Z-Score proved that better results exist in hotel companies with controlling departments. In conclusion, the use of controlling instruments enables hotels to achieve better business results; hence, controlling is a success factor.

Table 8. Operative cash flow in companies with and without controlling departments

Indicator / Values	Hotel Companies	
	with Controlling	without Controlling
Operative Cash Flow > 0	87,50%	84,60%
Operative Cash Flow < 0	12,50%	15,40%

Table 9. Profitability in companies with and without controlling departments

Indicator / Values	Hotel Companies	
	with Controlling	without Controlling
Return on Investment > 7%	12,50%	7,70%
Return on Investment 0 - 7%	62,50%	69,30%
Return on Investment < 0%	25,00%	23,00%

Table 10. Z-Score in companies with and without controlling departments

Indicator / Values	Hotel Companies	
	with Controlling	without Controlling
Z-Score > 2.99	12,50%	7,70%
Z-Score 1.81 – 2.99	62,50%	69,30%
Z-Score < 1.81	25,00%	23,00%

Conclusion

Achieving business success depends on many factors. Information and internet as distributions canal are known as success factors; use of internet has influence on the relations to customers and can improve sales, revenue and profit. Initially, authors presumed that Croatian high quality hotels accepted internet's potential and use it in striving for greater success as an additional distribution channel. Research results proved that Croatian high quality hotels use internet as information distribution channel mainly, but those information are not sufficient and are not balanced well with customer needs.

The second proposition of this paper was that hotel companies with controlling achieve greater levels of business success than do hotel companies without controlling, and that by improving controlling as a key measure, hotel companies may directly increase their possibility of business success. Comparative analysis proved that hotel companies with controlling department achieve significant higher level of success indicators (liquidity, operative Cash Flow, productivity, efficiency, profitability: RoI, RoA, RoS, Z-Score) then do hotel companies without controlling department.

Our research proves that internet at hotel companies are very important as a success factor. Research also proves that controlling in hotel companies is also important success factor as well. Finally,

development of internet as distribution channel and implementation of controlling permanently yield to hotel company success.

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CUSTOMER PROFILING: FROM NATURAL LANGUAGE TO WEB DESIGN

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Abstract

Before Internet era the travel agencies have been the only link between suppliers and customers. Most travellers still rely on travel agents while booking their trips. Reasons may concern the assumption that sales professionals create a rich illustration about the destination, clarify the details, and generate useful hints for the traveller (Bogdanovych, et al, 2006, p 425). For a travel agent, it is rather easy to trace customer's preferences from the natural language, but not for the system such as internet. We studied phone conversations in order to identify how the travel agent profiles the customers in real life, and then speculated whether this profiling helps us in web design.

After content analysis, the 26 conversations were classified into three groups. The criterion was customer's plan/goal and preferences (see Kobsa, 1993). The first group preferred to book a trip under certain constraints. The second group preferred to make changes in or enquiries about their earlier made bookings, and the third group was searching information for decision making. We found that web site can be designed so that the entry page lets users to choose between three goals: Web shop for bookings, service desk for changes, and information site to encourage decision making.

After analysing the discussion paths within each group we concluded that especially for the third group where the seller explained travel options, the virtual representations over destination (e.g. Bogdanovych, et al, 2006, p. 426) may serve a similar experience on the internet. Information searchers and online shoppers may value the site specific search engines and reasoned hyperlinks (Fang, et al, 2007) because their phone discussions based on selection criteria. On the web site, it is easy to provide negative and positive extension options for search activities such as Boolean operations (Leroy, et al, 2003).

According to our study, travel agents not only act differently for customers having different goals but also use different language to convince and promote travelling decisions. These differences provide useful hints for web design, profiling internet users, and focus marketing efforts according to given profiles.

Keywords – Customer Profiling, Internet marketing, web design

Introduction

Today more and more people are using internet for searching travel information from the net. For example 68% of the 16 to 74-year-olds internet users in Finland browses travel and accommodation websites. Purchasing decisions are then made after browsing but quite often the booking is done by phone. For example only 37% of the 16 to 74-year-olds Finns have ordered or purchased online. (Statistics Finland, 2009) Noteworthy though is that 60% of them have actually bought travel or holiday accommodations (Statistics Finland, 2008).

From supplier's point of view, the recent debate about internet marketing has evolved not only among tourism practitioners but also among academics. The discussion divides roughly into search engine marketing and marketing through websites with or without possibility for online shopping. In addition, in last few years we have witnessed the upswing in the discussion and use of social media in tourism business (see e.g. Xiang & Gretzel 2010). However, there is still much to learn in web design and internet marketing.

Quite often websites are treated just as another mean to express marketing message traditionally. In traditional media consumers are seen as passive receivers to whom the company sends messages for example through ads on television or printed media. However, on the internet customers actually have much more active role. They conduct

searches, look for comparable information over offerings, and evaluate and purchase goods 24 hours a day. Because of this active role they may be more sensitive to marketing messages as well and for example rely more on co-consumers' opinions and recommendations.

Because there are many companies and even more sites to choose from on the internet, companies have to make every effort first to help customers to find their way in the company website, and then encourage them to enter and browse through the site. Practices of search engine optimisation help companies to increase accessibility. However, blurry and unclear marketing messages do not admire customers although the supplier is accessible. Thus, companies must pay attention to web site design.

Today, it is possible to design dynamically changing web sites. The content changes according to customer who enters the site. The criteria for change may be the location of the customer, or the content the customer seems to be interested in. Amazon.com, for example, utilises purchasing history while encouraging re-purchase. From marketing perspective, the benefit of these dynamic sites is that web pages can be designed to serve different customers differently. Pages may have distinct targets and messages, distinct layouts and languages, as well as variable elements for example for customer involvement. In practice, this means that dynamic websites enable companies to personalise their marketing messages according to different customer profiles or segments.

This kind of focusing is possible to do with static websites, too. Then customer decides to enter different kind of static website by clicking the link. The simplest way is to ask a customer about his reason for entering the web site. For example www.goisrael.com asks users to describe themselves as general interest travellers, travellers interested in Christian holy places or travellers interested in Jewish sites. By choosing one from the list, the user actually clicks the link to one of the three entry pages.

The internet user may feel this revealing his preferences as intrusive and labelling, and that is why software developers and marketing specialists have developed ways to trace users' behaviour on the internet. Usage of cookies, and clickstream analysis are just a few examples. However all

these have some shortcomings as well – the need for a clear and thorough analysis among others.

Professional sellers learn by doing to profile their customers and personalise marketing according to customers' preferences. The seller might ask the certain questions and then reflect answers towards his earlier experience about customers. Then he associates a new customer with previously identified customer profiles such as in Weick's (1985) sense making theory where past experiences are used to explain new and sudden events. In this paper, we explore whether customer profiling that is based on phone discussions could serve us useful hints for website design. In a way, there is a real negotiation of two going on when customer asks the server to provide information and even to make a reservation so the difference from phone discussion between two persons is not necessary that large.

Theoretical foundation

Shen and Ball (2009) questioned the affects of personalisation in customer satisfaction and focused on technology-mediated personalisation. Shen and Ball (2009, p 81) cited Gwinner et al (2005) and Surprenant and Solomon (1987) when defined the personalisation as 'customising services to an individual customer through the adaptive behaviour of service representatives'.

Basically, the adaption may take place either in sellers' verbal or non-verbal behaviour or in tailored offering to a certain customer but Shen and Ball (2009) used the finer classification in technology-mediated personalisation. Interaction personalisation means adaption in expressions such as name and title, or sending personalised messages such as emails with personalised salutations. This necessitates customer relationship management software or another customer information database to store and call for data when needed. Transaction outcome personalisation refers to customised product or service offerings that are compiled through website for example. One example is to ask customer to tick his preferences from a list and then narrow down the offering options. Continuity personalisation involves ongoing customisation that is based on adaptive learning about customer preferences. Customer may express his preferences by reviewing products or services or buying a certain types of goods. The difference from transaction

based personalisation is that here customer is not asked to give information but customer provides it without an effort. From these, Shen and Ball (2009) claim that continuity personalisation leads to inimitable competitive advantage.

The technology-mediated personalisation is a hot topic in tourism industry as well because travel agents are not anymore the only link between suppliers and customers (Cheyne et al, 2006). Internet sites are run by travel agents so often internet acts as middleman between two parties (Grønflaten, 2009).

Internet sites have a great potential to provide virtual representations over the travel destinations and services, and otherwise it is difficult to illustrate travel experiences before travelling and experiencing them. (Bogdanovych et al, 2006, p 418) This may be one reason for expanding research about internet and its usage in tourism. As Inkpen (1998) put it, internet is one of the biggest changes for tourism industry.

Lately, the studies about internet's role as information source have been common. Grønflaten (2009) studied both information source (travel agent versus service provider) and channel (face to face versus internet). He found out that purpose, nationality, travel mode and style, and accommodation associated to the information source. Respondent' education, travel party, travel style, and duration among others were associated with information channel. According to Grønflaten (2009) information source and channel should not be mixed up. Researchers should focus either to different sources or different channels. However, travel agent (a source) is often compared to internet that is a channel. For example Cheyne, et al (2006) noticed that people seem to favour internet for information search and in making inexpensive and less important bookings such as car rentals. On the other hand, travellers relied on travel agents' expertise in purchasing flight tickets and accommodation except when they had visited the destination before.

Athiyaman (2002) speculates that one reason for avoiding online shopping for air tickets may lie in consumers' security concerns. Thus, Athiyaman (2002) suggests that companies would focus on to modify consumers' attitudes towards online shopping while entering eCommerce. For example, money saving and ease of use may change consumers attitudes.

Law, et al (2004) support this assumption. They supposed that it is savings caused by online purchasing that made long-haul flight travellers to favour internet in flight bookings more than short-haul travellers. Moreover, online buyers agreed that there is more travel information available on the internet. On the other hand, Cheyne, et al (2006) claim that travel agents are valued because their ability to handle complex and personalised arrangements and build long time relationship with customers. Talking with sales professionals creates a richer illustration about the destination, clarify the details of the offering, and generate useful hints for the traveller. Travel agents have expertise especially in shorten the decision making process under certain conditions and help in impulsive decisions. (Bogdanovych, et al, 2006, p 425)

Virtual representations over destinations could be one way to combine the strengths of both travel agents personal selling efforts and internet marketing (Bogdanovych, et al 2006, p 426). Also the web site design gives us new opportunities to imitate personal selling on the internet. Fang, et al (2007) introduced common ways to find information on web portals. These are site specific search engines and surfing through hyperlinks. Thus, those companies that manage to provide a good selection of service links on their homepage help customers to find information quickly and easily. Fang, et al. (2007) call this a question of service selection. Often the service selection is either subjective or traced from the visiting patterns that are recorded and stored in web logs and/or accessibility and usability analysis on existing web site structure (Fang, et al, 2007).

Leroy, et al (2003) studied how the casual internet searching can be improved. They found that users with limited web skills tended to benefit from negative extensions such as Boolean operation 'not' but the experienced users, on the contrary, benefitted from the positive extensions such as Boolean operation 'and'. This may reflect that experienced users already search with more keywords than the beginners. However, people have difficulties to articulate exactly their needs especially when forced to use short keywords. To overcome the problem, Middleton, et al (2004) suggest to use user based ontological recommendation systems where customers' interests are constrained as examples to a common ontology. The ontology here is actually a representation of a user profile.

Also the website features that encourage information retrieval and online booking are studied a lot. Benckendorff (2006), for example, found that airline customers valued basic look, book and advanced booking features, secure transaction sites, and targeted information in airline websites. The looking and booking features were absolute prerequisites but attributes such as a secure site for transactions was a pivotal factor for satisfaction. Supplementary factors such as value-added services including insurance and accommodation increase customer satisfaction but if not delivered on the website, may not lead to dissatisfaction. (Benckendorff, 2006)

Kobsa studied user profiling already in 1993. Back then recognition of user's plans was an emerging profiling factor. Still, plan libraries containing all the possible user plans or goals may serve potentiality for small sized web sites but as the site gets more complicated the more difficult it is to prefigure out all the possibilities. The plan construction, on the other and, tries to complete the observed user actions with all the possible actions which may fulfil the goals that are identified and extracted from the previous actions. This, again, is problematic as the site complexity increases.

Thus, Kobsa (1993) shows us profiling method that is based on filtering the user preferences from their information requests. However, for the person it is easy to extract preferences from the natural language but not for a system. That is the first reason for us to approach the problem from other way. The other reason for analysing person-to-person phone discussions in order to find out useful hints for website design is that roughly half of the customers in tourism industry still book their trip on travel agents. We supposed that there is a set of questions that travel agents utilise when they try to identify customer needs. If these questions can be extracted we may find ways to utilise same questions on the internet. The findings then help travel companies in web design. The applications on the internet site may be either explicit questions that the system asks the customer or implicit so that the system performs user profiling during the session on the site (e.g. Kobsa, 1993).

Even though there has been user profiling research since early 1990s, the applications have not reached full-scaled potentiality. This paper contributes the existing literature from human viewpoint and proposes managerial implications for web design. First we will identify the typical enquiries or subjects during conversations between the customer and the seller. Then we analyse the discussion paths within each group. Finally we speculate whether it is possible to simulate our findings on the internet.

Data acquiring and analysis

In this explorative study we analysed phone conversations that were recorded just after Easter in April 2009. We recorded travel agents' dialogues with the customers, video taped her work and captured and recorded the computer screen in order to find out the software that she used during the phone discussion. All the cases started when customer calls to call centre and ended when the phone discussion ends.

We kept the analysis close to empirical material because the phenomenon is new and not previously studied. The videos and audio recordings were first commented with a web-based multi-user video annotation tool VICTOR. VICTOR shows us the seller's computer screen together with audio recording. The comments are embedded on the video according to time stamp. However we excluded the actual video from this study and focused only on audio recordings about the dialogues between the seller and her customers.

In analysis we used content analysis method (Miles & Huberman, 1984 cited in Tuomi & Sarajärvi 2002, pp110-111). Dialogues were first reduced as a list of comments embedded into video and audio recording. We extracted the comments from VICTOR and continued the analysis with word processing and spreadsheet software.

The comment lists were reduced into short issue notes so that it was easier to notice the similarities and differences between the cases. Based on the content, we formed subcategories such as brand new bookings, specifications for earlier made bookings, and non-specific enquiries. Miles and Huberman (1984 cited in Tuomi & Sarajärvi 2002, pp 110-111) ask analyser to cluster subcategories into categories and label them. We did not do that because the data set was so small and we already labelled the subcategories. After categorisation, we approached again the original data to identify similarities during the discussion between the seller and customer within a given subcategory.

Data Description

All together we had 27 cases. 11 of them were female customers, 11 were male customers, and five were travel professionals. However, one of the male callers was excluded because he did not ask about the travel services. The data is summarised in Table 1.

Out of 26, two female customers and four male customers were repeating customers whose customer information was stored into Customer Relationship Management System. Four women and five men expressed clearly that they had searched information beforehand on the internet. Most of the customers were Finnish but there was one call both from Russia and Sweden. The caller from Sweden spoke mainly Finnish but during the call seller had to ask some difficult questions such as mobile number in Swedish. The customer from Russia spoke English. The description of the data is given in Table 2.

In 21 cases, the phone call started by the customer expressing a clearly stated question or enquiry. These enquiries varied from accommodation bookings to questions about whether there is a broadband internet connection available in the destination or whether breakfast is included.

Nine of these 21 cases were some kind of specifications for earlier made bookings such as upgrading the room type, lengthening the visit duration, and those questions about internet and breakfast. These subcategories are shown in Table 3.

Nine times from 12 cases when customers expressed a clear enquiry concerning a brand new booking, customers gave a certain date when they were planning to arrive, told how long they are going to stay, and for how many people they want to make a reservation. Only in two cases in a subcategory of brand new enquiries customers did not give the exact durations for their holiday, still expressing the arrival date and amount of people.

Eight of the new bookings were bookings for the near future. Eight customers also proposed a certain destination and four customers had a certain room type in their mind. Four of nine of those customers who expressed exact information about date, duration and persons had studied travel information beforehand on the internet. Three of those who also gave destination information had searched on the internet as well as two of those who asked a certain room type. These are summarised in Table 4.

Table 1. Summary of the data.

	Persons	Proportion
Female customers	11	42%
Male customers	10	28%
Travel professionals	5	19%
Total	26	

Table 2. Data description.

	Persons	Proportion
Repeating customers	6	23%
Internet search beforehand	9	35%
Finnish customers	24	92%
Russian customers	1	4%
Swedish customers	1	4%

Table 3. Subcategories of the data.

	Persons	Proportion
Brand new enquiries	12	46%
Specifications for bookings	9	35%
Non-specific enquiries	5	19%

Table 4. Summary of the internet usage in subgroup of brand new enquiries.

	Persons	Proportion
Internet and exact date, duration, persons	4	44%
Internet and exact date, persons	0	0
Internet and exact destination	3	38%
Internet and exact room type	2	50%
Internet and arrival within few days	3	38%

In the second subgroup, i.e. specifications for bookings, changes in room type were asked the most (three times) and changes in the length of the holiday second most (two times). One customer also wanted to change the amount of persons, and three customers called to clarify the services included into booking (breakfast, internet availability, and prospectus all once).

From them internet was searched in every cases in which the customer asked for changes in room type, and once when changes in duration were asked or when customers wanted to clarify the services. Five out of eight who were supposed to start their trip within few next days searched information beforehand on the internet. These findings are summarised in Table 5.

In the subgroup non-specific enquiries there were five cases and none of them included earlier searches on the internet. During the dialogue, the seller had an extremely active role: she asked questions and introduced destinations. In two cases the customer and seller just discussed about the travel options without any exact enquiries. These phone calls were more like overtures for backing up travelling decision. Other three progressed so that the seller asked customers' preferences about the date, duration, and amount of attending persons.

However, without exception callers of the non-specific enquiries actually expressed the exact

destination they were interested in. Three times the discussion led to booking. In two cases the obstacle to booking was unavailability of the preferred room type and unwillingness to change the destination to one where there would have been rooms available. However, both callers said that they will discuss with their families and may then come back to the subject again. All but one caller were planning to have their holiday within few next days.

Empirical findings

First time customers seem to be able to indicate exact arrival and departure dates and the amount of persons. The discussion started with a clearly stated question such as 'I'd like to book a hotel accommodation for two in Levi ski resort starting from tomorrow' (customer in case five). Often these customers had already searched information on the internet. Internet searches gave customers information on prices, room types and destinations. Sometimes customers even asked about better offerings because they expected better offerings according to their browsing like here: 'But I found much cheaper offer on the internet' (customer in case one). If the destination the customer asked was booked up, the seller suggested him one or two the closest equivalent destination: 'There is rather busy in Pallas but we have other hotels available nearby. Olos resort, for example is only

20 kilometres away from Pallas' (seller in case nine).

If the customer did not accept the first offered option, the travel agent suggested another option. She explained details about destinations, room types and proposes another dates for the customer. 'Currently, we have a special offer about hotel accommodation with half board. The price is 100 euro for twin-bedded hotel room and 130 for a suite with own sauna' (seller in case one).

In cases where the price is not affordable, the seller first explains the price difference between distinct room types, and then suggests another option. 'In the first option only the breakfast is included; the second one is with half board and there is own sauna in the suite' (seller in case one). The customers are very price sensitive in the subcategory of brand new enquiries and often the price is a reason to postpone purchasing. After discussion about the price, how it is determined, and what is the precise prospectus, three customers postponed their purchasing, three of them booked a trip, and one of them actually complained about too lower price. 'I have never got anything with 2,100 euro. I'd like to have some extra services' (customer in case 17). That is why we cannot draw any conclusions about whether the seller's tactic to explain the price setting policies encourage decision making.

In the second group, i.e. specifications for bookings, conversation took different path. Again the phone calls started with the exact enquiry. The seller answered the question simply yes or no. If the answer was no, then the seller quickly suggested another option. 'I'm afraid there is no

room available but how about Rovaniemi or Ylläs' (seller in case five). Rovaniemi and Ylläs are other destinations of the same provider. Usually, the customer got interested in and at least promised to call back after discussing with the family.

However, there were also active customers who asked a question after question (six cases out of nine). Then the seller simply answers shortly to the questions. This is different from brand new bookings. While in brand new bookings, the seller actively suggests options, explains contents and describes destinations in specifications for earlier made bookings it is customer who is active.

Still, the seller takes the most active role while the enquiry is non-specific and somewhat vague. Then seller asks short questions such as "When would you like to arrive? For how long you have planned to stay? How many travelling companions there are?" (seller in case six)

Even though we had a narrow data set, we can draw a weak conclusion that for the brand new enquiries the dialogue between the seller and customer is more like a genuine dialogue. By genuine dialogue we mean that both parties ask and answer the questions, explain their views with richer choices of words, and discuss more vivid and descriptively. In specific enquiries about the bookings that are made earlier and in non-specific enquiries there is other party more active than the other. Customer leads the conversation through precise questions in specific enquiries for bookings, and the seller leads the conversation through questions in non-specific enquiries. Table 6 summarises the key findings.

Table 5. Summary of the internet usage in subgroup of specifications for bookings.

	Persons	Proportion
Internet and changes in room type	3	100%
Internet and changes in duration	1	50%
Internet and changes in persons	0	0
Internet and chances in services	1	33%
Internet and arrival within few days	5	63%

Table 6. Key findings about the seller-customer dialogue in call centre in tourism industry.

	No of cases	Conversation manner
Brand new enquiries	12	Dialogue like conversation
Specifications for bookings	9	Customer leads conversation
Non-specific enquiries	5	Seller leads conversation

To sum up, the empirical findings, we found three groups based on the content of the conversations: 1) Brand new enquiries dealt about brand new bookings, 2) Specifications for bookings were phone calls where the customer wanted to clarify, change or complete his/her earlier made booking, and 3) Non-specific enquiries were mainly overtures or quick queries to scan the options. After analysing the discussion paths within each group, we noticed that the mostly dialogue like conversation path was followed by the group of brand new enquiries where both supplier and customer ask and answer the questions and utilise rich language in reasoning, describing and explaining. When customers had already booked their trip and they still had something to ask, the conversation is lead by the customer. She/he asks questions and the seller answers them. Only if the request cannot be fulfilled the seller suggests something else. On the other hand, the seller has an active role while the request is not specific. Then seller asks the questions and tries to find out customer preferences in order to focus offering. Only fifth of the callers were just gathering information about travel options. Among the phone calls there were some bookings that were very complex, and a quarter of the callers were returning customers.

Discussion

We began this study by identifying phone discussions started by the customer who calls the call centre about the travel plans. Next, we analysed the conversation path in more details, and this analysis proofed that it is possible to design website according to findings from person-to-person sales talk to some extent.

Our three categories revealed us different user groups according to their plans and preferences like expected in Kobsa (1993). The first group preferred to book a trip (plan) under certain constraints (date, duration, persons, and often destination i.e. preferences). The second group made some changes (plan) in or enquiries about their earlier made booking (services included, upgrading the room type among others indicate preferences), and the third group was searching information (plan) for travel decision making (features indicate preferences). Web site can be designed so that the entry page lets users to choose between three goals: Web shop to book a trip, Service desk to change booking, and General information site to help in decision making.

This user profiling according to plans and preferences does not include the problem of filtering preferences from natural language (Kobsa, 1993). It simplifies the user profiles that were identified from the phone conversations. The similar findings could be also traced from the visiting patterns that are stored in web logs (Fang, et al, 2007) but this necessitates thorough analysis of the data.

When the customer is forced to choose from three options - booking, changing, searching – we receive powerful implicit information (Kobsa, 1993) about the customer profile. For example, we can be sure that those customers who enter the changing site have already given the company their personal information such as name and address before. This opens us a possibility to utilise Customer Relationship Management Systems in encouraging extra sales, and of course, adapt expressions such as name and title as well as send personalised messages in order to personalise service as Shen and Ball (2009) studied. For example if the customer is identified implicitly (Kobsa, 1993) as skier who travels to Lapland in every Eastern, he/she can be offered a newsletter about special offers for Eastern (Shen & Ball 2009). In the future, we should study whether customers who want to change their trip are willing to provide explicitly (Kobsa, 1993) their personal data on the web site.

Internet was mainly used beforehand by the customers making brand new bookings and in every case when customer wanted to change her/his room type. This slightly supports Cheyne et al (2006) who claim that internet is favoured

as information source. People were more aware about the options after information retrieval on the net.

According to Cheyne et al (2006), travel agents are valued especially for handling complex and personalised travel arrangements. A quarter of the callers were returning customers so Cheyne's et al (2006) assumption about travel agents' ability to build long time relationships was supported. Because roughly a half of these customers were able to specify their travel criteria, earlier information retrieval on the net seem to narrow down the travelling options.

In website design this could be done by indicating options where customer is asked to select and tick those she/he values a most or that are absolute prerequisites for the travel. This is an example about Kobsa's (1993) profiling method where explicit questions are asked in order to make recommendations. Customers may want to indicate some of the criteria as absolute prerequisites as in Benckendorff's (2006) study and some are only supplementary factors. In our study, for online shoppers the main criteria were arrival date, the amount of persons, duration of the holiday, and destination, respectively. The information searchers, on the other hand, seem to start their enquiries from destination, and they are more prepared to change arrival according to availability. After identifying the criteria it is easy to provide negative and positive extension options for search activities such as Boolean operations (Leroy, et al, 2003). And in cases when the criteria cannot be met, the system may suggest a closest equivalent, just like a seller in our data.

Another way to narrow down internet users' alternatives is to improve site specific search engines (Leroy, et al 2003) and provide reasoned hyperlinks (Fang, et al, 2007). Then users have to think of appropriate and short keywords that the provider has used when tagging the content. Even tough Middleton et al. (2004) suggested to use the user based ontological recommendation systems to find out and then mark the content with keywords that the users are more likely to use, the lists of alternative services are cheaper and simpler way to find out customer preferences. All these ways to narrow down the alternatives are also ways to transaction outcome personalisation (Shen & Ball 2009) because their purpose is to compile a customised service offering through website.

Especially in cases where the customer was about to book a brand new trip, the travel agent or the seller gave a rich illustration about the destination, clarified the details, and gave useful hints for the traveller, just like Bogdanovych et al. (2006, p 425) stated. For them and those who search information, Bogdanovych et al. (2006, p 426) suggest virtual representations over destination. Today video and audio material is inexpensive both to produce and to publish on the internet. The video and audio material could also serve as means for encourage interaction between the users. For example, users can be asked to rate virtual representations and places or attractions they illustrate, because there are some customers who value specifically user generated recommendation (Middleton, et al, 2004). These ratings can then be exploited in continuity personalisation (Shen & Ball 2009) while they provide cumulative customer information without asking the customer any questions.

All the groups included a great amount of impulsive travellers that is people who wanted to travel within a few days. This indicates that travel agents have a certain expertise that is valued among impulsive travellers (Bogdanovych, et al, 2006, p 425). In website design it would be beneficial to offer for sale last-minute travel packages for special price. However, the prospectus, i.e. content must be expressed clearly and comprehensively in order to avoid additional enquiries.

The limitation of this study is that we did not have control group of online bookers for accommodation but all the customers were customers on the phone. Still, our study slightly indicates that it is not parallel to Finnish statistics because only one thirds of our data had conducted earlier information search on the internet. Statistics Finland (2009) estimates that 68 percent of the all Finnish internet users browse travel information on the net. Another limitation concerns the fact that we did not asked the special questions about internet usage during the conversation if the customer did not refer it himself. However, our study supports Cheyne et al (2006) that internet has become another link between supplier and customers alongside with travel agents.

Future research

This study is explorative and serves only as a starting point for studies about customer profiling in travel web sites. The study belongs to larger

research project where we analyse user profiles from the server log data. That is why we are able to analyse the log data from the same provider and compare the results in between.

Moreover, we will study the dialogues thoroughly and trace more sophisticatedly expressed customer preferences from the data. Because VICTOR is web-based and enables multiple users to comment and annotate videos it would be interesting to ask the seller we followed for two working days to analyse the data from her point of view. This may reveal us different method for real time customer profiling. Then we could benefit from multi researcher perspective and obtain richer data.

Acknowledgements

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ATTENDEES AT A MARINE TOURISM EVENT IN EAST LONDON, SOUTH AFRICA: A PROFILING STUDY OF THEIR PERCEPTIONS AND ATTITUDES

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Abstract

Events are increasingly becoming established as an integral and major part of tourism development and marketing strategies. East London, which is South Africa's only river port, commercial and tourism hub of Buffalo City, has hosted a number of successful marine-related tourism events, including, the East London Harbour Festival.

The purpose of this paper is to discuss and evaluate the attendee behaviour and the perceptions of event visitors who attend a marine tourism event such as the East London Harbour Festival. Marine tourism events are considered to have positive impact on a destination such as East London where such benefits could include promotional opportunities through media coverage of the host region.

The research instrument, a questionnaire, was administered to a representative sample of respondents at the event; it solicited responses about the geo-demographics of the individuals. In total, 661 attendees were interviewed.

The study found that marketing and promotion activities should incorporate segmentation strategies based on demographics (age, sex etc.) and psychographics (images, appeal etc.). The segmentation of the event tourism market has direct implications for the type of event tourism offering that has to be developed and has direct implications for type and extent of event offering development.

In South Africa, the attendee profile present at tourism events is rapidly changing, especially with the growth of the Black middle class (so-called Black Diamonds). The East London/Buffalo City region can ill-afford not to understand this fast growing new event tourism market.

KEY WORDS: East London, South Africa, marine tourism events, economic benefits, exploratory research.

Introduction and background

Special events of all kinds have been increasing in number, size, and diversity worldwide. Factors influencing this trend include the desire of media to cover new, exciting events, the investment of sponsors who utilise sponsorship to reach their consumers, and competition among destinations to attract events (Getz, 1999 as in SA Tourism & DEAT, 2002). Over the last ten years the event industry has been recognised by governments around the world as a significant economic and social activity, as indicated, for example, by O'Toole (2010). What originally may have started as a loose collection of small festivals, conferences, exhibitions and so forth is now seen as a portfolio or an event programme for a region. Their high visibility and the significant impact have meant governments need to be involved by addressing the various interests and concerns of stakeholders. The development of the government events strategy is the ultimate proof that events are recognised by governments as serious contributors to the life and economy of their populations as underscored by O'Toole (2010). From the smallest community event to the massive world Olympics, events have all largely started in the same. They originate as an idea of a person or group of people and grow with time: and nurturing the event organisers learn from their mistakes, and the event develops from strength to strength.

Events tourism could be used to describe this phenomenon which is evident in destinations, and could be defined as the 'systematic development, planning, marketing and holding of events as tourist attractions (Getz, 1991, as Tassiopoulos, 2010). The goals of events tourism could be:

1. to create a favourable image for a destination;

2. to expand the traditional tourist season;

3. to spread tourist demand more evenly through an area, and

4. to attract foreign and domestic tourists.

Events have become one of the most common channels through which tourists can satisfy their desire to sample local foods and culture, participate in games, be educated or entertained. Smaller local events have the advantage that they can convince event-tourists believe that they are participating in authentically indigenous activities. Local and regional events can have the added advantage of keeping domestic tourism markets active (Getz, 1991, as Tassiopoulos, 2010). The importance of staging events has increased in a number of destinations; more and more destinations are beginning to realise the potential benefit of using events as a strategic development tool (Tassiopoulos, 2010). It is now widely recognized, states SA Tourism & DEAT (2002), that major events contribute significantly towards increasing tourist traffic and driving economic development in a region. As a result the components of the hosting and bidding for events have now become integral to the overall tourism product of many countries. Organisations such as Event Corporations and Sport Commissions whose sole mandate is to develop and manage event strategies for the city or region have been established. If managed and co-ordinated effectively, a well thought-out event strategy has the potential of actualising and realising the following benefits for a city/region:

Provide a means by which to reinforce a city's benefits and attributes and generate a favourable image for the city as a tourist destination;

- Establish a city as a major tourist destination by attracting high yield tourists, especially repeaters;

- Enhance a city's competitive position within a country and put it on the global map;

- Generate increased rate of tourism growth;

- Truly bring a city to life, showcasing its brand personality and instilling confidence and pride in its local community;

- Maximise the use of, and revenue for, existing facilities;

- Favourable incidental media coverage through the event platform which extends the normal communication reach;

- Improve the organisational, marketing, and bidding capability of the community; and

- Increase community support for events.

City events strategies show that differentiation exists in relation to the capacity for bidding for events, ability to attract major events, infrastructural capacity and institutional arrangement. Specific events dominate certain destinations – it may be indicative of certain destinations developing events niches as well as clear branding and positioning. Some destinations have given themselves events-related titles to accentuate their tourism strategy, for example, positioning themselves as 'Sports or Cultural Events Cities'. Some level of competition is evident though, between destination cities which offer similar or undifferentiated events offerings. Attempts are also being made to utilise events to flatten seasonality or to boost tourism in a destination. The proliferation of events offerings has created exciting possibilities for public–private partnerships among the arts, environmental and sponsoring organisations. This means that events, to an ever-increasing extent, need to be managed as businesses. Events are beginning to play an important role in destination marketing, the aim being to attract investment, tourism and even desirable residents. Events tourism, as with any niche market or special-interest travel segment, according to Getz (2007), must be considered from a demand (or events consumer) perspective and from a supply (or destination) perspective. It appears, however, that until recently, very few developing events destinations have focused on events in their tourism development strategies, even though many such destinations may have staged successful events in the past. As the need increases to develop distinct competencies in order to achieve a competitive advantage, it is inevitable that developing events destinations will need to look more to their natural or cultural resources.

Events in South Africa

In South Africa, with the end of apartheid (1994), the national government undertook to make tourism one of the country's leading industries in the creation of employment and the generation of foreign income (WTTC, 2002). Tourism has been prioritized by national, provincial and local government for its jobs and economic growth potential. Development of the sector is a shared competence of all three spheres of Government, and is governed by a fairly complex policy framework that integrates growth and investment policies, environmental policies, transport policies, cultural and heritage policies, among others. In 2008, the South African Government outlined its strategy to address some of the country's most pertinent socio-economic challenges. The elements of the strategy include:

- Speeding up growth and transforming the economy;

- Fighting poverty;

- Building social cohesion and state legitimacy;

- Pursuing the values of international cooperation; and

- Building a developmental state (The Presidency, 2008a).

South Africa has hosted numerous multilateral conferences and major international mega events, which are indicators of its integration into the international community. These events are an effective tool to market or brand South Africa, to be a revenue-generating industry, an opportunity for infrastructure development, creating employment opportunities, increasing tourism to South Africa, and as a contributor to nation-building (Van Wyk and Tassiopoulos, 2009). While events have, undoubtedly, contributed positively towards tourism growth and the economy of South Africa, the extent and nature of these impacts have not been properly understood nationally. Most of these events have occurred in the absence of a nationally co-ordinated strategy inclusive of the sport and cultural sectors. The other constraint is that different methodologies of assessing the impact of events are utilised. This creates difficulty in understanding the national impact that events have on the country (SA Tourism & DEAT, 2002).

Research conducted by Tassiopoulos (2010) concerning the distribution of South African events suggests that the provinces can be grouped into three clusters in terms of the number of events staged (events distribution), namely, high, medium, and low. The Eastern Cape Province is considered as the leader of the medium cluster (other members of this cluster are Mpumalanga and North West provinces). Furthermore an in-depth assessment of the events distribution data indicates that the provincial events distribution is polarised within provinces according to the availability of events venues and the general quality of the events amalgam in the provinces. Most events in the Eastern Cape, for instance, are hosted for the most part in and around the city of Port Elizabeth (Nelson Mandela Metropole). Refer to Figure 1.

Events in the Eastern Cape Province

The Eastern Cape Province is one of the nine provinces of South Africa. The Eastern Cape is currently largely a domestic tourism destination with some pockets attracting international tourists (ECSECC, 2007). The current Provincial Growth and Development Plan (PGDP) of the Eastern Cape provincial government guides the socio-economic development of the Province up to 2014. The PGDP sets a long-term framework for provincial and regional development with the PGDP Strategy Framework including, amongst other, tourism development. The PGDP Strategy Framework further identifies opportunities for tourism development in the Eastern Cape which includes developing niche markets, amongst others, in events and business tourism (Grant Thornton Kessel Feinstein, 2003). The Eastern Cape Province's 2010 Cultural Industries Programme aims at building on the protection and documentation of Eastern Cape heritage sites and legacies: the development of art throughout the Province; to facilitate the non-exploitative development of cultural industries that can support the unlocking of the tourism opportunities in the Eastern Cape, including those associated with the 2010 FIFA Soccer World Cup. The Provincial Government has a key facilitation role to play, which includes coordination with Municipalities and other relevant Provincial and National Government departments. Key to this objective is the unlocking of funding for infrastructure, and the availability of further funding opportunities that can support the development of existing and

further forms of expression. The 2010 Cultural Industries Programme is aimed at, amongst others, consolidating the development of events such as the National Arts Festival and the Wild Coast Festival (PGDP, 2004).

Buffalo City Municipality, which is in the Amatole District of the Eastern Cape Province, is the second largest metropolitan area of the province. Buffalo City includes East London, King William's Town, Mdantsane and Bhisho (the provincial capital). Buffalo City forms the central hub of the Eastern Cape, with the Sunshine Coast tourist route leading west from Buffalo City to Port Elizabeth and the Wild Coast route leading from Buffalo City, north-east towards Durban (Buffalo City Municipality, 2002 and Buffalo City Tourism, 2010). Buffalo City, and its surrounding region, however, has had a very limited tourism sector to date; nevertheless, there is certainly scope for expansion (Buffalo City, 2002). The Buffalo City Tourism Master Plan addresses tourist-related areas and tourism events. The powerful tourism multiplier has been the chief rationale for promoting tourism, eco-tourism, cultural tourism and sport in order to create local jobs and economic growth (Buffalo City Municipality, 2002). Buffalo City's Tourism Master Plan aims to focus on opportunities for further development, including, sports tourism as the city has invested in its sports infrastructure and has already hosted some major sports events (Buffalo City Municipality, 2009).

FIGURE 1. Provincial event frequencies in South Africa, 1999–2009 (Contact Publications: 1998-2009, as in Tassiopoulos, 2010).
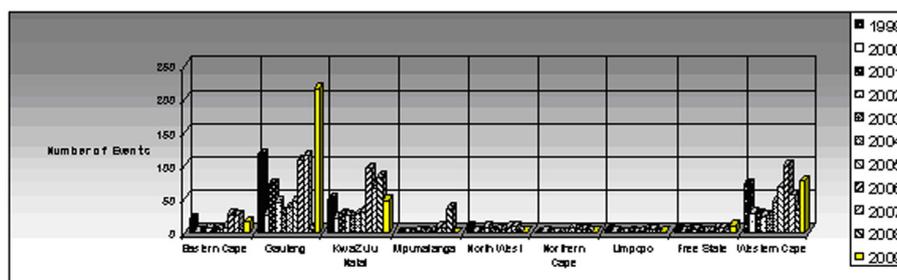
East London is South Africa's only river port; it is the commercial and tourism hub of Buffalo City, and has successfully hosted a number of marine-related tourism events, including, Ultra Trail Marathon, Discovery Surfers' Challenge, Specsaver Ironman (Buffalo City Tourism, 2010), and the East London Harbour Festival. At the opening of the 10th East London Harbour Festival in 1998, the then-Minister for Public Enterprises indicated that the said annual maritime tourism event sensitised the broader East London community and surrounding areas in general about the important role the port plays in the economic wellbeing of the region. The main object of the Harbour Festival was to harness and develop a maritime culture among historically disadvantaged individuals and communities in a manner that allowed the port community to contribute directly to deserving causes in the greater East London area. Furthermore, the Harbour Festival sought to positively increase awareness of and enhance the image of the port, and, to create a sense of ownership and pride of the port as a national asset to be utilised for the benefit of all (Sigcau, 1998).

Marine tourism is considered by Ateljevic and Page (2009) as a form of tourism associated with the sea, sand and sun; and is a significant economic and social force. Marine tourism can include recreational activities that involve travel away from the place of residence and states Lück (2008: 286) "includes shore-based tourism activities, amenities and facilities that have their focus on the marine environment and related activities". Increasing competition from emerging tourism destinations, as highlighted by Ateljevic and Page (2009: 14), has forced traditional destinations "to reinvent their conventional sea, sand and sun product by introducing value-for-money strategies such as better customer service and better quality food". Marine tourism is not to be confused with nautical tourism which is defined by Luković (2000: 6). as "each active or passive visitor or passenger who travels to a place out of their permanent residence for a period under one year, with any aim of the voyage except for the activity paid by a source in the visited place, for study, permanent residence and emigration, and temporarily resides aboard a vessel…". For the purpose of this study, marine

tourism events can be described as events that involve marine-related event activity that is bordering on, or situated near, the ocean. For instance, a regatta or marine parade, are also generally known as marine tourism events, and according to Justia.com (2010), "can be described as an organized water event of limited duration that is conducted according to a pre-arranged schedule".

Against this background the aims of the research were firstly, to determine the profile and perceptions of attendees at the East London Harbour Festival, a marine tourism event, which seeks to encourage people to visit the area to experience marine-related activities, secondly, to investigate whether the event can contribute toward differentiating a destination such as East London, and lastly, to contribute toward the body of knowledge of marine event tourism, and in this way to influence event planners, destination management organisations, and tourism policymakers. The paper concludes with management and marketing implications for events organisers.

Research method

The research was undertaken at the East London Port/Harbour, which is managed by the National Ports Authority (Portnet). The research instrument, a questionnaire, was administered to a representative sample of respondents to the event by 10 trained research fieldworkers at the exit points of the research site. The procedure adopted was that all interviews were conducted on a face-to-face basis. In all instances, permission was asked from the owner/manager or person in charge at the intercept point to conduct the respective interviews. Attendees were advised on: (a) their status as volunteers, (b) their right to refuse to answer any question, (c) the legal liabilities of their participation, (d) confidentiality, and (e) the limitations of anonymity due to the nature of the study. The fieldwork was conducted during March 2006.

Study design

This study was (largely) exploratory in nature and a quantitative approach was employed to provide an insight into the demographic, trip-related and general tourist behavioural characteristics of the attendees at the event.

Sample

The target population included attendees to the event (over the two-day period of the event) and were intercepted using a systematic random sampling technique. In total, 661 attendees were interviewed. Only one representative from the travel-party was interviewed, either the head of the travel-party or a volunteer was interviewed.

Research instrument

The research instrument used was a structured questionnaire, which provides factual information on the subject under investigation, provides the respondents with an opportunity to give own accounts of behaviour, attitudes and intentions, guarantees anonymity of response, reduces and eliminates differences in the way in which questions are asked, and how they are presented. The questionnaire consisted of six parts and included categories of questions on the following: the geo-demographic attributes of the attendee, travel party characteristics, rating the event and related facilities, information sources concerning the event, expenditure, and, accommodation criteria.

Findings

Geodemographic variables

The generic geodemographic characteristics of the attendees at the marine tourism event are presented in Table I by age, gender, population group, language, area of residence and home language.

These results indicate that of key interest is that over half of the respondents are female and are predominantly 18 to 25 years old. Most respondents are Xhosa-speaking, belong to the Black population race group and most likely resident in East London. Most respondents are not married, have no children, are likely non-employed or students, and have at least up to 15 years of formal education.

Table I: Geodemographic variables – summary

Demographic variable:	%
Gender:	
Female	50.5
Home language:	
Afrikaans	11.7
English	38.6
Xhosa	43.6
Age:	
18 to 25 years	35.6
26 to 35 years	27.3
36 to 50 years	24
Population group:	
Black	50.5
White	32.2
Area of residence:	
East London	69.5
Have children	
None	44.8
Under 6 years	27.8
Under 15 years	27.4
Marital status	
Single	50.7
Married	44.5
Occupation	
Professional	21.5
Self-employed	8.1
Employment status	
Non-employed/student/housewife	23.5
Unemployed	9
Years of Education	
Up to 12 years (Matriculation)	19.6
Up to 15 years (Diploma/Degree)	50.5
Annual income	
Up to ZAR15000	26.8
No less than ZAR95000	21.9
Base	**661**

Bivariate analysis was conducted involving population race group. The bivariate results suggest that the 18 to 25 years of age (24.6%) was Black respondents whilst 26-35 (9.2%) and 36- 50 (9.5%) years old respondents were mostly White respondents. Although Black respondents indicated that they mostly (25.7%) have no children, a noticeable number (12.7%) of White respondents indicated that they had children of less than six years of age. Furthermore, 35.9 of Black respondents indicated that they were single whilst 21.3 % of White respondents indicated that they were married. Most Black respondents indicated that they earn less than ZAR 15000 per annum whilst most White respondents indicated that they earn at least ZAR 95000 per annum.

Behavioural variables

The travel trip behavioural characteristics (or tripographics as per Hu and Morrison, 2002) of the event attendee market are discussed in this section. These factors include aspects such as the accommodation preference, travel party characteristics, number of days attended, overnight stays, area of residence whilst visiting the event, and the number of days in the area. In addition, the total expenditure of event attendee market whilst in the area will also be examined.

Travel party characteristics

Almost one quarter (24.4%) of the of respondents travelled in visiting parties of two persons whilst a further 20.8% travelled in threes, as presented in Table II. Furthermore, 18.1% of visiting parties had at least one child under the age of 16 whilst 16.8% had at least two children under the age of 16 years.

Bivariate analysis was conducted involving population race group. The results suggest that Black respondents are more likely (13.4%) to travel in travel parties with two persons whilst White respondents are more likely (9.2%) to travel in travel parties of three.

Rating the event and related facilities:

The respondents indicated that most (34.1%) were extremely satisfied with the road signs to the event.

Over one-third (35.9%) of respondents indicated that they were just satisfied with access to the event whilst a further 29 % was reasonably satisfied and a further 29.1 % being extremely satisfied. Most were only satisfied with: the quality of the viewing experience (38.9%); the overall service (38.9%); and the overall experience (37.9 %). Bivariate analysis was conducted involving population race group. Overall, no significant bivariate analysis results were seemingly noticeable apart from some (19%) Black respondents being extremely satisfied with the overall experience whilst the majority of White and Black respondents were just satisfied.

The attendees were requested to rate key facilities and features of the event on a 10 point scale (where 1 = bad and 10 = outstanding). Most rated the following as outstanding: power boat race (34.6%); SA Navy display (30.8%); basketball (31.5%); exhibitions (33.6%); tug rides (25.3%); aerobatic display (27.3%); food stalls (34.8%); dance competition (31.5%); beauty and fashion pageant (17.9%); beer gardens (33.2%); circus (44.4%) and fireworks display (47.9%). It was, furthermore, noted by the study that a sizeable number of respondents rated the following as good: fun rides (27%); boxing (19.3%); tug rides (25.3%); and the beauty and fashion pageant (19.6%). Overall, no significant bivariate analysis results were seemingly noticeable apart from some White respondents being more critical of the certain key facilities and features: basketball, boxing, and the cultural events on offer.

Respondents were requested to indicate what they found missing or needed to be improved at the event. Although most (59.3%) indicated that no further improvements were necessary at the event, the quality of entertainment (8.2%), tug rides (6.8%), event organisation (6.2%), the improvement of facilities and amenities (7.1%) seemingly needed more attention from the event organisers. Bivariate analysis was conducted involving population race group with the findings indicating that Black respondents would prefer additional cultural activities, more music, and more sport. White respondents, conversely, would prefer to see the further improvement of facilities and amenities.

Table II: travel trip behavioural characteristics - summary

Travel trip behavioural characteristics:	%
Size of visiting party	
Two	24.4
Three	20.8
Children under 16 years old in the visiting party	
One	18.1
Two	16.8
Base	**661**

Respondents were also requested to indicate the strengths of the event. Most (40.5%) respondents indicated that the event was fun and enjoyable. Black respondents further indicated that the location of the event was good whilst White respondents indicated that security provision was a strength of the event.

The respondents were asked to rate the likelihood of them attending the following year's Port Harbour Festival. Almost three-quarters (72.7%) of the respondents indicated that they would very likely attend the event in the following year. Furthermore, 94.9 % of the respondents would recommend the event to their friends and family. Overall, no significant bivariate analysis results (involving population race group) were seemingly noticeable concerning these issues.

The study further probed various aspects of the events. Respondents were required to indicate (using a 10-point scale) how satisfied or dissatisfied they were with certain key event features. Most rated the following as outstanding: overall rating of the event (33.1%), security (36.2%), layout and appearance (25.4%), assistant and official support staff (27.1%), cleanliness (35.8%), public tents (20.55), and parking (37.7%). It was further noted by the study however that the following were rated as good: layout and appearance (23.8%), assistant and official support staff (23%), seating areas (22.5%), public ablution facilities (17.9%), and public tents (18.5%). These issues need further attention by the event organizers. Overall,

no significant bivariate analysis results were seemingly further noticeable concerning these issues.

Information sources concerning the event:

The study sought to determine whether respondents have access to the internet. The results indicated that 57.2 % of respondents do have access to computers. Black respondents indicated that 48.7 percent had internet access, whilst, White respondents indicated that 68.4 percent had online access.

The study sought to determine the information sources concerning the event. The results indicate that festival posters were the most common source of information about the event (59.1%). The study further determined that the following were not dominant sources of information: friends and relatives (72.7%), brochures and pamphlets (95.4%), internet (98.6%), street banners (77.9%), impulse decisions (99.2%), travel and tour operators (99.5%), festival programme (99.2%), radio (83.6%), television (96.%), newspapers (51.5%), magazines (94.3%), and promotional material (98.6%). Overall, no significant bivariate analysis results were seemingly further noticeable concerning these issues.

Event related expenditure:

Table III: travel trip related expenditure - summary

Item	Up to R50		Up to R100		Up to R150		Up to R200		Up to R250		Up to R500	
	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)
Accommodation	127	62.3	20	9.8	3	1.5	10	4.9	13	6.4	31	15.2
Local transport	308	69.1	89	20.0	18	4.0	9	2.0	12	2.7	9	2.0
Entertainment	176	36.1	169	34.7	76	15.6	31	6.4	18	3.7	16	3.3
Fast food and drinks	279	53.4	144	27.6	49	9.4	31	5.9	8	1.5	11	2.1
Children's programmes	111	45.5	58	23.8	42	17.2	17	7.0	11	4.5	5	2.0
Buying gifts and curios	87	36.9	59	25.0	31	13.1	25	10.6	17	7.2	17	7.2
Shopping items for family	67	40.9	27	16.5	21	12.8	34	20.7	10	6.1	5	3.0

Table III suggests that 62.3% of attendees would likely spend up to ZAR50 on accommodation, 69.1% would spend up to R50 on local transport, 36.1% would spend up to ZAR50 on entertainment with a further 34.7% spending up to ZAR100 on entertainment, 45.5% would spend up to ZAR50 on children's' programmes, 36.9 % would spend up to ZAR100 on gifts and curios, and 40.9% would spend up to ZAR100 on shopping items for the family. Overall, the total trip related expenditure for a travel party could amount to ZAR700. Overall, no significant bivariate analysis results were seemingly noticeable apart from some White respondents seemingly spending more on entertainment (up to ZAR100).

Accommodation criteria:

Table IV: accommodation type used whilst visiting event

	Yes		No	
	Absolute (n)	Absolute (%)	Relative (n)	Relative (%)
Apartment	70	10.9	574	89.1
Bed & breakfast	27	4.2	619	95.8
Camping	1	0.2	645	99.8
Caravanning	1	0.2	645	99.8
Visiting friends(VRF)	56	8.7	590	91.3
Guest house	13	2.0	633	98.0
Holiday resort	5	0.8	641	99.2
Hotel	21	3.3	625	96.7
Holiday house	3	0.5	643	99.5
Rented house/house exchange	4	0.6	642	99.4
Hostel/youth hostel	1	0.2	645	99.8
Lodges/chalets/bungalows	5	0.8	641	99.2
Motel	2	0.3	644	99.7
School/army or police quarters	4	0.6	642	99.4
Timeshare	1	0.2	644	99.8
Vehicle related accommodation	2	0.3	644	99.7
Water related accommodation	5	0.8	641	99.2
Resident in the area	345	53.4	301	46.6
Don't know/uncertain	8	1.2	638	98.8
Did not stay over in Buffalo City	39	6.0	607	94.0
All other	4	0.6	642	99.4

Table IV indicates that 53.4% of respondents were local residents and 3% did not stay over in Buffalo City. Of those respondents who did stay over during the event, 10.9% stayed in rented apartments, 8.7% were visiting friends and relatives (VFR) and 4.2% stayed in bed and breakfasts establishments. Only 3 % would consider staying in hotels. Overall, no significant bivariate analysis results were seemingly further noticeable concerning these issues.

Indentifying the official charities and sponsors:

The study sought to determine the general awareness of the charities that were supported by the event. The results show that 60.9% of respondents were not aware of the charities that were supported by the event.

The results further suggest that only 20% of the attendees could identify Coca Cola, Radio Algoa FM and the East London Industrial Development Zone (ELIDZ) as sponsors of the event with 43.9% of the respondents not being able to offer comments concerning the official sponsors.

Discussion

The generic geodemographic characteristics of the East London Harbour Festival attendees indicated that the respondent is predominantly 18 to 25 years old, female, Xhosa speaking, Black South African, has no children, resides in East London, is not married, a professional or unemployed (housewife or student), has a tertiary educational qualification, and, likely either earns less than ZAR15000 or more than ZAR95000 per annum. This result is indicative of the potential

buying power of the female event attendee market segment and the need to develop event tourism products that will meet the needs of this market, in particular. Tourism product marketers, however, need to acknowledge, as underscored by Richards (2007) that there are large income differences between different areas of the world with tourism markets in Africa and Asia generally having lower annual incomes. This difference is considered to have implications for product development of event tourism.

An age-based sub-culture can be described as a generation of people who have experienced a common social, political and economic environment. Generations can be roughly sub-divided into 20-year blocks and can help to explain different consumer behaviours (Koutras, 2006). The 18 to 25 years group can alternatively be called Generation Y-ers who were born from 1979 to 1994 (13 to 28 year old). In the context of the South Africa event tourism industry it is suggested that they represent the new upcoming target market that requires continual research. Generation Yers is the largest generation to hit global markets since the Baby Boomers. "In South Africa, the impact of Generation Y is important. Generation Y-ers make up 64% of the local population and spend ZAR200 billion a year. Marketing campaigns are beginning to target younger and younger audiences making Generation Y-ers an ideal target market because they have a basic desire for anything new, fresh, and are increasingly able to influence their parents' spending habits" (Koutras, 2006: 106). Generation Y-ers have the following social characteristics: are good, critical thinkers; cherish autonomy; lean towards libertarian (egalitarian) ideals; want to be treated fairly and with respect; have tremendous self-confidence; are distrustful of governments, large organisations and the elite; are extremely networked (technologically and personally); depend socially on relationships with selected, but changeable, peers; and are informal and situational in their approach to ethical and work issues (Leonardi, 2007). The study also further notes the so-called "Generation X-ers" (Kotler, Bowen & Makens, 1999). The Generation X-ers (36 to 50 years old group) were born between 1965 and 1978 (or between 1964 to 1979, according to Fountain & Charters, 2004) and are associated with having lived through the dismantling of apartheid and have reached sexual maturity in the high-risk age of HIV/AIDS and have developed a pessimistic economic outlook that is aggravated by problems in finding highly sought after jobs. Consequently, the X-ers are a more sceptical, and, cynical about frivolous marketing pitches that promise for easy success (Tassiopoulos et al, 2004). The segmentation of the event tourism market has direct implications for the type of event tourism offering that has to be developed and has direct implications for type and extent of event offering development.

Conclusion and Future Research

These findings can be used to further research and have managerial implications for practitioners in the events industry. It is crucial that the tourism destination management organisations and tourism marketing authorities accurately segment and identify a diversity of experiences available for the attendee at marine tourism events.

The East London/Buffalo City region is traditionally a low event tourism profile area and long-distance tourism destination; however, it is one of the youngest event tourism destinations in South Africa. The research suggests that its strategy to associate the region with marine event tourism may not be enough to differentiate the East London/Buffalo City region as a distinctive tourism brand

Positioning and communication must address consumer desires and stimulate an emotional response in event tourists rather than blandly presenting the destination's attractions. The East London/Buffalo City region's key strengths and differentiating features as a destination must be creatively promoted through its positioning and marketing initiatives. The ultimate goal of marketing is to influence and control the ultimate consumer.

The expectations of the attendee at marine tourism events needs to be understood on a continual basis as they represent a sizable portion of the current and future shapers of the event tourism market of the province and the country, overall. In South Africa, the attendee profile present at tourism events is rapidly changing, especially with the growth of the Black middle class (so-called Black Diamonds). The East London/Buffalo City region can ill-afford not to understand this fast growing new event tourism market. This needs on-going research on a longitudinal basis.

Postscript

Since the conclusion of this study, the East London Harbour Festival has ceased being staged. The reason for this has seemingly not been officially communicated to the public. Some insight, however, concerning this matter can be derived from Botha (2004): "the future of the annual harbour festival, which has collected a million ZAR for charity, is being threatened by the newly implemented International Ship and Port Facility Security (ISPS) code". South Africa's ports have to comply with the ISPS code, which aims to secure global ports after the September 11 terrorist attacks in New York City.

Acknowledgements

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DETERMINANTS OF TOP MANAGEMENT TEAM INTERNATIONALITY IN MULTINATIONAL COMPANIES – THE ROLES OF STRATEGIC POSTURE, PERFORMANCE, AND INTERNATIONAL OWNERSHIP

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Abstract

Top Management Teams (TMT) are a critical resource to run multinational companies (MNC). Upper Echelons theory puts it that specific characteristics of TMT influence the decision-making in MNC and thus strategic outcome. A facet of particular relevance in the MNC-context is internationalization. Not surprisingly, several studies investigated the impact certain internationalization-related TMT characteristics may have on the companies' internationality. Interestingly, the opposite direction has been examined at cursory level only.

Based on the Resource-based View as well as Information-processing perspective, this study will develop a conceptual framework which aims at shedding light on whether specific strategic aspects influence the executive board's level of internationality. In particular, the impact of a company's level of internationalization, its business segment diversification, its performance as well as its ownership structure will be addressed. TMT's level of internationality is captured by integrating four different characteristics into one index.

While the empirical test of this paper will be done in an upcoming paper, this article summarizes possible contributions to theory and implications for TMT staffing. Furthermore, avenues for future research are presented.

Introduction

Many large companies can be considered to be multinational, though real stateless (Hu, 1992) transnational enterprises still seem to be a more or less theoretical concept. A critical resource to run multinational companies (MNC) successfully is the top management (Ghoshal, 1987). Considerable parts of top management teams' (TMT) daily business refer to aspects of international business. Beyond doubt, it is the top management who determines the strategy of large MNCs, over and about this is true for internationalization. Decisions in general and with respect to internationalization in particular are very complex. Dealing with these complexities requires corresponding management skills at top management level. Beyond doubt, these skills include aspects relating to the international background of a manager such as nationality (Hijeltjes et al., 2003), experience (Sommer, 2009), international education (Schmid/Daniel, 2006) and cross-border networks (Coviello/McAuley, 1999).

Heijltjes et al. (2003) found that although internationality of TMT has increased, there is still very often a gap in terms of having a corresponding share of foreigners in the board. This raises the question: what determines TMT internationality? Furthermore, do multinationals really need foreigners or would internationally experienced and educated nationals be an alternative? The impact TMT heterogeneity in a broader sense may have

on a company's international posture is quite well examined (cf. Reuber/Fischer, 1997; Hermann/ Datta, 2005). Here, especially the Upper Echelons approach represents an important starting point, as this approach argues that firm outcomes can be related to TMT members' characteristics (Trevis-Certo et al. 2006). Interestingly, the opposite direction – how company's strategic posture in general many influence TMT composition – is underrepresented in literature. The few works available – for example Michel and Hambrick (1992) or Athanassiou and Nigh (2000) – are the exception to the rule. Hence, this research stream seems to be still at the beginning.

Some papers have checked what influences board heterogeneity could exert (cf. Michel/Hambrick 1992). But most studies available analyze the impact on one or two heterogeneity aspects, such as team tenure and others. Furthermore, the few works available tried to clarify the impact certain TMT internationality-elements have (e.g. Greve et al. 2003). An integrated perspective on a comprehensive board internationality measure seems to be underrepresented. As information-processing capacity is a main aspect in TMT configuration, also other influences determining complexity seem to be relevant for example diversification. Not surprisingly, scholars (Greve et al., 2009) strongly recommend that the key determinants of TMT composition definitely require more research. The paper at hand aims at extending the results available so far and tries to provide further contributions.

This study will develop a conceptual framework based on Resource-based view and information processing perspective, which aims at clarifying several aspects. First, how does company internationalization affect TMT internationality? As for the latter, internationality will be conceived as a comprehensive measure, integrating four different elements. Furthermore, does the complexity of the company's business segments affect board configuration? Also, how do performance-related aspects influence board internationality? Last, but not least, does international ownership affect TMT's level of internationalization? While the framework will be presented in this paper, empirical tests will be done in an upcoming study.

This introduction is followed by brief overview of relevant studies. Section 3 sees the presentation of the research model as well as the propositions. The last part of this paper derives conclusions and implications the empirical study will probably yield.

Literature Review

As already mentioned TMT's are of critical importance for effectively and efficiently running MNCs. Not surprisingly, research as dealt with the question of what TMT factors affect a company's behavior. In their seminal paper, Hambrick and Mason (1984) developed the so-called Upper Echelons theory. This approach examines the individuals responsible for the organization as well as the way they behave (Hambrick, 1989). The theory argues that individual attributes – including demographic and other background characteristics as well as personality traits – exert influence on preferences and attitudes of TMT members. These factors in turn are said to affect strategic decision-making, leading to specific organizational outcomes (Finkelstein/Hambrick, 1996; Tsui/Gutek, 1999). The latter not only refers to a company's strategic posture but also to its performance. A significant amount of research has been done on this facet leading to the suggestion that TMT characteristics apparently influence a company's primary goal: making profits. Hence, Upper Echelons theory postulates a positive relationship between a set of TMT characteristics and firm outcomes (Trevis Certo et al., 2006). While in the past the theory has been criticized to a certain extent (cf. West/ Schwenk, 1996) other authors have underlined the relevance of the Upper Echelons theory, as several enhancements could improve the power of corresponding research models (cf. Trevis Certo et al., 2006). It is quite straightforward to argue that if TMT characteristics really have such an eminent importance for strategic outcomes, the composition of the team should be at least partially based on these factors to reach specific strategic goals.

To a certain extent, this theory refers to the Resource-based view (RBV) of the company. Barney (1991) suggested that resources and capabilities of a firm represent an important pillar of gaining sustainable competitive advantages. Basically, these resources are valuable, rare, not substitutable and difficult to imitate. These factors include "a firm's management skills, its organizational processes and routines, and the information and knowledge it controls" (Barney et al., 2001, p. 625). Resource-based view of the firm has gained much attention during the last two

decades. This is true also for the internationalization context. The objective here was - and still is - to develop a dynamic capabilities/resource-based theory of the firm. During the last two decades, scholars have revisited and revitalized RBV in order to use its potential to clarify – among others – the role of specific capabilities (Foss and Eriksen, 1995). In the internationalization context, RBV deals with sustainable and hard to copy attributes of the firm as the sources of economic rents. In other words it focuses on the fundamental drivers of the performance and sustainable competitive advantage needed for internationalization. A firm's ability to attain and keep profitable market positions depends on its ability to gain and defend advantageous positions with regard to relevant resources important to the firm (Conner, 1991). Resource-based models here also recognize the importance of intangible factors such as knowledge as a fundamental antecedent to gaining sustainable competitive advantage. Consequently, RBV is not limited to current status-quo but also is interested in acquiring and developing new resources. RBV has led to a deeper understanding of firms' diversification strategies (Montgomery/Wernerfelt, 1997), internationalization being one of them. It also enriched the discussion in the internationalization setting, especially with respect to MNCs, and put in perspective several arguments of the stage internationalization school (Barney et al., 2001). One of these intangible elements clearly is human resources, a particular relevant part of them being the management. Not surprisingly this seems to be true also for managing a company's international business activities: an experienced and knowledgeable top management team (TMT) can be seen as a strategic resource (Castanias/Helfat, 1991) which helps gain, secure and extend international competitive advantage. Such resources need to be acquired and developed carefully.

One of the capabilities necessary in order to successfully manage a company, in particular in case of MNCs, is information processing. As already mentioned TMT are those people who lead the firm and shape organizational outcome. Thus it is these managers who take in external and internal impulses, based on which eventually decisions are made: they are on the strategic apexes of the firm (Mintzberg, 1973). Hence, dealing with uncertainty and complexity of the environment (Hambrick et al. 1996) is an element of their daily business. TMT have to process large amounts of information, which often are ambiguous, unclear or even conflicting (Finkelstein/Hambrick, 1996). Several researchers have argued that the information related challenges based on higher complexity and uncertainty of context likely increase with accelerating information, which could even lead to exhausting phenomena (cf. Siddharthan/Lall, 1982). It is anything but surprising that managers are likely to use specific mental shortcuts or rules of thumb in order to come to a conclusion. Strategic decision-making thus is thus affected by these cognitive biases (Das/Teng, 1999). Several scholars have suggested that governance structures and mechanisms should mirror the level of information-processing demands (cf. Henderson/Fredrickson, 1996). Beyond doubt, complexity and uncertainty rise along the firm's strategic posture, this is of course also true for internationalization. Doing business abroad is likely to increase the level of uncertainty, due to the environment's increasing complexity (Astley/Brahm, 1989). While this is the case basically for all companies, especially for the smaller ones, this contention is over and above true for MNCs which by definition have to deal with dynamics and complicity of several different countries and cultural areas, respectively. Not surprisingly, only the fact that a firm is multinational implies considerable information-processing needs for its TMT (Prahalad, 1990).

As internationalization is associated with a rather increasing demand in information processing, corresponding measures to facilitate this task become relevant – again, how governance is arranged plays an important role here (cf. Michel/Hambrick, 1992). Implementing such appropriate structures clearly refers - among other aspects - to a proper configuration of the top management. Highly capable managers, who have an international background and understand the conditions and challenges of foreign market engagement, are seen as an important enabler for successfully running cross-border businesses (Bartlett/Ghoshal, 1998). While an international background both on the level of the individual manager as well as TMT seems to make sense, another aspect referring to the latter needs to be mentioned: diversity. Multinational companies are engaged in wide range of markets in many different countries and cultural areas. This implies that the international environment these companies face is divers in terms of several criteria such as market structure, cultural aspects and others. While it

is clear that this diversity cannot be perfectly addressed in TMT composition there is no doubt that a diversity in experiences, nationalities, cultural background, and others would allow the TMT to rely on a richer set of information sources and perspectives. This very likely would increase the capacity and thus the information processing capability of TMT. Taking into consideration the RBV-approach, it is easy to understand that fitting the TMT with relevant competences, knowledge and other personal factors such as attitudes (Calof/ Beamish, 1995) is of particular relevance.

While it is clear now, that diversity in environment could be dealt with diversity in TMT, research so far has studied the antecedents to international diversity on top management level only at cursory level. The few studies available have found interesting insights, but much is still unclear.

Sanders and Carpenter (1998) were among the first who investigated the relationship of company's international posture and board structure. Basing their research on information-processing and agency theory they found evidence that governance structure to a certain extent is aligned to the firm degree of internationalization. In particular, CEO pay, TMT size were found to be relevant. Nevertheless, degree of internationalization did not account for larger amounts of additionally explained variance. Furthermore, their study was limited on the USA, making generalizations to the rest of the world difficult. Another interesting aspect relating to TMT characteristics has been discussed by Athanassiou and Nigh (1999) – based on a sample of MNCs they tried to identify the determinants of TMT international business advice networks. Two main forces were identified: interdependences between individual country market activities as well as firm's degree of internationalization. While their sample was rather small and furthermore also focused on the US, two aspects are of particular relevance for the paper at hand. First, they emphasized the relevance of having international networks for running MNCs and second, that these networks increase international business expertise on TMT level, thus adding to the information-processing capacity of the board. One year later, both authors published another important paper (Athanassiou/Nigh, 2000), this time dealing with the effect firm internationalization may have on top managers international business behavior conceived as stays outside the home country and the propensity to meet partners face-to-face. They grounded their work on tacit knowledge

perspective and investigated a set of US MNCs. While several expectations were supported, others such as the possible impact of interdependence of country-related activities on stays overseas could not be confirmed. In the context of the paper at hand it would be particularly interesting whether or not these behaviors can be associated with a specific strategy in terms of composing TMT. Heijltjes and her colleagues (2003) were among the first to investigate internationalization level of non-US based companies. Their study analyzed a set of Swedish and Swiss companies. Both countries are rather small and have a tradition of internationalization as well as a considerable share of MNCs. The study found that internationality of boards has increased but seems to not to progress on the same level as firm internationalization. While this paper presented interesting insights, it dealt only with national diversity on board level. Furthermore, determinants for national diversity were proposed but not empirically analyzed. Still, their study made clear that TMT internationalize – please note that there seems to be sort of a time lag between firm and board internationality. This implies that there probably exists a deliberate adaption of TMT internationality to firm's degree of internationalization. The study by Greve and colleagues (2009) represents a further step ahead. They tried to identify relationships between companies' geographic and cultural dispersion and TMT national and experiential diversity. Their results indicate that these factors to a certain extent indeed influence TMT diversity. On the other hand foreign employment share – or in other words: international posture – did not show a significant impact, furthermore they investigated the impact on both dependents separately; they did not use a comprehensive TMT internationality measure and only focused on factors related to internationalization. Non-significance of certain assumed relationships may be due to the relatively small sample. Still, their paper encourages further research in this field

Research model and hypotheses development

This paper will shed more light on the question which strategic influences affect internationally-oriented configuration of TMTs. Here, we aim at extending the rather low number of studies in this field in general and the paper by Greve et al. (2009) in particular. Our main interest is how the

board's internationality is determined not only by internationalization but also by another important factor adding to the complexity a MNC faces: business or product diversification (cf. Rumelt, 1982). Furthermore, several papers analyzed the relationship between board diversity in general and company performance, basically following the Upper Echelons-perspective. As this paper takes the opposite perspective, we are interested in whether or not performance may show influences on board's international heterogeneity. Also, the impact international ownership may have deserves a closer look, which is why this element is integrated into the framework.

First of all, it has to be clarified how exactly board internationality is conceived. As already outlined, only a low number of studies so far has dealt with TMT configuration in terms of internationality. In most cases, single or at least a set of single items has been used. Greve et al. (2009) for example made use of nationality and experiential diversity, which however were analyzed separately. While nationality and international experience beyond doubt are of particular relevance here, some authors have suggested that international diversity also refers to educational background (Tihanyi et al., 2000) and in particular to international networks (cf. Oviatt/McDougall, 2005).

Experience surely is the element where the relationship with international diversification is out of question: several scholars have shown that international experience may positively influence company internationalization. This is due for example to a greater propensity to find partners abroad (Reuber/Fischer 1997), a higher willingness to do business in foreign markets as well as higher continuity in terms of pursuing international strategies (cf. Madsen/Servais 1997).

Nationality has been addressed in top management research only at cursory level. However, several researchers argued that integrating foreigners into the board very likely increases its international knowledge (Hijeltjes et al. 2003). This may be due to the fact that such people bring along at least the cultural skills and knowledge of the regions and countries they grew up. An increased knowledge base in turn can be assumed to increase the board's willingness to engage or further engage in cross-border business. Moreover, it has been shown that national diversity increases international performance (Gong 2006), too. Thus, nationality is of particular relevance here.

As for education, researchers suggested that the level of managers' education in general exerts influence on company internationalization: the higher the level, the higher the propensity to engage in international business (cf. Cavusgil/ Noar, 1987). This seems to be true also for TMT and internationalization (Tihanyi et al., 2000), as education has been shown to influence strategic decision making (Hitt/Tyler, 1991). Having an international background may increase the awareness for internationalization as well as imply a more positive attitude towards international opportunities (Thihanyi et al., 2000)

Generally, networks facilitate TMT strategic decision-making (Nielsen/Nielsen 2008). Networking represents an important element in internationalization. Even if decision-makers consider lower forms of cross-border business as sufficient, linkages to foreign actors and institutions are necessary. Especially in smaller firms, opportunities aboard are evaluated and exploited by using networks and partners overseas (Oviatt/McDougall 2005). Such networks may also be an important source for advice in international business (Athanissou/Nigh 1999).

In total, board internationality should be conceived in a broader sense integrating several factors. Schmid and Kretschmer (2004) have developed an index integrating all four elements. Their concept called internationality index can be understood as a proxy of the TMT's international orientation as well as its expertise and is composed of the four dimensions presented above. Basically, it is computed as follows (Schmid, 2007, p. 4):

Figure 1 – Board internationality index

$$Index\ INT_{\log} = \frac{1}{n} \times \sum_{i=1}^{n} \left(\frac{1}{4} \left(F_i + \left(1 - \frac{1}{E_{if}+1} \right) + \left(1 - \frac{1}{W_{if}+1} \right) + \left(1 - \frac{1}{A_{if}+1} \right) \right) \right)$$

n   -- Total number of the executive board members

F_i -- Nationality of person i; F = 0 MNCs origin; F = 1 for foreign countries

E_{if} -- Number of training years of person i spent abroad in country f

W_{if} -- Number of working years of person i spent abroad in country f

A_{if} -- Number of mandates person i has at enterprises abroad in country f

Source: Schmid, 2007, p. 4

However, especially due to data availability and justification issues, the authors proposed another version of the index which is as follows (Schmid/Daniel, 2006):

Figure 2 – Board internationality index – binary form

$$Index\ INT_{BIN} = \frac{1}{n} \times \sum_{i=1}^{n} \left(\frac{1}{4} \left(F_i + E_i + W_i + A_i \right) \right)$$

n   -- Total number of the executive board members

F_i -- Nationality of person i; F = 0 for MNCs origin; F = 1 for foreign countries

E_i -- Higher education for person i abroad; 1 for YES, 0 for NO

W_i -- International work experience of person i; 1 for YES, 0 for NO

A_i -- Appointments of person i to boards of companies abroad; 1 for YES, 0 for NO

Source: Schmid/Daniel, 2006, p. 17

The latter has been used in this study, although it implies several significant simplifications and thus implies loss of information: the overall picture is not as differentiated as for the first alternative. As already mentioned, this paper investigates which impact – if any – four different factors have on board internationality: company's degree of internationalization, firm's business or product diversification, respectively, performance, and international ownership. As a moderating influence, firm size is included in order to differentiate between large MNCs and SME. In order to clarify these aspects, a time-lagged design will be used (Carpenter, 2002; Greve et al., 2009): it will be examined whether or not changes in these factors over a certain period of time affect board internationality in a subsequent period. Please see figure 3 for a schematic representation:

Internationalization increases complexity (Sanders/Carpenter, 1998) and uncertainty. Beyond doubt, this is especially true for MNCs as they are normally engaged in a plethora of countries and also business segments. As already mentioned, this is the typical situation the TMT has to deal with in order to manage the MNC. Companies may adapt their governance structures and mechanisms accordingly. Not surprisingly, scholars argued that a considerable amount of large MNCs seem to deliberately increase the share of foreigners on

the board. Nielsen and Nielsen (2008) for example found evidence for such a development for a sample of large Swiss companies such as Nestlé AG. Apparently, the goal of increasing national diversity is to improve international business competence. Beyond doubt, also other measures serve this purpose. Sanders and Carpenter (1998) showed that a company's degree of internationalization (Sullivan, 1994) influences specific governance characteristics such as CEO pay, TMT size, and others. It is clear, that also many other aspects affect the way how boards are composed. As an example, van Veen and Marsman (2008) showed for a multi-country sample that differences in board configuration are partly due to differing governance regimes valid in each country. Nevertheless, Greve and his colleagues (2009)

could show for an international – albeit small – sample, certain firm internationalization elements seemingly influence TMT national diversity. In their seminal paper on TMT internationality, Hijeltjes and colleagues (2003) argued that company internationality may be an important determinant of national diversity in the board. This may well be true also for other internationalization-relevant factors such as international education as these element increase the board's capability to deal with cross-border business activities. Therefore, we propose that a company's international posture may be an important antecedent to a broader conceptualization of TMT internationality such as the board internationality index described above. Therefore, we put:

Figure 3 – Research model
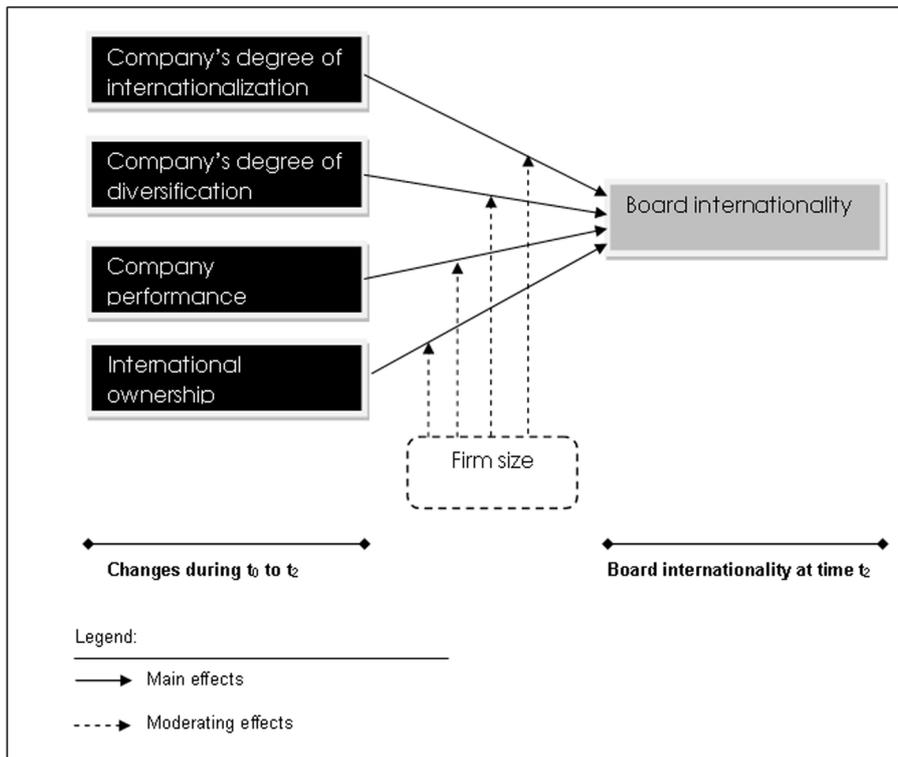
Proposition 1: Changes in a firm's level of internationalization will be positively related to board internationality.

Corporate strategies may include both international and business segment or product diversification, respectively (Hitt et al., 1994). Firms could diversify in order to obtain economies of scope and increased market power (Markides/ Williamson, 1996), effects of synergy due to better utilization of resources (Barney, 1997) or to reduce risk or secure against environmental uncertainty (Lubatkin/Chatterjee, 1994). Several benefits are associated to diversification, such as faster asset amortization, cross-segmental use of technologies or learning curve effects (cf. Markides/Williamson, 1996; Markides/Singh, 1997). There is no doubt, that certain costs are aligned with increased diversification, such as higher governance costs (Jones/Hill, 1988), inefficient capital allocation or higher levels of internal bureaucratic obstacles (Nayyar, 1992). Also, it has been suggested that due to the increasing complexity of diversified firms, information-processing capacity requirements of the TMT will increase as well (Grant et al., 1988). Not surprisingly, scholars argued that product or business segment diversification may influence governance structure. As an example, Nath and Nahajan (2007) showed that among other factors diversification influence the structure of TMT. There also seem to exist other board-related influences. Hill et al. (1992) showed that diversification affects the relationship between TMT pay and performance. Michel and Hambrick (1992) found that strategic posture influences the integration needed across a firm's business units. Companies seemingly take into consideration this effect by accordingly composing their TMT. Hence, there is no doubt that product diversification as well requires specific capabilities and resources – in the company itself as well as on top management level. The higher this form of diversification, the larger the need for efficiently and effectively managing this type of complexity. Accounting for this situation implies in case of international companies to a certain extent to trade off diversification-related and internationalization-caused complexity. Thus, a higher product diversification may imply that the team is rather homogenous in terms of international background, but more diverse with respect to for example functional backgrounds – beyond doubt, this consideration also holds for the opposite direction. We thus propose that a higher business

segment diversification is associated with a lower board internationality index. Hence:

Proposition 2: An increase in a firm's degree of diversification in terms of its main business segments will be negatively related to board internationality.

Many studies investigated the impact of TMT composition on company performance. (cf. Carpenter, 2002; Carpenter/Sanders, 2004). For an overview, please see the meta-analysis by Trevis Certo and colleagues (2006). Beyond doubt, also the opposite relationship may be relevant: it is very likely that changes in company profitability may lead to changes in the board. Generally, this direction has been addressed in research at a very few occasions only. Changes in the TMT could for example be due to underperformance related to a lack of internationally experienced managers. On the other hand, not only negative development of profitability will exert influence. Heaney and his colleagues (2007) showed that there is a positive relationship between performance and changes in size and stability of firms' boards of officers and directors. Nevertheless, the few studies available generally assume an inverse relationship between performance and TMT stability: the lower a company's profitability, the higher the probability of changes in CEO positions or TMT composition. Of course, performance does not only refer to accounting or operational measures. As an example, negative stock market performance has been found to have an inverse relationship with subsequent management changes (Warner et al., 1988). Here, one must be careful with premature conclusions: the study by Warner and colleagues indicated that changes in board membership happened only in case of extreme stock price reactions. Similar findings, referring to the CEO, have been presented by Defond and Hung (2004). It is straightforward to assume that a negative performance of an MNC may lead to changes on top management level. As poor performance could be an indicator for inadequate international capabilities, this leads us to propose that weak performance in MNCs is positively related to board internationality. Hence, we put:

Proposition 3: A negative development of MNC performance increases board internationality

MNC very often are listed on stock exchanges, although there exist several exceptions from that rule such as state-owned companies. Stocks of

these companies generally are wide spread. This implies that not only the firms' operations but also their ownership is strongly internationalized. Hambrick and Finkelstein (1995) argued that ownership structure generally may have effects on the "conditions at the top" (p. 175); in their study, they found corresponding effects on CEO pay. Beyond doubt, also other TMT characteristics such as its basic structure are affected by ownership: globalization of ownership (Oxelheim/ Randøy, 2003) first of all has some implications for governance structure as it increases the probability that foreign shareholders hold large stakes in one MNC. Owners – especially institutional ones – very likely prefer to appropriately monitor their investments (Oxelheim/Randøy, 2003). Denis et al. (1997) argued that ownership structure represents an important influence on internal monitoring efforts. Especially in the case of MNC having a large international ownership base, this could be done by placing foreigners on the board (Shleifer/ Vishny, 1986). This may be in particular true if the large blockholders are foreign institutions. MNC could recruit foreigners also for trust-related purposes. Having foreigners on the board sends signals to foreign consumers and stakeholders telling them that their specific interests are considered by the MNC, even on TMT level (Ruigrok/Greve, 2008). Ownership may have also effects beyond control and trust-based reasons. Porter (1990) made the case that company goals are strongly determined – among other aspects – by owners' and debt-holders' motivations and ownership structure. There is little doubt that a goal of crucial importance is profitability. An important aspect here is building up resources necessary to sustain and extend the MNC's performance. Zahra et al. (2007) for example found evidence that ownership structure influences the development of internationalization-related resources. Hence, a deliberated build-up of appropriate information-processing resources to effectively and efficiently manage the MNCs business – which by definition is international – could be a sub-goal of the MNCs' foreign owners. The study by Ruigrok and Greve (2008) found evidence that ownership indeed influences the probability of having foreigners in the board. We thus propose that international ownership is also related to other internationally-oriented TMT characteristics such as international education or being part of international networks. More specifically, we think that international ownership and TMT's level of internationalization are positively related.

Proposition 4: An increase in a MNC's international ownership positively influences board internationality.

Recently, several scholars argued that there can be observed an internationalization of TMT (cf. Hijeltjes et al., 2003; Ruigrok/Greve, 2008). While there is little doubt that this indeed may be true for large MNC the question arises whether or not similar developments can be observed also for Small and Medium-Sized Enterprises (SME). Cleary, also SME increase their cross-border operations and thus need appropriate resources, for example on management level. Generally, human resource management (HRM) in SME differs very often from the practices of large companies (Anderson/ Boocock, 2002). One important aspect here is recruiting. Williamson (2000) showed that SME tend to have difficulties in selecting and hiring adequate international managers. This may be due to the fact that such executives generally get higher salaries as compared to rather domestically-oriented managers. In turn, recruiting international experts simply could be too expensive for SME. Furthermore, it has been found that small companies often practice suboptimal selection procedures; they emphasize a fit to the organization or its technical capabilities more than requirements of international business (Cardon/Stevens, 2004). Also, they tend to prefer generalists rather than specialists (Festing, 2007). An aspect of particular importance here is that SME very often lack specific resources such as HRM expertise. Hence, Human Resource experts are not available due to high costs associated with employing them (cf. Klaas et al., 2000). Moreover, very often owners and founders, respectively, of SME take important recruiting decisions. This very likely contributes to suboptimal recruiting processes and thus could lead to suboptimal international expertise at top management level. Not surprisingly, Hijeltjes and her colleagues (2003) found that national diversity in TMT seems to be related to firm size in that rather large companies have foreigners on their boards. Hence, there are significant barriers in SME in terms of matching TMT internationality to specific strategic aspects such as company's degree of internationalization or diversification. We thus argue that firm size is an important moderator of the effects proposed above. In particular, we believe that these relationships are stronger with large MNC than compared to internationally active SME. Moreover, we claim that SME board internationality is significantly lower than MNCs TMT level of internationalization.

Proposition 5: Firm size is an important moderator of strategic determinants of board internationality in that their effects are stronger for large MNC and weaker for SME.

Conclusions

The purpose of this research project is to clarify which determinants influence the internationality of TMT. Based on a Resource-based view of internationalization and an information-processing perspective, we are examining four different factors: company internationality, diversification, overall performance, and international ownership structure. This paper has presented the research framework as well as propositions for main effects and moderating influences. In the next step – which has already begun – we will empirically test the framework. We think that this endeavor eventually will yield interesting insights in this field.

- Many studies confirmed that TMT characteristics influences company internationalization. The paper at hand is in line with some other scholars arguing that also the opposite is true. This could basically support the idea of a gradual development on the upper echelon: a more internationally diversified company may recruit internationally oriented managers. These in turn very likely not only manage the current status quo but further develop the company's strategic international posture. This again may increase the need for even more internationalized managers or to replace existing ones by managers with a stronger international background.

- The contention that company internationality influences TMT internationality follows the "principle of requisite variety" (Ashby, 1956) which says that the complexity of the organization should match the complexity of the environment. However, complexity is multidimensional; hence other strategic postures are likely to affect TMT composition as well. This aspect has been addressed only at cursory level in earlier studies which is why including more strategic influences into the analysis will extend our understanding of TMT composition.

- Last but not least most studies available in the field deal with large MNCs. While there is no doubt that also SME have the need to improve international expertise on top management level, this aspect clearly requires further research. This is in particular true for differences in TMT composition in terms of internationality. Our research will shed more light on this aspect.

From these findings several implications will be drawn.

- First, we compare large MNCs to SME. Companies belonging to the group of MNCs generally act very successful in terms of international business. Policies of MNCs with respect to recruiting managers with an international background could yield important starting points for developing corresponding policies for SME, taking into account their specific resource limitations. As an example, it may not be necessary to recruit foreigners in order to run cross-border activities successfully but to hire executives with a considerable amount of international experience or cross-border network relations. Furthermore, consulting agencies must be aware of the needs of MNCs and in future probably also large SMEs and should adapt their business models accordingly.

- Second, the results very likely will provide starting points for deducing recommendations for which educational aspects are relevant in order to succeed on future's executive labor market. As an example, it can be assumed that students would benefit from gathering international experience by studying at least temporarily abroad. There is little doubt, that besides aspects such as intelligence these factors render graduates and professionals more interesting on the international executive labor market.

As this is a conceptual paper, empirical tests for the five propositions presented still have to be done. While the conceptual framework presented is this paper is broader than those of earlier studies, a possible limitation may result from constraining the number of possible strategic influences. However, if positive results are obtained for the existing set of assumed determinants, future studies could be conducted extending the current design and thus further illuminating this research avenue.

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LEVEL OF MARKET ORIENTATION AMONG CROATIAN BEVERAGE PRODUCERS AND DISTRIBUTORS

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Abstract

Market orientation has been a topic of an academic research interest for many years. It has been broadly acknowledged that market orientation is strongly associated with business performance. However, past studies often found that majority of the companies did not apply marketing concept to the full extent. The purpose of this paper is to investigate a level of market orientation of companies that produce and distribute beverage products on the Croatian market. Starting from the assumption that marketing conception and marketing orientation of a company represents a fundamental concept for making „better" products and delivering a superior value offering aimed at needs of the target segments and thus is a critical part of competitive capabilities and a generator of advantage on market, in a hypothesis made for the purpose of empirical research authors tried to specifically find out the degree in which market orientation contributes toward competitive performance in the sector and following that to find out which is the dominant generic competitive strategy and which are the most effective components of marketing strategies employed in the sector. Research has been conducted on the sample of managers working in marketing & sales or as CEOs in companies that produce and distribute beverage products. Research resulted with a wealth of data describing selected elements and degree of market orientation as well as most frequent elements of dominant marketing strategies employed throughout the sector. The results of research are even more interesting as the beverage producing and distributing sector is at present time under strong competitive pressure as a result of several major market trends: (1) consumer segments becoming more heterogeneous, (2) growth of retail market concentration and thus rise of power of leading retail chains in the channels of distribution which resulted with the shift of control over marketing mix, and (3) more intensive value offering as a result of growing marketing capabilities of domestic producers and further market penetration of world's most famous beverage brands. Therefore, this paper represents valuable scientific addition to the marketing knowledge and could prove to be useful in further analysis and development of competitive capabilities based on efficient marketing strategies.

Key words: market orientation, beverage industry, Croatia, marketing strategy

Introduction

Marketing concept and market orientation have been highly debated and researched issues in scientific literature in the field of marketing for the past several decades. Due to the fundamental importance of those concepts a large number of research were aimed at exploration and definition of those constructs and their application and implementation in contemporary business practice. During that time the marketing concept evolved to reflect a philosophy and corporate culture of business practice oriented primarily on needs and wants of customer or customer segment (Kotler 2003). Narver and Slater (1990) define marketing concept as "a business philosophy that holds that long term profitability and is best achieved by focusing the co-ordinated activities

of the organization toward satisfying the needs of particular marketing segment(s)." As such, marketing concept has been considered as a central ingredient of a corporate success and profitability. While the interest in the development of the marketing concept has persisted on a global level, more recently a great deal of attention has shifted to the implementation of the marketing concept. In this sense marketing orientation became synonymous with how to implement the marketing concept (Desphande & Farley, 1998). There are some semantic misunderstanding between marketing orientation (as a business philosophy) and a market orientation (as the implementation of that philosophy) and those two terms are frequently confused or used interchangeably (Gray et al, 1998). Marketing orientation therefore is a term adopted as a reference to the implementation of the marketing concept. The traditional emphasis of marketing orientation was customer oriented, focusing on consumer needs and making profits by creating customer satisfaction (Kotler and Armstrong, 1994). Market orientation is the more recently utilized term for instituting the marketing concept. Kholi and Jaworski (1990) stress the preference for this label suggesting that it removes the construct form the province of the marketing department and make it the responsibility of all departments in the organization. In general, the term market orientation implies an expanded focus, paying balanced attention to both customers and competitors. The Kohli and Jaworski (1990) definition encompasses three broad business activities of market orientation: the generation of market intelligence, the dissemination of this intelligence, and organization-wide responsiveness to it. Narver and Slater (1990) definition complements this, with three behavioral components (customer orientation, competitor orientation, interfunctional co-ordination) and two decision criteria (long-term focus, profit objective). Marketing orientation studies, in line with marketing concept, often investigate differences between a production, selling and marketing philosophy while market orientation research tend to focus more on awareness of and responsiveness to environmental influences on marketing decision-making and implementation (Tollin & Jones, 2009).

In general there appears to be a consensus from those researchers focusing on market orientation indicating that marketing orientation is considered to be a philosophy that is embedded into organization and directly affects corporate performance (Caruana et al, 1999, Kwaku, 1997, Horng & Chen, 1998).

Beverage producers and distributors in Croatia

There are significant changes in beverage consumption on a global scale. Traditional drinking habits never completely disappear but modern drinking habits on the other hand grow significantly. The modern and post-modern become more prevalent and show where value can be added and where future business opportunities may lie (Datamonitor, 2007). The dynamics are a reflection of both; changes within society and the response of the drinks industry to those changes as shown on Figure 1. In a Croatia similar drinking trends and patterns can be observed. Drinking culture has been affected by broader social changes. The drivers of change from traditional toward modern drinking include processes of urbanization, globalization, affluence, lack of time, more women working and the influence of mass media. Croatian market is seeing a slow volume growth in most categories and challenge is to increase the market by adding value. Consumers tend to switch from local toward global brands in spirit categories.

In the period 1998-2007 bottled water category showed the most significant growth, form 2 mil. toward 3.8 mil. hectoliters which means that its consumption has almost doubled on the Croatian market and it overtook carbonates. In the next five years water is expected to overtake the beer category and become the sale's leader in terms of volume. This is, at glance, an unexpected situation as Croatia is a water rich country where, in virtually all cities, tap water has exceptional quality and can be consumed without limitations. Given the under average income comparing with the rest of EU countries, it is not rational that consumers purchase such high amounts of virtually free and readily available good. However, this also points toward change in consumer lifestyles where health and ecology issues become much more important than in the past (Kovač, 2007). As a result of that spirits categories show slowdown and stagnation. At the same time there are different purchasing habits as now super and hypermarkets account for an increasing amount of drinks sales. Increasing pace of change places a premium on novelty and in some cases the lifecycle of drinks popularity is moving closer to that of fashion goods. The ten year consumption trend of the main beverage

categories on a Croatian market is shown in a figure 2. Leading global brands are present in all categories and some of the international producers such as Coca-Cola opened their bottling plants in Croatia, or acquired a domestic producer which was the case with Croatian beer producers that were acquired by InterBev, Heineken, Carlsberg and similar large corporations. Such situation has contributed toward intensification of market competition so it is expected that due to competitive forces companies operating in this categories on Croatian market had to apply certain (raising) degree of market orientation as a "condition sine qua non" for business success.

Market shares in certain categories show that domestic producers have adapted and are successfully fighting with the global brands. For example, Coca-Cola has only 3% market share on bottled water market despite large marketing and advertising spending for its water brand "Bistra". Jamnica's ice tea brand "Ice Tea" has larger market share than Coke's brand "Nestea" and Jamnica's non carbonated juices "Juciy" have larger market share than Coke's brand "Cappy". Such market share results in specific subcategories point toward strong marketing orientation of at least some of Croatian beverage producers. It will therefore, in a light of established facts, be interesting to find out the level of application of the market orientation of the companies operating in beverage product and distribution sector in Croatia.

Figure 1: Changing Drinking Culture
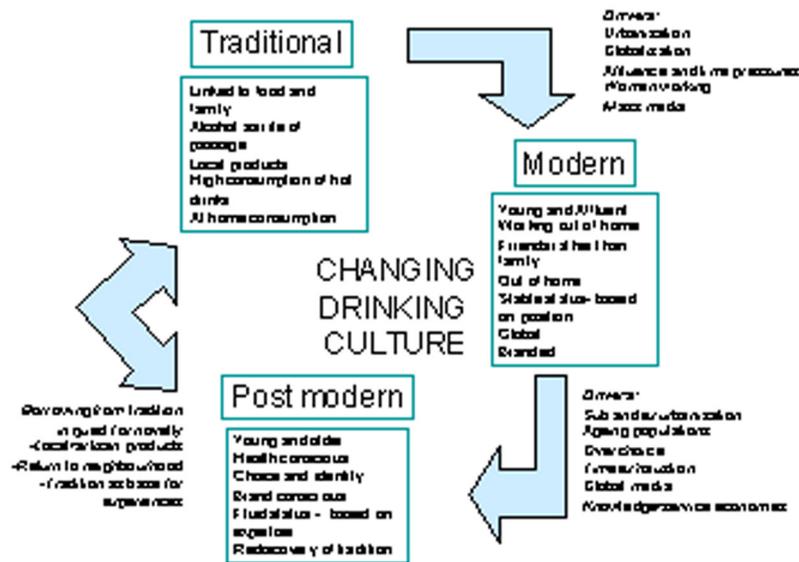
Source: Euromonitor International (2006)

Figure 2: Consumption of main beverage categories on Croatian market in hectoliters (1998-2007)
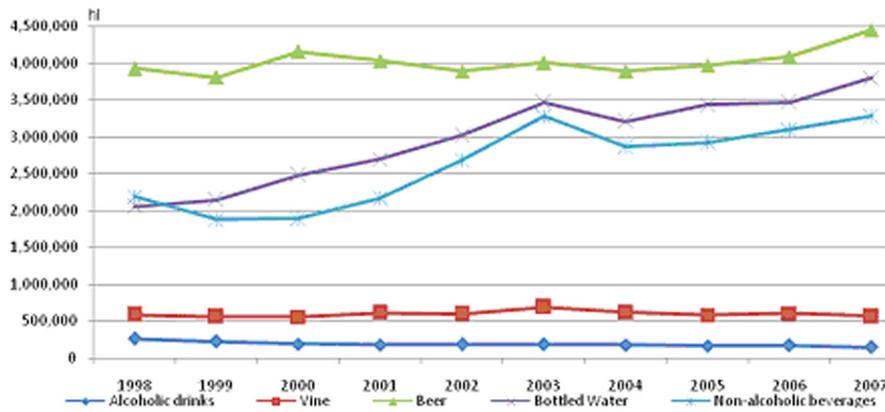
Source: Croatian bureau of statistics, 2009

Figure 3: Market share in selected beverage categories in year 2007
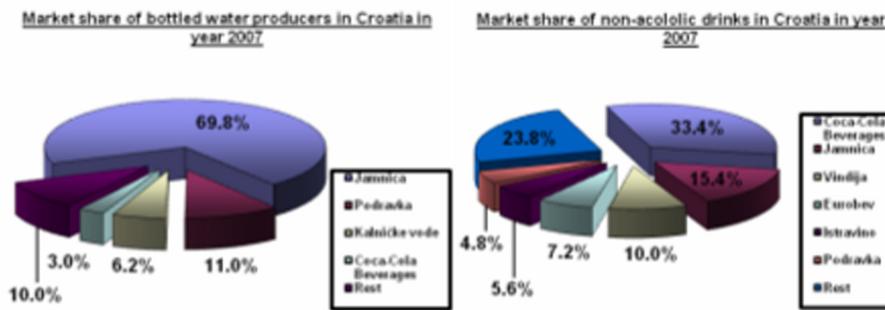
Source: Croatian Chamber of Commerce, 2009

Research methodology

In order to investigate the degree of market orientation of beverage producers on Croatian market the empirical research have been conducted. Goal of the research was also to find out what marketing activities are considered the most important among beverage producers in terms of satisfying consumer needs and contributing toward value and loyalty. The research questionnaire was based on Kohli and Jaworski (1990) methodology which was additionally refined by Gray at al (1998). Highly structured questionnaire has been composed of 84 questions most of them in a form of likert's scale. There has been several main groups of questions. Fist group was oriented at establishing perception of competitiveness of respondent's

company, perception of competitiveness of beverage sector, and what would be the best measures for evaluation of competitiveness. Goal of second group of questions was to find out role and importance of marketing for the company and which are most used marketing strategies in sector. Finally, the third group of questions was aimed at measuring of the degree of marketing orientation of respondent's company. Categories of marketing orientation such as customer orientation, competitor orientation, inter-functional coordination, gathering and dissemination of marketing intelligence, and marketing response design and implementation have been covered in this part of questionnaire. Also data about respondents such as their job position, age, gender, duration of employment, etc. have been collected as well as about their

companies (size, organizational type, location, product assortment, etc.).

The sample included managers in charge of marketing or sales in companies that produce different beverage categories in Croatia – breweries, spirit producers, vineries, water bottlers, juice producers, etc. In year 2007 there has been only 261 active companies in this sector. The questionnaire has been published on-line and call for submission sent out via the e-mails. The response rate has been 72 questionnaires or 27.6%. The number of valid responses has been 54. Data have been processed in SPSS statistical software.

Research findings

Majority of respondents consider degree of market competiveness to be strong (40.7%) or extremely strong (42.6%) which means that beverage sector in Croatia is very dynamic and competitive. This is not surprise as it was earlier mentioned that major global brands are present on this market. Competitive pressure on domestic producers is therefore very strong. Analysis of variance shows that there is statistically significant difference between perception of level of competitive pressures among managers depending on size of company (F=4.731, p<0.05). Results of Sheff's post-hoc test show that managers in medium sized

companies feel that level of competitive pressure is higher than managers in large companies.

At the same time respondents feel that marketing efforts of their own company are contributing toward competitiveness. Half of respondents (51.9%) stated that marketing activities contribute a lot or extremely toward competitiveness of their company as shown in figure 4. However, that is quite smaller result than expected.

Respondents identified "product quality" as the single most important marketing characteristics that contribute toward competitiveness in the sector (M=4.65, s=0.52). 98.2% of respondents consider this variable as very important or the most important marketing activity (likert scale 1-5). "Efficient management of sales and key accounts" was ranked as second most important marketing activity (M=4.31, s=0.61) followed by "development of strong brand and image" (M=4.26, s=0.76).

Customer and competitor orientation subcomponent of market orientation show that discussion of competitive actions between top managers and monitoring of competitors activities are most utilized variables of competitor orientation while encouraging customer complaints is the most often used variable of customer orientation as shown in figure 6.

Table 1: Variance in level of competitive pressure according to company size

Company size	N	Level of competitive pressure		F	p
		M	s		
Small	18	4.33	0.594		
Medium	12	4.67[a]	0.888	4.731	0.014
Large	19	3.79[a]	0.918		

[a] p<0.05

Figure 4: Contribution of marketing activities toward competitiveness of the company
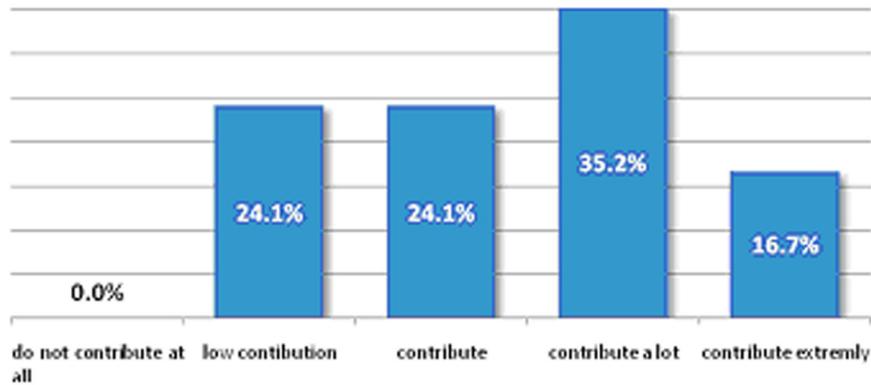
Figure 5: Importance of different marketing activities on corporate performance in beverage sector

Marketing activity	Mean (M)	Standard deviation (s)
Marketing planning	3.94	0.79
Development of strong brand and image	4.26	0.76
Intensity of distribution and partnership in channel	4.20	0.60
Cost leadership (low price)	2.98	1.12
Promotional activities	4.04	0.78
Consistency of assortment	3.85	0.68
Sales and key account management	4.31	0.61
Product quality	**4.65**	0.52

Figure 6: Customer and competitor orientation

Regular interaction between marketing and other departments on the formal basis represented most important variable of interfunctional coordianation as shown on figure 7.

Clearly the most important source of gathering marketing intelligence seems to be frontline staff that are in everyday contact with the customers as shown in figure 8.

Checking product development in order to make it in line with customer's needs represents the most important variable of marketing response subcomponent as shown in figure 9.

Finally, customer and competitor orientation proved to be the most important and most used component of market orientation with the mean grade of 3.6, followed by gathering and dissemination of marketing information. The least applicable component was marketing response which means that companies in the sector often gather information about their customer and competition but fail or are less efficient on providing the correct solutions and implementing a successful marketing response. This is expected as response component requires much more active role of marketing management personnel as well as engagement of other company's resources.

Figure 7: Interfuncitonal co-ordination
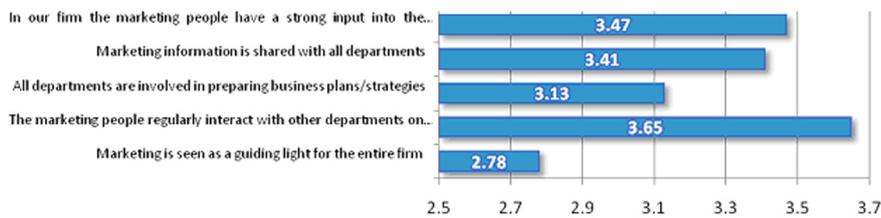
Figure 8: Gathering and dissemination of marketing intelligence
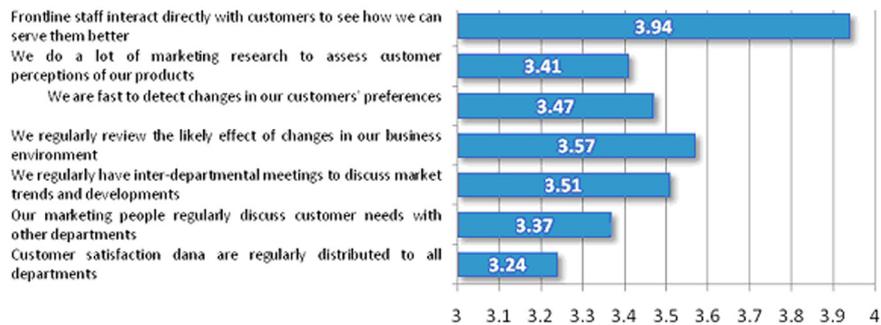
Figure 9: Marketing response
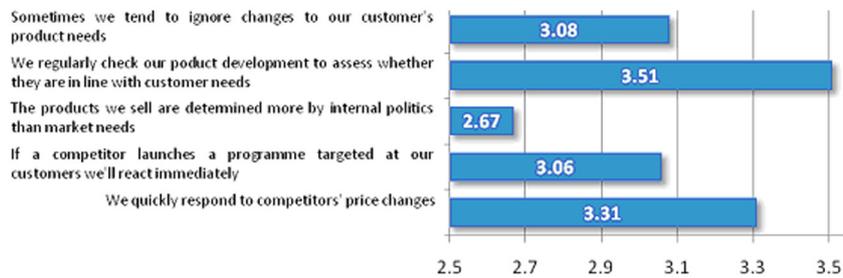
Figure 10: Mean score for main components of market orientation
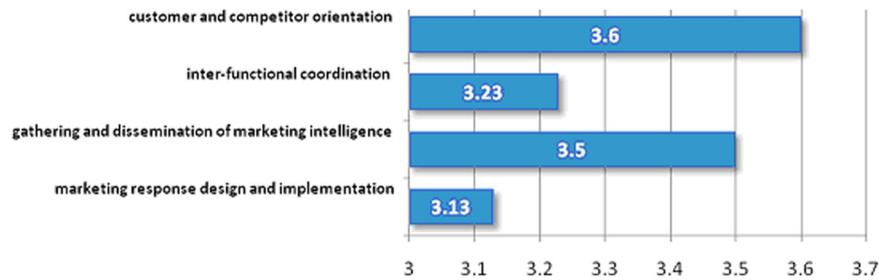
The dominant generic competitive strategy employed in the beverage production and distribution sector in Croatia is differentiation (63%) followed by cost leadership (35.2%). Only 1.9% of respondents indicated that orientation on niches represents the dominant strategy of their company.

Finally, after converting major components of market orientation into the factors and correlating them with the competitive score of each company the interesting patterns emerged. The SPSS analysis of correlation showed that there is a statistically significant positive correlation between factor of Customer orientation and competitiveness. ($r=0.45$, $p<0.01$), followed by factor of Gathering and distribution of marketing intelligence ($r=0.42$, $p<0.01$). Weak, but statistically significant positive correlation has also been found between factor of Competitor orientation and competitiveness ($r=0.29$, $p<0.05$). Factor of Marketing response and Interdepartmental coordination did not show significant correlations.

Figure 11: Dominant competitive generic strategy in the sector.
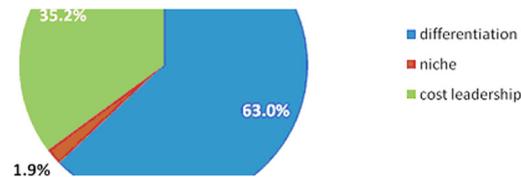
Table 2: Correlation between components of market orientation and competiveness

		Competitiveness of the company
Factor Marketing response	Pearson Correlation	,146
	Sig. (2-tailed)	,306
	N	51
Factor Competitor orientation	Pearson Correlation	,290*
	Sig. (2-tailed)	,039
	N	51
Factor Customer orientation	Pearson Correlation	,452**
	Sig. (2-tailed)	,001
	N	51
Factor Interdepartmental coordination	Pearson Correlation	,213
	Sig. (2-tailed)	,134
	N	51
Factor Gathering and distribution of marketing intelligence	Pearson Correlation	,420**
	Sig. (2-tailed)	,002
	N	51
Competitiveness of the company.	Pearson Correlation	1
	Sig. (2-tailed)	
	N	54

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Conclusion

In concluding remarks there are some questions to be answered but also some more questions to be asked. The research found out that marketing is an essential ingredient of competitiveness in the sector of beverage production and distribution. The companies in the sector have relatively high degree of market orientation with main emphasis being on customer and competitor orientation. However, the underutilized component of market orientation being active marketing response shows that there are still a lot of problems with the marketing in the sector. It is much easier and more convenient to gather information than to act upon it as action bears significant use of company's resources and clear responsibility for the results. Correlation analysis showed that variable (factor) "customer orientation" has the strongest correlation with the competitiveness of a company. However, almost 50% of respondents believe that marketing is not contributing enough toward competitiveness

of their company. This might mean two things: (1) marketing is becoming less of a competitive weapon because everybody is doing it, and/or (2) marketing is not contributing enough not because it is flawed as a conception but rather because people employed in marketing department are not doing it well. If Croatian beverage sector is analyzed more closely it is possible to find out that there are lot of similar marketing strategies on the market where everyone follows the leader cramming the shelves of retail centers with similar products. The research found out that main competitive strategy of Croatian producers and importers is aimed at differentiation but this is often a "superficial" differentiation aimed at different product/package design while value proposition, position and targeting are very similar to that of the next competitor. Very small percent of companies (1.9%) has tapped into niche marketing as a form of fundamental differentiation. Recommendation for the future marketing strategies of beverage producers might revolve around changing consumer consumption patterns that will be more health oriented but also oriented toward exploration of innovative new or re-discovered local beverages. This coupled with niche segments that are, due to the globalization, large enough to be continuously more profitable shows at last some of the useful directions for the further success in the sector. Market orientation is and will be in the future the main tool or philosophy that will lead the path toward delivering superior value to the customers.

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FASHION BRANDS LOYALTY IN THE TIMES OF ECONOMIC CRISIS

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Abstract:

The over-arching purpose of this research was to explore the issue of the fashion brands loyalty in the context of the decrease of purchasing power resulting from the current economic crisis. Furthermore, the purpose of the research was also to determine the source of the change brand loyalty and to establish the connection between the level of loyalty and the value of fashion brands (high-end, mid-range, low-end). The research was conducted among students of the Faculty of Economics and Business at the University of Zagreb through a self completed e-mail questionnaire. Student population was used as they are prone to express themselves through fashion and are reactive to stylish trends. The findings therefore are limited to the young Croatian population and cannot be generalized to other nationalities or age cohorts.

Based on the nature of the quantitative data, the paper provides useful insight into the change of behaviour of young adults while purchasing fashion products in the times of the crisis as opposed to the periods of prosperity. There are implications for practical perspectives of fashion marketing in Croatia aimed at young population. The phenomenon of fashion brand loyalty in Croatia is under-researched academically thus this paper fills the existing gap in the literature and current research. Also, this paper offers insights into the sources of fashion brand loyalty which deserves further research attention.

Keywords: Fashion, Brand loyalty, Student buying behaviour, economic crisis

INTRODUCTION

Reports on the effects of the current economic crisis throughout different industries are numerous, mostly ending with the worst case scenario – the bankruptcy. The global economic breakdown most certainly did not bypass the fashion industry but the consequences are not as nearly severe as in other industries. With rising cost efficient competition mainly from the East, companies introduce different strategies to fight demanding circumstances. With growing globalization trends, the weakness of the domestic producers and rising accessibility make it easy for multinational fashion companies to hold the primate on the Croatian market. With such open market Croatian consumers can be seen as global ones; developing tastes similar to those in the Western world.

Fashion products represent a very specific product category. Fashion is said to offer comfort, for some to represent addiction. More accurately, sensory experiential products (e.g. apparel, accessories, jewellery) play a more important function in symbolic interaction with consumers' hedonic or emotional experiences (Park, Kim and Forney 2006).

At the same time, on the other side of the market the average shopper is on a lower budget, reasoning what to buy. The article published in the Emerald's journal 'Strategic direction' argues that if the customers are under fifty, there's a good chance they are in Zara, going back every couple of weeks to buy the latest trend, and very rarely paying less than full price.

Logically as incomes grow, the trend towards individuality and instant gratification is expected to continue (Kilduff 2001). But what about the opposite? When income decreases does the fashion expenditure and loyalty towards favourite brands decrease as well? If they do what market-tier is most sensitive to such changes?

Today studies on fashion brands loyalty in Croatia are lacking. As such, the purpose of this paper is to examine the effects that current economic crisis had on expenditure and brand loyalty in the fashion industry.

LITERATURE REVIEW

According to Dicken (1998, p. 283), the textiles and clothing industries were the first manufacturing industries to take on a global dimension and are the most widely dispersed industries across the developed and developing world.

Fashion consumers expect and thrive on constant change therefore new products have to be available on a frequent basis (Bruce and Daly, 2006) recognizing that the change in fashion is an intrinsic value and turbulence a true nature of fashion industry.

Corneo and Jeanne (1994) found that people communicate through fashion, while imitation and differentiation are strong elements of it. Fashion products reflect self-image (Forney et al., 2005) and the importance of fashion as a mode of self-expression should not be doubted. Even the ones that do not perceive fashion as an essential part of their image necessarily convey that very statement with what they are wearing.

Several researches (Cha, 2001; Han at al., 1991; Ko, 1993, cited in Park, Kim and Forney 2006) found impulse buying of fashion products (e.g. clothing) revealed a variety of patterns that include pure, reminded, emotional and fashion oriented impulse buying behaviours. As a consequence fashion buying in numerous situations can be interpreted as irrational.

Now more than ever, in times of turbulence fashion industry is relying on the creativity in trendsetting in order to triumph each season. However, many argue that all the segments from haut couture to street fashion heavily depend on conducted market research and good financial models that conquer the challenges of the recession.

Fashion

The term "fashion" has been defined as;

'…a broad term that typically encompasses any product or market where there is an element of style that is likely to be short-lived' (Christopher et al., 2004, p. 367 cited in Hayes and Jones 2006). This definition is very broadly positioned and covers indeed a vast range of products from music, perfumes and even automobiles. Modern consumerism has shortened a life cycle of many stylish products making them a part of fashion. Fashion in this article refers to textile, clothing, footwear and accessories.

In this research fashion refers to general product category including clothing, underwear, accessories and shoes. Brands in the chosen product categories are imported and have international origin due to the lack of well-positioned and valuable Croatian fashion brands.

Fashion brands

According to Solomon and Stuart (2002, pg. 270 cited in Jung and Sung 2008) A brand is:

'. . . a name, a term, a symbol, or any other unique element of a product that identifies one firm's products and sets them apart from the competition.

According to the Bearden and Etzel's (1982, cited in Hogg and Bruce 1998) model clothing can be classified I as a public necessity where reference group influence on the product category is weak, but where reference group influence on the brand choice is strong.

As Bristow and Mowen (1999, cited in Kamenidou, Mylonakis and Nikolouli 2007) suggest branded apparel tends to acquire more favourable evaluations by the consumers and appears to provide value by enhancing their confidence in forming purchasing decisions and in this was decreasing risk. They also advocate that therefore brands can provide assurance to consumers, particularly when they evaluate products of which the product features are not easily compared among alternatives.

A popular saying that 'You don't buy clothes – you buy an identity.' undoubtedly points the importance of brands and their respective values in the fashion industry.

The success of the brand (by reputation), and its adoption by consumers, is critical in this intensely competitive sector, and differing types of fashion consumers must be matched with clothing styles

(Cholachatpinyo et al., 2002, cited in Newman and Patel, 2004).

Fashion brands loyalty

Oliver (1999) defines loyalty as '…a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviours'.

It is commonly accepted in the marketing discipline that it is far cheaper to retain an existing customer than it is to attract a new customer (Reichheld, 1993; 1996) therefore loyalty should be defined as: The state or quality of being loyal, where loyal is defined as a customer's allegiance or adherence towards an object. (Rundle-Thiele 2005)

Brand loyalty is as important for the retailers as it is for producers. Branding in the fashion sector is very significant for the retailer, since if brand loyalty is developed he may achieve a significant increase in sales and profit. (Reichel, 1994 cited in Newman and Patel, 2004).

Riechheld and Sasser (1990, cited in Rundle-Thiele and Lockshin 2001) noted that businesses commonly keep 80-85% of its customers each year therefore implying that most of the customers do not change their behaviour in a given time prediction.

According to Whitely (1991, cited in Sum and Hui 2009), it has revealed that customers tend to shift to competitor's products because of the dissatisfaction of service quality rather than product quality itself.

 This paper has a purpose to investigate which dimension of fashion item is most important on customer loyalty. The aim is also to see if the past behaviour significantly influences loyalty for fashion brands after the decrease of personal budget and what other product attributes play a significant role when observing the level of loyalty.

Fashion market segmentation

Now more than ever there are numerous ways in which the fashion market can be segmented. Fashion is reachable in almost all the retail formats legal and illegal - becoming more and more competitive over the years. Supermarkets are moving into apparel retail, selling branded goods at discounted prices by taking advantage of the grey market (Mintel, 1999; Mintel, 2002a; Mintel, 2002b cited in Hines and Bruce p.54). This has resulted in the clothing retail market becoming split into a number of segments – luxury, high street and supermarket/out-of-town discounter. (Bruce and Dally 2006)

Easey (2008, pg. 11) on the other hand proposes three levels of fashion: Haut Couture, Prêt-a-porter and street fashion or mass market. Even though Easey's three-tier view of the fashion market can be called over simplistic it nicely outlines the structure of the market. In addition, since the article is oriented towards students/young adults which are not a target market for haut couture or for prêt-a-porter only street fashion brands were taken into consideration.

Mass market or street fashion is the market area in which most people buy their clothes. New fashions can be in the high street stores extremely quickly and what the customers lose in exclusivity they can make up for in value for money (Easey 2008, pg. 22).

Almost all the customers never stick to one segment of the market when buying the fashion garments. Those who generally only buy mass market clothing may still buy designer wear occasionally, and vice versa.

The fashion market may also be segmented according to the perceived brand value.

For the purpose of this article, due to the nature of the sample, the market has been divided according to the perceived brand value on the street fashion market. Accordingly, for the purpose of this research the market comprises of the High-end, mid-range and low-end brands.

Young adults and fashion

The traditional core market for clothing suppliers, that of men and women between the ages of 15 and 34 (Easey 2008, pg. 34)

When compared to other consumer groups, young fashion leaders are those who consider fashion to be of great importance to their lifestyle. Fashion leaders have well defined convictions about taste,

in particularly their own, and are champions of new styles and generally influence other consumers to adopt and buy the latest fashions (see Beaudoin et al., 1998; Kaiser, 1990; Polegato and Wall, 1980; Schrank and Guilmore, 1973 cited in Newman and Patel, 2004).

Young people are quite prone to having very formative perception of fashion apparel brand images and values, thus this research was conducted among young consumers aged 20-24.

Economic crisis

Economic crises make consumer behaviour very sensitive, hence harder to predict. It strikes consumers in terms of their purchasing power as well as in terms of their needs and wants.

During such times, they say that they feel less secure in their employment and argue more about financial matters; they feel the need to work more just to maintain their lifestyle, and that they no longer find any enjoyment in being a consumer (Shama, 1978).

Consumers also adapt their shopping behaviour and habits, to be able to adjust to the changing economic conditions. Studies reported in the literature show how consumers affected by crises in Asia and South America made adjustments accordingly (Ang, 2001a, b; Ang et al., 2000; Zurawicki and Braidot, 2005 citied in Koksal and Ozgul).

RESEARCH GOALS

The overall purpose of this article is to discuss the results generated from the survey conducted in regards to the scope of the research defined by the following hypothesis related to fashion brands loyalty:

H1   Despite the drop in income due to the economic crisis the fashion expenditure did not significantly change as a result of trend following nature of student population and the importance of fashion in self-image

H2   The respondents whose budget did not change have not changed their preferences regarding fashion brands

H3   Despite the drop in income due to the economic crisis the level of fashion brands loyalty did not significantly drop, fashion brands loyalty being based mostly on past behaviour

H4   High-end street fashion market-tier is the most sensitive to changes in income among the student population, therefore people spent on them less than before the crisis

H5   Young population perceives the social status provided by a fashion item a much less important attribute than its design therefore they are prone to buying replicas, not being able to afford original

METHODOLOGY

Based on previous research in fashion marketing and fashion brands loyalty, literature review and authors' personal experience an unambiguous questionnaire was tailored.

In accordance to the hypothesis being tested the questions were regarding the change in personal budget, fashion expenditure, fashion brands loyalty and preference change. Moreover, all the issues were tested regarding to two time frames: before the economic crisis and in the last year, namely 2009.

Market was segmented according to the perceived brand value of street fashion brands with following examples for the respective market-tiers; High-end – D&G, Diesel, Replay, Lacoste, Tommy Hilfiger; Mid-range – Zara, Mango, Levis; Low-end – New Yorker, H&M; Bershka.

The data was collected using convenience sampling method; the surveys were conducted among the university students living in Zagreb. The questionnaires were distributed during business related class hours and were answered within 15 minutes. All questionnaires were overseen and processed by the same researcher in order to control external variables.

Respondents were 200 students of Faculty of Economics and Business, aged 20-24, majoring in Marketing or Finance. The argument made by Calder (1982, cited in Park, Rabolt, Jeon 2008) that a sample relevant to the universe of a theory could constitute a test of that theory supports the choice of convenience sampling method among

university students, rather than having a random sample from the total population of young people.

Out of 200 questionnaires that were administered, 148 were usable and processed, creating a response rate of 74%.

The sample was represented more female (76.4%) than male (23,6%) students. All the respondents were from 21 to 24 years of age.

Approximately 73% reported a monthly income/ allowance of 150 to 550 Euros. The majority 88% spend less than 110 Euros per month on fashion apparel, shoes and accessories.

50.7% of the student lives with parents, whereas the rest either rents or owns an apartment or lives in the student dorm. Also around 50% of them are financed by their parents.

The questionnaire consisted of 16 questions; three of them consist of two parts: the first one referring to the time before the global economic crisis that was announced in Croatia in late 2008 and the second part referring to the year 2009.

In that way it was possible to track changes in behaviour related to the expected drop in personal income.

In this paper only relevant items are presented that refer to the change in available income, fashion expenditure, fashion brands loyalty and preferences alteration, all questions constructing discontinued variables.

The respondents were asked to state the degree of importance different brand attributes have on the level of their loyalty on a five-point Likert scale, where point one corresponds to the highest degree of importance down to point five which corresponds to the lowest rate on the scale.

All data were analyzed using SPSS.

MAJOR FINDINGS

H1 Despite the drop in income due to the economic crisis the fashion expenditure did not significantly change as a result of trend following nature of student population and the importance of fashion in self-image

Table 1. Budge change in 2009 * Fashion expenditure change in 2009

Budget change in 2009 * Fashion expenditure change in 2009 (than before) Crosstabulation

			Fashion expenditure change in 2009 (than before)			Total
			less	the same	more	
Budget change in 2009	the same	Count	23	67	2	92
		% of Total	15,5%	45,3%	1,4%	62,2%
	less	Count	23	10	2	35
		% of Total	15,5%	6,8%	1,4%	23,6%
	more	Count	5	11	5	21
		% of Total	3,4%	7,4%	3,4%	14,2%
Total		Count	51	88	9	148
		% of Total	34,5%	59,5%	6,1%	100,0%

The findings of the research indicate that the 23.6% of the sample has experienced a drop in available income in 2009. Despite the fact that the sample was composed of student population that is prone to trend following and uses fashion as a mean of communication more than other age cohorts the results imply that there was a significant drop in fashion expenditure; 34.5% of all respondents. It is also important to stress that 15.5% of the respondents whose income did not change have had a decrease in fashion expenditure.

63.5% of questioned students have stated that fashion trend is a very or moderately important part of their image, 11.5 % have experienced a drop in the personal budget and 23.7% have spent less on fashion in 2009.

The results indicate the opposite than the hypothesis has stated. The students have spent less on fashion (including the ones whose overall budget did not decrease) despite the obvious importance fashion trend following has on their image.

Table 2. Fashion expenditure change in 2009 * Fashion trend following

Fashion expenditure change in 2009 (than before) * Fashion trend following a part of image Crosstabulation

			Fashion trend following a part of image				Total
			very important	moderately important	slightly important	not at all	
Fashion expenditure change in 2009 (than before)	less	Count	6	29	11	5	51
		% of Total	4,1%	19,6%	7,4%	3,4%	34,5%
	the same	Count	9	42	24	13	88
		% of Total	6,1%	28,4%	16,2%	8,8%	59,5%
	more	Count	2	6	1	0	9
		% of Total	1,4%	4,1%	,7%	,0%	6,1%
Total		Count	17	77	36	18	148
		% of Total	11,5%	52,0%	24,3%	12,2%	100,0%

H2   The respondents whose budget did not change have not changed their preferences regarding fashion brands

The result of the preference change corresponds with the data showing decrease in fashion expenditure despite the budget staying the same. Out of 62.2% of the respondents whose budget did not change, 29.1% has changed their preferences in fashion and fashion brands loyalty at least a bit.

H3   Despite the drop in income due to the economic crisis the level of fashion brands loyalty did not significantly drop, fashion brands loyalty being based mostly on past behaviour

Foremost, the research once more supported the argument made by Riechheld and Sasser (1990) that most people's brand loyalty has its source in past behaviour and experience. Indeed 82.5% of respondents stated that good past experience is either extremely or very important for loyalty.

The data also showed that indeed loyalty level did not significantly change regardless of the budget drop with 23.5% of the respondents. The findings are very indicative if we also take into consideration the previously elaborated result that the fashion expenditure has decreased by a larger per cent than the overall budget has. The combined results demonstrate even more the relative 'immunity' the level of loyalty has when compared to the available purchasing power.

H4   High-end street fashion market-tier is the most sensitive to changes in income among the

student population, therefore people spent on them less than before the crisis

The data tracks very little change in terms of fashion expenditure in different market segments despite the obvious change in income. The expenditure in high-end tier of market has decreased by only 1.4% and in mid-range by 2.3%. The data shows no support that any segment of the market is more sensitive than the other when large budget change occurs.

In 2009 8.1% of students were mostly buying high-end brands, 33.1% mid-range, and 25% low-end brands. 33.8% declared that the positioning of a brand does not interest them at all.

H5   Young population perceives the social status provided by a fashion item a more important attribute than its design therefore they are prone to buying replicas, not being able to afford original

Findings of the research proved the true opposite of the hypothesis that the social status is more important attribute than fashion items design.

More than half of the respondents have pointed that design is an extremely important attribute, where as social status plays a moderately and slightly important role for the same share of them.

The level of loyalty is much higher with the ones that perceive the quality and attractive design significantly more important attributes that with those that seek for social status through fashion.

Table 3. Budget change in 2009 * Preferences and loyalty correction due to crisis

Budget change in 2009 * Preferences and loyalty correction due to crisis Crosstabulation

			Preferences and loyalty correction due to crisis			Total
			yes, a lot	yes, a bit	no, not at all	
Budget change in 2009	the same	Count	2	43	47	92
		% of Total	1,4%	29,1%	31,8%	62,2%
	less	Count	5	20	10	35
		% of Total	3,4%	13,5%	6,8%	23,6%
	more	Count	0	10	11	21
		% of Total	0%	6,8%	7,4%	14,2%
Total		Count	7	73	68	148
		% of Total	4,7%	49,3%	45,9%	100,0%

Table 4. Budget change in 2009 * Fashion brands loyalty (before crisis)

Budget change in 2009 * Fashion brands loyalty (before crisis) Crosstabulation

			Fashion brands loyalty (before crisis)					Total
			always	almost always	sometimes	almost never	never	
Budget change in 2009	the same	Count	1	38	31	5	17	92
		% of Total	,7%	25,7%	20,9%	3,4%	11,5%	62,2%
	less	Count	0	13	15	2	5	35
		% of Total	0%	8,8%	10,1%	1,4%	3,4%	23,6%
	more	Count	3	6	9	1	2	21
		% of Total	2,0%	4,1%	6,1%	,7%	1,4%	14,2%
Total		Count	4	57	55	8	24	148
		% of Total	2,7%	38,5%	37,2%	5,4%	16,2%	100,0%

Table 5. Budget change in 2009 * Fashion brands loyalty 2009

Budget change in 2009 * Fashion brands loyalty 2009 Crosstabulation

			Fashion brands loyalty 2009					Total
			always	almost always	sometimes	almost never	never	
Budget change in 2009	the same	Count	1	34	34	5	18	92
		% of Total	,7%	23,0%	23,0%	3,4%	12,2%	62,2%
	less	Count	1	11	15	0	8	35
		% of Total	,7%	7,4%	10,1%	,0%	5,4%	23,6%
	more	Count	3	6	8	1	3	21
		% of Total	2,0%	4,1%	5,4%	,7%	2,0%	14,2%
Total		Count	5	51	57	6	29	148
		% of Total	3,4%	34,5%	38,5%	4,1%	19,6%	100,0%

Table 6. Budget change in 2009 * Market-tier expenditure (before crisis)

Budget change in 2009 * Market-tier expenditure (before crisis) Crosstabulation

			Market-tier expenditure (before crisis)				
			high-end brands	mid-range brands	low-end brands	not important	Total
Budget change in 2009	the same	Count	9	31	24	28	92
		% of Total	6,1%	21,1%	16,3%	19,0%	62,6%
	less	Count	2	11	10	11	34
		% of Total	1,4%	7,5%	6,8%	7,5%	23,1%
	more	Count	3	10	2	6	21
		% of Total	2,0%	6,8%	1,4%	4,1%	14,3%
Total		Count	14	52	36	45	147
		% of Total	9,5%	35,4%	24,5%	30,6%	100,0%

Table 7. Fashion brands loyalty 2009 * Brands 'social status' – importance for loyalty

Fashion brands loyalty 2009 * Brands 'Social status' - Importance for loyalty Crosstabulation

			Brands 'Social status' - Importance for loyalty					
			extremely important	very important	moderately important	slightly important	not important	Total
Fashion brands loyalty 2009	always	Count	1	0	3	0	1	5
		% of Total	,7%	0%	2,1%	0%	,7%	3,4%
	almost always	Count	2	7	23	11	7	50
		% of Total	1,4%	4,8%	15,9%	7,6%	4,8%	34,5%
	sometimes	Count	2	11	14	14	16	57
		% of Total	1,4%	7,6%	9,7%	9,7%	11,0%	39,3%
	almost never	Count	1	0	1	4	0	6
		% of Total	,7%	0%	,7%	2,8%	0%	4,1%
	never	Count	2	1	5	4	15	27
		% of Total	1,4%	,7%	3,4%	2,8%	10,3%	18,6%
Total		Count	8	19	46	33	39	145
		% of Total	5,5%	13,1%	31,7%	22,8%	26,9%	100,0%

Table 8. Fashion brands loyalty 2009 * Attractive design – importance for loyalty

Fashion brand loyalty 2009 * Attractive design - Importance for loyalty Crosstabulation

			Attractive design - Importance for loyalty					
			extremely important	very important	moderately important	slightly important	not important	Total
Fashion brands loyalty 2009	always	Count	4	1	0	0	0	5
		% of Total	2,7%	,7%	0%	0%	0%	3,4%
	almost always	Count	29	16	3	2	1	51
		% of Total	19,9%	11,0%	2,1%	1,4%	,7%	34,9%
	sometimes	Count	30	13	10	1	3	57
		% of Total	20,5%	8,9%	6,8%	,7%	2,1%	39,0%
	almost never	Count	3	1	2	0	0	6
		% of Total	2,1%	,7%	1,4%	0%	0%	4,1%
	never	Count	8	9	6	2	2	27
		% of Total	5,5%	6,2%	4,1%	1,4%	1,4%	18,5%
Total		Count	74	40	21	5	6	146
		% of Total	50,7%	27,4%	14,4%	3,4%	4,1%	100,0%

Also, the findings by no means indicate that the ones that value social status as an essential attribute for loyalty and consumption preferences purchase replicas more often than the ones that don't.

42.1% of all the respondents bought a replica sometimes, when there was a chance while 16.6% of them bought them a lot of times.

DISCUSSION

The purpose of this paper was to empirically identify dimensions of fashion brands loyalty in the times of economic crisis.

Understanding the chosen facets of the consumer behaviour on the fashion market is very vital as it has great influence on the business strategies the companies are to implement during the recession.

The results have shown that the share of students who claim to have decreased their fashion expenditure is notably larger than the ones whose income has declined. Essentially it indicates that even the ones who have not experiences lower purchasing power have intentionally decreased their spending on fashion. What is more, they have also changed their preferences and most of them perceive trend following as a vital part of their image.

The findings clearly outline that in the times of economic crisis when people in general feel less secure they have a tendency to change their habits and behaviour. Despite fashion buying being very irrational and impulsive, the students have shown that the psychological influence of the crisis has played a major role in modification of behaviour.

It can also be concluded that students, whose environment is academically demanding are more prone to understand the rationale behind their wants and needs. In spite of fashion being perceived as means of communication, they have managed to alter their habits as a response to the insecurity climate. Being exposed to much more information and surrounded by highly educated individuals obviously increases the level of responsibility which is not common for the sampled age cohort.

More than half of the sampled students are financed by parents which makes the previous result even more interesting. Once can easily conclude that the ones spending the money somebody else earned cannot have developed a meaningful sensitivity for the value of money. Therefore, it is logical that the student population is much more inclined to acting responsibly and sympathizing with the situation that the source of their income, mainly their parents, is going through.

In general students' expenditure on fashion is much more sensitive to both real and psychological effects of economic crisis than the one could have expected from previous research.

As for loyalty, the research has proven Riechheld and Sasser's theory is valid also in times of the economic crisis (1990, cited in Rundle-Thiele and Lockshin 2001) that businesses commonly keep 80-85% of its customers each year therefore implying that most of the customers do not change their behaviour in a given time prediction.

Indeed, the students have not considerably changed their loyalty preference when comparing the answers from the two time frames. The findings have shown that the loyalty preferences do not change easily, not even when in more than 20% cases decline of income is tracked. It is somehow reasonable that the loyalty has not changed notably since it was shown in previous studies that loyalty is mainly based on the past behaviour and good experiences.

This research has also confirmed that those students who have a tendency to buy branded fashion products do not change their preferences in terms of market segment. In other words, the change in expenditure in each of the three market tiers, high-end, mid-range and low-end has changed but trivially. For that reason, it can be concluded that the ones awarding attention to the brand value tend to keep their preferences at all times and conditions.

Finally, the students value attractive design and quality much more than the social status the brand is supposed to provide. The share of those who have purchased replicas of fashion items have done so due to the attractive design much more than the social status. It implies that students are not insisting on items they cannot afford but are more oriented towards the design that entails individuality and style.

The empirical results of this research suggest that despite the influence fashion and trend following has on young adults and theemotional impulsivity

of fashion buying during the times of economic crisis their consumer behaviour tends to be unusually rational and responsible.

LIMITATIONS AND FURTHER RESEARCH

This study used university student samples as subject of young adults. However, young adults aged 21-24 segment also comprises of non-students that represent important customers. Therefore, the findings of this study may certainly have limitations in terms of student and non-student behaviour.

Moreover, this research employed a non-probability sampling method, which for this purpose was more than adequate but cannot be representative of the general population of young adults in the city of Zagreb.

Finally, this research was exploratory and represents an opportunity for additional research and further analysis to increase the validity of measures and the results.

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PERCEIVED SHOPPING VALUES OF YOUNG CONSUMERS IN FAST FASHION RETAILING

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Abstract

This study is about fast fashion consumption, focusing on what kind of shopping values consumers perceive from the fast fashion retailers they visit. In order to fulfill this major aim, the research objectives are to define fast fashion retailing, to analyze the dimensions of shopping values and their impact on the purchase of fast fashion apparel. A series of semi-structured focus group interviews were conducted to obtain consumers' perceptions on values emerging from shopping at the fast fashion retailers. Each focus group was consisted of five young women, including questions developed after analyzing the accessible literature. A specific age group of 20 and 32-years-old was chosen to be interviewed. Current study focuses only on the fast fashion retail sector. Further research is required to examine within and across additional sectors. Moreover, it could include additional outcome variables that may be linked to shopping values and could be supported by a quantitative study to verify the outcome of this study. The findings of this study can help fashion retailers in understanding what values consumers consider important when visiting and shopping as well as key dimensions describing fast fashion consumers' motives that will serve them to plan marketing communication activities targeted at young and fast fashion oriented women.

Keywords: Fast fashion retailing, shopping values, utilitarian value, hedonic value

Introduction

Consumer behaviour is a complicated area, but marketers need to try to find out as much as they can about who their customers are in order to identify their needs, how they behave, what influences them to make a decision to buy and what processes they follow when selecting a product. This information is required in order to be able to target their marketing activities as precisely and cost effectively as possible. Consumer behaviour as it relates to the shopping for and purchasing of apparel has been the subject of numerous studies. There are many influences on purchasing behaviour, including social, technological, political, economic and personal factors, not all of which will be discussed in this study.

Over the last decade in apparel market, two factors that have taken place are the increasing awareness of brands and the increasing exposure to fashion from a relatively young age because of a growing interest in fashionability and a trend towards disposable fashions in the girlswear market (Grant and Stephen, 2005). In the field of fashion marketing many apparel retailers have shifted their attention to "fast" and "disposable" fashion. "Fast fashion" has become an important concept that attracts fashion conscious consumers of both genders but mostly women and in the age range between 20 and 45 years who connect with these retailers (Cheng, Hines and Grime, 2008). The new phenomenon of "throwaway of clothes" which may have been worn a few times (Birtwistle and Moore, 2006) affects fashion purchase frequency and amount while a dramatic reduction in price levels occurs. Fast fashion retailers, such as Zara, H&M, Mango and TopShop take the lead of this trend.

Consumer researchers have shown considerable interest in values because they are considered to have an important influence on behaviour. In

general, marketers are keen to explore the values that characterize consumption, and in this vein, a value that is becoming more prevalent in the field of fashion marketing (O'Cass, 2004). With regards to the fashion and apparel, value has a dual structure that consumers are influenced by point of purchase experiences and certain combinations of atmospheric variables, thus demonstrating a hedonic or an utilitarian orientation during the shopping trip. In order to embrace different marketing strategies and combinations of environmental stimulus, understanding which orientation is more valueable to give priority is important to lead useful implications for fashion retailers (Scarpi, 2006). Accordingly, the present research is expected to contribute to the fashion marketing field by examining fast fashion consumption in relation to some variables that have been found to be associated with fast fashion apparel buying: age, gender and types of perceived shopping values.

Although fashion consumer groups have been studied from a variety of perspectives, the apparel category has received a great deal of interest since 1986 (Scarpi, 2006) not so many researches investigate shopping orientations of fast fashion shoppers. Current study aims to fill this gap. The authors focus on how fast fashion meet young women, with particular emphasis upon perceived shopping values that mainly influence their apparel consumption patterns. This qualitative research aims to add value to the area of fast fashion consumption in an emerging market where it is observed an increasing number of young women with rising disposable income.

Literature Review

Fast fashion

Fashion is concerned with novelty and is generally considered as a way for fashion adopters to express themselves to others. It is a symbol of the seeking of individuality, within a socially acceptable uniqueness (Michon et al., 2008). Today fashion's most impact is on apparel, particularly on women's apparel. The apparel market can be easily segmented into fashion-conscious and non-fashion-conscious consumers. Fashion-conscious consumers are waiting for continous change and so new products have to be available on a frequent basis (Bruce and Daly, 2006).

In the apparel market, retailers' competitive strategy is commonly based on price and product differentiation (Hayes and Jones, 2006). Fashion retailers are increasingly using time as a factor for supporting their competitiveness. While product lifecycles are becoming shorter, transportation and delivery are more efficient. Cost is still a priority in the buying decision so that retailers can take the advantage of lower priced products. Recently, with the removal of trade quotas, companies have greater opportunity to take advantage of goods from low-cost overseas suppliers (Bruce and Daly, 2006).

The mass market where fashion is being consumed according to constantly shorter time lines is generally called as fast fashion market. Fast fashion can be defined as "apparel collections based on the most recent fashion trends on the catwalk and are designed and manufactured quickly, have affordable price, and are mostly aimed at younger shoppers (http:// www.bharatbook.com) . The purpose of fast fashion is to get the clothes into the stores within the possible shortest time. This has resulted in an increasing number of "seasons" and retail is moving away from the planned seasonal product to creating smaller collections more frequently (Bruce and Daly, 2006); by this way, retailers benefit from reduced inventory costs and fewer markdowns of overproduced items (Hayes and Jones, 2006).

This term is known in Europe as "quick fashion" or "street fashion" developed initially in France to serve markets for teenage and young adult women who want to purchase trendy, short-cycle, and relatively inexpensive apparel (Doeringer and Crean, 2006). While purchasing fashion products, consumers are mostly influenced by mass media which lets consumers obtain information about the latest trends (Barnes and Greenwood, 2006). Popular culture has greatest impact on shaping fashion trends and what is happening on the street. Popular icons such as Madonna or model Kate Moss are used to promote high quantity sales of clothes that are intended to have short lives. Barnes and Greenwood (2006) supporting this argument, asserted that "they want to be able to buy things the celebrities are wearing or trends that they've seen from the catwalk", and more importantly, "they want to buy as soon as possible". Here, the motivation is to sell more by creating "buy it now" mentality and the key ingredient is the ability to quickly follow consumer preferences and to discover popular

new designs through daily closeness to fashion markets (Clark, 2007). According to Clark (2007), this term is being characterized by the global high street where brands such as Zara, Mango, H&M, and the UK TopShop attach desirability by celebrity associations. Instead of advertising heavily and identifying styles previously, these retailers take their clues from in-season trends and they trust in a frequent stream of novel products to appeal customers into stores (Miller, 2006).

Consumer's eagerness for variety has lead to increased rates of product introduction, product proliferation and shortened product lifecycles. This means that companies have to react faster to rapidly changing markets (Rocha et al., 2005). The focus for reacting to market demand must be through lead-time reduction (Barnes and Greenwood, 2006).

According to a study among German consumers, authors found that fashion consciousness was related to a desire for up-to-date styles, frequent changes in wardrobes and pleasurable shopping experiences (Walsh et al., 2001). Globally this is almost a reality today, with fashion trends changing at a rapid speed and brands challenging to maintain by using "just in time" production methods and faster turnover of stocks. Also, today consumers are more fashion-oriented and demanding more than in the past (Hayes and Jones, 2006). Market demand is changing at a much more frequent speed and today's women are altering their apparel more often than in previous years, even within a single season. Therefore, some high fashion retailers have both reduced their lead times to asses the needs and wants and got new fashion apparel into stores in order to satisfy demand at its peak (Barnes and Greenwood, 2006) - which is known as fast fashion. Demanding for permanent variety and freshness in apparel market has stimulated retailers to offer "fast fashion" concept (Doyle et al., 2006).

Lee (2003) uses the term "McFashion" in describing the concept of fast fashion and discusses that high streets are full of low-priced fashion which is the apparel version of fast food. She proposes that "McFashion" has become disposable, fast global fashion; a mix of trendy and disposable fashion like fast food in the 1960's when McDonalds has expanded thoroughout the world (Lee, 2003). With respect to Hayes and Jones (2006), competition in the fashion industry was shifting from price and quality towards timing, where designs can be quickly copied and produced continually. This trend is a competitive and challenging sector replicated in apparel and fashion markets globally in the UK, and delivered by non-UK based companies such as GAP, Zara, Mango, H&M, Marks & Spencer, Arcadia Group and so on, all of whom have expanded their products offer to include value for money. Value will be added and competitive advantage is then gained over other retailers by being aware of product specific attributes and benefits. These retailers suggest convenience shopping for consumers looking for to "buy in" fashion trend at disposable prices (Priest, 2005). The entrance of these retailers into the fashion apparel market has redefined how customers shop for apparel, with time-starved customers able to purchase cheap fashionable apparel as part of their weekly shopping (Bruce and Daly, 2006). Speed and rapid response is at the heart of any fast fashion retailer. In order to deliver what the customer wants as fast as possible at a price that they can't resist, fast fashion retailers have built a sustainable business model that could drive profitable growth (Miller, 2006).

In recent years, they have become famous for adopting a strategy of continually replenishing their product ranges with fashionable styles that attract their young female customers into the stores frequently (Barnes and Greenwood, 2006). They are not only changing their shoppers' expectations for speed and variety, but also showing them that style can be at low prices. Even premium consumers who are mostly wearing designer labels are starting to blend high fashion with fast fashion that means many affluent consumers are becoming loyal to fast fashion (Rohwedder, 2004).

The modern fashion industry remains highly competitive, with additional pressure for fashion retailers to compete on both price and ability to bring refresh product. Thus, this concept has been extensively recognized in fashion press and accepted a solution for fashion retailers (Barnes and Greenwood, 2006). Up to date, there has been little attention to fast fashion retailing in the academic literature although "fast fashion" has become UK fashion industry's core concept and furthermore non-UK based fashion retailers such as Zara and H&M have shifted the focus from price competition towards fast response to changing fashion trends (Bruce and Daly, 2006).

As Barnes and Greenwood (2006) cite from authors such as Ko and Kincade, Fiorito et al., Sohal et al., Perry and Sohal, Guercini, Azuma, Mattila et al., Birtwistle et al., Lee and Kincade; fast fashion has been explored within the context of supply chain management because it has been always considered from the point of view of supply chain response and increase in consumer choice through frequent merchandise replenishment. However, fashion apparel could have different meanings for different people, consumers could form diverse attachments to it, and individuals' attachments to the same brand of clothes may be somewhat different from their families' or friends' associations. Therefore, the major purpose of this paper is to present the findings of an exploratory study investigating young women's perceived shopping values and their impacts within fast fashion retailing, in order to understand consumers' varied attachments and judgements about fashion apparel.

Gender and Age Impact

The impact of the gender factor on lifestyle attributes cannot be underestimated because females and males have different expectations of fashion products (Rocha et al., 2005). According to major studies about fashion, it is stated that a large proportion of the fashion apparel buyers mostly pursue women's fashion trends. This result might point out that women are more involved in fashion than men (Vieria, 2009). This is actually approved by the significant numbers of magazines targeting women and fashion apparel stores marketing exclusively to women. Further, Stith and Goldsmith (1989) found that women spend more than men for fashion apparel and they represent greater fashion innovativeness and opinion leadership. The conclusion could be drawn that women could be more sensitive to fashion apparel involvement than men, as women could place fashion apparel involvement in a more central position in their lives (O'Cass, 2004).

Age has also been identified as an important dimension in fashion apparel (O'Cass, 2004). As the performance and shape of the body changes, the age factor creates a high impact on physical attributes (O'Cass, 2004 and Vieria, 2009). Among different segments, the most commonly used target in fashion consumption research is the young segment (Law et al., 2004). This is because young consumers have the courage and interest

to try on new innovations and young women are the leaders of new fashion approaches. It is assumed that younger people pay more attention on their appearance than older people do (O'Cass, 2004) as they are starting to have a more active social life and need to show their look to friends. In fact, younger people value fashion more than any other age group because they have significant optional spending power and thus are influential trendsetters. They could place more weight on their appearance since they want to be accepted in a reference group or to gain social approval. While spending heavily on consumable products, they also spend heavily on fashion related items (Vieria, 2009).

To sum up, several studies have found that women are more fashion-involved (O'Cass, 2004), report greater fashion innovativeness, pay more attention and are more sensitive to fashion cues (Auty and Elliott, 1998) than men (Vieria, 2009). Additionally, fashion leaders are young, have higher apparel expenditures and purchase more clothes than non-fashion leaders (Michon et al., 2007). According to a study, girls are not only aware of fashion trends, but also have money to spend and are also very much influenced by pop culture celebrities and sports personalities in what they purchase. Retailers need to take into account changing consumer buying behaviour of the diversity of age and gender groups and changes in global consumers. These differences show themselves through a range of choices that relate to their consumption patterns.

Shopping Values

In order to increase store revenue, retailers must develop a format to convince their consumers both to shop more frequently -critical since it increases spontaneous purchase- and to enhance their purchase amount during each visit. Therefore, it is important for retailers to provide patrons with shopping value in order to increase store visits and consumer resources spent at the store. The shopping value of a store addresses how products are provided to customer through the store operation. To do this, retailers must understand antecedents to shopping activity itself and shopping value typologies (Stoel et al., 2004).

Shopping activity is generally described in the way of visitings to stores; thus active involvement in the marketplace, offers tangible and intangible benefits

to consumers. It is assumed that shoppers visit stores for miscellaneous reasons and the value is an outcome provided from the total shopping experience (Stoel et al., 2004). In other words, shopping value is defined as the appraisals of a shopping experience within a store (Babin et al., 1994). As suggested by Hirschman and Holbrook (1982a) shopping value involves an interaction between a consumer and a product or service that is not only associated with the object itself, but also to the consumption experience (Michon et al., 2008). Studies have shown that shopping value exposes itself in two perspectives: the utilitarian value and the hedonic value, also referred to as economic value and recreational value, which affect the store that a customer visits (Hirschman and Holbrook, 1982a, 1982b) and summarize perceived shopping value (Babin and Attaway, 2000). These values are not mutually exclusive (Babin et al., 1994) for the reason that on any particular shopping trip, a consumer may derive some level of each dimension from the trip and the level of each will likely vary from one trip to another. The levels of dimensions a customer may acquire on a particular shopping trip will likely vary from one trip to another. This makes the perceived shopping values not to be mutually exclusive. For instance, a consumer may be successful at finding the product that motivated the shopping trip at the first store visited and may also find that the product is being offered at a special sale price. Utilitarian value would then be derived from the consumer's success at swiftly finding the product that she needed, and hedonic value would be created by the enthusiasm associated with the special sale price (Carpenter et al., 2005). During and after a store visit, conceptual evaluations occur regarding the extent to which the store environment allowed with a shopper's ability to accomplish her goals. Interacting with the store environment also yields emotional responses that in turn influence shopping value and behaviour (Stoel et al., 2004). These two dimensions have been defined as a multidimensional outcome of the shopping process (Babin et al., 1994).

Utilitarian and Hedonic Value

Batra and Ahtola (1990) suggest that "consumers purchase goods and services and perform consumption behaviour for two reasons: (i) consummatory affective (hedonic) satisfaction from perceptual attributes, and (ii) instrumental, utilitarian reasons" (Guido, 2006). Within the shopping value literature, utilitarian shopping can be related to the consumer's need to obtain some utilitarian consequences from visiting a store (i.e., obtaining product information, acquiring a product) and integrates features such as shopping convenience and perceived risk. In a utilitarian view, consumers are concerned with purchasing quality products in an efficient way and timely manner (Childers et al., 2001). Similarly, utilitarian shopping value relates to usefulness and wisdom of the purchases from a specific store. Therefore, utilitarian shopping benefits are derived from the consumers' belief that specific goals for a shopping trip were satisfied in terms of finding the item they were looking for (Carpenter and Fairhurst, 2005).

In addition to functional usefullness and task orientation, shopping provides other experiential benefits through responses occurred during the shopping activity (Hirschman and Holbrook 1982a, 1982b; Babin et al. 1994 and Michon et al., 2008) since shopping is increasingly seen as a recreational activity and an experiential escape from daily life rather than an operational activity used to meet material needs. Consumers often take a walk and browse for hours just for the fun of it, and aim for emotional satisfaction to escape the gloominess of daily life (Saraneva and Saaksjarvi, 2008). Yuksel (2007) claims that utilitarian value relates to whether the purchase goal of the shopping trip was accomplished, whereas hedonic value reflects the individuals' evaluation of the entertainment and experiential worth of the shopping activity. Futher, Babin and Attaway (2000) suggest that utilitarian value reflects task-orientation, while hedonic value indicates personal satisfaction and self-expression associated with the shopping experience. As Babin et al. (1994) suggest that "a shopping experience could induce value either through successfully accomplishing its anticipated goal or by providing enjoyment and fun", and characterized utilitarian value in the shopping context as "shopping at work", and hedonic value as "shopping for fun" theme.

Hedonic shopping value is correlated with the consumer's need to obtain fun and pleasure and is related to the perceived level of shopping enjoyment (Childers et al. 2001). Therefore, hedonic benefits reflect the emotional or psychological worth of the purchase (Babin et al., 1994) derived from the fun, excitement, and enjoyment of the purchase experience (Carpenter and Fairhurst, 2005). Since the shopping experience aims to satisfy hedonic needs, customers appear to purchase products

randomly during these trips. Accordingly, this suggests that the purchase experience may have more importance than acquisition of the product.

Briefly, compared to utilitarian value, hedonic value is more personal, subjective and often the result of fun and playful experiences (Holbrook and Hirschman, 1982b). Utilitarian value represents an economic concept, derived from the information-processing model, while hedonic value is naturally behavioral, and derived from the experiential model. However, a high level of one type of value does not prevent a high level of the other (Carpenter et al., 2005). Further, hedonic value from a pleasing store design influence perceived utilitarian value of a product, which in turn influence store patronage intentions (Baker et al., 2002; Fiore and Kim, 2007).

As shopping value is a result of the total shopping experience, it may affect future patronage intentions. In a study of describing a typical shopping experience at a store, it was found that hedonic and utilitarian shopping values positively influenced customer share. Retailers are making a large profit on low-priced, fast fashion items. The retailers encourage consumers to shop more often, and consumers respond by continuing to buy more apparel, while throwing away earlier purchases after they have been worn only a partial amount of times (Hickman, 2006).

Consumers may interpret merchandise, service quality and store image with respect to the hedonic and utilitarian value created by store atmosphere (Baker et al., 1994). Beside this, store atmosphere perception may have an impact on consumers' mood since they may feel better through merchandising, cleanliness, colors, and effective salesperson training at the point of purchase (Park et al., 2006). Positive shopping atmosphere may enhance shopping value and encourage consumers to demonstrate increased approach behaviours and staying longer in the store (Stoel et al., 2004; Michon et al., 2008). According to Babin et al., (1994), in-store emotion and its effect on mood can influence purchase intentions as well as perceptions of quality, satisfaction and value while shopping. Thus, retailers should pay attention to consumer's positive emotional situation and their in-store hedonic experience because this can generate impulse buying of fashion apparels (Park et al., 2006).

Consequently, this study focuses specifically on shopping values of young women, examining the hedonic and utilitarian benefits that consumers believe that they realize mainly as a result of visiting fast fashion retailers.

The Field Study

Research Methodology

The study took a qualitative approach, using focus group interviews, to understand of a little known, under-researched and recent phenomenon - fast fashion- since it has received relatively little attention in academic literature and to investigate its relation with the perceived shopping values. The purpose of this qualitative study is not to provide a statistically valid conclusion, but rather to gain understanding and insight into a misunderstood topic.

The focus group method enables researchers to explore a research question, or identify key information sources by using the interaction between the group members that stimulate their reflections on the problem (Krueger, 1994). It has also numerous benefits to researchers such as rapidity and flexibility while assessing attitudes. Additionally, it allows both producing insights over researcher emphasis by using group interaction (Threlfall, 1999) and providing useful perceptual information on new phenomenon before any later development of the research (Grant and Stephen, 2005).

Data Collection Method

Three consumer focus group discussions were used to collect data for the qualitative research. It took approximately two-hour long, semi-structured focus group interviews. Each group consisted of five young women aged between 20 and 32. The age group was deliberately chosen since young people purchase more fashion apparel, are more mobile, and more open to new ideas and new fashion trends than older people. Among this consumer segment, shopping is a high priority with apparel shopping being the top activity (Park et al., 2006). Therefore, they represent an appropriate frame for this study. Additionally, in selecting respondents for the sample, these women were chosen because

of their knowledge or familiarity with the concept of fast fashion based on their shopping experience.

The main objective was to investigate the respondents' perceptions of shopping values from their experiences with fast fashion retailers. The focus group method was chosen in order to provide in-depth understanding of these young females' opinions and to gather data relating to their feelings and views on the research area. This research was supposed to give insight into fast fashion consumption among young consumers, provide information on shopping values they perceived from the fast fashion retailers and recognize the interrelationships between utilitarian and hedonic shopping values on fast fashion purchasing behaviour.

A total of 38 open-ended questions were formulated to gather information about young consumers' shopping behaviours of fashion apparel. The questions basically aimed to explore the underlying motives and beliefs determining types of shopping values with regard to the purchase, consumption and disposal of fashion apparels. Initial questions for group interviews were formulated from the literature review and trade press which then established the basis of this research such as: where they are shopping for apparel, where they are getting the apparel ideas, which are the main reasons of shopping at their favourite stores are, how much money they spend for apparel, which are the important informations they need to know before buying clothes, and general attitude towards shopping for apparel, etc. These questions were later divided into the following three related themes, which form the basis of the research findings:

1. general views on consumption of apparel

2. opinions concerning the concept of fashion

3. opinions about the shopping experience of apparel

The study was conducted in Istanbul, the European capital of culture at 2010 which is the largest and most globally connected city within Turkey, leading fashion trends followed and imitated by other cities in Turkey. There were five members in each of three focus groups held in January 2010. According to Aaker et al. (2001), three or four focus group sessions are usually sufficient to determine reliability and validity. The group members were selected using a convenience sampling among

university students, attending different universities (Bahcesehir University, Marmara University and Istanbul Technical University) in the city. Some of them are also working at local or international companies. As this was a small convenience sample, it is not appropriate to apply statistical techniques to the results and instead demographic variables are employed. However, as mentioned by Nickel et al. (1995) in qualitative research probability sampling is not considered as a necessity.

The group members were representing different ages and status groups which generated a more comparative analysis. Moreover, in order to get a representative sample, demographic criteria were also used, i.e. age, education, profession and income.

Description of focus groups

Three structured focus groups were conducted in order to obtain young consumers' perceptions on values emerging in their shopping at fast fashion retailers and their impact on purchasing behaviour. There were 15 young women as the total sample size, with five women in each group, and the ages of the respondents were between 20 and 32. The majority of the group members was relatively young and has an income level ranging between 3000-4000 Turkish Liras. All of them held a bachelor degree and some held a post-graduate degree. Most of the group members can be characterized as career oriented, ambitious, and fashion conscious. The respondents were asked to state the reasons for their apparel purchase, their knowledge about fashion concept, what types of stores they mostly shop in, as well as their opinions about fashion apparels.

Research findings and discussion

The following is a summary of the findings clustered into the three main themes from the focus groups, identified at the beginning of the method part.

i)   General views on consumption of apparel

This part was designed around six questions posed to the focus group members. The questions were divided into there parts: apparel purchasing reasons, apparel benefits sought, and apparel attribute evaluation.

- apparel purchasing reasons

This part of interview was in accordance with apparel benefits sought and apparel attribute evaluation parts. However, if it is classified into fundamental topics, consideration of apparel purchasing reasons is significiantly different among different age and profession groups. The younger ones are fresh graduate students and do not have regular jobs yet respond this part using terms as following ones: "New fashion trend", "new season collections", "something new to wear", "crowded stores and popular music always attract me", "draw attention", "spending time with my friends", "variability", "merchandise assortment", "looking similar to friends or favourite movie or music stars", "price and payment conditions", "stylish sales associates encourage me" and the most interesting reason being "I do not need a reason to buy"… Almost all of the comments were related to fashion, style, intangible attributes of clothes. Further, they mostly agreed that they usually dress for fashion, not comfort -if they must choose between two.

The older ones are commonly post-graduate and have well-paid jobs, however they responded this part not so different than their younger counterparts. "Comfort and fit" were the most replicated words, whereas "aesthetic, stylish appearance and chicness" were also the important motives. Although one of the respondent claimed that she "buy(s) due to her needs and requirements especially for the replacement of existing garments", she added that she also "buy(s) for change and novelty which contradicted actually her first assertion. Another respondent agreed that she also bought clothes because she needed new ones due to the wear or another reason, but she also added that when she went for shopping she bought things that she did not plan to buy. Thus, first the utilitarian view has arisen, and then the hedonic side of consumption dominated the shopping motives.

An interesting answer reported here was: "I buy mostly night attires and shoes since I meet my friends only at evenings. In the daytime, I am at office and I wear whatever I find in my wardrope early in the morning". This comment was a good example of peer pressure impact on apparel purchasing reasons. One of them said that "I am conscious person while shopping, since time and money mean everything to me", however, after this sentence she added that she prefers to shop in order to change her mood, especially when she has

negative feelings. Also this comment reminded the hedonic consumption tendency which supported shopping for pleasure, excitement, satisfaction and joy.

- apparel benefits sought

The younger women form the ages between 20 and 25 commonly expected from clothes to have fashionable image, motivation for achievement, socialization, self-expression and a pleasent appearance to friends while older ones from the ages between 26 and 32 mostly seek conformity, comfort, fit, role identification, higher social status, distinction and looking elegant as well as smart look, aesthetic appearance, and social status expression.

- apparel attribute evaluation

The majority of the respondents among the younger women evaluated apparel attributes as "emotional". Therefore, they mostly thought that clothes were used to satisfy their emotional needs. Fashion and thereby physical appearance of clothes and peer group impression were critical decision making criteria during the evaluation process. Clothes' expressive attributes helped them to easily decide what to buy. Apart from the younger women, older respondents appraised mostly the following attributes: quality and thereby physical performance of clothes, appropriateness, price –as value for money they paid-, ease of wear, matching personal style, giving differentiation, from others at the same time durability, not very outmoded, easy-careness.

ii) Opinions concerning the concept of fashion

This part was designed around nine questions. All of the respondents gave examples of high fashion and "street fashion" apparel brands and the stores, where they could purchase apparel items: "I shop from Zara, Mango, TopShop, and so on". "There are some brands of clothes such as "Berschka and Next" that I find them trash but my favourite brands are "Koton and Batik" that reflects smart casual, not very extreme modality but also stylish clothes that make me feel good in".

Some of the respondents claimed that "fashion is (their) life, (they) love to buy, wear and show fashionable, stylish and trendy clothes", whereas some of them disagreed and asserted that "(they are) not all interested in fashion trends; comfort

and aesthetic appearance are enough for (them), the rest is completely meaningless" and that "(they) have neither free time nor much money to spend for trendy clothes which are short lived". Moreover, purchasing decision of some of them was shaped primarily by fashion magazines, TV programmes and fashion icons' styles. According to the respondents, the most visible part of the city they live in was Bagdat Street and Nisantasi Avenue, in terms of seeing the latest fashion apparel and trendy people. Bagdat Street and Nisantasi Avenue are two well-known districts of Istanbul where relatively elite people reside. Furthermore, Yeditepe University, a foundation university, was the most famous campus in the city since students who were attending there has been defined as "walker and talker fashion magazines". Therefore, further research could be conducted at this university in order to get insight into fast fashion shopping values from more targeted market.

When respondents described their fashion awareness, the younger ones mostly give statements as: "I read fashion magazines, watch fashion news regulary and talk with my friends about latest fashion styles regularly and definitely try to keep my wardrope up to date with fashion trends". Some of them that they keep update their clothes although they do not always try to dress according to the trends.

Mango's magazine and Berschka's store window displays were the best known among the majority of the respondents. Eda Taspinar was seen among all respondents as the most popular Turkish fashion icon and Cagla Sikel the second, having an important influence on the fashion apparel consumption in Turkey. Eda Taspinar is a well-known high society member and Cagla Sikel is a famous model in Turkey.

"Street fashion" term was commonly used for describing "fast fashion". The respondents found fast fashion apparel inexpensive, low quality as well as greatly available. Some of them criticized fast fashion clothes assumed attributes from a rational perpective, and discouraged to be repatronage intentions whereas some of them accepted that fast fashion retailers are the solution of their wants of apparel and fashion. However, they claimed that they would not purchase every time they visited these retailers, even browsing was regarded to be a leisure activity as it was the significant part of their life.

While talking about involvement of fashion apparel and knowledge about fashion apparel, two distinctive groups appeared. First group asserted that "It means a lot to (them)" and "(They) feel (they) know a lot about fashion apparel, classify (themselves) as an expert", whereas second group asserted that "this is a temporary process, thus (they) do not care".

iii)   Opinions about the shopping experience of apparel

This part was designed around 20 questions directed to the focus group members. The questions were divided into there parts: thoughts before, during, and after shopping activity, influences before, during, and after shopping as well as throwaway attitude of clothes.

-       thoughts before, during, and after shopping activity

The way the respondents among younger consumers defined the shopping process is quite interesting: "I'm excited when I plan to go shopping since it will be an entertaining day." "I feel I have to go shopping, as if I am addicted to shopping." "When I am bored, I imagine to go shopping, find myself looking at the fashionable clothes and try on all of them…it makes me feel better." "When I meet with my friends at café, then a girl comes with a trendy look, all of us can not take eyes on her. I think I am out of fashion and feel I must go shopping and buy trendy clothes now".

Older and professional respondents commonly defined this process with the following statements: "I think I will spend a lot of money if I go shopping. This thought often disturbs me. Therefore, I am uncomfortable with going shopping unplanned." One respondent reported that variety of stimulus, range of products and restricted time made the selection difficult. Thus, she thought that she must save lots of money to buy all of her needs and wants instantly. However, wasting money worried her after shopping. Other respondents did not think about the money since they had a well-paid job. They usually planned to go shopping as closer as the payday.

During the shopping trip, young consumers commonly reported fun, enjoyment and satisfaction as relevant feelings since they experienced not only the shopping trip itself, but also new and trendy people shopping around. Further, external

factors had effects on the individuals. Especially both behaviour and apparel style of salespeople, music, population and interior design of the store motivated them to shop cheerfully. Price was also an important factor during the shopping trip since they were not loyal just to one store. They commonly visited shopping centers where they could find all of the "popular" stores. These stores in fact were usually not high priced. Nevertheless, they thought that discount offers at sale periods of these stores was the most attractive part of shopping activity as a whole. Initial positive emotions could quickly shift over to negative emotions if they could not buy what they look for. When they found themselves indecisive between two alternative items that they liked a lot and postponed their purchase, they often realized clothes were out of stock after a while, giving them feelings like disappointment, anxiety, and stress. Sometimes they felt guilty when they spent their pocket money because majority of them are unemployed.

Older respondents stated that they had also positive feelings during the shopping trip especially when they found what they were looking for because they had limited time and could go shopping mostly at lunch breaks. One respondent reported: "When I do shopping, I feel myself in another world and I enjoy new experiences differing from the workplace." Negative feelings were also occured unless they found a bargain and experienced feelings of accomplishment. Also, crowded stores, messy shelves and rude and irritative salespeople annoyed them. Not only the store atmosphere and service quality, but also the merchandising affected their shopping trip. Although they had enough money, the shopping experience meant them waste of time especially when they could not find the right size, color and model, and the worst thing was to go back to home with empty-hands.

After the shopping activity, majority of the respondents experienced positive feelings such as satisfaction and joy. Simultaneously, they also experienced negative feelings such as guilt and regret. However, feeling regret was more dominant than guilt due to the fact that stores shelving were continuously revised which meant that clothes they bought last week lost their instrintic value before their real lifecycle ended. With respect to respondents, bargains evoked both positive and negative emotions. According to young respondents, negative emotions relating to bargains occurred because they mostly shopped more than they needed. If these impulse purchases did not satisfy them when they turned back to home, they would feel bad in their consciousness due to not only about the money they spent but also the clothes not fitting them. They also reported that if they decided to purchase the item afterwards, they would feel depressed since there would be a probability that items sold out. Post-shopping negative feelings were shared among all the respondents reporting that they felt tired, as if they had spent a whole day, but received nothing in return.

- influences before, during, and after shopping

Younger respondents were influenced by high volume music, stylish and cool salespeople, stores full of trendy shoppers and brillant store design and sensational window displays in terms of external factors; whereas older ones were usually influenced by informative window displays, stores with deep merchandise assortment, professional advise and attractive store image in order to shorten the searching time and slower music and more elegant store environment in order to simplify the shopping activity.

Younger ones desired to go shopping with their friends whereas older and professional ones preferred to be alone during shopping. Not only peer groups but also new trends, fashion magazines, popular icons, store windows, proper visual merchandising and to some degree price of clothes were the main resources for the younger respondents before, during, and after shopping. On the contrary, their apparel needs, fit and comfort of clothes, quality, prices and time were the key purchase criteria for the older ones among the respondents. However one of them described this situation like: "When I go shopping to buy items that I planned before, I would buy quite different items. Both the aesthetic appearance of items and a good deal affect my unplanned purchase. And I never feel guilty or regret because of this."

While talking about shopping lists including shopping times and store names, all of the older and professional respondents agreed that they made shopping lists before going shopping due to the time limitation. Some of them reported that they did not need those lists since their stores were clearly pre-defined. Time pressure also affects the places they mostly shopped f rom due to the convenience they offer. They mostly preferred shopping centers in order to find all kind of stores inside. They also

reported that they prefer outdoor places both to escape from the workplaces' indoor disadvantages and to take the opportunity to resting at a café while shopping. Among older respondents, Bagdat Street was the most known place with all types of stores, cafés, and restaurants.

In contrast, younger respondents made nearly never shopping lists, but also they had greater spare time to visit stores and do shopping. After school or at weekends were the most common times to go shopping. Beyoglu and Nisantasi Avenue were places that they commonly visit not only for shopping but also for meeting their friends and observing other people. Beyoglu is a district of Istanbul commonly known by its pubs and cafes. They reported that information about new trends came from while drinking coffee, or wandering the streets other than discussing with friends, reading magazines and browsing stores.

The places the younger shoppers purchased from were practically the fast fashion retailers such as Zara, Berschka, Pull& Bear, Stradivarius, Mango, Vero Moda, TopShop, River Island (before closed), Miss Selfriedge, Koton and Batik, and most of them would shop two or three times a week. The older shoppers added Marks & Spencer, Next, Benetton, Sisley, Park Bravo, Boyner to this list. Zara, Mango, Koton and Batik were commonly repeated without exception in all focus groups. Although Topshop and River Island have led the way of fast fashion retailers like Inditex Group (Zara, Berschka, Pull&Bear) they were not emphasized as much as Inditex Group (Zara, Berscha, Pull&Bear) by all respondents. Shopping frequency also differentiated between younger and older respondents. Younger ones reported that they browsed new trends almost daily and spent whole day since shopping was center of their life. However, older ones' shopping frequency differed even among each other. Some of them went shopping once a month, some of them went shopping once a week. Store environment also affects the spending time in stores, which is not a surprising result.

- throwaway attitude of clothes

Respondents commonly kept items that they found wearable and stopped wearing the cheaper ones because of such reasons as lower quality and arising new fashion trend or if clothes were bought for a one off event. They mostly kept expensive clothes, especially with familiar brand names even if they no longer wore them and even if they became unfashionable. They felt guilty while disposing more expensive and higher quality items worn only a few times. They preferred to borrow or donate them to people. Cheaper and low priced clothes which were used mainly for socializing were commonly thrown out as they have become to be unwearable and/or out of fashion.

Conclusion

Focus group members that revealed two distinct groups clearly based on age and professional level. This outstanding differentiation significantly affected the opinions of respondents about key questions as discussed in research findings and discussion part. While talking about general apparel consumption, even if the older and professional respondents commonly emphasized the tangible attributes of clothes and refered to comfort and price-quality balance, all of the sample mostly defined their general apparel consumption as an emotional activity that they were more likely to enjoy not only the potential entertainment value of shopping, but also the consumption experience.

According to the opinions about the fashion concept was clearly understood, however younger respondents had a slightly higher degree than counterparts. They were more active shoppers and more aware of current fashion. Their fashion awareness was strongly influenced by fashion magazines, TV programmes, fashion icons' styles and mostly their peer group while older consumers placed far more importance on clothes attributes such as comfort and aesthetic appearance and their personal views about fashion. However, regarding to the stores they listed as their favourite shopping places and their other comments related with the topic, the authors feel that olders were somewhat familiar with fashion. In addition to this, all of the respondents gave examples of "high fashion" and "street fashion" apparel brands and the stores. They mentioned "street fashion" term unprompted and reconciled trendy and street fashion terms while explaining fashionwear, trendy, and street fashion term's meanings according to them. Based on the definitions of terms, "street fashion" was used for describing "fast fashion", as they called "fast consumption". Even though questionnaire did not include questions directly related with fast fashion concept, respondents reported their perspectives about fashion and fashion apparels on fast fashion terms and mostly discussed fast fashion retailers

shopping environment regarding their perceived shopping values. This finding showed that retailers which applied fast fashion business model may be emerging as one of the most important strategic initiatives in the modern retail industry.

Before going shopping, thoughts were generally positive and concerning anticipation towards the shopping activity. Although majority of the respondents experienced enthusiasm, expectation, pleasure and excitement before going shopping, only young respondents defined the situation clearly. They experienced positive feelings that were related to finding something trendy and new to wear. Beside this, the excitement mood was related to the lack of knowledge of what they would find from the stores. It was about feeling like they were exploring new worlds. As suggested by scarpi (2006), hedonism could be easily evoked by being immersed in many new products, by the curiosity of seeing and trying new clothes and accessories. Therefore, the findings affirmed that younger respondents mostly perceived hedonic shopping values of fashion apparels. With respect to Carpenter et al. (2005), the delivery of value through the shopping experience seems to be an effective source of differentiation. From this point of view, fashion retailers should manage stores to create a desire for this segment to remain, interact and return to the environment. Sherman et al., (1997) proposed similar suggestion to this comment that retailers should invest on merchandise breadth, depth and quality to create a pleasing, entertaining experience for the shopper who is interested in more than just the product. On the other hand, before the shopping trip older respondents who mostly had well-paid jobs worried about money they would spend while shopping. However, feeling satisfaction and relaxation due to purchasing of items they were looking for could be more important than feeling anxiety most of the time. With regards to fashion specialty shops, utilitarian value could be easily evoked by finding certain apparel at a good price (Scarpi, 2006). On the other part, according to Babin et al. (1994), finding the the items that s/he is looking for means accomplishing the task of purchase and this will lead to enjoyment of the shopping. Therefore, older respondents, who mostly emphasized the utilitarian side of fashion apparel consumption and gave weight to the functional attributes of clothes during the focus group discussion, might also have hidden hedonic consumption tendency towards fashion apparel.

During the shopping trip, all of the respondents experienced both negative and positive emotions. When questioned to younger ones of their feelings during the shopping, if new and remarkable things were found, they would satisfy in terms of positive emotions. According to the older respondents, they would get mental satisfaction with deal prices, which supported their both self-esteem and goal achievement. This finding is consistent with Babin et al.'s study (1994), the positive relations between hedonic and utilitarian value indicate that an increase in one will result in an increase in the other. With respect to Yuksel (2007), stimulating shopping environments appear to evoke strong feelings within a customer and creating value. In a similar vein, majority of the respondents in the focus group reported that they were influenced by both external and internal factors during their shopping experience. Regarding this point, store atmosphere and merchandising affected their shopping trip the most.

There were notable differences in the purchasing and shopping behavior of young and relatively old women. The younger ones shopped for clothing in more stores, mostly from the fast fashion retailers two or three times a week. They entered the market place with less preplanning, more predispositions toward either trendy clothes or the doing shopping itself, relied more on peer groups and tended to shop with friends. There was more of a tendency toward a generalized purchase plan, or even impulse buying on the part of this shopper. Judging from the shopping experiences they reported, selling to this segment was accomplished by mostly point of purchase displays at their specific tastes. In contrast, the older group entered the market place with preference for specific clothes and tended to make their purchase decision more on the basis of fit and comfort than on the hedonic properties of apparel. The findings indicated that while more intangible and emotional attributes affected younger respondents, older ones were usually influenced by more rational and functional attributes. This matches up with O'Cass's assertion (2004) that fashion clothing has both economic and social significance in terms of shopping values.

Generally speaking, respondents did not have a specific idea of how long they would keep their clothes in their wardropes, but commonly disposed especially cheap clothes or clothes which were purchased for a special event. The trend of throwaway fashion clothes helps increase in purchase frequency and decrease in price levels

(Birtwistle and Moore, 2007). Regarding this point, fast fashion retailers -such as H&M, TopShop and Zara which aim to sell items that are expected to be used less than ten times at very low, competitive prices may be appraised to have been successful at accomplishing the given argument.

In conclusion different perspectives among the group members might be originated from different lifestyles caused mainly by age diversity. In the fashion marketing literature, young people are mostly chosen as target samples due to the fact that they are innovative and fashion oriented. In fact, the younger respondents' answers in this sudy were quite fitting with the expectations of the researchers. The answers attributed to the hedonic consumption part of the fast fashion concept and the authors hope that this study provides some key consideration points to retailers who aim to attract those young people.

Besides the age differentiation, the target market of this study, "young women", can be also separated into two groups as new graduates and professionals. Although they have better monetary status, professional young women go shopping less frequently and prepare shopping and store lists before going out. They also pay attention to apparel attributes such as wearability, durability, and high quality because of their less frequent shopping activities which underlines the utilitarian shopping value. In addition, the presence of apparel policies in work places might also direct professional women to buy more classical, permanent and less trendy outfits. However, it was observed that they generally mentioned the fast fashion retailers when they were asked to list the stores they commonly visit and shop in. Though they don't want to admit frankly, they are aware of fast fashion and prefer shopping from fast fashion retailers. This conclusion might suggest that people who mostly shop from fast fashion retailers perceive utilitarian shopping values in addition to hedonic shopping values. This means that these business models can serve utilitarian attributes since it may also be a criterion of choice.

Measures of the hedonic and utilitarian shopping values enable marketers to test the effectiveness of their marketing efforts that stress experiental or functional positioning strategies (Yuksel, 2007). To date, there is a lack of research on consumers' perception of shopping value types regarding fast fashion retailers. The value of this study is to extend the knowledge in the field of fast fashion

apparel consumption of young consumers, and to demonstrate how useful could be the shopping values in differentiating younger consumers in terms of fast fashion apparel buying. As the sector is highly competitive, fast fashion retailing provides an attractive perspective for the assessment within the current study.

Limitations and further research

Given that this study is qualitative in nature; quantitative studies are needed to bring robustness to the findings, and to be able to make wider generalizations. This study is limited to young women; further qualitative research could be undertaken with young men or teenager girls –a really underexplored area- as well as triangulation by means of employing quantitative research and looking for compatibility to determine to what extent the main themes used in this study are applicable.

This study sought the impact of overall shopping environment and it is therefore limited in explaining what aspects contribute to the formation of this holistic view. Future studies on specific physical and social aspects of the macroenvironment should be undertaken to understand the relative contributions of these aspects to the formation of perveived fast fashion shop values.

Future research could also include observational research and interviews with target market in order to determine the key factors influencing those perceived shopping values of fast fashion retailers. Findings of such studies may provide competitive advantage for fast fashion retailers and marketers.

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A STUDY ON VARIABLES AFFECTING PREMIUM PRICE PERCEPTION OF HIGHLY FUNCTIONAL SPORTSWEAR

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Abstract

This study focuses on consumers' premium price perception of highly functional sportswear. This is because highly functional sportswear is usually highly priced, and price is one of the most influential factors in consumers' buying decisions. The primary variables in premium price perception were identified as well-being consciousness, sports activity and functional textile knowledge. To predict the causal relationships among the four variables, a hypothesis research model was proposed. A survey involving male and female sports consumers aged 15 and above was conducted in Korea from 12 May, 2009 to 2 June, 2009. A total of 250 responses were analyzed using descriptive statistics, factor analysis and regression. Seven factors were determined to be features of well-being consciousness: natural life, organic consumption, healthy society, affirmative attitude, workouts, recycling and relaxation. From the results of the research model and the hypotheses testing, the following was derived. Well-being consciousness had a significant effect on sports activity. Among the factors of well-being consciousness, workouts, relaxation, recycling and affirmative attitude had a powerful influence. Functional textile knowledge was significantly influenced by well-being consciousness, specifically, by organic consumption and affirmative attitude. Lastly, sports activity significantly influenced the perceived premium price perception of highly functional sportswear.

Key words: premium price, well-being, sportswear, functional textiles

Introduction

Many developed countries have suffered a decline in their textile and fashion industry because the developing countries that have recently become engaged in this industry with price competitiveness. A breakthrough is needed to revitalise the textile and fashion industry of erstwhile global leaders. Concentrating on the ever-expanding sportswear market could be a solution. Behind this phenomenon lies a rising income level as well as increasing free time, which offers people the opportunity to enjoy sport and leisure activities. Particularly, since the trend of focusing on personal well-being started to spread in 2000, people have gained interest in sports and have spent more time participating in them. This well-being trend has also motivated consumers' needs for good textile fabric. The well-being boom has resulted in environment-oriented and/or functional textiles and has accelerated the revitalisation of the stagnant textile fashion industry in Korea.

In light of this, the industry requires fashion marketing research that is available for the market expansion of functional textiles and that reflects well-being trends. Preceding studies have shown that as the sportswear market grows, there has been a high demand for highly functional textiles. Highly functional textiles are a compelling factor for consumers purchasing sportswear (Cho & Koh, 2008; Hong & Park, 2002; Hwang, 2004; Kim & Na, 2008).

Price is one of the most influential factors in buying decisions. Since functional textile products are usually highly priced, the price of these well-being

products is one of the most important factors in consumer decision-making. This study focuses on premium price, which is the extra price that consumers are willing to pay to buy functional sportswear instead of standard-grade sportswear. It is expected that well-being consciousness, which consists of health orientation and environment orientation, will have an indirect effect on the premium price perception of highly functional sportswear through sports activities and functional textile knowledge.

This study explores the relationships among well-being consciousness, sports activities, functional textile knowledge and premium price perception for highly functional sportswear. A consumer who is conscious of his/her condition of well-being will participate in more sports activities, and will have more functional textile knowledge. A consumer who takes part in sports and leisure activities and who has functional textile knowledge is also likely to pay a higher price for advanced functional products.

Literature Review

Well-Being Consciousness

The term 'well-being' first appeared when the World Health Organisation (WHO) officially defined health in 1948 as 'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'. Recently, this concept has been studied in relation to social and cultural trends, new lifestyles, product types, and a serious social problem in Korea (Lee & Bae, 2008). Van Pragg et al. (2003) considered the aspects of subjective well-being to be job satisfaction, financial satisfaction, housing satisfaction, health satisfaction, leisure satisfaction, environment satisfaction and general satisfaction. Hong & Cho (2006) postulated the three well-being pursuit disposition factors of middle- and old-aged women to be an eco-friendly pursuit disposition, an economical pursuit disposition and a health pursuit disposition. Hong and Koh (2009) developed a well-being lifestyle measurement framework with seven sub-factors: health-oriented eating habits, social-welfare-oriented consumption, interest in health policy, self-esteem enhancement, sports activity, volunteering for local community and the use of cosmetics made from natural ingredients.

Sports Activity

Sports activity has spread into the modern global citizen's everyday life and is now regarded as a necessity. It reported that one European in every five participates in regular sports ('Functional Fabrics', 2006). According to the results of research conducted in Korea (Chung, 2009b), the most popular workout was walking, followed by jogging, hiking, fitness and ball games. Aged men enjoyed walking, hiking and jogging, and aged women enjoyed walking, hiking and fitness, in that order. Young men enjoyed walking, jogging and ball games, and young women enjoyed walking, jogging and fitness more than they did other activities. In total, men and young persons participated in sports activity more than women and aged persons did, according to gender and age, respectively.

Functional Textiles

Functional textiles are defined as textiles with value-added functions in addition to normal textile properties and can accordingly be utilised for special purposes. In fashion apparel industry applications, the most attractive market is sportswear. Various functional textiles have been developed in the textile industries of developed countries. Some important features are those of being air permeable, water repellent, sweat absorbent, moisture transparent, rapid drying, UV-blocking, antibacterial, etc., either in isolation or in combination. Chung (2009a) identified that the most well-known functional textiles were elastic, UV-blocking, air permeable and antibacterial. Elasticity and air permeability are classical properties that are recognised as major elements of sportswear, along with qualities of heat-retention, moisture absorbency, protection and easy-care (Choi et al., 2003). UV-blocking textile is a kind of sun protective textile; it prevents skin aging, freckles and skin cancer. Antibacterial textiles eliminate viruses and micro-organisms that are harmful to health. Jin and Rhee (2007) found that knowledge of functional fabrics is utilised during consumer purchase of sportswear.

Premium Price

In general, consumers have three prices in mind. The first is the reference price, which is considered and referred to when a consumer purchases a product. The second is the reservation price, which

is the maximum price that the consumer can pay. Usually, this is affected by the buyer's experience and knowledge, but is mainly affected by the benefits of the product and the buyer's ability to pay (Park, 2002). The third price is the lowest acceptable price, which is the lowest price with the confidence in quality. Premium price can be calculated by subtracting the reference price from the reservation price (Chung, 2009b). This refers to the extra money that buyers are willing to pay for the added value of the product for a reason that could be quality, prestige, uniqueness, scarcity, etc. Functional textiles are an example of added value for sportswear. Premium price perception is the ratio of extra money to regular price. It is calculated by [(reserved price-reference price) / reference price] (Chung, 2009b).

Methodology

Research Model and Hypotheses

See Figure 1 for the proposed research model. To test the causal relationships among well-being consciousness, sports activity, functional textile knowledge and premium price perception for highly functional sportswear, five hypotheses were suggested.

H1. Well-being consciousness will significantly affect sports activity.

H2. Well-being consciousness will significantly affect functional textile knowledge.

H3. Sports activity will significantly affect functional textile knowledge.

H4. Sports activity will significantly affect the premium price perception of highly functional sportswear.

H5. Functional textile knowledge will significantly affect the premium price perception of highly functional sportswear.

Measurements

A questionnaire was developed to measure well-being consciousness, sports activity, functional textile knowledge and premium price perception. Well-being consciousness is measured by 20 items, which have been selected from previous studies (Hong & Cho, 2006; Ministry of Commerce, Industry and Energy, 2006; Park, 2006). Respondents were asked to respond to these 20 items on a seven-point scale–1: strongly disagree, 4: neutral, 7: strongly agree. Sports activity was measured as the total activity score of ten types of sport, which were hiking, swimming, golf, tennis, cycling, fitness, jogging, walking, fishing and ball games. The participation frequencies were measured on a seven-point scale–1: almost never, 2: one–two times per year, 3: one–two times per half-year, 4: one–two times every two months, 5: two–three times per month, 6: two–three times per week, 7: almost everyday–for each sport. The scores were then summed up for statistical analysis. Functional textile knowledge was evaluated using the total score of knowledge levels about the four textile properties—antibacterial, permeable, elastic and UV blocking—which were each measured on a four-point scale. The points on the scale were represented by 'this is the first time I have heard about that function', 'I have heard of that function before', 'I know that function' and 'I have experienced that function'. Premium price perception was computed using the difference between the prices of currently purchased and ideally functional sportswear for one sport item that the respondents enjoyed.

Data Collection and Analysis

Convenience sampling was applied to the data collection process. A survey involving male and female sportswear consumers aged 15 and above was conducted in Korea between12 May, 2009 and 2 June, 2009. A total of 250 responses were included in the research. The profiles of the respondents have been briefly outlined in Table 1. Data were statistically analyzed using descriptive statistics, factor analysis and regression of SPSSWIN 10.1.4.

Results and Discussion

Construct of Well-being Consciousness

Factor analysis was applied to examine the construct of well-being consciousness. Factors were extracted using the principle component method; the extracted factors were then rotated with Varimax rotation. Seven factors were identified as being components of well-being consciousness,

as shown in Table 2. Factor 1 consisted of four items related to preferences for rural life, natural fibre, natural hosing materials and natural dyeing products; this factor was called 'natural life'. Factor 2 consisted of four items related to the use of Korean traditional medicine products, aromatic therapy, organic food and healthful groceries; this factor was called 'organic consumption'. Factor 3 included four items regarding policies and issues related to a healthy society; this factor was therefore called 'healthy society'. Factors 4, 5, 6 and 7 consisted of two items each. These factors were called 'affirmative attitude', 'workouts', 'recycling' and 'relaxation', respectively, reflecting their content items. These factors explained 68.81% of the total variance. Scale reliabilities ranged from .57 to .82.

Descriptive Statistics of Well-being Consciousness, Sports Activity, Functional Textile Knowledge and Premium Price Perception

The descriptive statistics of the four major variables used in this research are illustrated in Table 3. The possible score range and the neutral score of each variable has also been presented. Well-being consciousness was measured on a seven-point scale and consisted of 20 items. The possible score range was 20–140, and the neutral score was 80. The answered score range was 44–134, and the mean score was 91.32. This indicates that the respondents were well-being conscious to some degree. Since sports activity measurement had ten items and was measured on a seven-point scale, the possible scores ranged from 10–70, with the neutral at 40. The measured mean score was 26.49. Consequently, the general sports activity of the current sample is quite frequent. They participate in three-four sports almost everyday. Functional textile knowledge, which was evaluated on a four-point scale for four functions, had a possible score range of 4–16, with the neutral at 10. The actual mean score was 12.70. From this, the respondents were judged to have some degree of functional textile knowledge. Premium price perception was calculated by the equation [(reserved price-reference price) / reference price]. The possible range did not have any limitation. The actual premium price perception was computed as .78, which means that the sample was willing to pay about 80% above the regular price for highly functional sportswear products.

Research Model and Hypotheses Testing

To test the proposed research model, several regression analyses were conducted. In the first regression, the dependent variable was sports activity and the independent variable was well-being consciousness. This causal relationship was proved as significant, as shown in Table 4. Therefore, it was concluded that well-being consciousness had a positive effect on sports activity; that is, Hypothesis 1 was accepted. If a person is well-being conscious, he/she tends to participate in sports activities. To study the causal relationships between the two variables in detail, the seven well-being consciousness factors were input as independent variables. Table 5 shows the results of the stepwise regression. The model significantly explained sports activity. Among the well-being consciousness factors, workouts, relaxation, recycling and affirmative attitude significantly influenced sports activity. Sports activity was more explained by workouts than by any other factors. Interest in recycling negatively affected sports/leisure activity. Respondents interested in recycling were not likely to enjoy sports and leisure.

A stepwise regression analysis was conducted to identify the causal relationship between functional textile knowledge and well-being consciousness. The confirmative result is presented in Table 6. Hypothesis 2 was also accepted. Table 7 shows the specific results related to well-being consciousness factors. A stepwise regression analysis was applied, and the result revealed that two factors—organic consumption and affirmative attitude—significantly influenced functional textile knowledge.

Next, analysis was done to identify the effect of sports activity on functional textile knowledge. Table 8 shows the significant relationship between sports activity and functional textile knowledge. This model significantly explains functional textile knowledge; thus, Hypothesis 3 was supported. Sports activity positively influenced functional textile knowledge. That is, respondents who enjoyed sports and leisure were more likely to have knowledge about functional textiles.

Table 9 shows the results of the stepwise regression for premium price perception. The independent variables are sports activity and functional textile knowledge. The model significantly explained perceived premium price perception, even though

the isolated influence of functional textile knowledge was not observed. Therefore, Hypothesis 4 was accepted and Hypothesis 5 was rejected. Although sports activity significantly influenced premium price perception, no significant relationship was found between functional textile knowledge and premium price perception. The final model, which reflects these results, is shown in Figure 2.

Conclusion

This study investigated the relationships among well-being consciousness, sports activity, functional textile knowledge and premium price perception of highly functional sportswear. The major results are as follows.

Well-being consciousness is identified as being composed of seven factors: natural life, organic consumption, healthy society, affirmative attitude, workouts, recycling and relaxation. Well-being consciousness has a significant effect on sports activity and functional textile knowledge. Among the well-being consciousness factors, workouts, relaxation, recycling and affirmative attitude had a powerful influence on sports activity; and organic consumption and affirmative attitude had a powerful influence on functional textile knowledge. Premium price perception was explained by sports activity only.

From the results of a series of regressions, it is evident that people who are conscious about their health tend to participate in sports activities, and that people who enjoy sports tend to pay extra money for sports products. As a result, sports apparel companies need to develop high-priced and high-performance products that target these health-sensitive sportspersons. These companies can invest more aggressively in developing highly functional sportswear, as this study indicates that consumers are happy to pay about 80% above the price of general sportswear for good quality highly functional sportswear.

Although this study failed to confirm the direct relationship between functional textile knowledge and premium price perception, textile companies may yet effectively use these results. Consumers involves in organic consumption are likely to have a higher knowledge of highly functional textiles. Therefore, another product line—besides sportswear—can be developed to target the market of organic consumption buyers.

Affirmative attitude is obviously an important factor that influences sports activity and functional textile knowledge. Accordingly, consumers with affirmative attitudes may be good targets for well-being products. This property should be utilised in the promotion plans of all products related to well-being, including functional sportswear and other functional goods.

In future, it is recommended that research be conducted to compare the differences in premium price perception according to product type, country-of-origin, consumer's personality, consumer's nationality, etc. It would also be interesting to investigate the other variables that affect premium price perception.

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Figure 1. Research Model
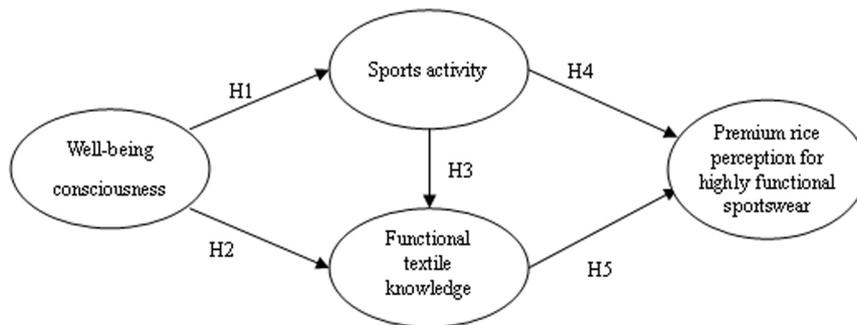
Figure 2. Tested Model
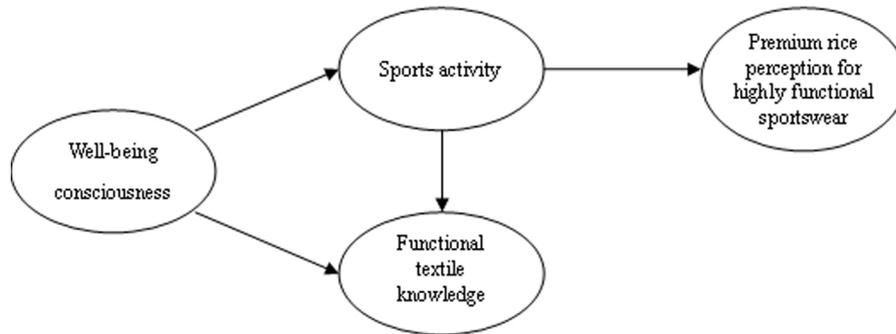
Table 1. Sample characteristics

Variable	Category	Frequency–%
Gender	Male Female	127 (50.8%) 123 (49.2%)
Age–years	Under 20 20–29 30–39 40–49 50–59 60 and over	15 (6.0%) 115 (46.0%) 5 (2.0%) 89 (35.6%) 25 (10.0%) 1 (0.4%)
Income–unit: Korean won; US$1 = approx. 1,150 won	Less than 1,000,000 1,000,000–1,999,999 2,000,000–2,999,999 3,000,000–3,999,999 4,000,000–4,999,999 5,000,000–5,999,999 6,000,000 and over	137 (54.8%) 26 (10.4%) 34 (13.6%) 35 (14.0%) 10 (4.0%) 5 (2.0%) 3 (1.2%)

Table 2. Construct of well-being consciousness

Factors	Items	Factor loadings	Eigen-value	Percent of Variance– Cumulative	Alpha
Natural life	I like rural living more than urban living I prefer natural fibre to synthetic fibre I like apartments or houses made from natural materials such as wood, stone and mud I am interested in natural dyeing products	.771 .741 .670 .613	4.93	24.68 (24.68)	.739
Organic consumption	I often use natural or Korean traditional medicine-applied soaps or cosmetics I think that aromatherapy is useful to release tensions of body and mind I prefer chemical-free organic food to regular food I buy groceries that are healthful even if I have to pay extra	.799 .628 .620 .601	2.17	10.85 (35.53)	.713
Healthy society	I am interested in the government's policies related to health I am interested in the government's policies related to environmental sustainability I think that using eco-friendly products is helpful for our society I believe that people should take an interest in environmental issues for the sake of continued development	.793 .753 .645 .588	1.89	9.44 (44.98)	.754
Affirmative attitude	I am confident I see things positively	.852 .776	1.37	6.88 (51.87)	.782
Workouts	I spend money on sports or leisure activities I exercise on a regular basis	.909 .894	1.23	6.16 (58.03)	.822
Recycling	I try not to use disposable goods I recycle whatever is recyclable	.772 .706	1.12	5.61 (63.65)	.572
Relaxation	I think that I need to get some rest, especially when I am busy I try to reduce my stress	.794 .709	1.03	5.16 (68.81)	.660

Total percent of variance: 68.81%

Table 3. Descriptive statistics of well-being consciousness, sports activity, functional textile knowledge and premium price perception

Variables	Possible score range–Neutral score	Actual Score Range	Mean Score–Standard Deviation
Well-being consciousness	20~140 (80)	44~134	91.32 (14.863)
Sports activity	10~70 (40)	10~52	26.49 (7.089)
Functional textile knowledge	4~16 (10)	4~16	12.70 (2.752)
Premium price perception	n.d.	0~4	0.78 (.619)

Table 4. Simple regression for sports activity with well-being consciousness

Variables	B	β	t (p)	R^2	F(p)
(constant)	18.779	–	6.809 (.000)	.031	8.027 (.005)
Well-being consciousness	.085	.177	2.833 (.005)		

Table 5. Stepwise regression for sports activity with well-being consciousness factors

Variables		B	β	t (p)	R^2	F (p)
Entered variables	(constant)	26.492	–	69.278(.000)	.273	24.330 (0.000)
	Workouts	2.990	.422	7.803(.000)		
	Relaxation	1.457	.206	3.803(.000)		
	Recycling	-1.278	-.180	-3.336(.001)		
	Affirmative attitude	1.261	.178	3.292(.001)		
Excluded variables	Natural life	–	-.034	-.635(.526)	–	–
	Organic consumption	–	-.004	-.083(.934)		
	Healthy society		.006	.119(.905).		

Table 6. Simple regression for functional textile knowledge with well-being consciousness

Variables	B	β	t (p)	R^2	F (p)
(constant)	9,602	–	8.979 (.000)	.034	8.638 (.004)
Well-being consciousness	.034	.183	2.939 (.004)		

Table 7. Stepwise regression for functional textile knowledge with well-being consciousness factors

Variables		B	β	t (p)	R²	F (p)
Entered variables	(constant)	12.704	-	75.223 (.000)	.066	8.756 (0.000)
	Organic consumption	.504	.183	2.978 (.003)		
	Affirmative attitude	.498	.181	2.940 (.004)		
Excluded variables	Natural life	-	-.045	-.713 (.476)	-	-
	Healthy society	-	.117	1.854 (.065)		
	Workouts	-	.023	.361 (.719)		
	Recycling	-	-.068	-1.067 (.287)		
	Relaxation	-	.096	1.518 (.130)		

Table 8. Simple Regression for functional textile knowledge with sports activity

Variables	B	β	t (p)	R²	F(p)
(constant)	9.866	-	15.186 (.000)	.076	20.433 (.000)
Sports activity	.107	.276	4.520 (.005)		

Table 9. Stepwise regression for premium price perception with sports activity and functional textile knowledge

Variables		B	β	t (p)	R²	F (p)
Entered variables	(constant)	.376	-	2.510 (.013)	.027	7.955 (0.000)
	Sports activity	.015	.176	2.820 (.005)		
Excluded variables	Functional textile knowledge	-	.028	.434 (.665)	-	-

THE INFLUENCE OF PERSONAL FACTORS ON CONSUMER BUYING BEHAVIOUR IN FASHION

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Abstract

This study aims to analyze the influence of personal factors on consumer buying behavior decision in fashion stores, such as the demographic factors, age, monthly income, living place, marital status and professional situation.

Concerning this investigation's unfolding, we develop a survey with a non random and snowball sampling technique. We chose to send the questionnaire by e-mail to Portuguese apparel consumers. A total of 221 questionnaires were obtained. Data were submitted to a multivariate statistical analysis.

The main results evidenced the most differences are professional occupation, after marital status, literary qualifications, age and finally sex on consumer buying decisions for fashion clothes.

Keywords: Consumer buying behaviour, fashion, influence of personal factors.

Introduction

Fashion is a billion-dollar industry employing millions of people around the world and affects almost all consumers today more than even before (Salomon and Rabolt, 2009).

Today the economy is inhabited by experiences and well-informed consumers, which have a long list of desires and high expectations for products and services. Their expectations are based on years of self-education in the society of overeating, increasingly individualistic.

Llipovetsky (2006) points out the paradox of contemporary society: on one hand the consumption acts as a therapy that helps to overcome the daily frustrations, on the other hand, it is the cause of human anxiety in a market where the main objective is the constant supply and demand for novelties. Consumer's behaviour tends to be more individual and changes rapidly leading to the continued need for studies on their behaviours and how the various factors influence it.

There are several factors found in literature to justify the buying behaviour of consumers. Among them, may be highlighted: organisation's corporate values (Cambra-Fierro et al., 2007), perceived quantity and quality of information (Pelsmacker and Janssens 2007), cultural and environmental factors (Dewan and Dewan, 2007), culture, and societal communicating factors (Grant and Spephen, 2005).

According to Arriaga (2005) and Kotler (2003) the main factors influencing the buying behaviour of consumers are the following: physiological

factors, socio-cultural factors, personal factors, psychological factors, rational factors.

The purchase decision is influenced by personal factors, namely age, consumer's life-cycle stage, occupation, economic level, lifestyle and personality. Concerning age and life-cycle stage as a function of marital status, consumers have specific needs. For example, children, as they are in a growing up process, they need garments suitable to their age and physical development (McNeal and Yeh, 1996). Regarding single young people, they usually follow fashion leaders. In respect to seniors, they are less demanding when choosing their clothes and more lasting, although this tendency has changed in the latest years (Capon et al., 2001).

Job also influences garment purchasing decision, since an executive will choose buying more formal garments, while an unqualified worker will buy more practical ones. The financial capacity is also a factor that influences the purchasing process, as the higher it is, the higher will be the acquisition power and garments consumption. In other words, demographic factors, age, monthly income, living place, marital status, professional situation, cause an individual to choose certain brands or stores, instead of others (Paulins and Geisteld, 2003).

Blackwell and Engel, (2001) argues that individuals have different perceptions about the presence of certain attributes, and these perceptions may rest on experience, information received, advice of known people, advertising or on purely personal impressions.

Consumers' reactions to a product are influenced by their evaluations of its advertising, over and above their feelings about the product itself. The evaluation of a product can be determined mainly by the appraisal of how it is depicted in marketing communications – consumers do not hesitate to form attitudes toward products not seed neither used. Advertising in fashion is relatively less explored than in other consumer. Normally the communication channels used are Fashion Magazines, newspapers and its supplements outdoor advertising, special fashion' events, television adds, sales promotion, radio advertising, internet pop ups and so on (Solomom and Robolt, 2009; Easey, 2009)

Dutton (2006) shows that the products' attributes of styling, brand, price, place, production and fibre content have a significant effect on the buyer intention of the consumers with a range age between 15- to 25-year-old. Pereira et al. (2009) used the same attributes to study the valorisation of the apparel attributes according to the influence level of the advertising on the buying behaviour.

According to the literature, this research intends to provide explanations for the following questions: Are there differences in consumer buying behaviour between woman and men? If so, which ones? Which are the differences in consumer buying behaviour of apparel products for the different educational qualifications? Which are the differences in consumer buying behaviour of apparel products for the different marital status? Which are the differences in consumer buying behaviour of apparel products for the different professional occupations?

With the purpose to answer these questions, we set up the following investigation:

Hypothesis 1): There are differences in consumer buying behaviour according to sex.

Hypothesis 2): There are differences in consumer buying behaviour according to age.

Hypothesis 3): There are differences in consumer buying behaviour according to educational qualifications

Hypothesis 4): There are differences in consumer buying behaviour according to professional occupation.

Hypothesis 5): There are differences in consumer buying behaviour according to marital status.

Method

Sample, Data Collection and statistics

Concerning this investigation's unfolding we chose the non random sampling technique, i. e., the population elements' selection to form the sample depends, partly, on the researcher's judgement. There are no known conjectures that a random element in the population may have a share in the sample (Mattar, 2001). Blended with this sampling technique, we also used the snowball sampling process. A kind of intentional sample among which the researcher chooses a starting group of

individuals to whom he asks for names of other individuals belonging to the same population. In this way, the sample keeps growing like a snowball, while new individuals are suggested to the researcher (Rao, 2000).

Thus, in this investigation we chose to send the questionnaire by e-mail to all the researcher's mailing list contacts living in the country, and, later, to diffuse it using the snowball technique to successive contacts of the first responders, getting in this way 221 answers.

The questions in the questionnaire are mainly closed. We chose this kind of questions, because they have more inherent advantages, i. e., they assure comparable answers, for they vary little, they offer to those who answer an acknowledgement task, they are easier to answer and also they offer more easily examinable, encoded, and statistically treatable answers (Foddy, 2002).

Concerning the answers obtained from the questionnaires, these are measured according three kinds of scales: ratio scale, Lickert scale and dichotomic scale. Yet, in order to get the answers more quickly, they were sent by e-mail.

The questionnaires were sent and received by e-mail and its answers exported to the SPSS 15.0 software, in order to get the statistical treatment. In order to find some answers to the question raised by this investigation, we used ANOVA statistical tests, Kruskal Wallis to test H1 and nonparametric to test the hypothesis H2 H3 H4 H5.

Results and discussion

As for the characterization of the sample and, more precisely, in what concerns the profile of the clothing consumer to which this study is related, starting from his age, we see that he is distributed, in a very homogeneous way, by the three age ranks (18-25, 26-32 and ≥ 32 years), although it was evident a more significant prominence in the 18-35 years rank (36,1%). This homogeneity of the sample avoids problems of obliquity that would arise in the answers that would happen if there were more preponderant ranks. As for the responders' occupation, we realized that a significant percentage (27,6%) is formed by

students, followed by independent workers (16,3%), and thirdly by assignment workers (13,1%). Concerning educational qualifications, we see that the sample's great majority (61,5%) in this study is formed by people with a degree. The second group has secondary education (20,4%). As for the marital status, the responders of this study are mainly single and do not have children (52,5%). It is also interesting to notice that those who are married with or without children have the same percentage (16,3%). Finally, our sample also has a greater number of women (58,8%) than of men (41,2%), although this difference is not very expressive.

The consumer buying behaviour and sex

A look at the averages achieved can be noted that the factors that most influence as a function of gender on the decision to buy is the economic situation, price, experience with the brand, product quality, the state of mind at the time of purchase, the fact that the garments being on sale, and variety of products. Comparing all factors that differ between men and women, these show bigger differences as compared to men. Advertising and membership of a particular social class are factors that less influence the decision at purchase both for men and women.

On order to find an answer to the investigation question raised by this paper, firstly we display the data relative to the Hypothesis H1 test and, next, the descriptive statistics that allow us to reinforce those results and understand more clearly those differences.

So that the differences in consumer buying behaviour in fashion according to the sex may be confirmed or denied, we did the Kruskall Wallis test to several kinds of consumer buying behaviour.

Starting from Hypothesis 1), "There are differences in consumer buying behaviour in fashion clothes according to the sex", and after an analysis of table 1, it is possible to see that there are factors (25%) that influence the clothes' buying decision. Hypothesis 1) is not rejected on a level of significance of 5% for these factors.

Table 1: T-test results for the question H1

Factors that influence the clothes' buying decision		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig.(2-tailed)
Publicity in fashion magazines	EVA**	0,314	0,576	2,854	219	0,005*
	EVNA***			2,868	197,163	0,005
Publicity in women's magazines	EVA**	40,409	0,000	4,043	219	0,000
	EVNA***			4,350	217,723	0,000*
Publicity in catalogues	EVA.	0,587	0,444	3,660	219	0,000
	EVNA***			3,610	184,087	0,000*
Publicity at major events	EVA**.	5,679	0,018	2,019	219	0,045
	EVNA***			2,072	209,594	0,039*
Economical situation	EVA**.	10,844	0,001	4,955	219	0,000
	EVNA***			4,606	141,935	0,000*
Sales promotion	EVA**.	2,097	0,149	3,057	217	0,003
	EVNA***			2,929	159,851	0,004*
Price	EVA**.	3,473	0,064	3,283	219	0,001
	EVNA***			3,246	185,707	0,001*
To combine with the wardrobe	EVA**.	1,402	0,238	3,310	219	0,001
	EVNA***			3,287	188,95	0,001*
Because that brand is linked to a certain status	EVA**.	10,675	0,001	-2,955	219	0,003
	EVNA***			-2,833	163,19	0,005*

*Significant according to a level of significance of 5%; **Equal variances assumed;***Equal variances not assumed

The consumer buying behaviour and age and educational qualifications

Looking at the averages obtained, it can be noticed that the seven factors that most influence younger age (18-25 years) consumer's purchase decision are the economic price, the state of mind at the time of purchase, product quality, experience with the brand, product range and the fact of pieces being on sale. All factors differ as a function of age except the price and the fact that the pieces are on sale. For consumers aged 26-32 years the first two factors are identical to those young people (18-25 years), followed by product quality, their experience with the brand, the general ambience of the store, the variety of products and that the garments are on sale.

Finally, from the 7 factors influencing purchase decisions for individuals older than 32 years, stands out the first experience with the brand, then price and economic conditions, product quality, brand image, the brand, and the state of mind at the time of purchase. Advertising is one of the factors that most influence this age group compared with the other two groups. Thus we can conclude that with increasing age of the individual, during an active phase (it is excluded from the seniors), the personal experience with brands, the power of branding and advertising increasingly influence the decision to purchase clothing. On the other hand, after the economic factor and purchase price young people make purchase based on their state of mind. Advertising is a less important factor and when the stress related to advertising in catalogs and the images viewed on the site of the brand (graphic 1).

Table 2 – Nonparametric test results for the question H2 and H3

Factors that influence the clothes' buying decision	Age			Educational qualifications		
	Qui	df	Sig.	Qui	df	Sig.
Branding	49,33	2	,000*	25,671	5	,000*
Newspapers publicity	29,89	2	,000*	30,933	5	,000*
Fashion magazines publicity	17,14	2	,000*	22,583	5	,000*
Women's magazines publicity	19,71	2	,000*	20,580	5	,001*
Television publicity	34,34	2	,000*	21,978	5	,001*
Radio publicity	5,39	2	,067	24,422	5	,000*
Catalogue publicity	25,65	2	,000*	24,381	5	,000*
Outdoors publicity	34,10	2	,000*	29,310	5	,000*
Internet publicity	12,98	2	,002*	28,797	5	,000*
Major events publicity	35,25	2	,000*	32,069	5	,000*
Personal experience with the brand	15,50	2	,000*	16,775	5	,005*
Friends' opinion	2,194	2	,334	20,948	5	,001*
Family members' opinion	6,308	2	,043*	5,842	5	,322
Economical situation	8,850	2	,012*	24,261	5	,000*
State of mind when buying	8,316	2	,016*	16,220	5	,006*
Pieces of clothing on sales promotion	4,990	2	,083	11,581	5	,021*
To belong to a certain social rank	2,723	2	,256	7,861	5	,164
To belong to a certain religion	5,842	2	,054	10,239	5	,069

*Significant according to a level of significance of 5%;**Equal variances assumed; ***Equal variances not assumed;

Table 3: Nonparametric test results for the question H2 and H3

Factors that influence the clothes' buying decision	Age			Educational Qualifications		
	Qui	df	Sig.	Qui	df	Sig.
Product's quality	6,846	2	,033*	20,708	5	,001*
Price	1,158	2	,561	2,760	5	,737
Product variety	11,485	2	,003*	16,483	5	,006*
Brand	30,395	2	,000*	35,765	5	,000*
Catalogue products	21,351	2	,000*	14,612	5	,012*
Pieces exposed on the store's mankins	17,606	2	,000*	17,624	5	,003*
Store's decoration	17,405	2	,000*	12,449	5	,029*
Shop-window	21,814	2	,000*	13,035	5	,023*
Store's general atmosphere	11,095	2	,004*	3,372	5	,643
Pictures seen on the store's website	7,521	2	,023*	31,014	5	,000*

*Significant according to a level of significance of 5%;**Equal variances assumed; ***Equal variances not assumed;

To answer the Hypothesis 2, "There are differences in consumer buying behaviour in fashion clothes according to the age", and after an analysis of table 2 and table 3, it is possible to see that there are factors (75%) that influence the clothes' buying decision. Hypothesis H 2) is not rejected on a level of significance of 5%.

Graphic 1: Means of the factors that most influence the purchasing behaviour of consumers according to age

	Price	Economical situation	Product's quality	Personal experience with the	State of mind when buying	Pieces of clothing on sales	Product variety	Store's general atmosphere	Brand	Branding
▪ 13-25	6,00	6,05	5,31	5,43	6,00	5,32	5,32	4,35	3,52	2,90
▪ 26-42	5,31	5,33	5,38	5,71	5,04	5,12	5,18	5,11	4,04	3,77
▫ > 42	5,73	5,52	5,43	6,40	5,18	4,32	4,85	5,03	5,13	5,22
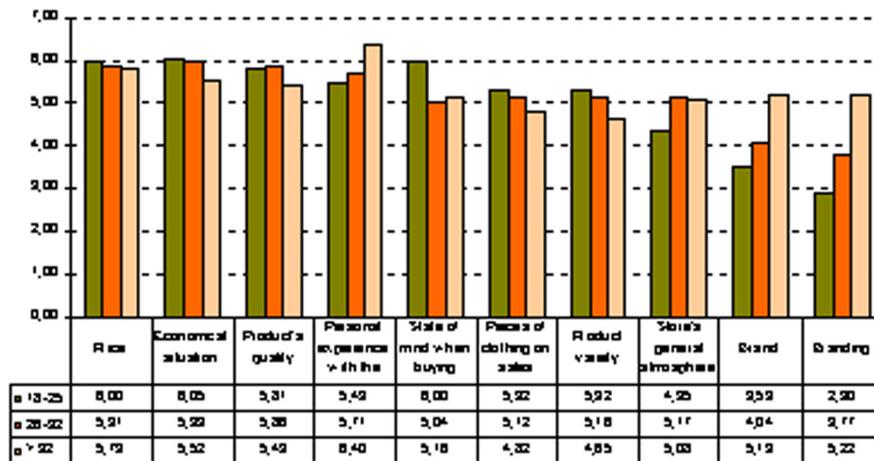
Table 4 – Nonparametric test results for the question H4 and H5

	Occupation			Marital status		
Factors that influence the clothes' buying decision	Qui	df	Sig.	Qui	df	Sig.
Branding	36,588	7	,000*	31,165	5	,000*
Newspapers publicity	22,574	7	,002*	41,344	5	,000*
Fashion magazines publicity	24,333	7	,001*	37,749	5	,000*
Women's magazines publicity	51,734	7	,000*	34,063	5	,000*
Television publicity	29,804	7	,000*	47,713	5	,000*
Radio publicity	10,624	7	,156	24,804	5	,000*
Catalogue publicity	37,965	7	,000*	31,694	5	,000*
Outdoors publicity	36,857	7	,000*	53,302	5	,000*
Internet publicity	33,461	7	,000*	35,062	5	,000*
Major events publicity	41,822	7	,000*	43,760	5	,000*
Personal experience with the brand	23,602	7	,001*	16,296	5	,006*
Friends' opinion	12,491	7	,086**	11,601	5	,041*
Family members' opinion	16,779	7	,019*	2,148	5	,828
Economical situation	42,121	7	,000*	20,186	5	,001*
State of mind when buying	17,514	7	,014*	11,469	5	,043*
Pieces of clothing on sales promotion	25,992	7	,001*	15,572	5	,008*
To belong to a certain social rank	9,491	7	,219	13,188	5	,022*
To belong to a certain religion	15,985	7	,025*	9,357	5	,096

Table 5: Nonparametric test results for the question H4 and H5

Factors that influence the clothes' buying decision	Occupation			Marital status		
	Qui	df	Sig.	Qui	df	Sig.
Product's quality	19,625	7	,006*	24,561	5	,000*
Price	23,552	7	,001*	15,930	5	,007*
Product variety	14,886	7	,037*	12,987	5	,023*
Brand	39,066	7	,000*	33,777	5	,000*
Catalogue products	25,978	7	,001*	32,034	5	,000*
Pieces exposed on the store's mankins	27,689	7	,000*	20,543	5	,001*
Store's decoration	35,136	7	,000*	24,374	5	,000*
Shop-window	44,092	7	,000*	24,808	5	,000*
Store's general atmosphere	23,789	7	,001*	7,952	5	,159
Pictures seen on the store's website	19,053	7	,008*	7,300	5	,199

*Significant according to a level of significance of 5%;**Equal variances assumed; ***Equal variances not assumed;

On the influence of academic qualifications in consumer behaviour it can be concluded, after analyzing the averages that all the factors most influencing the purchase decision factors studied changes depending on the qualifications that individuals have. Thus, the most qualified consumer is the one who does not consider price as one of the first 7 factors that most influence his decision, being important the experience with the brand, advertising in fashion magazines, the state of mind at the time of purchase. An individual with a master degree considers most important quality followed by price and brand, and one with degree considers as the most important factor for buying the economic situation, the brand experience and state of mind at the time of purchase. The individual with only secondary education is influenced primarily by price followed by product quality and economic situation.

Therefore and with regard to the formulated Hypothesis 3) "Are there any differences in consumer behaviour when buying fashion clothes according to the educational qualifications", and after analysis of table 2 and table 3, it is possible to see that there are factors (82,1%) that influence the clothes' buying decision. Hypothesis H 3) is not rejected on a level of significance of 5%.

Concerning factors affecting the buying decision according to the professional occupation of the consumer, it was found that this is the one with largest number of factors that differ in influencing the decision to purchase. Graphic 2 shows the variation of all the factors that most influence the purchase decision according to their occupation.

So to answer and Hypothesis 4) "There are differences in consumer buying behaviour in fashion clothes according to the occupation", and after an analysis of table 4 and table 5, it is possible to see that there are factors (92,8%) that influence the clothes' buying decision according the professional occupation. Hypothesis H4 is not rejected on a level of significance of 5%.

To the Hypothesis 5) "There are differences in consumer buying behaviour in fashion clothes according to the Marital status", and after an analysis of table 4 and table 5 and graphic 3, it is possible to see that there are factors (85,7%) that influence the clothes' buying decision. Hypothesis H 5) is not rejected on a level of significance of 5%.

Thus, we chose to highlight the following aspects:

(i)   There is a limited set of factors that influence consumer buying behaviour depending on sex.

(ii)   There is a large number of factors that show significant differences in consumer buying behaviour depending on the professional occupation, marital status and age.

(iii)   A number of factors that can be considered the most Influents on young consumer behaviour, in particular the price, the economic situation and state of mind at time of purchase; although consumers aged over 32 years give more importance to personal experience with the brand, followed by price and the economic situation, brand, and branding.

Graphic 2: Means of the factors that most influence the purchasing behaviour of consumers according to professional occupation
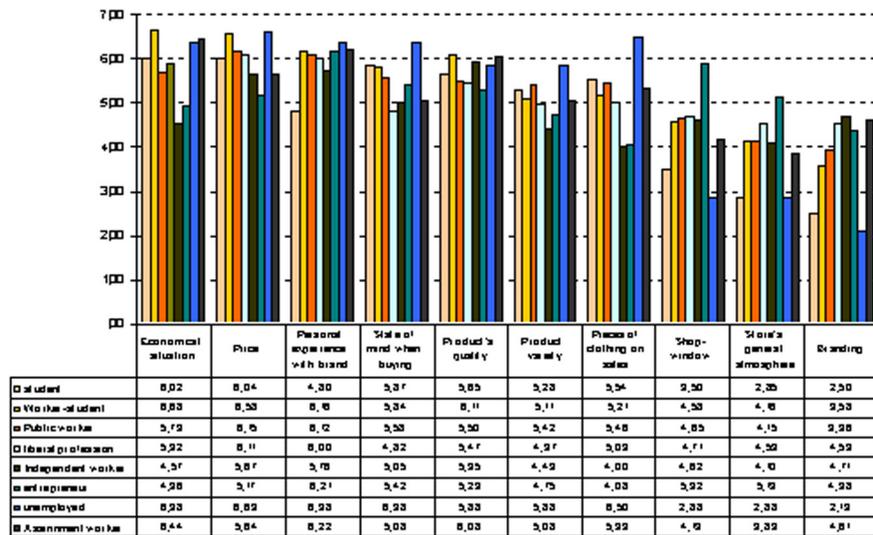
Graphic 3: Means of the factors that most influence the purchasing behavior of consumers according to marital status
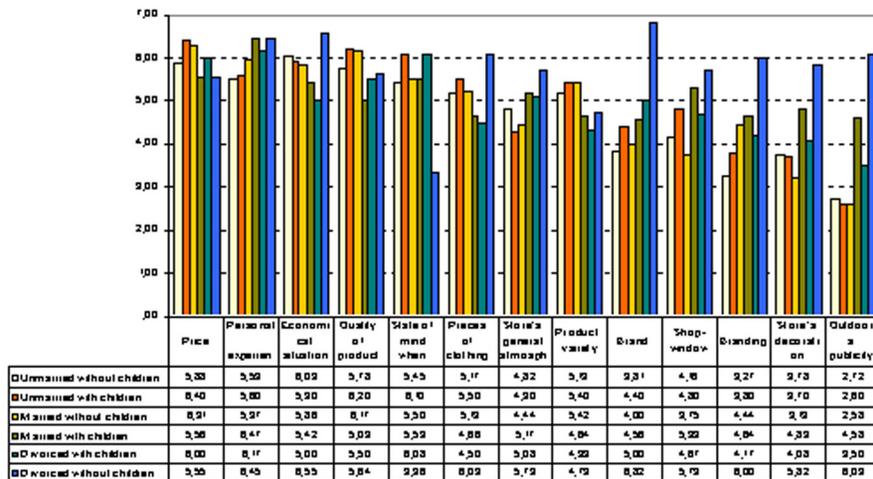
Conclusions

Beginning with analyzing if there are indeed some behaviour differences between women and men when they go shopping, we conclude, from the obtained results that there is a little difference in the consumer buying behaviour according to the sex, and, there are more differences in the consumer buying behaviour according to literary qualifications, marital status, professional occupation and age.

We can conclude from this study that for the analyzed market the price, the economic situation and the state of mind of purchase are the factors that most influence the young consumers (18-25), this indicating that at this age although the consumption is preferentially by impulse, this is, depending on the state of mind, the customer is dependent on their financial capacity. On the other hand, consumers aged over 32 years are more demanding and give much importance to the experience with trademarks, branding and shopping environment, leaving aside the price and economic situation. These results agree with the great success of fast fashion chains for young people as Inditex, H & M and other chains in the market. It also stands out from this study that the lifestyle associated with the occupations of the people and their marital status are key factors in purchasing behaviour of consumers. For example, those divorced and without children are those who give more importance to a number of factors as compared to other lifestyles studied. Nevertheless, it is advisable to study more deeply this group, due to the lack of representativeness in the sample. It would be important to extend the study to other countries and find similarities and differences. As a practical application of studies of this nature it must be emphasized the possibility of a better positioning of the product on the market.

This way, designers and retailers can understand better their customers, and the influence of gender, literary qualifications, marital status and professional occupation in factors that exert influence upon the decisions for buying brand clothes. We can create new strategies for new brands in the global market.

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DIAGNOSING QUALITY OF RETAILING SERVICES SECTOR IN NORTH CYPRUS

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Abstract

This paper aims to diagnose the service quality of retailing sector in north Cyprus. In order to attain this goal, this study has tried to identify the expectation level of customers as well as their perceptions, to introduce the main components of measuring quality of service in the retailing sector that would result in the ability to judge the level of satisfaction, and to determine the effect of service quality dimensions on the value for overall service as well as the repurchase behavior. Retail service quality model, which is the specialized version of the SERVQUAL model to measure service quality in retail sector have been used. Next, a modified questionnaire based on two-column format of RSQS (Retail Service Quality Scale) scale has been developed and examined. It has been followed by finding a relationship between overall service quality and repurchase behavior and the components of the model separately. The findings reveal that service items have been suffered from a short fall between expectation and perception service level. The sampling frame included the customers of retailing sector in north Cyprus. RSQS instrument was used as a questionnaire to determine service quality of retailing. The questionnaire was based on the two-column format supported by seven-Likert scale. In order to estimate the relationship between the Retail Service Quality Scale dimensions and the value for overall service and the repurchase behavior for one region (Dereboyu), multiple regression analysis has been conducted. It can be claimed that the performance of retailing sector in north Cyprus is less than the expectations of customers. The expectations of respondents can be a good illustration for the retailing managers to understand how consumers are demanding. As a result, the process of developing short-term and long-term strategies can be facilitated.

Keywords: Retailing, Service Quality, RSQS, north Cyprus

Introduction

This paper contributes to the growing body of literature on north Cyprus. The aim of this study is to diagnose the service quality of the retailing sector in north Cyprus. To achieve this aim, the expectation level of customers has been compared to their actual perceptions. Based on the key factors of measuring the quality of service in retailing the level of satisfaction, value for overall service, and the intended re-purchase behavior could be assessed.

Macro environmental background

The economy of north Cyprus is dominated by the service sector (69% of GDP in 2007), which includes the public sector, trade, tourism and education. Industry (light manufacturing) contributes 22% of GDP and agriculture 9%. The economy operates on a free-market basis, with a significant portion of administration costs funded by Turkey. The Turkish Lira is used as its currency reflecting its economic link to the Turkish economy. Because of its international status and the embargo on its ports, north Cyprus is heavily dependent on Turkish military and economic support. All exports and imports have to take place via Turkey, unless they are produced locally from materials sourced in the area (or imported via one of the island's recognized ports). In the latter case, they may be exported via one of the legal ports. The continuing Cyprus problem adversely affects the economic

development of north Cyprus. The Republic of Cyprus, as the internationally recognized authority, has declared airports and ports in the area which are not under its effective control, closed. All UN and EU member countries respect the closure of those ports and airports according to the declaration of the Republic of Cyprus. Despite the constraints arising by the lack of international recognition, the north Cyprus economy showed an impressive performance in the last few years. The nominal GDP growth rates of the north Cyprus economy in 2001-2005 were 5.4%, 6.9%, 11.4%, 15.4% and 10.6% respectively. The real GDP growth rate in 2007 is estimated at 2%. This growth has been buoyed by the relative stability of the Turkish Lira and a boom in the education and construction sectors. Between 2002 and 2007, Gross National Product per capita has more than tripled (in current US dollars):

- US$4,409 (2002)

- US$5,949 (2003)

- US$8,095 (2004)

- US$10,567 (2005)

- US$11,837 (2006)

- US$14,047 (2007, provisional)

Studies by the World Bank show that the per capita GDP in north Cyprus grew to 76% of the per capita GDP in the Republic of Cyprus in PPP-adjusted terms in 2004 (US$ 22,300 for the Republic of Cyprus and US$ 16,900 for north Cyprus). Official estimates for the GDP per capita in current US dollars are US$ 8,095 in 2004 and US$ 11,837 in 2006. Although the north Cyprus economy has developed in recent years, it is still dependent on monetary transfers from the Turkish government. Under a July 2006 agreement, Ankara is to provide north Cyprus with an economic aid in the amount of $1.3 billion over three years (2006-2008). This is a continuation of ongoing policy under which Turkish government allocates around $400 million annually from its budget to help raise the living standards of the Turkish Cypriots.

The number of tourists visiting north Cyprus during January-August 2006 was 380,000, up from 286,901 during January-August 2003.

Service Quality Management in Retailing

Competition in the retailing sector is considered as increasingly intense resulting in increased concentration in the sector worldwide (Bell et al., 1997; Jones and Doucet, 2000). Retail competition is multi-faceted which is reflected in a growing body of literature. Two core matters dominate the discussion in literature. The first one refers to the wider socio-economic development concerning the evolvement of the sector worldwide, the future of trading places and the welfare of consumers (Coles, 1997; Nayga and Weinberg, 1999; Williams and Windebank, 2000; Hendrickson et al., 2001; Gutman, 2002). These concerns call for further research on recognizing and comprehending the international, national and local forms of retail competition. The second topic relates in essence to the design of effective strategies to survive and thrive in an increasingly competitive environment. Such strategies may be based on a profound knowledge of the elements of superior execution and organization of retail firms (Jones and Doucet, 2000; Perkins, 2001; Johnston, 2004). Supporting managers in their endeavors for optimal organization and performance is the ultimate goal of a broad research on consumer satisfaction (Cronin et al., 2000). Research has focused on assessing the level of consumer satisfaction underlying retail service concession. This focus represents a shift away from a narrow organizational perspective on retail competition (Clarke, 2000). According to Harris and Ogbonna (2001), the success of a firm depends on the own-firm traits and industry-level factors, which are subject to changes over time. As latter authors stress, intentions to safe competitive advantage in the 1990s may be considered as highly professional and sophisticated, while they recognize customer service as the distinguished firm-level attribute of the millennium (Harris and Ogbonna, 2001). In general, customer service refers to the way in which customer relations are managed. The importance of analyzing the service quality of the retail sector has been acknowledged in studies considering the effect that store attributes have on a product's purchase (Sherden, 1988; Shycon, 1992). Service quality forms the ambience for a hopefully positive encounter, which, as a consequence of the customers' positive evaluation of the service quality, results in the purchase of a product or service. Service quality is a complex concept (Parasuraman et al., 1985) consisting of technical and functional quality. As defined by Gronroos (1984, 1988), technical quality is what

is received from the properties of a product while functional quality is the way in which the product is provided. More importantly, functional quality may likely be even more understandable than technical quality as it may overcome technical quality problems and drawbacks (Gronroos, 1988, 1990; Mersha and Adlakha, 1992). Functional quality is quality added to the level of technical quality owned by a product (Gronroos, 1988, 1990; Saleh and Ryan, 1991); and it is a way to store differentiation as it refers to interpersonal relations of staff-customer, the willingness to let know and help customers' judgment over a planned purchase, the interest expressed in the customer and so on (Gronroos, 1988, 1990; Saleh and Ryan, 1991). The importance of functional quality factors becomes even more apparent, especially as far as the the durable goods market is concerned. This is due to the fact that consumers' capability to assess a product's quality is low requiring higher levels of reliance upon functional quality parameters (Rao and Monroe, 1988; Swait and Sweeney, 2000).

Consequently, service quality can be regarded as an important determinant of a store's performance. High service quality leads to future encounters through positively affecting consumers' behavioral intentions (Cronin et al., 2000). Consumer satisfaction oriented research has largely converged on measuring the indirect effect of service quality upon consumers' store fulfillment by means of considering its impact upon consumer satisfaction (Johnston, 2004). However, research findings imply that a linear positive relationship between consumers' satisfaction level and future sales should not be a assumed as "even satisfied customers defect at a high rate" (Schneider and Bowen, 1999, cited in Johnston, 2004, p. 129). These findings indicate a serious fragility of the satisfaction-oriented approaches, which comes from a hypothetical positive satisfaction – performance relationship that is actually not empirically tested (Parasuraman et.al, 1994; Cronin and Taylor, 1994). On the other hand, new ways emerge in a trial to correlate service quality dimensions with actual retail output (Blose and Tankersley, 2004). This is the route followed by this research directly assessing the effect of service quality upon retail sector performance. This view is supported by a number of business management studies advocating that the service level both shows and determines a store's positioning in the market, and decisions on pricing, promotions, product variety, etc. (Blattberg and Neslin, 1990; Ghosh and Craig, 1983).

SERVQUAL and RSQS

An instrument for measuring service quality, SERVQUAL, has been developed by Zeithaml, Parasuraman, and Berry (1985). Parasuraman et al. (1985) validated the model in surveys of four different service settings (banking, credit card processing, repair and maintenance, and long distance telephone service). Their results showed that both the determinants of service quality and the rank order of their importance are invariant across service industries. Their model has concentrated on the idea that service quality is measurable but only in the consumers' eyes. Parasuraman et al. (1985) define expectations of service as what consumers believe excellent service companies in a particular service industry should offer and perceptions of service as the evaluation of the service offered by a particular firm in that industry. The initially included set of criteria to cover the whole service experience consisted of the following factors: access; communication; competence; credibility; courtesy; reliability; responsiveness; security; tangibles; and understanding the consumer.

Later, by conducting qualitative research and factor analysis on the difference between expectations and perceptions of customers, Parasuraman et al. (1991) developed their framework and conceptualized service quality to be a five-dimensional construct in a 22-item Likert scale survey. These five factors are described as:

1. Reliability: The ability to perform the promised service dependably and accurately.

2. Responsiveness: The willingness to help customers and to provide prompt services.

3. Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence.

4. Empathy: The provision of caring, individualized attention to customers.

5. Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials.

From this work, Parasuraman et al. (1991) found reliability as the most important factor affecting

service quality. Parasuraman et al. (1985) suggest that there are five gaps to service quality: understanding gap; design gap; delivery gap; communications gap; overall gap resulting from the interaction between the other four gaps. All of these gaps are the fault of the service provider, and all of them will affect the consumers' perception on the service experience. The difference between consumer expectations of what the quality of the service provided should be and consumer perceptions of the actual quality of the service received is called service gap. The SERVQUAL is designed to measure this gap and quantify the difference or mis-match between customer expectations and perceptions.

Although SERVQUAL has been empirically examined in a number of research studies including pure services, it has not been totally successful as to its adaptation and validation in the retail sector (Dabholkar et al., 1996). Dabholkar et al. (1996) suggest that a measure of retail service quality has to embrace more dimensions. Extensive focus groups resulted in developing a new scale called Retail Service Quality Scale (RSQS) that contains the following five dimensions:

- Physical aspects: store appearance and its convenience layout

- Reliability: keeping promises and doing things right

- Personal interaction: courteous and helpful associations and inspiring confidence and trust

- Problem solving: trained associates to manage potential problems like customer complaints, returns, and exchanges

- Policy: operating hours, payment options, store charge cards, parking and so forth

The key of providing service quality is understanding and meeting customer expectations. It requires a clear picture of the criteria used to form these expectations and recognizing consumers' value, not only as far as the outcome of the service encounter is concerned, but also the experience of taking part in it. Caruana, Ewing, and Ramaseshan (2000) state this can have an important impact on the customer's willingness to repeat purchase. A self-analysis may show areas that need improvement but the most reliable approach is to compare performance against competition. As Danaher and Mattson (1994) proposed, where service quality is dependent on a succession of service encounters each dimension should be measured in terms of their impact on total satisfaction and being able to take the corrective actions.

Research methodology

The data of this quantitative survey were collected from the residents of North Cyprus during March and May 2009. A pilot study with 21 respondents was performed. The questionnaires were distributed to a population consisting of 500 people. The method of convenience sampling has been applied selecting people who were in the shopping area of Dereboyu, Arasta, Lemar, and Metropol in the period mentioned above. Of the 453 questionnaires which have been returned, 32 questionnaires needed to be eliminated from the sample due to inaccuracy, insufficiency, or carelessness in filling in the questionnaire. Finally, 421 questionnaires (84.2%) were found satisfactory to be employed for SPSS analysis.

A two-column format of Retail Service Quality with seven-Likert scales was used as the instrument of this research. The back-to-back method was employed to translate English questionnaire to Turkish. A reliability analysis showed that responses were consistent. Further analysis methods applied refer to cross-tabulations, ANOVA and regression analysis.

Demographic Information

Figures 1 – 8 illustrate various aspects of the repondents' profiles. Resembling the distribution of the overall population of north Cyprus, 55 percent of respondents were male opposed to 45 percent which were female.

Figure 2 indicates that more than 50 percent of respondents were aged 30 and less with 45 percent of the respondents experiencing their twenties.

As shown in figure 3, more than 75 percent of the respondents were from north Cyprus referred to in the table as Cypriots.

Figure 1: Respondents profiles by gender
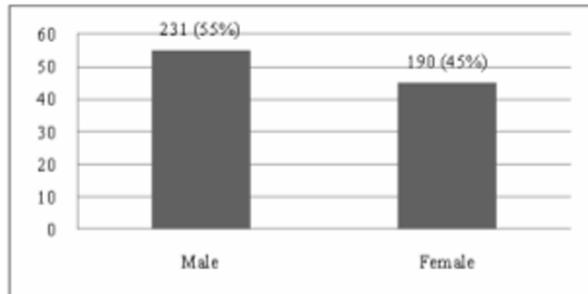
Figure 2: Respondent Profiles by Age
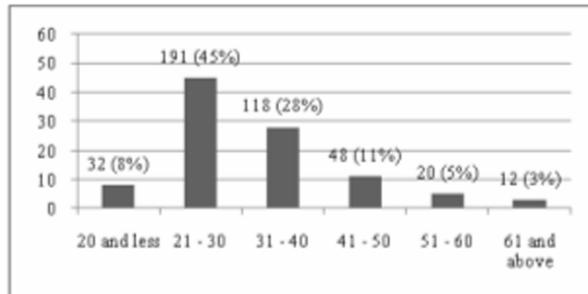
Figure 3: Respondents profiles by nationality
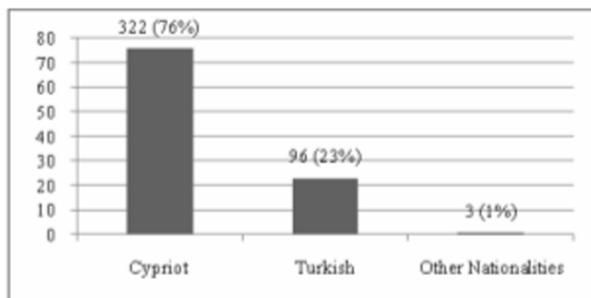
Figure 4: Respondents profiles as to marital status
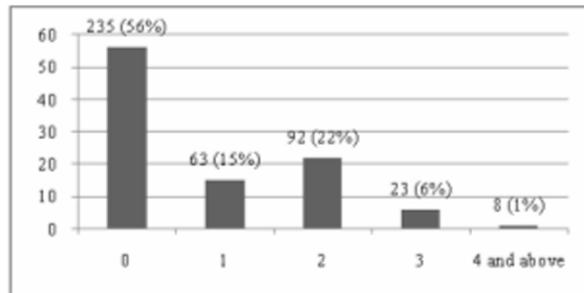
Figure 5: Respondents profiles by the number of children
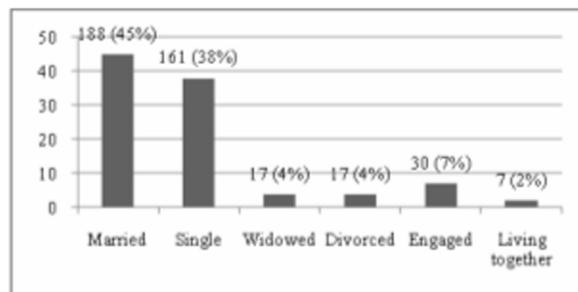
Figure 6: Respondents profiles by educational level
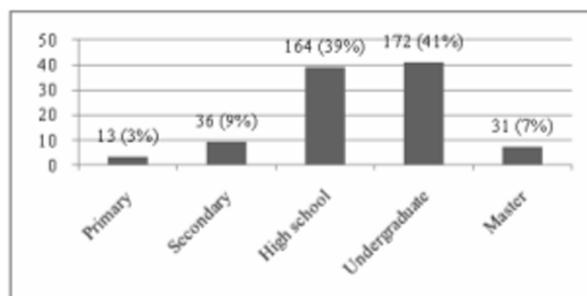
Figure 7: Respondent Profiles by Personal Income
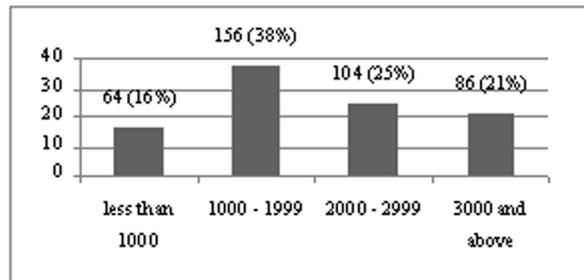
Figure 8: Respondents profile by total family income
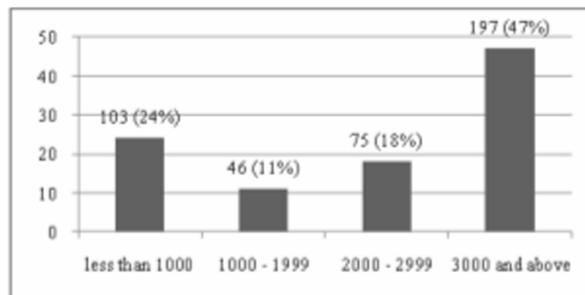
As illustrated by figure 4, almost 45 percent of the respondents were married and 38 percent were single.

Figure 5 reflects that almost 60 percent of the respondents had no children. The birth rate of north Cyprus has been estimated to be 1.2 percent. Generally, this diagram is in accordance with the estimation reported by the Central Intelligence Agency.

As illustrated in figure 6, almost half of the respondents had a higher education degree.

Figure 7 shows the distribution of the respondents' personal income.

Figure 8 reports the distribution of the respondents' total family income.

Reliability analysis

Table 1 denotes that the applied Retail Service Quality Dimensions are reliable in measuring the corresponding concepts as all reliability coefficients are higher than 0.700.

Analysis of scales

In this paragraph, the results of two major analyses of the Retail Service Quality Scale have been interpreted. These analyses include descriptive statistics for expectation, perception, and gaps for different items and dimensions as well as regression analysis.

Descriptive statistics for expectation, perception and gap in each item

Table 2 shows the results of averages and standard deviations for expectation, perception, and the gap level regarding each item. Expectations range from 5.601 to 6.174. Standard deviations of expectations vary from 1.315 to 3.740. Perceptions range from 4.244 to 5.197. Perceptions' standard deviations vary from 1.722 to 2.120. The gap level is the difference between perception and expectation. A positive gap would mean that the perceived performance level is higher than the expected performance level. This would imply that the service provider has exceeded customer expectations resulting in customer satisfaction. In

this case, the gaps for all items are negative. They range from -1.519 to -0.835. Gap deviations vary from 1.805 to 3.950.

Figure 9, a radar diagram, depicts the expectation and the perception means for Retail Service Quality Scale items.

Table 1: Reliability Coefficients for the Retail Service Quality Dimensions

	PERCEPTIONS
PHYSICAL ASPECTS	0.881
RELIABILITY	0.725
PERSONAL INTERACTION	0.900
PROBLEM SOLVING	0.794
POLICY	0.770
OVERALL	0.958

Table 2: Expectation, Perception, and GAP Means and Standard Deviations for Retail Service Quality Scale

ITEM	EXPECTATION MEAN	SD	PERCEPTION MEAN	SD	GAP MEAN	SD
Performing the service right the first time	5.601	1.588	4.770	1.860	-0.837	1.838
Knowledge of the employee	5.967	3.740	4.669	1.839	-1.297	3.874
Behavior of employee instills confidence in customers	5.616	1.695	4.431	1.877	-1.191	2.064
Giving prompt service by employee	5.722	1.514	4.731	1.794	-0.998	1.805
Tell customer exactly what will be performed	5.782	1.427	4.679	1.722	-1.103	1.885
Never too busy to respond to customer' request	5.661	1.607	4.670	1.745	-0.990	2.060
Individual attention	5.768	1.605	4.712	1.817	-1.055	1.930
Consistently courteous with customers	6.174	3.701	4.923	1.854	-1.251	3.950
Error-free sales transactions and records	5.986	1.394	4.782	1.970	-1.201	1.981
Safety in transaction	6.062	1.315	5.041	2.020	-1.019	2.041
Willingly handle returns and exchange	5.740	1.612	4.498	1.975	-1.239	2.202
High quality merchandise	5.902	1.478	4.619	1.862	-1.284	2.011
Convenient operating hours	5.995	1.462	4.955	1.977	-1.038	2.010
Accept most major credit cards	6.033	1.400	5.197	1.950	-0.835	2.163
Modern-looking equipment and fixtures	5.709	1.659	4.746	1.924	-0.962	2.065
Visually appealing physical facilities	5.640	1.642	4.603	1.861	-1.036	2.032
Providing service at the time it promising to do so	5.864	1.434	4.691	1.865	-1.170	1.926
Clean, attractive, and convenient public areas	5.780	1.665	4.517	2.019	-1.272	2.118
Sincere interest to solve problem	5.921	1.451	4.528	1.933	-1.393	2.043
Handling customers' complaint directly and immediately	5.862	1.520	4.797	1.920	-1.065	2.001
Store layout makes it easy for customers to find what they need	5.905	1.511	4.816	1.908	-1.093	1.950
Store layout makes it easy for customers to move around	5.902	1.555	4.761	1.953	-1.144	1.910
Availability of merchandise	5.909	1.587	4.830	2.120	-1.077	2.233
The most important reason that I choose this area is the prices	5.752	1.772	4.244	2.020	-1.519	2.270

Figure 9: Adequate and Desired Expectations and Perception Means for Adopted SERVQUAL Items
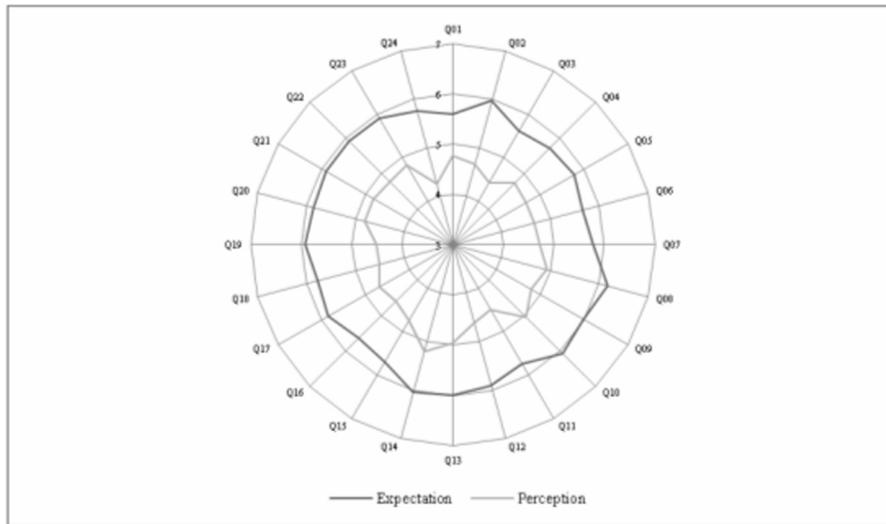
Table 3: Expectation, Perception, and Gap Means and Standard Deviations for Retail Service Quality Dimensions

	EXPECTATION		PERCEPTION		GAP	
	MEAN	SD	MEAN	SD	MEAN	SD
PHYSICAL ASPECTS	5.789	1.369	4.684	1.591	-1.108	1.633
RELIABILITY	5.841	1.192	4.760	1.448	-1.080	1.472
PERSONAL INTERACTION	5.855	1.514	4.730	1.406	-1.131	1.722
PROBLEM SOLVING	5.841	1.346	4.612	1.633	-1.228	1.764
POLICY	5.984	1.164	4.928	1.595	-1.056	1.653

Descriptive statistics for expectation, perception and gaps for each Retail Service Quality Dimension

Table 3 provides averages and standard deviations for expectation, perception, and gap for each dimension. Expectations range from 5.789 to 5.984. Deviations of expectations vary from 1.164 to 1.369. Perceptions range from 4.612 to 4.928. Perceptions deviations vary from 1.406 to 1.633. Again, the gap is the difference between perception and expectation. In this case, it ranges from -1.228 to -1.056. Gap deviations vary from 1.472 to 1.764. This shows that the maximum gaps are related to problem solving and personal interaction.

Figure 10, another radar diagram, which shows the expectation and the perception means for the Retail Service Quality Scale dimensions.

Regression analysis

In order to estimate the relationship between the Retail Service Quality Scale dimensions and the value for overall service and the repurchase behavior for one region (Dereboyu), multiple regression analysis has been conducted. The reason for taking just one region in the regression analysis has been the considerable low level of R square in the other regions. Although for this case the value of R square is not that high, an analysis in which around 30 percent of variation in dependent variable can be explained by the variation in independent variables might be regarded as statistically acceptable. Further research is suggested to improve the level of R square. Differences in culture and people's attitudes might point to the necessity to adjust the concepts to local idiosyncratic conditions.

Figure 10: Expectation and Perception Means for Retail Service Quality Scale Dimensions
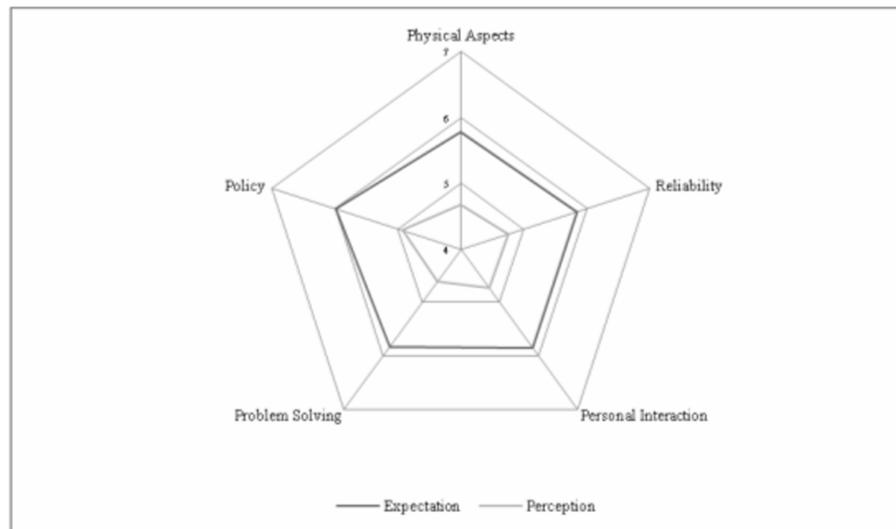
Regression analysis of the value for overall service

Table 4 exhibits the summary of the value for overall service model. Adjusted R Square shows that 27% of variation in the value for overall service can be explained by the variation in Retail Service Quality Scale dimensions.The standard error of the estimate is 1.206.

Table 5 displays the analysis of variance (ANOVA) for the overall service quality model. As it claims, the significance of this model is 0.000, which denotes that the model is statistically significant.

Table 6 presents the coefficients of the overall service quality model. The coefficients assert that increasing the level of reliability by one unit leads to the increase in the value for overall service by 0.735 units. In addition, increasing the level of problem solving by one unit guides value for

overall service to increase by 0.093 units. Finally, increasing the level of policy by one unit results in increase of overall service quality by 0.135. Standard errors of coefficients vary from 0.152 to 0.719. It can be declared that, at 95 percent confidence interval, only the coefficient of reliability is statistically significant in this model.

Regression analysis of repurchase behavior

Table 7 exhibits the summary of the overall satisfaction. Adjusted R Square shows that 30% of variation in repurchase behavior can be explained by the variation in Retail Service Quality Scale dimensions. Standard error of the estimate is 1.301. This shows that the estimated standard deviation of the series of the measurement is 1.301.

Table 4: Value for Overall Service Model Summary

MODEL	R	R SQUARE	ADJUSTED R SQUARE	STANDARD ERROR OF THE ESTIMATE
SERVICE QUALITY	0.551	0.303	0.267	1.206

Table 5: Overall Service Quality Model ANOVA Analysis

MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
VALUE FOR OVERALL SERVICE	REGRESSION	60.869	5.000	12.174	8.364	0.000
	RESIDUAL	139.720	96.000	1.455		
	TOTAL	200.588	101.000			

Table 6: Overall Service Quality Model Coefficients

MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STANDARD ERROR	BETA		
VALUE FOR OVERALL SERVICE	CONSTANT	1.244	0.719		1.730	0.087
	PHYSICAL ASPECTS	-0.228	0.177	-0.174	-1.285	0.202
	RELIABILITY	0.735	0.190	0.548	3.858	0.000
	PERSONAL INTERACTION	-0.037	0.194	-0.030	-0.193	0.847
	PROBLEM SOLVING	0.093	0.159	0.081	0.585	0.560
	POLICY	0.135	0.152	0.120	0.891	0.375

Table 7: Repurchase Behavior Model Summary

MODEL	R	R SQUARE	ADJUSTED R SQUARE	STANDARD ERROR OF THE ESTIMATE
REPURCHASE BEHAVIOR	0.576	0.332	0.298	1.309

Table 8 displays the analysis of the variance (ANOVA) for the repurchase behavior model. As it claims, the significance of this model is 0.000, which denotes the whole model is statistically significant.

Table 9 presents the coefficients of repurchase behavior model. The coefficients assert that increasing the level of physical aspects by one unit leads to increase in the value for repurchase behavior by 0.303 units. In addition, increasing the level of personal interaction by one unit guides value for repurchase behavior to increase by 0.233 units. Finally, increasing the level of policy by one unit results in increase of repurchase value by 0.550. Standard errors of coefficients vary from 0.165 to 0.780. It can be declared that at 95 percent confidence interval the coefficient of policy is statistically significant in this model.

Table 8: Overall Satisfaction Model ANOVA Analysis

Model		Sum of Squares	DF	Mean Square	F	Sig.
Repurchase Behavior	Regression	81.813	5.000	16.363	9.555	0.000
	Residual	164.393	96.000	1.712		
	Total	246.206	101.000			

Table 9: Repurchase Behavior Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Standard Error	Beta		
Repurchase Behavior	Constant	1.407	0.780		1.804	0.074
	Physical Aspects	0.303	0.192	0.209	1.576	0.118
	Reliability	-0.003	0.207	-0.002	-0.015	0.988
	Personal Interaction	0.233	0.210	0.168	1.107	0.271
	Problem Solving	-0.284	0.172	-0.223	-1.646	0.103
	Policy	0.550	0.165	0.440	3.341	0.001

Table 10: Ranks based on Criteria for Regions

		Price	Loyalty	Variety	Promotion	Discount
Dereboyu	Mean	2.323	2.059	3.102	3.598	3.687
	Standard Deviation	1.517	1.399	1.214	0.932	1.140
Arasta	Mean	1.849	3.702	2.362	3.409	3.522
	Standard Deviation	1.414	1.382	1.172	0.958	1.094
Lemar	Mean	2.383	3.086	2.276	3.648	3.171
	Standard Deviation	1.552	1.449	1.205	1.135	1.333
Metropol	Mean	2.288	3.027	2.559	3.431	3.624
	Standard Deviation	1.455	1.424	1.219	1.109	1.373

Rank analysis

One of the marketing strategies and tactics that can be broadly used, for example, in SWOT analysis is the rank analysis. Based on the respondents' viewpoints Arasta has been offered better prices with respect to other rivals. On the other hand, Dereboyu has been enjoying more loyal customers. For the rest of the criteria including variety, promotion, and discounts almost all regions have similar ranks. Table 10 is the illustration of means and standard deviation for different criteria based on different regions.

Conclusions and managerial implications

In this research, the Retail Service Quality Scale has been used to evaluate the service quality of the retail sector in north Cyprus. The most important assumption of this study was the applicability of the instrument in this region. High Cronbach's

alpha coefficients for each dimension as well as the overall model have supported the reliability of these representations.

The gap analyses have suggested that the expectations of customers have not been met.

Regression analyses have revealed how a change in one component can change the level of value for the overall service as well as the repurchase behavior in Dereboyu.

It can be claimed that the performance of the retailing sector in north Cyprus does not meet the expectations of the consumers. The expectations of respondents can be used as a good illustration for the retailing managers to better understand consumers' demands. As a result, the process of developing short-term and long-term strategies can be facilitated. The aim of the short-term plans should be the improvement of those dimensions, which have underperformed most. These are problem solving, personal interaction, and physical aspects. In addition, lifting all the dimensions (including reliability and policy) to expectation level might be the objective for long-term strategies.

Another implication of this study is the identification of the relative importance of each dimension in the model on the value for overall service and repurchase behavior of consumers. Reliability was the most significant factor in value for overall service. On the other hand, policy was the most considerable dimension in repurchase behavior.

Refering to the limitations of the study, the model assists to recognize only shortfalls. Reasons of dissatisfaction and the necessary corrective actions have to be distinguished through conducting further analyses, defined to answer those problem questions. Furthermore, some respondents might not have had enough information to respond to all items properly. Therefore, the possibility of answering based on feelings should be considered.

Future research on finding, examining and measuring the determinants of expectation would add value in monitoring service quality. It is recommended to continue this study by further research, focusing on the reasons of low performance of the retail sector in each component and how to develop with corrective actions.

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THE ROLE PLAYED BY COMMUNITY IN THE RELATIONSHIP FIRM-CUSTOMER: THE ONLINE EXPERT INVESTMENT COMMUNITIES

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Abstract

The present study starts from several evolutionary dynamics of post-modern society developed in the sociological and psychosociological literature, concerning the role of individual as a part of social groups.

The paper aims at analyzing the investor online community, a particular kind of community in which investors/members communicate and build relationships between them and with the firm.

From a literature review, it emerges that these relationships could have as main purpose the exchange (such as the consumer and the firm are business partners) or show a communal goal (such as that between family members and friends). The expert investment communities are analysed thanks to a theoretical framework that shows different categories of community members. The role of communities seems particularly significant as regards as "attractiveness", which is about mutual compatibility between the company and the consumer/investor.

Companies need to know how to communicate with these communities in order to get valuable feedback. For this reason, the paper focuses on the main implications of the investment relations management, considering the fact that they are strongly influenced by the increasing importance of interpersonal communication in web 2.0. Moreover, the paper suggests that firms could manage investor empowerment thanks to social web and communities. Consequently, they have to understand: how these online worlds work, how the investors use them, and how their employment could help them to put financial decision into practice. Besides, thanks to social web, firms could manage a financial communication more targeted and efficient. Actually, firm exploitation of communities not only have to result in changing communication channel, but it could create contents for a new kind of users.

Keywords: attractiveness, expert investment communities, social web, structural holes, investor empowerment

Introduction

The purpose of this conceptual paper is to examine the firm-consumer relationship. In particular, the focus is on the role played by online communities in creating and keeping alive firm-consumer relationships.

The present study starts from several evolutionary dynamics of post-modern society developed in the sociological and psychosociological literature, in which it is stated that the individual, for his intrinsic nature, develops both his own self (concept, image

and identity) and his own social identification in social groups (Tucker, 1957; Turner, 1982; Schlenker, 1986; Brewer and Gardner, 1996).

From this perspective, the present paper focuses on different options chosen by company's investors/consumers to join/communicate in digital environments, which are typical post-modern contexts. From the point of view of the firm, the growth of new online social groups in such an important context represents a challenge to face and win. To this end, it is necessary to enlighten about different uses of the Net that, in the last few years, allowed a greater involvement of individuals in the production of content with regard to companies with which they usually relate.

Nowadays, the main changes in online marketing and communication seem to be mainly determined by progressive consumer empowerment (Prahalad and Ramaswamy, 2004; Sheth and Sharma, 2005; Pires et al., 2006; Cova and Pace, 2006). This process of empowerment is closely linked to the development of ICT and web applications (web 2.0 and/or the social web). To fully understand the increased consumer power, an analysis needs to be made of new technologies and applications by means of which new dynamics of social interaction are created (de Bussy et al., 2000). The novelty for consumers lies in the fact that they can create and exchange contents online (O'Reilly, 2005). A new generation of web based communities and websites/applications with "social contents" (such as personal and corporate blogs, wikis, podcasts, RSS feeds, etc.) has progressively modified how users surf the Net. Consequently, "Web 2.0 applications support the creation of informal user networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of informational content" (Constantinides and Fountain, 2008: 232-233). The most evident effect of such change is the increase in contents produced by consumers (user-generated content, UGC or user-created content, UCC) determining the evolution of the web in cooperative terms.

Web 2.0 is a "system of reference" for consumers interested in finding information rapidly before and, at the same time, the organizations involved cannot directly influence their interaction (Shankar and Malthouse, 2007). Seeing as the Internet allows for a new way of sharing content among consumers, it defies the "erroneous assumption […] that the brand owner controls brand information" (de Chernatony,

2001). However, the increasing importance of web 2.0 in "influencing" customers' expectations and behaviour needs careful consideration. Although scholars highlight that "the use of the Internet by consumers for marketing related activities" is a deeply studied concept (Schibrowsky et al., 2007), the effects of "participative/collaborative web" activities are considerably under-researched if examined from a marketing perspective.

Starting from a a review of the literature on "individualism-social ties" evolutionary cicle in firm-consumer relationships in contemporary post-modern society, the paper will focus on the role of consumers in online financial communities. Three main stages of such change are presented (identification, attractiveness, commitment), in order to represent the progressive shift to an active role of consumers in online communities. The paper ends with the analysis of some investment expert communities, seen as a concrete example of the shift of the consumer/investor from a passive receiver of marketing communications initiatives to opinion leader of investor community, in which consumers could become spontaneous mean of communication, due to electronic word-of-mouth processes.

Literature review

Social psychology studies greatly contributed to shed light on the process of social change begun roughly fifty years ago. It started, in sociological terms, with the move from industrialization to modernism and then to post-modernism (Turner, 1982; Schlenker, 1986; Brewer and Gardner, 1996).

Those changes have affected society in all respects, from politics to philosophy, sociology and marketing. The social role of individuals, institutions and companies has become prominent.

According to that approach, the post-modern individual activates as many autonomous choices as possible, in order to establish his/her own existence and difference from others.

This trend has been the basis, in the last twenty years, for important developments in marketing theory and practice. They are mainly related to extreme individualism, individuals' spatial and social mobility, their difficult assimilation to cluster categories, the fragmentation of the increasingly

volatile consumption activity, freely established social relations whose players share brand-related emotions.

The evolutionary circle regarding individualism and social relations in post-modern consumption has been analysed/studied in Europe by two different schools, namely the North European and the Latin/Mediterranean.

According to the North European school (Firat and Venkatesh, 1993; Firat and Shultz II, 1997), consumption is an act of self-definition on the consumer's part. They say that post-modernism is a time when the individual can and must act in order to produce (customizing) and expose him/herself (his/her life) with all his/her differences (Elliott, 1997).

Such considerations bring to light two important aspects of post-modernism: (1) the individual goes from being a subject at the core of marketing activities, to personalizing his/her world, his/her image (symbolic system), providing inputs, living firsthand experiences and expressing him/herself following deconstructed patterns (Firat et al., 1995); (2) consumption goes from being a mere economic transaction to being the main tool through which the individual communicates, both to others and to him/herself, details about his/her identity (Lipovetsky, 1987).

The Latin/Mediterranean school considers the above-mentioned individualistic stage as the final one of the modern era, marked by the liberation of the individual from imposed social relations like those, for instance, originated by the presence of a class system. Therefore consumption represents, to scholars belonging to this school, a trend inversion tool as it allows the creation or the maintenance of links between individuals, on the basis of free emotional choices (Maffesoli, 1996; Bauman, 1990). This means that also new technologies, often considered cause for isolation, are now tools of social reintegration (social networks, blogs, online communities). Modern social dynamic can also lead to new aggregations, for instance neocommunities, with a high degree of involvement coupled with temporary affiliation (Cova and Cova, 2002).

According to the North European approach tribalism is the alternative to social standard, an enclave outside society (Firat and Dholakia, 1998), while to the Latin/Mediterranean school social groups should be rather seen as tools of dynamic and flexible positioning. This way, social groups are substitutes for segments, which represent socially static positions (Cova, 2003).

Hence the paramount role of social groups, defined as sets whose members establish mutual relationships due to their common interest in certain products/services/brands (Dutton and Celia, 1994). The individual's identification aims therefore at developing self-concept within the social groups chosen, increasingly defining the post-modern consumer as a nomad (Mael and Ashforth, 1992). Identification is complete when members feel to belong to their group and to participate to activities both within the group itself and towards the company (McAlexander et al., 2002; Muniz and O'Guinn, 2001).

The impact of the social web on the relationship between investors and companies

Compared to the traditional distribution of documents via paper, Internet based technologies, especially those related to the web 2.0, allow an empowerment of financial information flows in many different ways. Such flows can be created and used by individuals directly without the support of traditional channels of financial communication. From the qualitative point of view, computer-mediated transmission allows users to access large amounts of data, far greater than those otherwise available by means of official corporate documents. The information is made available not only by companies but also enriched by comments and evaluations made from professional bloggers (Wysocki, 1999a).

However, the power is getting out of the hands of investor relations (IR) professionals and a new way of understanding the investments has been emerging (Admati and Pfleiderer, 2001; Bacharach and Board, 2002). The new generation of investment webistes is literally modifying how investors "consume" the financial content, whether provided directly or not by companies. This analysis not only highlights what are the ways in which investors are able to draw upon information from these new sources, but it also presents new practices that push them toward specific investment decisions (Wysocki, 1999b).

The social media, the spread of financial content generated by professional bloggers and online

communities arising around financial issues, are pushing the IR experts to become aware in using these new communication environments of investment, so that to make more and more investors turning away from traditional forms of investment (Barber and Terrance, 1999a).

Before describing in detail the places where online finance dynamics is developing nowadays, it is important to consider the factors that are modifying the traditional channels of financial content:

- the costs of publishing on the web are now virtually "zero", thanks to free blog hosting technologies. This aspect has driven millions of people to write on the blog - for free - about the trends of stocks and investments;

- the growth in the number of users who write and/or access blogs is constantly expanding;

- the development of financial communication websites, such as Yahoo Finance and Marketwatch, which are becoming increasingly popular among investors.

The technologies of new finance websites will become the basis on which new places for virtual investment are developing. Among them it is possible to include: piggybacking the pros, investment screening 2.0, long tail investment opinion, crowd sourcing and expert investment communities.

As regards as the piggybacking the pros, it identifies a type of web businesses, such as StockPickr (www.stockpickr.com), which are constantly monitored and maintained in a manner that allows users to create their own specific websites, which report the stock portfolios owned by financial experts. In this way, users can follow step-by-step the actions and decisions implemented by so-called "guru" of finance and they are also free to imitate their choices (Barber and Terrance, 1999b). The novelty of piggybacking the pros is that, until the advent of 2.0 technologies, companies just put online a list of useful information for investment decisions. Currently, however, investors decide what to do with their savings, analyzing and using financial content and capital movements of large financial groups and professional investors. Investors, therefore, can track movements of capital put in place by the main IR experts, and analyzing these movements, can decide about the the stocks to be purchased. Any new equity

portfolio created by using piggybacking the pros will be a combination of all the best investments made up by the best experts on finance (Hong et al., 2002). It is important that IR professional understand investment portfolios, created using the piggybacking, are a growing phenomenon. Such awareness can lead them to the innovative use of investment places for circulating positive information both on specific financial products and companies in order to enhance their credibility in the eyes of potential shareholders (Konana et al., 2000).

In addition, the investment screening 2.0 applications arise from the combination of new technology and the use of specific algorithms. Using these, investors may benefit from a new online stock screening system able to approximate the use of the same tactics implemented by IR professionals when they try to imagine the stock market trends. Taking into account the fact that many IR experts have often written about techniques used to achieve their successful investment decisions, these "winning criteria" are now computerized and made available to any individual investor who access the Internet with idea of implementing such tactics. A good example of investment screening 2.0 applications is certainly Validea (www.validea.com). That is a pioneering application in this field, where each investor can find content of interest published in the financial field, or can access them through newsletters and/or portfolio management services. Validea is based on using a type of algorithms that allows individual investors to implement schemes of financial forecasting, so as to identify the stocks that have the proper characteristics to become investment decision of a specific investor (Hof, 2005). Such screening technologies are increasingly being used not only by professionals but also by companies. If companies are interested in seeing their actions on the recommendation lists of IR professionals, they must provide accurate data and clear information through an extensive communication network. Only in this way, transparency in communicating financial content will be perceived and it can push many investors to purchase stocks by companies deemed credible and reliable.

The so-called long tail investment opinion consists of a series of blogs on which amateur and professional investors publish information and experiences regarding financial investments. Using a simple editorial filter with content

aggregation functions, SeekingAlpha (http://seekingalpha.com), the most famous example of long tail investment opinion, succeeded in bringing together hundreds of financial blogs, linking them through a standardized platform (Metrick, 1999). The current opportunity to tap into news and information published by experts journalists has brought the possibility for investors to broaden their knowledge in an accurate and verifiable way using realistic data. In fact, generic financial websites like Yahoo and Marketwatch have been substituted by new financial blogs that have the further merit to study the financial market relying on specific areas of exploration. In conclusion, it can be held that "We've essentially moved from the fat head to the long tail of financial content" (Konana et al., 2000). SeekingAlpha and websites that follow the same logic, have become some of the most used tools by investors to draw on accurate opinionated commentaries, which do not consist solely of simple news, but have the advantage of being enriched by suggestions and motivations.

As mentioned above, a new category of influencers in financial matters has been emerging in terms of investment opinion. Previously, the IR professionals had always played the role of influencers and opinion leaders. Now, thanks to these new applications, this task does not appear to be more comprehensive in their prerogative (Wysocki, 1999c). Nowadays, bloggers disclose information, comments and suggestions among the financial communities. It must be said, however, that news aggregator owe their fortune to the number and accuracy of contributions received each day from bloggers, so that mutual interdependence must be constantly monitored by both the categories of users: those engaged in publishing the commentary and those who benefit of them (Dewally, 2000). Thus, blogs aggregators can be considered an excellent showcase in which to display companies and their financial products.

Finally, crowd sourcing applications are based on research supporting that aggregate/collective opinion of the crowd is is statistically important for investors. To this end, several studies confirm that blog posts and web messages affect the value of market stock (Antweiler and Frank, 2002; 2004). Crowd sourcing communities are different from the expert communities, which creates a hierarchy of data and information without including them in an index that could sums up the common opinion.

Expert investment communities

To this respect, it could be said that internet sets the bases for the creation of community, in which people could share similar investments. These communities need new tools to check and control changes of "feelings" that could happen in it (Das et al., 2004). In fact, websites as piqqem (www.piqqem.com) and Marketwatch's Community (http://community.marketwatch.com) are tools that can control changes of community member's opinion. Besides, these websites show the actual and past trend of different stocks, allowing users to read opinions about them.

According to the classification proposed by Freeman et al. (2006), experts investment community can be considered community of interest, if they are considered as a group of users. In this way, firms are not taken into consideration. Otherwise, they could be considered virtual advocacy group, for the reason that they are created to sustain and support a specific firm and its performances.

The increase of economic-financial contents created by professional bloggers and the growing importance of the online investor community is progressively changing how investors make their investments. In other words, it is evident that there are new influential players in the field of investor relation.

Among the "new" digital environments focused on investment, expert investment communities play a meaningful role (Rajagopalan et al., 2004). They are online groups of investors linked by the same interest in creating and sharing their own analyses on the stock market in a social network. Actually, a social network is a web-based service that allows users to perform, at least, three functions (Boyd and Ellison, 2007):

- to build a personal profile/account (at least partially public) in a close system;

- to define a list of other users to interact;

- to see and modify/make a comment on information published by members (defined "friends" or "contacts").

Usually, online communities of investors show typical features of a social network. First of all, the user/investor has to become part of the select community indicating several traditional information (e.g. Covestor.com, Cakefinancial.

com). Besides, the user has to specify in the account the amount of stocks he bought in the past. Therefore, every member has the possibility to comment on available investments, according to its own account. Particularly, every investor is stimulated to explain its strategies of investment to the community. Starting from these data, every member of the online investment community is classified according to different parameters: risk, equilibrium in the stock portfolio, performances, etc.. Hence, the purpose of such communities is to allow different members to interact, comparing their choices of investment and learning strategies from skilled IR professionals in order to make good investments.

The most interesting aspect of expert investment communities is the fact that they use the typical web 2.0 communication channels, i.e. the online word of mouth and online opinion leaders.

In order to activate the online word of mouth, the importance of opinions and judgments created in web 2.0 communities has been confirmed by different studies on e-commerce (Hennig-Thurau et al., 2004). In addition, the fact that opinions and reviews are available online for long time can not only represent a guide to evaluate diachronically the corporate/brand reputation but also influence future investments (Bolton et al., 2004). On the other hand, it is important to analyse how a past corporate/brand reputation could favour comments and viral mechanisms of communication (Amblee and Bui, 2008).

Due to the fact that investor communities have an influence on the perception of firms, on the perception of their performances and, consequently, on investment, they could be considered "reputation system". This concept refers to those online systems that collect and distribute opinions and feedback made constantly by users on a firm, on a product or on another member of the virtual community. Thanks to these reputation-based systems, a perception of reliability on players (individuals/firms) develops for the reason that community members could collect judgments during the time (Resnick et al., 2000). One of the clearest examples of reputational system is E-bay. Actually, E-bay allows every user of the community, buyer or seller, to judge (positively, negatively or neutrally) the counterpart and to comment the transaction they made. These judgments create a feedback score that is a synthetic index of the reputation of E-bay members. Similar online reputation system has progressively spread in internet, to describe past experiences of users with a particular product/service and, for this reason, they are called consumer opinion platform.

Like other reputation systems, online communities of investment have the same difficulties not only in verifying the honesty of opinions but also in managing the comparison among judgments on product/service made in different websites.

Certainly, online investor communities have to be taken into consideration not only by "traditional" financial analysts, who are progressively loosing their role, but also by firms that have to analyse them as financial stakeholders.

In Table 1, there are the main characteristics of three expert investment communities.

According to these considerations, it is clear that the redefinition of the management of online investor relations has a strong relation with web 2.0 processes of diffusion of information and opinions, including online opinions leaders, word of mouth and online investor communities.

From browser to insider: consumers' role in financial communities

Many researchers and practitioners have dealt in recent years with the relationship existing between the individual and the product/brand. The latter has also been strongly linked to the individual's social roles (Siano and Basile, 2009; Siano et al., 2009).

According to these studies, the individual performs consumption activities both to gain access to the product functions and to sustain his/her "I" towards other inhabitants of the same social space.

The individual, analysing general, symbolic and emotional features of the brand, which he/she gets either from advertisements or from looking at opinion leaders' behaviour, WOM etc, chooses the product/brand best fitting his/her self-concept.

The consumer/individual is no longer the passive end of marketing and communication activities, only aimed at pressing him/her for mere commercial transactions. Thanks to the new media, he/she becomes an active player in the relationship with the firm.

Table 1: Main expert investment communities

Covestor (www.covestor.com)	Currently, Covestor is the most successful website among expert investment communities, also if it was born on 2007. Its principal objective is to create a base able to verify performances of investment strategies of its own members. This investment community gives attention to Top Performers, members of the community who made in the past good investments and that, for this reason, they can act as a guide for other members. Covestor encourages discussions among users on stock capital and investment strategies. Besides, it has a corporate blog focused on contents of the virtual community.
Cake Financial (www.cakefinancial.com)	Cake Financial, a Californian firm established in April 2006, distinguishes itself, among different investments communities, for the fact that it shows numerous transactions of its members (more than 1 million). This community aims not to create competition among investors, but to help members to have a perception of their own stocks and of their financial performances/strategies. In addition, Cake Financial classifies its users (dividing them in Elite, Platinum, Gold, Silver and Bronze) and publishes interesting statistics on members of the community and on stocks.
kaChing (www.kaching.com)	Recently, KaChing has a Stock Investing Application with active users on Facebook. Unlikely, Covestor and Cake Financial, this website allows to take part to the community without declaring the investments made by their members. The community is based on the use of virtual dollars and stimulates the judgements of both professionals and not-professionals. Every member can choose to follow "a manager of investment" among other members of the community and this creates a ranking mainly based on the number of followers that every member has.

That is the reason why companies are being induced to communicate/evoke, also through the brand, their values, culture, behaviour. This way the individual perceives the company as the partner that could allow him/her to reach his/her set of goals, including social ones (Granovetter, 1985; Rao et al., 2000).

This trend has been described, by researchers and practitioners, as a dyadic relation between brand and individual. Communicating via the brand, he/she makes a statement about his/her own 'self' within a social group. Being the idea of relation based on that of the 'self', it is clear how the former involves reciprocal adjustments and adaptations, both on the consumer's and the company's part (Sirgy, 1982; Holt, 1995). We can therefore say that the described notion of relational reciprocity is useful to understand the dyadic nature of the consumer-brand relationship. Thanks to the partner brand, the consumer can reach social targets like self-concept and approval within the reference context while the firm, on the other hand, adjusts its marketing tactics and strategies on the basis of the individual's needs.

In case the consumer wants to establish a financial relationship with the company (buying stocks and shares) the social group's role and scope change. From space where it is possible to show one's 'self' through the brand, the group becomes the place where one can find and share useful information in order to reduce the trading-related risk. The individual finds the company/stock he/she wants to establish a financial relationship with, through the information transmitted to/absorbed from other group members. As reducing the risk involved is paramount, the community plays a key role in the creation of the investor-stock relationship. This completely changes the creation of the individual-brand relationship. The potential investor needs first to find a social group

based on the exchange of financial information, and then to become a member. The group is therefore both a transmitter and a translator of the information the individual needs in order to create and maintain his/her relationship with the firm.

The individual, always looking for information in order to reduce the trading-related risk, is basically a browser of different communities, seen as tools to be used against the lack of suitable information and the related trading risk. Some scholars call them 'trust guardians' (Shapiro, 1987). In this case the community should be able to:

- provide information that is clear and comes from reliable sources;

- establish informational channels with other groups (members) or reliable sources, in order to continuously update its content.

The last point is obviously paramount in relation to the topic we are discussing, and in general

when studying social groups. Many scholars say that social structure/group members benefit from the information, either about players (buyers and sellers) or about variables (available goods and their prices), coming from contexts not strictly related to the group itself.

The importance of social groups and their inner relations is higher when information about the market in question is ambiguous/complex, making the purchase (in our case of stocks and shares) risky (Podolny, 1993).

Information is so important that a group is marked by its members' ability to establish informational channels with members of different groups.

Separation between groups is represented by nonredundant/weak contacts and it is called structural hole. The exchange of information among members of different groups is called bridge effect

(Granovetter, 1973 – figure 1).

The existence of weak contacts between different groups means that the information provided comes not only from redundant relations, that are based on the same sources and repeatedly develop between the same members, but also from other groups/contexts. This way the information is more varied and complete, and that applies both to the general case and to financial communities

(Burt, 2002).

In this case, the individual can better evaluate community attractiveness, as content comes not only from the exchange of information between group members, but also from outer sources (bridge effect) represented in the virtual space, such as experts, other groups, companies, institutions.

The bridge effect is so important to the appeal of a community that it is now common practice to allow its members to share activities and information with other social groups (or networks: Facebook, Twitter, MySpace, etc) they are also members of.

Once evaluated the community, the browser decides to join it (identification) in order to express his/her needs and access the right information. At this stage, he/she becomes a mingler.

If the individual decides to buy stocks/shares, he/she then becomes an insider or an opinion leader.

His/her relationship with the group is now one of commitment. At this stage, the individual shows a strong interest in, and acceptance of, the community's goals and activities

(Maffesoli, 2004 – figure 2).

When committed, the individual is conscious of his member status and develops a sense of moral responsibility towards the group and its members. He/she then starts sharing useful information in order to support other investors, this way giving his/her contribution towards the attainment of the group's goals.

In that case, the individual would bring his/her knowledge/expertise to the group, providing information about some shares or any other factor that may affect share prices, this way making the community authoritative to other browsers. This behaviour makes the individual an opinion leader

(Burt, 1999 – figure 3).

The investor becoming insider is an asset to the company/stock, according to the two-step-flow theory. The investor is in this case a tool of spontaneous communication, able to activate a word-of-mouth process. This could attract new investors to the company or, in some cases, help safeguarding the company's reputation against judgements coming from other contexts (Katz and Lazarsfeld, 1955; Kingdon, 1970; Confetto, 2005).

The investor's /individual's evolution, from browser to opinion leader, is shown in fig. 3

Figure 1: Structural Holes Between Financial Groups
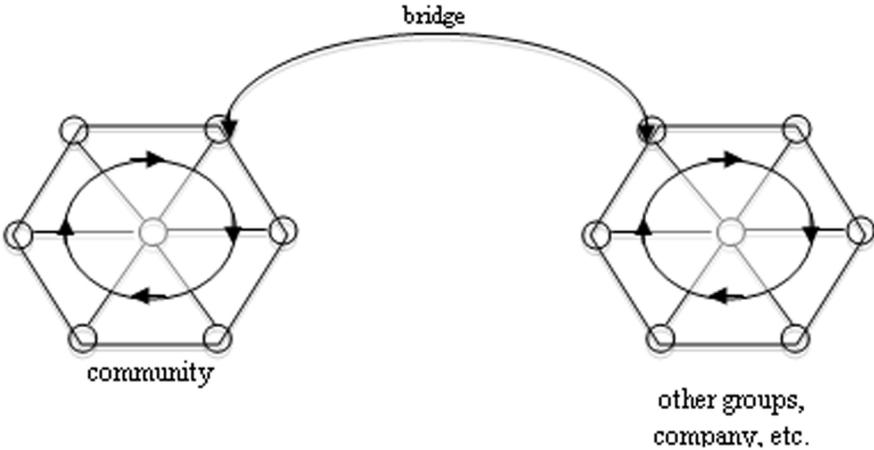
Figure 2: From Attractiveness to Commitment
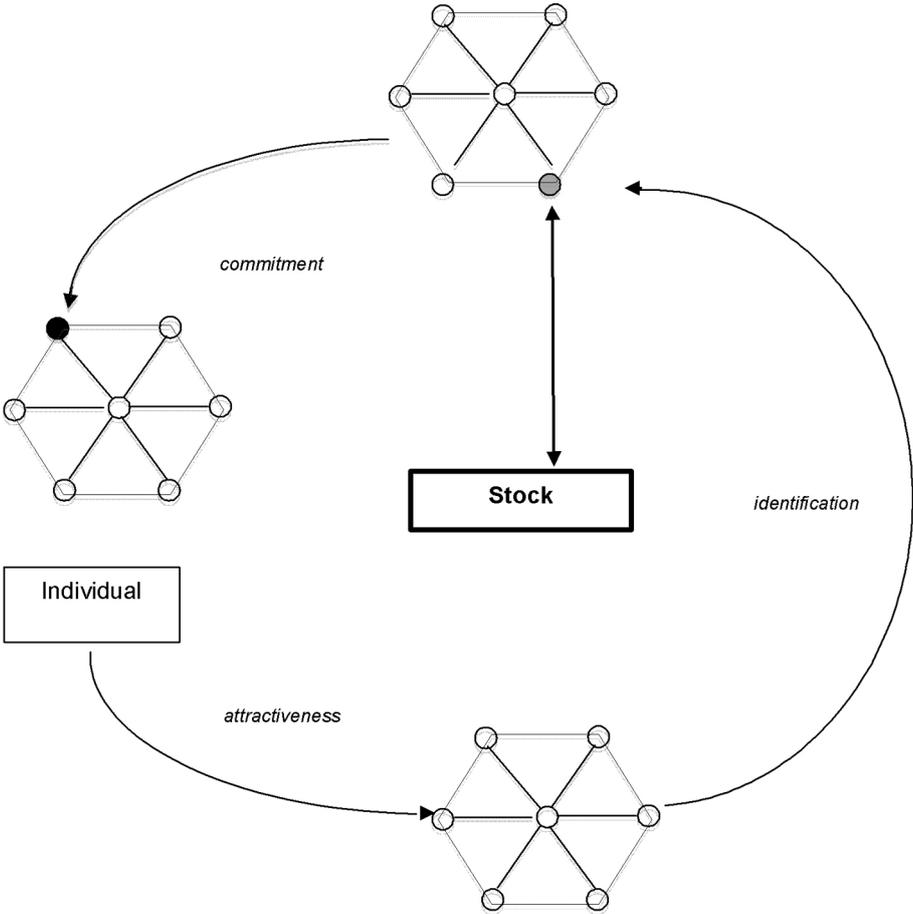
Fig.3: Investor's evolution from browser to opinion leader
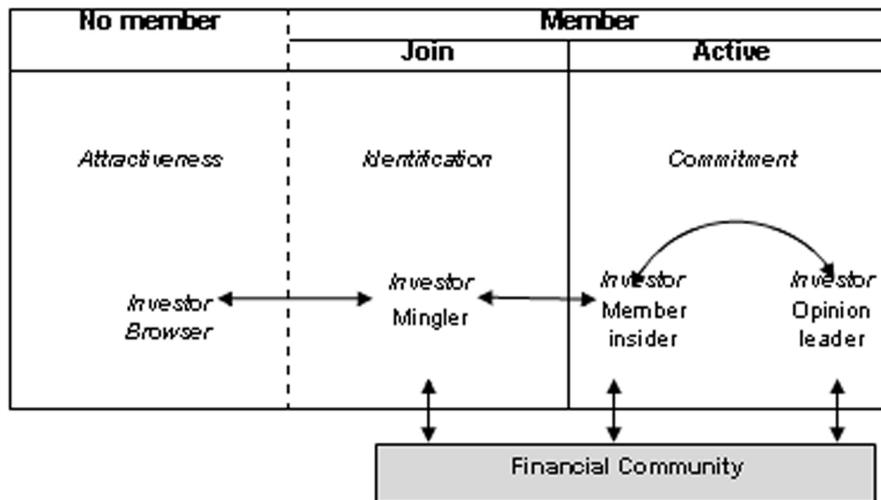
The proliferation of brand communities is also pushed by new technologies, that are no longer being accused of isolating individuals, but are rather seen as a new 'territory' where communities could thrive (Algesheimer et al., 2005; Muniz and O'Guinn 2001; Bagozzi and Dholakia, 2006).

From the analysis of the different tools/applications offered by Web 2.0 it is clear that the role of individual consumers/investors tend to change dramatically in the online financial communities.

Summary and conclusions

The paper examined recent changes of processes of investment. The new internet technologies, followed by the strengthening of virtual places as communities of investment, are the base of investor empowerment. Nowadays, investors can manage a wide amount of information on the world of finance, thanks to the possibility of using different channels and techniques of research. To this respect, IR professionals have to understand the current revolution and, then, to start using the same tools put into practice by individual investors.

The most important effects of the described changes are linked with the fact that individual investors and online community members now can take their own financial decisions starting from information that they find online (Barber and Odean, 2000; Rajagopalan et al., 2004). Actually,

this could lead to corporate success or failure. In fact, firms are constantly controlled and deeply checked by investors. Currently, bloggers and online experts are able to move an enormous amount of money, but above all, they can have an influence on opinions and decisions of several investors.

If professional investors will play following actual rules of the new world of finance, it is possible to say that they can succeed in putting the process of empowerment into practice, without being enmeshed in it (Mitchell and Mulherin, 1994).

Furthermore, firms can solve the actual situation using the social web and communities. In fact, it is possible that investor communities could have in the future a wide number of users. Therefore, they will be able to communicate a greater number of information, suggestions and comments (Tumarkin and Whitelaw, 2001). Hence, firms have to understand: how these places of investment act, how investors use them, and how their use could help investors to take financial decisions. Moreover, using the social web, organizations could implement a targeted and effective financial communication. In conclusion, the fact that firms communicate within communities is not only a change in transferring information, but also it creates and make available new contents for "new" users/groups able to make online complex financial research. Therefore, the communication

543

trend changes from one to one-one to many to become between individual/investor-firm.

Besides, firms have to encourage and spread the "long tail stock ownership". In fact, while institutional investors are still the first step to reach the world of investments, communities succeed in creating a wide number of investors interested in finding reasonable financial proposals. Accordingly, it is possible to say that it is still difficult to influence professionals IR and institutional investors, who manage an enormous amount of stocks. On the other hand, it is possible to influence individual investors, who make their investment according to community member opinion (Weiss, 2000).

Therefore, the group of individual investors could be an opportunity for firms that will understand them and communicate to them thanks to social networking technologies. Actually, it is generally believed that virtual places "intensify" decisions taken by their members. In fact, if an investor, esteemed by the community, decides to invest on a selected firm, this could create a bridge effect able to influence other IRs and to strenghten the community at the same time. For this reason, firms have not only to control communities but also to try to understand them, and to use them to gain an advantage over their competitors.

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ADOPTION OF ONLINE DISTRIBUTION CHANNEL AMONG NEWSPAPER READERS IN CROATIA

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Abstract

Technology developments, especially internet, are dramatically changing the distribution of goods and services. This change is especially evident in the newspaper industry, where changes in access, production and circulation of information emerged. Conventional newspaper editors recognised the advantage of internet as a new media and provided readers with online formats. Due to new technology, news reaches the market faster than before. At the same time, the costs of information distribution are decreasing. Moreover, there are many opportunities for further online newspapers proliferation associated with direct contact and interaction with readers. This paper presents the logical continuation of the exploratory research among student population in Croatia, findings of which were presented on the CIRCLE Conference in 2009. The field research for the purpose of this paper was conducted among postgraduate students at the Faculty of Economics and Business in Zagreb. The main purpose of this paper was to explore whether there are significant differences in online newspapers reading behaviour regarding demographic variables and motives for reading online newspapers. Moreover, the paper will give a brief overview of the online newspapers market in Croatia. The research instrument was a questionnaire containing questions related to frequency, time of day, duration and motives for reading online newspapers contrary to conventional ones. Statistical data analysis was done using SPSS 17.0. The findings suggest that there are differences in reading behaviour regarding demographic characteristics of the respondents and motives that motivate respondents to read online newspapers. Research findings will be of great importance to newspapers editors in understanding preferences of readers and consequently, developing online newspapers strategy. Further on, the findings could benefit all parties included in the process of information dissemination, primarily advertisers.

Key words: information distribution channel, online newspapers, reading behaviour, students, Croatia

Introduction

Emersion of internet has changed the way of distributing goods and services. As emphasised by the number of authors dealing with online, web or electronic newspapers, this change is especially evident in newspaper industry, where changes in access, production and circulation of information emerged. The advantages of digital media and the internet have brought about a revolution in journalism (Flavián, Gurrea, 2007). Conventional newspaper editors recognised the advantages of internet as a new media and provided readers with online formats. The use of online newspapers is distinguished by the speed with which news reach the reader, the low cost of distributing information and the opportunity to establish more direct contact and interaction with users, who have come to play an important role in the design of journalistic offerings (Flavián, Gurrea, 2007). Online newspapers are newspapers that exist on the internet, either as an online version of printed format, or independently. Online newspapers bring constant updates of daily information and offer

direct links on the pool of linked articles where reader can find more information about the topic of interest. In addition, the capacities of interactivity allow online newspapers to outperform traditional news media (Sarrina Li, 2001).

Following global trends, Croatian newspaper editors have launched online formats also (Škare, 2005). According to the Internet World Stats, the number of internet users rose in Croatia from 2000 and reached 2.24 million users in 2009, which makes penetration of 50% (Internet World Stats, 2009). The internet usage is the prerequisite for online newspaper reading and with more internet users; we can anticipate that online newspapers will become more and more popular (Sarrina Li, 2001). According to GfK Croatia research conducted in May 2007 (GfK, 2007), internet is in Croatia mainly used for e-mail communication (67%), web-search (65%) and news reading (53%).

Based on the market observation of existing forms of online newspapers in Croatia, Škare (2005) divided them on portals, online equivalents to printed newspaper formats and the combination of the two. In Croatia, some online newspapers have the policy of prepaid access while most of them publish their news free of charge. According to the research conducted in 2009 on the sample of 500 respondents, research results show that Croatian users do not want to pay for online news. Respondents were asked what they would do if they had to pay for online edition of news source. It is interesting to note that, according to the results, there is low online newspaper loyalty in Croatia, as 85% of respondents would found another free source of information. Small number of respondents, 9%, stated that they would continue to visit online pages to read only available free headings (Net.hr, 2010). In the beginning of 2009 there were 72 online newspapers (Županíc, Petljak, Renko, 2009) and till today that number has increased, what can be seen on the list of online newspapers available at web portal Novine. org. Novine.org is web portal on which readers can find short news and links to online newspapers in Croatia, Slovenia, Austria, Italy and Bosnia and Herzegovina (Novine.org, 2010).

Apart from short overview of online newspaper market in Croatia, the purpose of this paper is to analyse online newspaper reading behaviour among undergraduate and postgraduate student population at the Faculty of Economics and Business in Zagreb, their reading habits, motives for reading online newspapers and attitudes towards online newspapers. The findings of the literature review suggest that younger and better educated people are more likely to adopt online newspapers (Sarrina Li, 2003), which was the main reason for selection of more educated respondents in the survey.

Research background

The online newspapers reading behaviour is generating growing interest in the academic circles and a set of researchers have studied the relationship between the online newspapers and reading behaviour. Most of the researches in this scope are associated to frequency, type and moments of online newspaper reading (Dans, 2000; D'Haenens, 2004; De Waal et al, 2004). Further on, studies on university students about their reading habits and attitudes towards online newspapers have gained much attention in recent years (Liu, 2005; Ramirez, 2003).

Sarrina Li (2003) examined factors that have significant effect on the adoption of online newspapers. Four factors were identified and they include technology ownership, innovativeness, demographic composition and mass media use. Research findings showed that among four sets of variables, demographic elements were the most powerful set of variables that explained adoption of online newspapers. Besides adoption of online newspapers, we presumed that demographic characteristics will have impact on online newspaper reading behaviour among student population in Croatia. Based on the literature findings, first hypothesis is following:

Hypothesis 1: Demographic variables age and gender have significant effect on the online newspapers reading behaviour.

Flavián and Gurrea (2007) in their study about perceived substitutability between digital and physical channels identified five key motivations for reading newspapers: knowledge of current news, search for specific information, search for updated news, leisure and entertainment and habit. In order to identify online newspapers reading motivation, these motives were deeper analysed. The findings of the literature review suggest that users who are interested in access to constantly updated news ('I have access to constantly updated news.') will read online newspapers more (Rathmann, 2002),

because updates are key features of internet distribution channel which can provide readers with breaking news (Chyi, Lasorsa, 2002). In addition, Chung (2008) suggests that interenet changes traditional news delivery methods so there is no need for reader to leave the house. Flavián and Gurrea (2007) noted that internet plays an important role in the process of searching for specific information ('It is easier to find information on a specific subject.'). Bush and Gilbert (2002), Rathmann (2002) and De Waal et al (2005) also emphasize the possibilities of internet and online newspapers for searching specific data, for example to find specific information on specific subject of interest. In their research, Ferguson and Perse (2000), Eighmey and McCord (1998) and Papacharissi and Rubin (2000) remark that entertainment is one of the main motivator for online newspapers reading. The popularity of online newspapers can be attributed to the interactive quality of the internet. The immediate back-and-forth communication presents a new quality in the relationship between news publications and their audiences. The research also suggests that online readers find this interaction valuable (Chung, 2008).

Based on the literature findings, purpose of the survey was to find out differences in online newspaper reading behaviour. Županić, Petljak and Renko (2009) conducted the research on online newspaper reading behaviour among undergraduate students and had identified main motives that lead them to read online newspapers. Among most important proved to be: 'I have access to constantly updated news', 'It is easier to find information on a specific subject' and 'I do not have to pay the price of newspapers'. It is interesting to point out that undergraduate students ranked 'I do not need to leave the house' as the least important among motives to read online newspapers. We assumed that postgraduate students, given the higher income and different life style, have different motives for reading online newspapers. Therefore, second hypothesis is as follows:

Hypotheses 2: There are statistically significant differences between undergraduate and postgraduate students regarding motives for reading online newspapers.

Third assumption was that udergraduate and postgraduate students read different subjects in online newspapers because of different life styles and world views. So third hypothesis is as follows:

Hypotheses 3: Undergraduate and postgraduate students differ regarding subjects they read in online newspapers.

To date there has been little research on online newspaper reading behaviour in Croatia. Research topics are mainly focused on internet marketing application in Croatia with special review on the case of daily newspapers' publishers (Škare, 2005). Further on, Brautović and Miloslavić (2009) analyse online editions of media as the only alternative secondary sources in journalism. Authors listed Croatian online newspapers that have searchable online base of secondary information. Already mentioned authors; Županić, Petljak and Renko (2009) analysed Croatian newspaper industry with special regard to online newspapers reading behaviour of undegraduate students.

Research methodology

Data and surveyed sample

Conducted research includes secondary (desk) and primary (field) research. Within the framework of secondary research, the relevant foreign literature on the subject of online newspaper reading behaviour was reviewed, as relevant domestic literature concerning this topic is relatively poor.

Primary research was conducted at the begging and at the end of 2009 on two different samples. In March 2009 research was conducted among student population of senior year at the Faculty of Economics and Business in Zagreb on the sample of 147 undergraduate students, and results were presented on the CIRCLE Conference in 2009 (Županić, Petljak, Renko, 2009), where during the discussion authors were suggested to broaden the survey on business people. Authors repeated the survey in November 2009 among postgraduate students at the Faculty of Economics and Business in Zagreb to see whether there are differences between two observed student populations. The sample consisted of 127 postgraduate students. Similar research was done by Shahriza and Karim (2007), purpose of which was an attempt to understand the reading habits and attitudes of undergraduate students.

Characteristics of surveyed samples are given in the Table I.

Table I. Demographics and internet experience of surveyed samples

Item	Percentage	
	undergraduate students	postgraduate students
Gender		
Female	68.7	51.2
Male	31.3	48.8
Age		
less than 24 years	97.3	3.2
from 25 to 34 years	2.0	60.6
from 35 to 44 years	0.7	23.6
more than 45 years	0.0	12.6
Internet experience		
no experience	0.6	0.7
5 years and less	15.0	8.7
over 5 years experience	84.4	90.6
Total sample	**147**	**127**

The questionnaire design

The research instrument for survey among undergraduate and postgraduate students was the same and it consisted of two parts.

First question was related to internet experience, and it is a prerequisite condition for online newspapers reading. Part one (from second question) referred to online newspaper reading habits, notion of advertising messages and interactivity. Further on, a five-point Likert scale was used to assess the main motives for reading online newspapers (the scale ranked from '1=I strongly disagree' to '5=I strongly agree'. The scale consisted of six statements given in the Table II.

In addition, students were asked to specify the subjects they read frequently and to give the answers about traditional newspapers reading and buying behaviour. Part two was devoted to identifying main reasons for not reading online newspapers; among which were: 'Not having internet access', 'Disbelief in content published in online newspapers', 'Buying and reading conventional (paper) newspapers presents a ritual for me' and 'I find all necessary information in conventional (paper) newspapers'. Respondents were also given opportunity to list other reasons for not reading online newspapers.

Data analysis

The collected primary data were analysed using SPSS 17.0. Beside descriptive statistics calculations, significance of findings on surveyed samples was explored using Pearson correlation coefficient and chi-square test ($\chi 2$) depending on the various types of combination of occurred variables.

Research findings

The analysis of online newspaper reading behaviour

The results obtained reveal that significant majority of undergraduate student population with internet experience reads online newspapers, namely 82.3% of them. Similar results, somewhat higher, are detected among 93.7% of postgraduate students. Among undergraduate student population, 90.5% of all questionnaired students read conventional newspapers and 74.1% read both online and conventional papers. On the other hand, among postgraduate student population 82.68% of all questionnaired students read conventional newspapers and 77.16% read both online and conventional papers, while there are no students that do not read some kind of newspapers, online or conventional ones.

Table II. Potential motives for reading online newspapers

No.	Statement
1.	I do not need to leave the house.
2.	I do not need to pay the price of newspapers.
3.	It is easier to find information on a specific subject.
4.	I have access to constantly updated news.
5.	I read online newspapers to spend some free time.
6.	I read online newspapers because I prefer multimedia, dynamics and interactive approach (comments, suggestions, discussions…).

From the total sample of 274 respondents, 33 of them do not read online newspapers. As main reasons for not reading online newspapers, both undergraduate and postgraduate students mainly mention that they find all necessary information in conventional newspapers.

Survey showed that student populations somewhat differ in their reading habits. For instance, the largest number of postgraduate students (54.2%) read online newspapers few times a day, while equal number of udergraduate students stated that they read them few times a day and once a day (21.5%). It is interesting to note that majority of undergraduate and postgraduate students read online newspapers during working days, but more undergraduate students (17.4%) than postgraduate students (6.0%) read online newspapers during the weekend. Divergent were the data concerning time of the day when online newspapers are read; postgraduate students merely read them in the morning (78.3%), while undergraduate students read them after class, in the afternoon (37.2%), and especially in the evening (39.7%).

Survey results show that undergraduate and postgraduate students observe advertising messages equally. However, postgraduate students to a greater extent (10.8%) comment articles in online newspapers, especially males, contrary to 5.8% of undergraduate students, where male and female respondents do it equally. Also, it is interesting to note that 30.6% of undergraduate students fulfil questionnaires in online newspapers, contrary to 35% of postgraduate students.

An independent-samples t-test confirmed statistically significant differences between two observed groups of students concerning gender and age. To determine whether there is significant relationship between the demographic variables and online newspaper reading behaviour of the surveyed sample, Chi-square test was conducted. Results of the test showed that statistically significant relationship between age and frequency of online newspaper reading was found ($\chi2=57.055$, df=15, p=0.000). Respondents from 25 to 34 years read online newspapers few times a day (16.6%), while younger respondents (less than 24 years old) read online newspapers occasionally (18.7%). Also, statistically significant difference was found between gender and time of the day when online newspapers are read ($\chi2=83.687$, df=9, p=0.000). Respondents from 25 to 34 years read online newspapers more in the morning, while those younger read them more in the afternoon and in the evening. No significant differences were found for variable gender, so based on survey results, we could conclude that variable age has greater influence on online newspapers reading behaviour than gender and our hypothesis is thereby, only partially proved.

The analysis of motives for reading online newspapers

Table IV presents average perceptions of students' motives for reading online newspapers.

Table IV. Average perceptions of motives for reading online newspapers

Item	Mean	
	undergraduate students	postgraduate students
I do not need to leave the house.	3.04	3.14
I do not need to pay the price of newspapers.	3.96	3.63
It is easier to find information on a specific subject.	4.19	3.97
I have access to constantly updated news.	4.40	4.23
I read online newspapers to spend some free time.	3.63	2.79
I read online newspapers because I prefer multimedia, dynamics and interactive approach (comments, suggestions, discussions...).	3.47	2.63

As table IV reveals, respondents largely read online newspapers because they have access to constantly updated news and undergraduate students especially because they think it is easier to find information on specific subject (average grade 4.19).

An independent-samples t-test was conducted to find out whether there were differences in motives for reading online newspapers among surveyed samples. There were no statistically significant differences between those two groups of students regarding some motives for reading on-line newspapers such as: 'I do not need to pay the price of newspapers', 'It is easier to find information on a specific subject', 'I have access to constantly updated news', 'I do not need to leave the house'. However, statistically significant difference was found for motives: 'I read online newspapers to spend some free time'; 'I read online newspapers because I prefer multimedia, dynamics and interactive approach (comments, suggestions, discussions...)'. According to guidelines (proposed by Cohen, 1988) the magnitudes of the differences in the means (eta squared ≤ 0.06) are moderate. The table with Independent Samples Test is given in Appendix.

In order to find out whether there is statistically significant relationship between motives and surveyed sample, Chi-square test was done. Statistically significant relationship between the fact that online newspapers allow respondents to stay at home and the surveyed sample was found ($\chi 2=20.145$, df=5, p=0.001). Among those who agree to read online newspapers instead of conventional ones because online newspapers have the advantage of not needing to leave the premises, the largest percentage of respondents (29.3%) were postgraduate students. The explanation is simple: postgraduate students interpreted this motive as 'no need to leave the office' due to their business position and spending the whole day in the office. On the other hand, students have many activities outside their homes. They are more focused on costs reduction as the main advantage of on-line newspapers. Therefore, the results of the following Chi-square test ($\chi 2=18.465$, df=5, p=0.002) are logical ones: among those who agree that the main motive for choosing online newspapers format due to cheap access to news, the largest percentage (4.,4% of respondents) are undergraduate students. Namely, students have no income and their living standard is very low. They want to avoid any unnecessary expense. There is also significant relationship between the surveyed sample and motives 'I read online newspapers to spend some free time' ($\chi 2=31.886$, df=5, p=0.000) and 'I read online newspapers because I prefer multimedia, dynamics and interactive approach ($\chi 2= 31.096$, df=5, p=0.000) respectively. Among respondents that read online newspapers to spend some free time, more than half of the sample (52.2% of respondents) are undergraduate students. Moreover, undergraduate students are those (41.9% of respondents) who read online newspapers because they prefer multimedia, dynamics and interactive approach. According to the presented results, we were able to identify differences between undergraduate

and postgraduate students regarding motives for reading online newspapers and therefore, proved hypothesis H2.

Detected correlation coefficients

To determine the direction of relationship among variables and the strength of the relationship, correlation analysis was undertaken. The strongest correlation coefficients ($0.7 \leq r \leq 0.9$) are given in the Table III.

As we can see, there is a strong positive association between the fact that respondents do not have to leave the house and that at the same time they can save their money, find information on a specific subject in a more easier way and spend their free time. Also, strong positive relationship exists

between cost reduction as the main advantage of online newspapers for respondents and the fact that they can find information online, have access to constantly updated news and spend free time conveniently. In other words, respondents prefer to pay less and to have more updated information simultaneously.

The analysis of subjects read in online newspapers

Respondents were given a list of subjects and they were asked to specify those they read in online newspapers. Multiple choice answers were allowed. Figure I. gives an overview of subjects read in online newspapers by undergraduate and postgraduate respondents of surveyed sample.

Table III. The strongest correlation coefficients

Item		Pearson correlation coefficient
I do not need to leave the house.	I do not need to pay the price of newspapers.	0.862**
	It is easier to find information on a specific subject.	0.861**
	I read online newspapers to spend some free time.	0.745**
I do not need to pay the price of newspapers.	It is easier to find information on a specific subject.	0.991**
	I have access to constantly updated news.	0.659**
	I read online newspapers to spend some free time.	0.745**

**Correlation is significant at the 0.01 level (2-tailed)

Figure I. An overview of subjects read in online newspapers
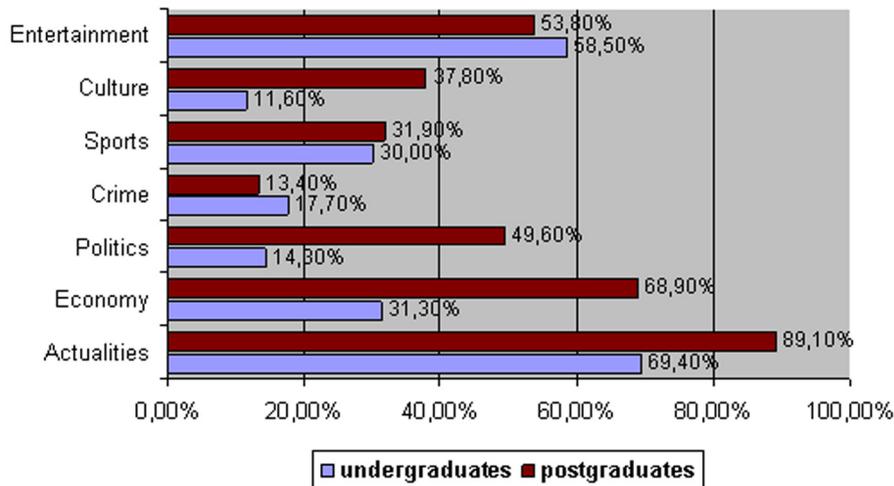
Both undergraduate and postgraduate students read actualities in the largest extent (69.4% of undergraduates and 89.1% of postgraduates). However, the difference in subjects read becomes more evident when it comes to the second most read category; 58.6% of undergraduate students read entertaining subjects while 68.9% of postgraduate students read economical subjects. In general, research findings suggest that postgraduate students tend to read more diverse subjects compared to undergraduate students. Based on presented results, we confirmed that undergraduate and postgraduate students differ regarding subjects they read in online newspapers.

Conclusion

Faced with high distribution costs and inability to capture information that emerged during the day, newspaper editors recognized and seized the opportunity of online distribution channel. In order to assess adoption of online newspapers and identify online newspaper reader behaviour among undergraduate and postgraduate student population, research was conducted in March and November 2009. The data analysis reveals that demographic dimension age has significant effect on the online newspapers reading behaviour. Besides, main differences in motivation for online newspaper reading among surveyed students is in fact that undergraduate respondents read online newspapers to spend some free time and because

they prefer multimedia, dynamics and interactive approach more than postgraduates.

The implications of this research can be useful to newspaper editors in understanding preferences of readers, assessing the demographic and life-style profiles, and consequently, developing online newspapers strategies for target online users.

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RESEARCH ON THE LABOUR MARKET, SKILL AND KNOWLEDGE NEEDS AND EDUCATION FOR MICE INDUSTRY

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Abstract

The meetings, incentive travel, conventions and exhibitions (MICE) industry is one of the fastest growing sectors of the tourism industry today (Oppermann, 1996; Oppermann & Chon, 1997; Weber & Ladkin, 2003). A quality and internationally recognized MICE education and training programme is intrinsically linked to the development of successful and attractive MICE destination. In order to provide a well-trained, high qualified work force, a full alignment must be in place between the worker skill sets, industry demands, and the education and training being offered by the academic institutions.

This is a study of the labour market, skill and knowledge needs and education for MICE Industry. It provides a review of literatures regarding the labour market of MICE industry, highlighting the challenges and career progression faced by the MICE industry worldwide. It examines the skills and knowledge needs of the industry and explores the importance of industrial experiences for the industry. Based on these, a proposed educational framework for the MICE industry is presented in this paper. This study contributes to an understanding the labour market and manpower needs of the MICE industry and how higher education and training programmes may better prepare its students for some of the complexities and idiosyncrasies of MICE industry careers. It lays the foundation for the industry for any future training needs analysis.

Keywords: MICE industry, labour market, skill and knowledge needs, education

Introduction

The Meetings Market Report (2006) conducted by the Meetings & Conventions Magazine, reported approximately 1.25 million meetings were held in 2005 in United States, including 1,020,300 corporate meetings, 210,600 association meetings, and 12,700 conventions. The number of attendance was significant. There were 136.5 million people attending meeting in 2006 with the total expenditure of $107.2 billion U.S. dollars. The MICE industry generated directed economic impact of 250.01 billion US dollars, and employed over 1.71 million persons in United States (Meetings Market Report, 2006).

The competition of the MICE industry lies in the competition of the talents (Wei Feng, 2004). As the MICE industry moves into the next century, its future success depends on whether each country can upgrade the level of training program and education system for the sector. This paper reviews the literature relating to MICE's labour market, education and industry needs. MICE is a newly emergent industry, as compared with many other hospitality sectors such as hotel, airline and restaurant. It is considered as "quite young and immature" (Getz, 2002:12). Literature regarding the industry, especially its manpower and industry needs, therefore are not many. As MICE industry is a subset of tourism and hospitality industry, apart from the MICE literature, literature review will also include those from the tourism and hospitality, arts, entertainment, sport and leisure disciplines, in order to give a better understanding of the issue concerned.

This paper is organized into 5 sections. Section 1 briefly discusses the labour market of MICE

industry, highlighting the challenges and career progression faced by the MICE industry worldwide. Section 2 examines the skills and knowledge needs of the industry. Section 3, however, explores the importance of industrial experiences for the industry. Based on these, a proposed educational framework for the MICE industry is presented in section 4. This paper is concluded by some concluding remarks made in the last section.

The MICE labour market and challenges

The MICE industry is a unique economy, it offers a wide range of employment opportunities, primarily with event organizers (e.g., corporations, associations), venue providers (e.g., exhibition and convention centers, convention hotels), destination marketing organizations (e.g., convention visiting bureau, destination management companies), support service providers (e.g., exhibition service contractor, technical support firms), and independent professional convention organizers. MICE is a labour-intensive service industry and especially true for those larger-scale events. The success of events depends heavily on the quality and quantity of MICE talents. For instance, 300,000 MICE talents are needed to work for the Shanghai 2010 expo (Xinhua New, 4th March, 2005). Sydney 2000 Olympic Games required 2,500 personnel to organize the games and 47,000 volunteers were working during the Olympic period (Olympic Review, 2002).

Although the MICE industry is regarded as a blue-chip end of the tourism industry, and an attractive area of employment for those who are the first time entering into the labor market, and of those who seek to change their professional; it is still a challenge to attract and retain the right and high-quality staff (McCabe et al., 2000). There are several reasons for this situation. First, there is the lack of status of professions in the industry (Rogers, 1998). As compared with other tourism and related sectors, such as hospitality and travel agents, public awareness and recognition of MICE sector is relatively low. MICEMan report (2007) pointed out that MICE had received limited recognitions from teachers, parents, school leavers and the public because the industry did not offer a clear and promising career path for school leavers. Job seekers might also have been drawn to other industries with which they were more familiar.

Second, there is seasonality in MICE industry. Every event and convention has independent lifecycle, once the event and convention is over, the MICE enterprises will usually only retain the backbone staffs to run the business, other employees may be regarded as temporary worker (seasonal worker). This has meant that traditionally the industry has been staffed with what Wood (1997) calls the "marginal worker", namely: women, young people, students, migrant workers and ethnic minorities.

Finally, difficulties in attracting and retaining the right and high-quality staff also include the highly mobilize workforce and high turnover rate, same as other hospitality and tourism sectors. It is noticed that a staff's average year spent at work is within two to three years (McCabe and Weeks, 1999). McCabe and Savery (2005) found that experienced MICE professionals had a tendency to leave the sector after acquiring sufficient work experience, job knowledge and market contacts. In order to gain experience and build up human capital, they may initiate job change on their way to "butterflying" to another area of the MICE industry. This "butterfly" progress as an extension and development of individual career life, where he/she "flutters" between sectors in order to progress his/her career.

Higher turnover rate of the MICE industry, as shown in the Hong Kong case, is due to: (1) unattractive remuneration package. Compared to the service sectors, such as banking and finance, they offer remuneration packages 30-50% higher than MICE sector. (2) The tedious job nature for new-entry trainees. Since MICE industry involves activities of various departments, new-entry trainees are needed to be trained in different departments in order to get familiar with the whole process of an event. Very often, young trainees could not stand the pressure and quit the job before they can handle a client account (MICEMan report, 2007). It can thus be concluded that the MICE industry is facing problems in keeping the experienced MICE professionals, and at the same time retaining those newly graduates.

Therefore, in order to recruit and retain those MICE talents, greater attentions have to pay to the human resource issues. Success of the UK and Australian MICE industry is found associated with investment in human resource development to let it becomes an attractive career option and to improve employee motivation (Weber & Ladkin, 2003). Apart from providing an attractive incentive

system (both monetary and non-monetary) to prevent staff leaving, a much clearer career structure and progression (Rogers, 1998) by providing training, exposure and advancement opportunities for trainees and professionals in the MICE sector must be in place (MICEMan Report, 2007).

All these require first understand the skills and knowledge needs of the industry, and design a training/education curriculum that matches with the industry demand, equipping staffs to climb up their career ladder. Achieving this will help creating a professional image for the MICE sector (Twite, 1997) and triggering interest of school leavers and university graduates in joining the industry, solving parts of the problems of the shortage of the quantity and quality of talented staffs.

The skills and knowledge needs of the MICE industry

Before discussing the skills and knowledge needs of the MICE industry, it is important to get familiar with the roles of an event manager.

The role of event manager

The role of event Manager developed in the 1980s. Before that, meeting planners met with several departments such as food and beverage managers and front desk managers in planning a meeting (Montgomery and Rutherford, 1994). The role of event manager is now becoming more formalized within the organizational structure of hotels, and widely recognized throughout the MICE industry. Because of the multidisciplinary aspects of the industry, it offers a wide range of employment opportunities (Table 1). Slivers and Nelson mention (2005:9): "Anywhere an event may be held, any company that holds or hosts events, any organization that serves a casus or constituency, anyplace that promotes tourism, or anyone who has something to celebrate or communicate could require professional event management services". Therefore, besides being employed by special event companies, event students could be found working for the hospitality industry in hotels (marketing, catering, human resource department), destination management companies, catering companies, country clubs, government entities (universities, parks and recreation) and not-for profit organizations (Nelson, 2004).

The title of event managers is not universal. Sometime they may be called Convention Services Manager, Event Manager, Meeting Coordinator or Marketing Strategist (Astroff and Abbey, 1995; Silvers and Nelson, 2005) (Table 2). Event managers are often referred to as "the people who make things happen" and that "service coordination can make or break a meeting" (Montgomery and Rutherford, 1994) are responsible for working and coordinating closely with the activities of various departments, to ensure the highest level of service to conventions. They provide "one-stop-shop" services of convention and event customers (McCabe and Weeks, 1999) and have the authority and responsibility to determine the strategic and tactical details of a meeting or convention (Montgomery and Rutherford, 1994: 49).

McCabe and Weeks (1999) specified the job responsibilities of event managers as follows:

- Maximizing space utilization

- Preparing and maintaining budgets for the department

- Ensuring clients are 'looked after' and 'making things happen' in respect of conventions help in the hotel

- Ensuing convention and event information is disseminated throughout the hotel

- Recruiting convention services department staff

- Training and mentoring the convention series team

- Undertaking direst liaison with clients regarding large or complex conferences

- Ensuring the standards of convention and meeting service and operations are met by the hotel

Skills and knowledge needs of a MICE professional

No matter what kind of organization an event manager works for or what titles he/she entitled, certain professional and personal qualities are required. They can be divided into three main categories: (1) the generic knowledge and skills (2)

specific knowledge skills and finally (3) practical industry experiences.

First of all, in terms of the general management skills, similar to those who work for other business sectors, an event manager needs to have "in-depth" knowledge of multiple market segments or marketing and higher customer management skills (McCabe and Weeks, 1999; Stafford, 1993). They need to understand customer needs, have the ability to forecast customer demand, and propose solutions to problems and improve customer's planning (Business Tourism Forum and the Business Tourism Advisory Committee, 1999:36). Event managers also require certain managerial skills such as the administrative and management skills (planning, organizing, leading and controlling), risk management, project planning and coordination, interpersonal skills and human resources management (Stafford, 1993). Further

generic or management skills required include budgeting, time management, public relation, business planning, contingency management, and sponsors and networks management (Perry et al, 1996, p.88). McCabe and Weeks (1999) add that event managers need to develop a good relationship with different venue providers and service contractors, and a broad-based and sound knowledge of local organizations, hotel departments and their staff capabilities. Other managerial qualities include: being culturally adept, diplomacy and creativity, having good communication skills, people-oriented, tactful and polite (McCabe et al., 2000; Montgomery and Rutherford, 1994; Rogers, 1998).

Nelson (2004) studied the workers of special event in United State. He identified and the ranked the managerial skill required for event management professionals as follow:

Table 1

Associations	Government Agencies
Attractions	Hotels & Casinos
Broadcasting Companies	Human Resources Departments
Catering Companies	Incentive Houses
Charitable Organizations	Marketing & Communications Firms
Municipal Special Events Departments	Political or Fraternal Organizations
Civic or Social Organizations	Professional Congress Organizers
Convention & Conference Centers	Resort Properties
Corporations	Retailers, Restaurants, & Museums
Country Clubs	Shopping Centers
Destination Management Companies	Sport Leagues, Teams, & Clubs
Event Venues	Tourism Bureaus
Festivals	Universities & Colleges

Source: Silvers and Nelson, 2005; cited in Nelson and Silvers, 2009:34.

Table 2

Account Executive	Event Coordinator
Catering Manager	Event Designer
Conference Coordinator	Event Director
Conference Planner	Event Manager
Conference Planning Manager	Event Organizer
Conference/Trade Show Manager	Event Planner
Conference Services Manager	Event Producer
Convention Services Coordinator	Executive Director
Convention Services Manager (CSM)	Marketing Strategist
Director of Conference Services	Meeting Planner
Director of Development (Fund Raising)	Meetings Manager
Director of Education (Associations)	Operations Manager
Director of Events	Professional Congress Organizer (PCO)
Director of Meetings	Special Event Director
Director of Sales	Wedding Planner

Source: Silvers and Nelson, 2005; cited in Nelson and Silvers, 2009:34.

Table 3. Event Management Skills Ranked in Order of Importance

Skills	N	Mean
Organizational	517	4.79
Detail Oriented	515	4.79
Listening	518	4.78
Problem Solving	519	4.75
Oral Communication	519	4.71
Multi-tasking	516	4.66
Interpersonal	514	4.53
Decision-Making	515	4.5
Written Communication	517	4.45
Time Management	514	4.45
Leadership	517	4.39
Stress Management	515	4.19
Computer	516	4.09
Marketing	517	3.99
Sales	515	3.99
Personnel Management	512	3.92
Risk Management	507	3.71
Legal	501	3.41
Accounting	513	3.39

Source: Nelson (2004:83)

Some scholars believe that specific skills are even more important than the generic skills for an event professional. Getz & Wicks (1994), for example, identified the following specific knowledge and skills that are important for event management:

• History and meanings of festivals, celebrations, rituals and other events;

• Historical evolution: types of events;

• Trends in demand and supply;

• Motivation and benefits sought from events;

• Roles and impacts of events in society, the economy, environment and culture;

• Who is producing events, and why?

• Program concepts and styles;

• Event settings;

• Operations unique to events;

• Management unique to events;

• Marketing unique to events.

In order to define and align the current event management standards with the need of a global event management environment, The International Event Management Body Of Knowledge organization developed a conceptual framework (Slivers, Bowdin, O'Toole and Nelson, 2006; EMBOK, 2007). This model is developed and refined by experts of academic and practitioner in event management from around the world. It is constructed under the data gathered through experience, expert opinion and review of the literatures, it may be customized to meet the needs of various cultures, governments, education programs, and organizations.

The EMBOK model as illustrated in Figure 1 includes five knowledge domains encompassing 35 functional areas (Classes), five phases, five processes, and five core values. It points out that event management is a process involving series of step by step tasks or activities and the core values require for making decisions throughout event management, stresses the importance of time in any project model and decisions on time underlie all aspects of event management, and more importantly the knowledge domains (Administration, Design, Marketing, Operations and Risk) which illustrate the required knowledge in the industry. The model provides groupings of tasks and responsibilities by subject. Same as many other business disciplines, according to the model, event management also requires general management such as administration (i.e. finance, accounting human resources, client relationship management and communication, procedure management, marketing (i.e. promotion, distribution, public relations, sales and advertising). However, there are specific knowledge and skills that are essential to the industry especially in the areas of design (i.e. speakers selection, catering management, entrainment, site layout and design, lighting and sound and program planning etc.), operations (i.e. ticketing, traffic management, attendees and participants management, equipments and infrastructure provisions, logistics, and site management), risk management (i.e. health and safety, insurance and liability management, contracting and legal issues, and crisis and disaster management)

Industry experiences: Bridging the gaps between theory and the industry needs

Beside the generic skill and specific skills discussed above, the industry also wants people who have hands-on experience. Sciarini, Woods & Gardner (1995) showed work experience was rated the most important factor when recruiting entry-level event managers. Event management programs should develop learning experiences that allow students to have positive interactions with practitioners through some form of practical work experience. Yorke and Knight (2004) stated that there was a consistent correlation between labour market success and good work experience, embedded in the curriculum, as well as job-seeking skills. Findings from Beaven & Wright's (2006) study also showed that employers placed heavy emphasis on direct vocational experience and specific skills in recruitment. Fifty-one surveys with events employers in UK were carried out to seek their views what seemed more important to those new graduates who wanted to enter into the industry. Both 'working on and assisting' and 'direct personal experience of organizing events or projects' were rated as most essential and desirable. Fifty percent of these employers indicated interests in direct vocational experience gained by the graduates, and 26% indicated strongly favour. For new graduates, employers'

opinions of their work performances as claimed on the graduates' CV was a critical element of their employability. Besides, paid work, volunteering jobs and student projects related to events are also considered valuable in the eyes of those employers.

MICE education plays a very important role in preparing the next generation of convention tourism managers to work effectively and efficiently (Rob, 2007). Because of the strong practical and applied nature of the subject, one of the aims of MICE program in all universities is to have a business management orientation related to MICE industries and draws on a range of cognate areas of study to explain and analyze the sector and to provide a vocational education in order to meet the needs of future middle-high level managers, executives and professional in the MICE sector (Du and Yang, 2007). In another words, curriculum design of MICE education has to match the education with the industry needs, to bridge the academic practitioner gaps. Finding from a research of skills needs in tourism and related sectors in Wales, Claire and Eleri (2005) demonstrated that skills gaps could result in a loss of quality, efficiency and business to competitors, increased stress levels, cause difficulties in introducing new technological changes, work practices and products or services and in meeting customer service objectives, consequentially affecting the overall business performance, service quality; visitor and employee experiences.

Unfortunately, Nelson and Silvers (2005) reported that many event courses offered in the United States were biased toward general management knowledge instead of a balance approach to both general and specific knowledge and practical skills needed for the industry, They said: "many of the courses analyzed focused on how to attract and service this meetings/conventions market segment rather than on how to perform these functions as a practitioner. In other words, although an understanding of the framework of the logistic functions associated with event management serves to aid in marketing to this particular segment, it may not properly prepare learners for performing these functions, which requires both operational and creative skills in a broad spectrum of event types" (Nelson and Silvers, 2005:36). Also, most event management based courses appeared to be introductory rather than comprehensive in nature. They were inadequately providing a complete understanding of the industry to students. A comprehensive event course curriculum design, with a much in-depth scope of coverage and a balanced approach to both generic and specific knowledge and practical skills needed for the industry is necessary to equip students to work competently in the MICE industry.

Figure 1. The Event Management Body Of Knowledge model

Source: EMBOK (2004), http://www.embok.org/
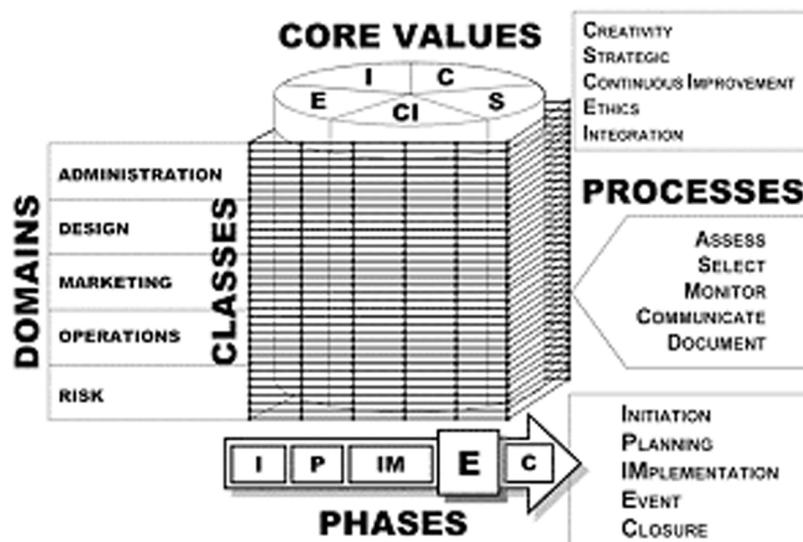
Table 4. Event Management Body of Knowledge Domain Structure

ADMINISTRATION	DESIGN	MARKETING	OPERATIONS	RISK
Financial - Budgets - Costing & Pricing - Cash Flow Management - Accounting	Catering - Menu Selection - Service Style - Alcohol Management - Catering Operations	Marketing Plan - Plan Development - Target Markets - Messages/Mediums - Customer/Guest Relations	Attendees - Registration/Ticketing - Admittance Controls - Movement & Traffic Flow - Crowd Management	Compliance - Statutes & Regulations - Accessibility - Property Rights - Compliance Instruments
Human Resources - Organizational Structure - Workforce Relations - Volunteers - Employment Legalities	Content - Communication Objectives - Educational Obligations - Topic & Format Selection - Speaker Selection	Materials - Promotional Materials - Collateral Materials - Design & Production - Delivery	Communications - Internal/External Modes - Equipment & Protocols - Briefing & Debriefing - Production Book	Decision Mgmt. - Decision Framing - Resources & Criteria - Deliberation & Collaboration - Authority & Empowerment
Information - Information Acquisition - Distribution & Control - Documentation - Record Keeping	Entertainment - Sourcing & Selection - Entertainer Requirements - Entertainer Controls - Ancillary Programs	Merchandise - Product Development - Brand Management - Manufacture - Distribution	Infrastructure - Transportation & Parking - Utilities - Waste Management - Sanitation Services	Emergency Mgmt. - Medical Services - Evacuations - Crisis Management - Disaster Management
Procurement - Solicitation Documents - Source Selection - Change Controls - Contract Administration	Environment - Décor & Furnishings - Site Layout - Wayfinding - Learning Environments	Promotions - Advertising - Promotional Events - Cross Promotions - Contests/Giveaways	Logistics - Task Sequencing - Contractor Coordination - Equipment & Materiel - Move-In/Out & Maintenance	Health & Safety - Fire Safety - Occupational Safety - Health & Welfare - Crowd Behavior & Control
Stakeholders - Client Management - Constituency Management - Participants/Providers - Communications	Production - Lighting - Sound - Visual Presentations - Special Effects	Public Relations - Image Management - Media Relations - Publicity - Crisis Management	Participants - Speakers & Performers - Celebrities & Dignitaries - Athletes/ Coaches/ Referees - Officials/Experts	Insurance - Loss Prevention - Liability - Coverage Requirements - Policy Management
Systems - Database Systems - Knowledge Management - Accountability Systems - Technology	Program - Agenda Choreography - Activities & Attractions - Ceremonial Requirements - Amenities & Hospitality	Sales - Ticketing Operations - Sales Platforms - Concessions - Cash Handling	Site Management - Site Sourcing & Inspection - Site Selection & Contracting - Site Planning - Site Development	Legal - Contracts & Negotiation - Licenses & Authority - Policies & Procedures - Ethics
Time Management	Theme	Sponsorship	Technical Production	Security

Source: EMBOK (2004) http://www.juliasilvers.com/embok/Facets_Aps.htm

In order to enhance the practically of event education, internship or work placement is an effective way to help students make the transition from academe to industry. DiMinicelli (1998) concluded that internship was a strong, hands-on approach to learning which evaluates, supports, and implements theoretical principles, and was a crucial component for success in the competitive job market students' encounter upon graduation. In an effort to close the gap between education and practitioners, the practical reinforcement is a necessary supplement to theoretical materials. Yorke and Knight (2004) further stressed that an internship program should directly related to events which expose the student to every area of the sponsoring organization, whether to be a convention hotel, event production house, or other facility.

Giving student projects that are related to events is another solution. Surveys with fifty-one events

employers in UK by Beaven & Wright (2006) showed that for new graduates, besides employers' opinions of their work performances as claimed on the graduates' CV was a critical element of their employability; paid work, volunteering jobs and student projects experiences related to events are highly valued and considered. Students' feedback for running a real event project is many including having excitement, fun and involvement, understanding better the industry, becoming more self-confidence, having he ability to handle ambiguity, developing a strong work ethic, a willingness to put the welfare to the team before their individual interests, become more mature and more prepare to learn from failure (Lawrence and McCade, 2001; McDonald and McDonald, 2000; Moscardo and Norris, 2004). All these are essential skills which preparing students to handle real projects in the future.

Take students out from classroom to a real event setting is useful in enhancing students understanding of the MICE industry. This approach is particularly suitable for students who are in their final year because it allows the exploration of the links between theory and practice to be demonstrated (Digance, Davidson and Gleeson, 2001). This might require partnership with the industry partners. Digance, Davidson and Gleeson (2001) found that the overall students' feedback for attending a weekend student conference at an international 5-star hotel was positive. They were allowed to critically assess the operations and general quality of the hotel property. Three-quarters of the students believed these conferences helped linking theory and practice in a holistic way.

Jago (2003) suggested a solution in bridging the skill gaps of tourism industry. He encourage the lecturers to spend periods in industry, to gain work experience, in order to gain valuable insights into industry issues, which also give them the opportunity to persuade employers of the value of education. Similarly, inviting practitioners into universities to give lectures on the work they do, is another useful way of increasing mutual understanding and enriching the curriculum. Reciprocally, bringing event management professionals into the classroom, as guest lecturers, has been documented success. Barron and Whitford (2004) reported that specific event management courses that utilized guest lecturers for at least one-third of the dleoivery were well received by students who commented that such an approach offered 'real life' examples, and contacts for part-time and future

careers. The University of Queensland's School of Tourism (UQST) also develops a partnership program entitled "Professional Development" for their final year students with great success. Senior industry representatives from various tourism sectors are invited to present guest lectures on weekly basis. According to the comments from both students and industry partners, this program allows key industry partners' access to the school's elite before graduation, gives students high-level exposure to the industry especially in identifying their career paths, developing tools for career management, and experiencing realistic industry careers development prospects (Robinson, Barron and Solnet, 2008; Solnet, Robinson and Cooper, 2007).

Finally, graduates are a critical resource in bridging gaps between academics and practitioners (Kennedy, Lawton and Walker, 2001; Moscardo and Norris, 2004). Successful graduates who become practitioners can provide feedback to enhance teaching practice and support and opportunities for research. Graduates with good skills can improve the practice and professionalism of MICE industry (Moscardo and Norris, 2004).

Event management educational framework

Based on the discussions above, MICE education should combine generic and specific knowledge and skills, together with direct vocational experience. A MICE educational framework is constructed.

Conclusion

Since the growth of the MICE industry, colleges and universities are now offering different degrees and certificates in event management. It is critical to examine more closely the curriculum of the existing courses and certification program. Education organizations itself should make sure they are consistently a focus of MICE associations as reflected in their mission statements, goals and objectives, services, and codes of ethics (Arcodia & Reid, 2003).

This study contributes to our knowledge base, but it is limited by the number of literatures, for the implications of future studies, it is suggested that difference regions should conduct in-depth researches into their MICE market. The growth of

the MICE industry, technology and globalization will bring change and challenge in the human resource needs. Difference regions could examine their MICE education and industry needs with the MICE educational framework provided above, develop their own MICE education and training strategy.

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THE ROLE OF THE EMPLOYEE IN THE FAMILY BUSINESS SUCCESSION PROCESS

BERND SCHWENDINGER

Abstract

Almost a fifth of all companies and jobs in Austria will be affected by the phenomenon of family business succession within the next decade. The majority of these companies are small-sized family businesses. There are numerous factors why the family business succession process could fail. The low survival rate of family businesses and the high complexity of the process make this topic therefore very relevant for the Austrian economy in the long term. A key criterion for measuring a successful succession process is the resulting satisfaction of stakeholders. Summarizing the literature it is clear that extensive research has already been done concerning family business succession as well as on shareholder satisfaction. Nevertheless, a clear focus on the employee as a stakeholder and its satisfaction with the succession process in small-sized family businesses in Austria is lacking. Thus, the aim of this paper is to critically assess current thinking regarding family business succession and stakeholder satisfaction as well as to establish a suitable theoretical framework for investigating the role of the employee in the successful succession process of small-sized Austrian family businesses.

Key words

Family business succession, stakeholder satisfaction, small-sized enterprises, employee satisfaction

Introduction

Approximately 496,000 employees and 51,500 small and medium sized enterprises (SME) in Austria will be challenged by successfully executing the succession process between 2009 and 2018 (Mandl et al, 2008). That is almost 20% of all jobs and companies in Austria (Statistik Austria, 2006). The majority of these companies are small-sized family businesses (Mandl & Obenaus, 2008; Mandl et al, 2008). This succession situation in combination with the low survival rate out of the past could have a strong influence on the unemployment rate in Austria.

The problem is "there are hundreds of reasons why organizations fail, but in family-owned and family-controlled companies, the most prevalent reason relates to a failure in succession planning" (Poza, 2007, p.5). Family business succession as it concerns this study is defined as a transition of ownership and leadership at the top of the family firm (Griffeth et al, 2006; Le Breton-Miller et al, 2004; Wiedmann, 2002).

A key criterion for measuring a successful succession process is the resulting satisfaction of stakeholders (Dunemann & Barrett, 2004; Le Breton-Miller et al, 2004; Sharma et al, 2001; Venter & Boshoff, 2007; Cabrera-Suárez, 2005). Communication, participation, encouragement, and support are only some ways how stakeholder satisfaction can be influence (Law, 2006). A stakeholder as it relates to this study is "any group or individual who can affect, or is affected" (Freeman, 1984, p.46) by the succession process.

Currently there is only one model concerning stakeholder satisfaction with the succession process in family businesses. Sharma et al (2003) investigated determinants for owner satisfaction in Canadian family firms. However, the model has a number of limitations such as investigation of only one stakeholder group (owners) within a single market (Canada) and low response rate from incumbents and successors out of the same company. Sharma et al (2003) supported by Motwani et al (2006) strongly recommend future research on additional stakeholder groups next to owners. Such stakeholders are for example employees and succession consultants. Therefore, there is a gap in current thinking regarding a succession process that considers all stakeholders, how they

feel during the process and recommendations they propose to achieve a successful succession.

The aim of this paper is to critically review current thinking, identify the research gap – which led to the research question "What is the role of the employee in the successful succession process of small-sized family businesses in Austria and how can the employee satisfaction with the process be influenced?" – and make suggestions how to fill the gap.

First, an overview about the succession market will be given. Second, a literature review about the complexity of the succession process and the relevance of stakeholder satisfaction will be done. Third, a possible way how to answer the research question will be described and justified. And finally, a conclusion will be drawn.

Small-sized family business succession market

Family businesses constitute between 80% and 98% of all businesses in the world's free economies and employ more than 85% of the working population around the world (Poza, 2007). In Austria more than 80% of all companies are family businesses and employ 75% of all employees (Mandl & Obenaus, 2008). Mandl and Obenaus (2008) also point out that the family business sector in Austria is characterised by a dominance of SME.

In Europe small businesses are the backbone of the economy and job market (European Commission, 2009). The interests of the small enterprises have to be moved on the top of the political priority list. By order of the EU commission, a group of experts has developed an overview about initiatives supporting business successions in the different EU members. The results show that there is no satisfactory solution for this topic in any country. Moreover, the amount of successions in Europe will further increase in the next years (European Commission, 2009).

Only in Austria roughly 51,500 SME with roughly 496,000 employees will be challenged by successfully executing the succession process during the decade between 2009 and 2018 (Mandl et al, 2008). This is significant as it accounts for a 20% of all companies and jobs in Austria (Statistik Austria, 2006). All provinces and industries are similarly affected by the succession issue (Mandl et al, 2008; Gavac et al, 2002).

Figure one illustrates how many jobs in Austria are potentially affected by SME succession within the next years depending on company's size. With 35% small-sized enterprises are the biggest category.

Therefore, the succession market of small-sized family businesses in Austria is relevant to the country's economy.

Complexity and relevance of the succession process

Kesner and Sebora state that "... succession is a traumatic event for an organization. It affects not only the members of the organization but the firm's economic and political climate as well" (1994, p.328). Succession constitutes the core of family business literature and researchers generally agree that managing the transition from one generation to another is very important and a complex process that many times fails (Sharma et al, 1996; Cabrera-Suárez, 2005; Baldegger & Pock, 2007; Berkel, 2007).

Following an often cited family businesses statistic only 30% of the businesses make it to the second generation, 10-15% make it to the third and 3-5% to the fourth generation (Aronoff, 2001; De Massis et al, 2008; Chittoor & Das, 2007; Le Breton-Miller et al, 2004). But this does not mean that the rest of these companies are going to be closed. For example, successful ways of "making it" like selling the company to non-family members are not considered. Nevertheless, Poza (2007) and Venter/Boshoff (2007) mention that there are plenty of reasons why this generational transfer fails, but the most prevalent reason relates to a failure in succession planning and implementation. This is also supported by Le Breton-Miller et al (2004) pointing out that 30% of closures may be considered transfer failures.

Figure 1: Through succession potentially affected jobs in Austria 2009-2018 (Mandl et al, 2008, p.25)
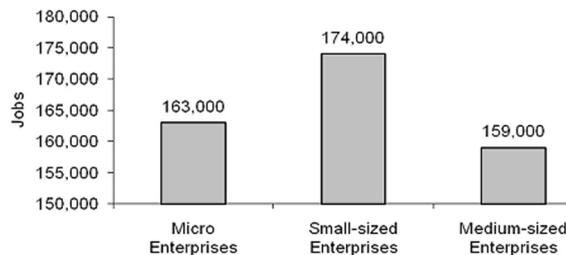
Maurer (1995) also argues that owners normally wait too long to address succession planning and most families do not even have a plan. "The issues involved in succession are too numerous to leave to chance, and without planning, it is likely the family will not remain involved" (1995, p.582). An examination of existing research shows that there is a serious threat to the future prosperity of existing SME in terms of the lack of adequate succession planning (Ip & Jacobs, 2006). Many authors agree that effective succession planning should start 5-15 years before the owner is due or likely to leave (Aronoff et al, 2003; Sambrook, 2005; Baldegger & Pock, 2007).

Numerous factors why the family business succession process could fail have been pointed out by Dunemann and Barrett (2004). They are of many types and some are much more likely to occur than others:

- breakdown in Relationships
- lack of/poor communication
- psychology (expectations and perceptions)
- preparedness of incumbent and successor
- company culture
- management systems
- financial issues
- business environment
- business history.

All in all, the succession process is complex and relevant for the survival of family businesses in the long term.

Relevance of stakeholder satisfaction for the succession process

There is common agreement in family business literature that a successful succession process depends on the following two criteria and further investigation into them is necessary (Dunemann & Barrett, 2004; Le Breton-Miller et al, 2004; Sharma et al, 2001; Venter & Boshoff, 2007):

- The satisfaction of stakeholders with the succession process.
- The continued profitability of the firm after succession.

Cabrera-Suárez (2005) has additionally classified them into subjective (stakeholder satisfaction) and objective (continued profitability) criteria. Thus, it could be said that stakeholder satisfaction is the subjective key criterion for measuring the success of a succession process and the focus of this study.

Currently there is only one model concerning stakeholder satisfaction with the succession process in family businesses. Sharma et al (2003) did an extensive quantitative research on predictors of satisfaction with the succession process in Canadian family firms. Five determinants were developed and tested by incumbents and successors. The propensity of the incumbent to step aside, the readiness of the successor to take over, the agreement to continue the business as a family business, the acceptance of each other's role in the business and the extent of succession planning.

The following figure shows the results. (I) indicates that the determinant is supported by incumbents and (S) indicates support by successors (*P<.05, **P<.01, ***P<.001).

Figure 2: Satisfaction determinants with the succession process in family firms (Sharma et al, 2003, p.671)
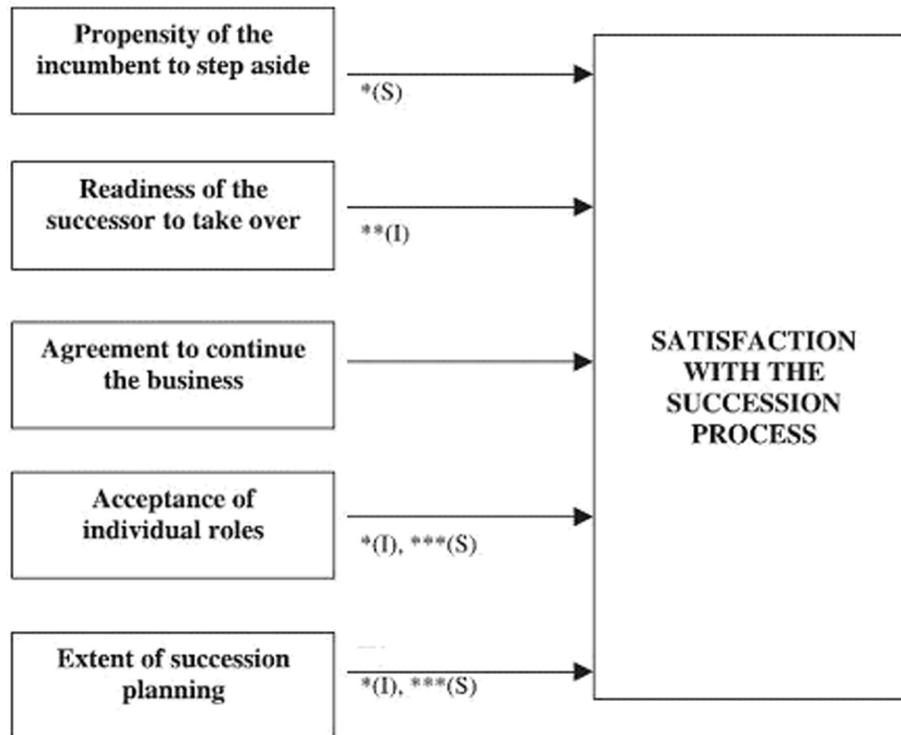
Sharma et al (2003) reinforced the notion that incumbents and successors agree that the extent of succession planning and the acceptance of each other's role in the business contribute to their satisfaction with the succession process. They also confirm that the agreement to continue the business is not an important determinant of their satisfaction. The results also show that incumbents and successors differ significantly in their perceptions about each other and Sharma et al (2003, p.682) point out "the importance of investigating more than one stakeholder group when studying family business". But their own model is investigating only one stakeholder group - the owners. In addition, the model is limited to Canadian family firms and could differ from other countries' results, a low response rate from incumbents and successors out of the same company (14,9%), and an application of a quantitative research approach (questionnaires sent by mail). Hence, the work by Sharma et al (2003) must be seen as a first valuable step toward understanding satisfaction with the success process within family firms and further investigations including more stakeholder groups should be explored.

In addition to the stakeholder group of owners employees are the other internal group that to date have been identified as a stakeholder in a successful succession process. In small-sized family businesses where employee loyalty towards the company is high (Mandl, 2008) and hierarchy flat or not existing (Wiedmann, 2002), the succession process is even more important because relationships between employees and owner-managers in general are stronger than within larger companies. According to Mertens (2004) employees are not able to assess the consequences of the succession for their private or work live. As a result anxiety and anticipation accompany the process (Ballinger & Schoorman, 2007). Because of anticipation employees make up their own expectations and if they have the feeling these are not considered, satisfaction will be negatively influenced (Comelli & Rosenstiel, 2003).

Baldegger and Pock (2007) showed that more than 33% of the successions have failed because of missing employee acceptance due to dissatisfaction with the succession solution. With over 25% a

similar result was revealed through an extensive survey on SME successions in Austria (Mandl et al, 2008). Moreover, 25% of the successors out of the study by Mandel et al (2008) would have needed more professional support for leading employees through the process. Cabrera-Suárez (2005) qualitatively investigated seven family firm succession cases. One of the theoretical factors that arose was the role of key employees. In all of the successful cases they were involved in the process and in all of the unsuccessful ones they were not involved.

In addition, numerous theoretical and empirical studies support that employee satisfaction is considered one of the most important drivers of customer satisfaction and company performance (Matzler et al, 2004; Barnes et al, 2004; Wan, 2007; Alquen, 2000; Hill, 2006). Therefore, employees are an important stakeholder group of small-sized family businesses and their satisfaction with the succession process is supposed to be relevant for the succession's success.

The literature revealed many gaps in knowledge, particularly the consideration of the employee's role in successful succession process. This in turn led to the formulation of the following research question: "What is the role of the employee in the successful succession process of small-sized family businesses in Austria and how can the employee satisfaction with the process be influenced?" The following section will consider ways in which to answer the research question.

Answering the Research Question

A comprehensive review about family business studies by Sharma et al (1996) showed that case study research is the dominating strategy in the field of succession. Research about family businesses is very different from other business research because families have a penchant for privacy that often prevents them from releasing information. "The difficulty in obtaining data may have forced family business research to rely so extensively on case studies" (Sharma et al, 1996, p.28). This is also supported by Wiedmann (2002), Cabrera-Suárez (2005) and Cadieux (2007).

The use of case studies is a research strategy (Saunders et al, 2007) which focuses on understanding a real-life phenomenon in-depth including the important contextual conditions (Yin,

2009). Additionally, it is concerned with description and exploration (Cousin, 2005). Yin (2009) states, in general, cases studies are the preferred method when the focus is on a contemporary phenomenon within a real-life context and the investigator has little control over events. The goal of a case study is to expand and generalize theories and not to enumerate frequencies (Eisenhardt, 1989; Yin, 2009). The justification of case study research "rests on the phenomenon's importance and the lack of viable theory and empirical evidence" (Eisenhardt & Graebner, 2007, p.25). Overall, Eisenhardt (1989) mentions that internal validity, generalizability, and theoretical level of theory building from case study research will be enhanced by tying the emergent theory to existing literature. Hence, a case study strategy connected with existing literature seems to be a very suitable framework for answering the project's research question.

Eisenhardt and Graebner point out that the purpose of case study research "is to develop theory, not to test it, and so theoretical (not random or stratified) sampling is appropriate" (2007, p.27). Case study research, in general, relies on theoretical sampling (Eisenhardt, 1989). It simply means that cases are selected because they are particularly suitable for illuminating the phenomenon and it enables the investigator to use his/her judgment to select cases that will best answer the studies research question(s) and to meet the objectives. But such samples cannot, however, be considered to be statistically representative of the total population (Saunders et al, 2007). Yin (2009) states a single-case study is eminently justifiable if the case represents a critical test of existing theory, a rare or unique circumstance, a representative or typical case, or serves a revelatory or longitudinal purpose. Nevertheless, he prefers multiple-case study instead of a single-case study because the chances of doing a good case study will increase with every additional case. In general, theoretical saturation during primary research should determine the amount of cases (Grace & O'Cass, 2002; Saunders et al, 2007; Eisenhardt, 1989). This situation is reached when data collection ceases to reveal new data that is relevant to the field of investigation (Lamnek, 2005). So, depending on the outcome of the project's primary research in the sense of theoretical saturation between one and four small-sized family businesses in Austria will be investigated. The selected companies should be similar concerning criteria like succession stage, generation, industrial sector, company age,

ownership, and management structure (Aba-Bulgu & Islam, 2007; Cabrera-Suárez, 2005).

According to Lamnek (2005) and Saunders (2007) case study research is open to different data collection techniques like interviews, focus groups, observations, questionnaires, and documentary analysis. Although all of these techniques can be used, there are preferences for qualitative studies like in-depth interviews, focus groups and observations (Lamnek, 2005). In-depth interviews are a very efficient way to gather rich, empirical data, especially when the phenomenon of interest is infrequent (Eisenhardt & Graebner, 2007) like a succession process. "The goal of the interview is to deeply explore the respondent's point of view, feelings and perspectives ..." (Guion, 2006, p.1) towards the investigated phenomenon. Thus, the key research technique used for this study will be the in-depth interview. The application of other techniques - for example conducting focus groups - will depend on the study's initial findings.

After conducting an extensive empirical analysis on succession planning in small and medium-sized family firms, Motwani (2006) deduced that the study's reliance on the responses of one internal informant like the owner-manager may lead to cognitive and subjective bias. Future research should therefore use face-to-face interviews to generate data among different stakeholders in family businesses. This is also strongly supported by Sharma et al (2003) and Eisenhardt/Graebner (2007). Hence, within this research project different stakeholder groups in each company will be investigated to explore the role of the employee in the successful succession process.

Beside the group of employees as internal stakeholders, predecessors and successors as owners are the second internal stakeholder group that will be investigated. Predecessors and successors are the key decision makers for the process and the most investigated target group in family business succession literature (Le Breton-Miller et al, 2004). Furthermore, they are the gatekeepers who control research access to the case companies and make the final decision as to whether or not to allow the researcher to undertake the research (Saunders et al, 2007). Therefore, the predecessors and successors roles as owners and their perspectives are very relevant for being able to understand the role of the employee for the succession's success.

The third stakeholder group that will be interviewed are professional succession consultants as special interest group out of external environment of the family business (Schwendinger, 2008). Already in 1984 researchers have collected data from the family firm's consultants to get a broader understanding of the topic (Sharma et al, 1996). Mandel et al (2008) point out that about 60% of all SME in Austria are handled by professional succession consultants from the chamber of commerce and about 30% by private consulting firms. These experts are highly specialized in the field of family business succession and their experience is essential. As already mentioned, that gaining access to family businesses is very difficult, supplementary consultants should serve as door openers for representative succession cases. So, the role and point of view of these consultants as a special interest group is important in order to understand the role of the employee for the succession's success and getting the "right" cases. The following figure gives an overview about the relevant stakeholder groups that will be investigated in the context of this research study.

Thus, different internal and external stakeholder groups will be investigated to acquire a 360° feedback from different perspectives on the role of the employee in the successful succession process of small-sized Austrian family businesses and how the employee satisfaction with the process can be influenced.

Interviews with the different stakeholders will be conducted orally and face-to-face with open-ended questions in order to gain in-depth insights. Eisenhardt and Graebner (2007) point out that the challenge of this technique is limiting bias through using highly knowledgeable informants who view the focal phenomena from diverse perspectives. As a rule of thumb ten interviews normally are enough to gain a deep understanding of a phenomenon (Kenyon, 2008). Hence, in each company case interviews will be run with the firm's consultant, the predecessor, the successor, and approximately eight highly knowledgeable employees. Depending on the results, the sample size of the employees can be adapted until saturation is reached. In total a maximum of four company cases with approximately 11 interviews in each case will be executed in this research project.

Figure 3: Relevant stakeholder groups for the research project
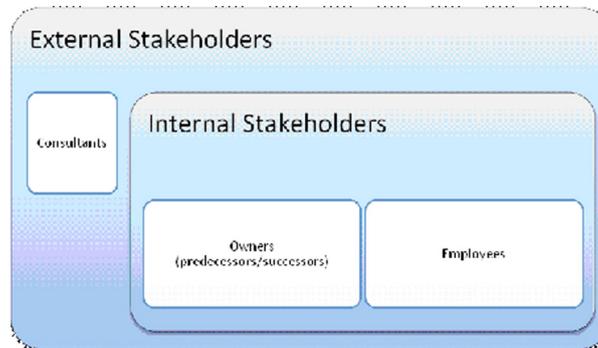
Conclusion

The succession market of small-sized family businesses in Austria is relevant to the country's economy. The succession process itself is complex and influences the survival of family businesses in the long term. Employees are an important stakeholder group of small-sized family businesses and their satisfaction with the succession process is supposed to be relevant for the succession's success. A case study approach in connection with in-depth interviews and existing literature seems to be a very suitable framework for answering the research question. Therefore, the next steps in the research process will be the preparation of the in-depth interviews and the execution of a pilot study.

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INNOVATION MANAGEMENT IN EUROPEAN SMES: A COMPARATIVE STUDY

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Research Aim and Objectives

The research aim of this study was to investigate the level of systematic application of different management functions and still existing hurdles for innovation in European SMEs. Further objectives of the study were to research if different levels of innovation exist and if different approaches as to innovation management can be identified in the respective EU countries.

Literature Review

In the current globalization era, a higher level of competitiveness of companies, countries, regions and towns as well as market efficiency (Zimmerer and Scarborough, 2001; Kaufmann and Durst, 2008) have become key macro-economic objectives. Innovation is regarded as a key driver for nations', companies' and mankind's competitiveness (Denton, 1999). The relationship between macro-economic aspects as, for example, needs of society and market place, technological developments, tax issues and innovation created by entrepreneurship has been established in literature (Choueke and Armstrong, 1998; Darroch and McNaughton, 2002; Shaw, O'Loughlin, and McFadzean, 2005; Wolff and Pett, 2006; Oke. et al, 2007). Referring to the micro perspective, innovation has been linked to marketing and consumer orientation in general (Weerawardena, 2003; Drucker, 1954 in O'Dwyer et al., 2009; Neira et al., 2009) as well as to marketing behaviors of SMEs in particular (Morris and Lewis, 1995 and Sexton and Arbaugh, 1992, in: O'Dwyer et al., 2009). The Classical School of Entrepeneurship associates entrepreneurial characteristics with innovation, creativity and discovery (Cunningham and Lischeron cited in Koh, 1996). This view is supported by the definition of innovation of entrepreneurship by the EU (in Klapper, 2004):

"the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization".

The entrepreneur as an optimizing agent exploits disequilibria and gaps which represent market opportunities (O'Dwyer et al., 2009; Boyett,1997 in Kaufmann, 2009). These gaps and opportunities might, fore example, refer to overcome public budget constraints, integrating economically marginalized rural areas, coping with a changing socio-economic structure in industrialized countries reflected by industry segment problems in certain areas (e.g. textile, tourism, or agriculture), or providing for diversification and differentiation of products and services (Kaufmann, 2009). Innovation in order to be effective requires systematic and planned, discipline and intervention programs approaches (Boer et al, 1990) rather than representing natural or ad hoc progress (Amabile et al,2002 cited in McAdam et al (2007).

This systematic process is regarded as difficult as innovation is a multidimensional process (Zhao, 2005; Neira et al, 2009) and embraces the complete management discipline including change management, especially if radical innovations are to be pursued (Damanpour, 1991), quality management and marketing (Sing and Smith, 2004; Phino, 2002), organizational learning (Han et al., 1998; Wyer et al., 2000) , administrative processes and technology (Han et.al, 1998), action learning by SMEs (Choueke and Armstrong (1998), work organisation systems (Weerawardena, 2003) corporate culture (i.e. decision making patterns, teamwork, 'open culture', leadership (i.e. empowerment) (Burpitt and Bigoness, 1997Barsh et al, 2008; Hurley and Hulti 1998; Prajogo and sohal,2003) and knowledge management (Du Plessis, 2007). Although innovation management related studies on SMEs exist in literature albeit

focusing on individual member states (i.e. Oke et al., 2007; Salavou and Avlonitis, 2008; Radzeviciene, 2008) no recent comparative studies have been conducted on Innovation Management of European SMES as to the knowledge of the author.

Research Methodology

Representing an integral part of the MINT project (http://www.mintproject.org/), a consortium of six partners from 6 European companies was selected to investigate these research objectives. The mix of partners coming from academic and professional education institutions with partners from agencies/consultancies provided a very good basis for an applied science approach using both quantitative and qualitative research methods and techniques. The quantitative (survey) and qualitative research (participant observation) was designed into 5 stages.

1. A literature review was undertaken to theoretically underpin the empirical stage.

2. Pursuing a quantitative survey method a questionnaire was designed to be distributed to SMEs in Cyprus, England, Greece, Italy, Spain and Lithuania. The questionnaire was pre-tested with respectively 10 SMEs and an incubation center in England and Cyprus. The questionnaires were personally administered to the companies by the partners of the project. In some countries, it was perceived necessary to translate the questionnaire into the local language. After receipt, 203 questionnaires could be analyzed using the statistical software package of SPSS. This stage tested the hypothesis that the factors of innovation management approaches have to be differentiated according to the different European countries.

3. Based on the results of a previously conducted research project, the literature review and the questionnaire findings respectively 5 pilot seminars for 14 SME representatives were conducted in England and Cyprus where participants' perceptions and behavior could be observed. The feedback of the SMEs on these seminars represented a very good basis for a continuous improvement and adaptation of the course content.

4. After the pilot study additional seminars were conducted in each member country. 'Train

the Trainer' Seminars were conducted to transfer the seminar content to local trainers. Again, feedback of the course participants was integrated in the final content design. For this reason, some of the material had to be translated into the local language.

5. The final course content was transferred into an online seminar with tutor support integrating a variety of teaching methodologies relevant for online learning. Part of the course content is going to be provided.

Findings

The study revealed that significant differences between the SMEs in the 6 EU countries exist. The analysis of the cross tabulations revealed a variety of short comings, especially, that innovation is not perceived as a systematic or formal process. Furthermore, patent registrations, application for funding to bridge the resources gap and co-operation with universities have to come to the fore. Moreover, the SMEs are recommended to take customer and supplier involvement much more into consideration. A correlation between the two indices having been created, innovation and corporate culture, could be identified. Multiple Regression analysis led to four independent variables explaining innovation management for both, all countries (Adjusted Rsquare: 0,619) and the individual countries in question. The variables for all countries refer, in ascending order of degree of explanation, to 'corporate culture', 'formal processes/innovation department', 'size of company (number of employees)' and 'review of products'. The variables of the individual countries will be provided. The findings enable educators, trainers, consultants, and industrial associations to focus on SME specific factors of Innovation Management and to differentiate as to 6 European countries. The final course content developed on these findings was transferred into an online seminar with tutor support integrating a variety of teaching methodologies relevant for online learning.

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SIGNIFICANT WEBSITE ATTRIBUTES IN THE UK HOTEL INDUSTRY: AN EXPLORATORY STUDY

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Abstract

In the holiday and travel industry, the emergence of the internet has threatened to replace physical distribution channels such as travel agents. This is due, in part to the internet providing on-line booking facilities 24 hours a day 7 days a week. The lower cost distribution channel also caters for the lifestyle of demanding 'time poor' 21st Century consumers. The travel business is considered to have the largest application of online transactions in Europe. And as on-line transactions are increasing hotel businesses are effectively managing their website applications and seeing an increase in sales. With many empirical evidences observed, it is important for web designers and organisations to understand website attributes that enhance positive online experiences.

Websites, therefore, are becoming increasingly important as consumers search for information about airlines, hotels and car-hire, online, rather than depending on travel agencies. Online applications are also less time consuming, and consumers are able to find vast amounts of information that assist them in the decision making process. Information gathering can be done at any time convenient to the consumer, as many times as they like, without the hassle of travelling to and from the travel agent. Additionally, consumers appreciate the more relax environment where they are not "pushed" into making a purchase. Therefore, websites are often a 'preferred method of purchase' as consumers are satisfied with the information they obtain and can choose to flights or hotel rooms at their convenience.

Clearly, an organisation's website is a gateway to sales as consumers are becoming more comfortable searching and making decisions online. And hotel managers are becoming more aware of their consumers' changing trends. Many businesses imply that the automated mechanism of the website will increase the efficiency of their organisation's transactions. Therefore, adding interactive websites to the business portfolio will enhance many organisations. However, owning a website will only result in an increase in revenue if there is good management of the website and the quality of information, security and "playfulness" contained within. Good website design, therefore, is essential. It is important to understand the customers' needs and establish what type of content and information the consumer is seeking. If the content and information of a website is poor, online surfers may only browse and not buy. Therefore, businesses seek to establish which type of content is significant; indeed mandatory, to convert browsers to buyers.

This paper therefore, explores website attributes that are significant from the consumers' perspective. Current thinking suggests there are many necessary attributes needed for a good web interface; but what is not know is which attributes is the most important for the consumer. Empirical findings from participants who observed web designs of 3 stars hotels are presented in this paper establishing preferred attribute. It has been discovered that there are key core attributes that online travel consumers want. The collective names for the are attributes are information quality, site design and convenience. These are presented and described in this paper. The findings are of value to the hospitality industry as it will help them enhance their experiential marketing toolkit.

Keywords: e-consumer behaviour, hotel industry, website attributes, website features, website quality

INTRODUCTION

Contribution of World Wide Web (www)

The increasing usage of the World Wide Web (www) has been remarkable and many researchers have taken interest in this subject particularly in the hospitality industry. Indeed, Leong (2003) states that the largest application on the internet is travel and tourism related arrangement. McGann (2004) goes on to say that revenues for online travel business has increased from US$46 billion in 2003 to US$54 billion in 2004 and estimated revenue of US$91 billion by 2009 (Quoted in Law and Cheung, 2006). The United Kingdom is following this trend with the increased usage of Information Technology. Marcussen, (2008) stated that the UK is the biggest earner in the online travel market in Europe. The European Travel Commission, (2005) further substantiates this by reporting that flights and accommodation sector account for 31% of all online purchases. Further survey done suggest that majority of UK people (58%) prefer to book their holidays online (European Travel Commission, 2008). The easy access of internet with the 24 hours /7 days a week availability caters specifically to consumers with demanding life styles and challenging workloads. To accommodate to the 24/7 activities now prevalent, websites are considered a better medium to reach out to potential customers at minimal cost. Consequently, the characteristics of the website are significant determinants for positive consumer behaviour (Rosen and Puriton, 2004). They further elaborated that the content of the site will influences purchases and thus have an effect on marketing and advertising. Parets, (2002) further propose that well designed website will provide not only large hotels but small independent hotels with cost minimizing strategy for marketing and advertising with potential of increasing competitive advantage. Chau et. al (2007) verify that many consumers go online to search for product and service information, but only a small group purchase at vendor's website directly. They further reiterate that customer dropouts does not only frustrate online vendors but also the consumers as these they have search for information, make comparisons, enter the check out process but for undetermined reasons did not successfully purchase. Therefore, it is important we understand the reasons that lead to a successful purchase by investigating website attributes that enhance positive online experience.

Hospitality industry in the UK

The hospitality industry whose main business is to provide accommodation, food and beverage for commercial reason and can be divided to hotels, pubs, restaurants, clubs, bar and contract caterers (Lucas, 2004). Walker (2009) instigates the growth of the industry based of the evolution of the means of transportation. Currently in the jet air craft age, Mintel, (2008) reported that 75 percent of visitors arrived in the UK via air in 2006. The affordability and flexibility of transportation with the emergence of low cost air lines like easyJet, Ryanair, Jet2.com and others have boosted the growth of the industry. The UK hospitality and tourism industry is contributing a respectable £185 billion in 2006 and expected to rise to £330 billion by 2016 (Mintel, 2008). It further reiterated that recent figures of 2007 has showed a slowdown in growth mainly due to the credit crunch, weakening of the Dollar, resulting fewer overnight trips, the higher expense of visiting the UK and competition from lower cost markets. These factors are significant indicators that lower range of hotel companies will be in demand and should be given attention in research. The potential of the industry is undeniable with figures presented above but the macro environment should be scrutinized to reap the benefits alongside the potential growth.

Aim

The aim of the study is to...

Ascertain which website attributes of small hospitality companies that enhances positive online purchase experience by Generation Y

Understanding Consumer Behaviour to Purchase

To identify website characteristics that influence consumers buying behaviour, a comprehensive understanding of model of how consumer's search for information is important. Kotler et al (2006) point out that there are four major factors that lead to the buyer decision. Firstly, the marketing stimuli which are the 4 Ps which are Product, Promotion, Price, and Place. Secondly, other stimuli as Kotler's definition

refer to the macro environment namely Political, Economic, Sociacultural and Technological and thirdly, buyer's personal characteristics (eg.culture, lifestyle, occupation, age and etc). Based on these factors, the consumer's information search begins and ultimately a decision to buy will be made. The emphasis of this project is the external information search starting from UK Hotel websites.

Chaffey et al, (2003) argue that the traditional marketing mix website design and orientation, but Constantinides (2002), disagreed and recommended the Web Marketing Model consist of Scope, Site, Synergy and System. However, due to Constantinides (2002) model being limited the traditional marketing mix, as the foundation of website attributes is used for this study. An evaluation and analysis of marketing mix presented specifically for the online environment.

Product

Product, in this case is the rooms and services provided by the hotel including the creation of atmosphere (core benefit) of the website. Cox, (2008) provides insights on how the product on web is more effective when a combination of visual and sounds is used; leading consumers to stay on the site longer, resulting in increased purchase rate. Schmidt et al. (2007) elaborated on the information search experience and recommended consumer exchange mechanisms can assist in proving extended information through online forums. This is already apparent in the hospitality industry as more people participating in forums and guest review on Tripadvisor, Hotels.com and so on.

Promotion

Schmidt et al. (2007) concluded that Promotion is the only factor that influences website effectiveness. He further suggests the internet provides a "many to many" interaction and highly recommends all visual/audio and experiencial mechanisms go through careful scrutiny as the website presentation and content will influence the. And as more web-users are paying more attention to the online experience (Chaffey et al. 2003) competitive advantage can be gained through "user-friendly"/stimulating sites. Interestingly, Hashim and Murphy , (2007) revealed that the domain name significantly affects brand perception and .com sites are considered to be

more international, superior and/or the impression of high quality.

Price

If these factors are similar in the online environment, the Price factor would also affect website effectiveness and consequently consumers intention to purchase. As describe in the theory of economics of information search, it states that traditional information search

> "for information such as price, but may find greater search worthwhile if the amount of money saved is large (Chiang et al., 2006, p.6).

Chiang et al. (2006) elaborate that there is two types of external search cost which are financial cost from acquiring the information and opportunity cost of time. In the online environment, there are not much financial cost acquiring the information but the opportunity cost of time is involved. However, in the online environment where searching cost has been reduce significantly, it is argued that instead of searching more online, search activity is low comparatively(Jansen et al. 2000). This is due to the fact the internet is able to provide more exact information but Yelkur and Dacosta (2001) view this as an opportunity for price segmentation or differential pricing. This means that their products are more differentiated and targeted to a special group.

Place

The internet provides the possibility of replacing travel agents as a point of sale (Schmidt et al., 2007). In other words, the place marketing mix with travel agents as a distributing channel has been threatened with the existence of the website. The spectacular ability of the website to operate and transact at anytime of the day provide the convenience to many time starve consumers. In the online environment, Chiang et al. (2006) also incorporate customers' ability to locate your website and identify 3 main ways namely, via search engine, via memory-aid of a browser such as bookmarks and via manual entry of a URL. However, most online users search for information via search engine. These would be the ideal Place for the online environment compared to memory aid browser or manual entry of URL. Therefore, hospitality companies should list their companies

on the most popular websites to ensure user is able to find them in the online world.

Observation from the content of the models above leads to a conclusion that the dimensions or instruments included are similar and can be categorised as convenience, site design, information quality and security or privacy.

Website attributes

Information quality

Rosen and Puriton (2004) indicated that "mystery" or intrigue is not an important factor as most web surfers prefer rich, descriptive information leads to greater purchasing activity online (Park and Stoel 2002) and clear presentation and pictoral/video displays of the product and services available (Fink and Laupase, 2000). Loiacono et al (2000) state that an understanding of "informational fit" is required when designing web-sites. Understanding the needs and wants of the target audience can help organisations provide the most appropriate "informational fit" to the detail, descriptions and visual imagery required. For example, consumers choosing a romantic holiday may require visual information, whereas, a person buying a high-spec camera may prefer rich descriptions and illustrations. Therefore, "fitting" the information quality to the needs of the web surfer is crucial; thus making information quality an essential element of the website (Law and Leung 2000).Indeed…

"Extensive informational texts and photos about hotel services, rooms and nearby attractions seem to be associated with website effectiveness in terms of new client acquisition, market share, client retention and sales" (Schmidt et al. 2007, pp.11).

Additionally, guest reviews and photographs are another source of information that web surfers will use to build knowledge. Indeed, Pan et al. (2007) affirm that online user generated guest comments or reviews are becoming an important source of information for travellers. Ye et al. (2008) also suggests that there is a direct relationship between positive consumer generated reviews with the number of online bookings. It must, therefore be assumed that negative reviews lead to a decline in sales! .

Site design

Site design includes the visual rather than informational appeal of websites. Interesting visuals and graphics can provide distinctiveness (Rosen and Puriton 2004) and atmosphere (Fink and Laupase 2000). In other words, visuals, design, innovativeness, flow and emotional appeal; known as WebQual instruments, help surfers identity a websites quality (Loiacono et al, 2000). Also "playfulness" such as music, video, animation and other multimedia effects (Nusair and Kandampully 2008) together with clear user interface, layout/graphics, navigation and language lead to online buyer satisfaction (Law and Bai, 2008; Syzmanski and Hise, (2000). All these elements provide a "flow experience" and web surfers enjoy it and are… consumers to become "… intrinsically satisfied and find it "intrinsically satisfying and becoming totally absorbed in the process" (Williams and Dargel, 2004, pp.313).

In other words, the flow experience is a synergy of visual, graphics and how the website is design to create a comfortable feeling for user straight to the end of delivering a successful transaction. Humour in an electronic service encounter goes further and delves into the psychy of human emotions and changes the perception of the web surfer to the organisation being viewed (Dolen et al., 2008). Therefore, "Internet designers may add human features such as the use of humour, appealing graphics, or 3d virtual models to attract, retain, and motivate consumers to purchase from the site" (Hausman and Skipe, 2008, p. 7).

Nevertheless, as humour is a new trend in the advertising world, nothing is evident within the internet world at the current moment. However, it is clear that explain that website that include web interacting features like audio, video and 3D pictures encourage consumer involvement in the process motivate online purchasing behaviour Kamarulzaman, (2007).

Convenience

Convenience is a major positive attribute to searching, gathering information and buying on the web. But "being available" all day every day is not the only element of convenience that should be considered by web designers and organisations. Loiacono et al (2000) include interactivity, responsiveness and intuitiveness as one of the

instrument to measure website quality. In other words, an efficient website will be able to interact with customers by providing tailored/personalized service. Additionally, responsiveness indicates the time required for website to load and consequently led to intuitiveness which means the ease of using and interacting with the website. Nusair and Kandampully (2008) add to this and state that loading time is also important to "time hungry 21st century surfers". Further Chiang et al. (2006) state that 'time saving', in terms of opportunity cost to the consumer is more important than price savings. Therefore, time loading, interactivity, selection availability, ease of navigation; and order form completion, significantly affect on customer satisfaction Koivumäki 2001,Wong and Law, 2005). If all elements are convenient and work efficiently, web surfers will not 'get stressed' and/ or frustrated. Therefore, conveineance is another essential element of web design.

Security and Privacy

"Lack of the assurance of security has been regarded as the main barrier preventing customers from shopping online" (Ho and Lee, 2007,pp. 1437).

Many online users may not reach to the purchase decision because they doubt the privacy and security dimensions of the website. These online users are uncertain and worry that their personal information will be distributed to third parties for commercial gain (Ho and Lee, 2007). Additionally, some web surfers are worried about credit card fraud, financial risk, (Kim et. al., 2008). Details of an organisation's privacy and security policy should be made very clear to web surfers to ease the minds and encourage consumers to purchase (Maswera et al. (2006 Kim et. al. 2008). Therefore, security and privacy is another important attribute for web designers and organisations making their product and service offer available on-line.

Based on the above literature review of website attributes the following Table summaries the main core categories and sub-categories of web pages.

Research findings

A phenomenological approach was used whilst collecting the primary data and analysing the narratives. 8 interviews were conducted with three Malaysians, two British, one Greek, one Columbian and one Indian where four are males and four are females. Five were in full-time higher education and three in professional vocations. Participants were asked to describe their thoughts and feelings on the four core categories shown in Table 1

Information Quality

Most participants agreed that information is the most important attribute as they need these information to make comparisons and to budget with the information acquire. When probe on what kind of information is important to them, similar response emerge as within the literature such as price (Burke, 2002), facilities and services on offer (Fink and Laupase, 2000; Law and Bai, 2008). Some other factors that information that deem important to them are the hotel star rating, whether pets and children are welcome, check in/out time, breakfast included, location of the hotel and main transport link, and main attractions nearby the hotel. Investigation from the transcriptions indicates that there is a strong link between information quality and site design. One respondent revealed that a virtual tour will provide more information and give a better vision of the place and these will increase the confidence level to purchase. Thus, this confirms that there is a link between site design and information quality.

"Information is very important, like what you are showing to me right now, the virtual tour. That's one of the most important things as well. Even though you go into the website to check on the price and also on the availability of facilities. Virtual tour is much more user friendly, I mean for us as a consumer when I look at this, I can check on every inch of the place."

Another respondent state that information quality is related to both convenience and site design.

".... you could see pictures like ....you've got a visual idea of the place and the area anyway, straight away .... information about the hotel. You can just see the pictures anyway....Its got the graphics as well...and it's easier the layout of the page."

Table 1: Website attributes sub section categories

Convenience	Site Design	Information Quality	Security/Privacy
Responsiveness	Music	Price	Payment
Tailor made	Animation	Product specification	Personal information
Personalized	Graphics	Nearby attraction	Fraud
Speed	Visual appeal	Facilities	Financial risk
Usability	Selection availability	Guest comment	Risk
Loading time	Layout	Reviews	
Ease of use	Virtual tour	Promotion	
Interactivity			
Simplicity of use			

Site Design

Site design is articulated by most as the second most important attribute within the four. However, one respondent informed that site design creates the first impression towards the hotel. It helps to enhance the hotel's reputation when attention is given to the website design. It makes the website visitor more confident towards the hotel, gives the impression that the hotel is stable and professional as it has a graphic designer or IT personnel that takes care of it.

"Because like the reason why they go to such extend, I would assume that they must be good. That's why they go to such an essence to promote in such a way"

Participant 1

"Site design is very important……………it makes you feel more welcome, the websites. Have a little bit of care taken to it and you see……it's something which ……in a first impression you think reflects on the hotel itself and what the hotel is like if they haven't taken much care with the website."

Participant 4

On the other hand, hotels that have very little or no graphics and interactive was branded cheap.

"………......I mean it does look a bit cheap cause there is no interactive graphics…."

Participant 3

In other words, website that are well made and distinctive provide respondents with the confidence to purchase products and services.

"Site design… become more attractive. If your website is attractive, then it's nice. People will be more confident in buying your product."

Participant 3

There are strong links between site designs and the others website attributes. The site design especially with the virtual tour has a direct link with information quality. Though information of the room can be describe, there are better ways to visualize that information to your customers and one of them are through virtual tour. Many respondents explicitly point out that virtual tour gives them more confidence as one respondent revealed that

"I think like virtual tour is a good thing. So, you could see the panoramic bird view. So, you can see the whole room. But where as if you see a picture is just what somebody wants you to see.

Participant 2

"Even though you go into the website to check on the price and also on the availability of facilities. But once you go there, its just like a gamble cause you don't know how big is the room, how the room is organize. To have this virtual tour, it helps you a lot. I can check on every inch of the place."

Participant 3

"I prefer virtual tour………It You get a feel of the place before you go there which kind of make you feel more excited as you booking your holiday"

Participant 4

One respondent stated that the site design and layout of the website is a presentation of the company. She articulated the site design as a packaging of the hotel and a way to attract customer in traditional setting.

Generally the interactive, "playfulness" and video footage are elements within the site design that are appealing to the participants.

Convenience

Loading time as depicted by Nusair and Kandampully, (2008) is one of the factor of website quality. Most of the participants agree that loading time is an important factor and they will just go to other websites if it takes too long to load. However, one respondent revealed that his own computer specifications may have a contributing reason on slow loading of website. Almost all respondents view loading time as important factor in the process and will be a contributing factor in their online purchase experience. Almost all of the respondents agree that responsiveness is considered an important website attribute that leads to purchase. Using the responsiveness to check the availability of rooms, respondents reported that inability of website to provide personalised information retrieval will lead to the site being abandoned.

"....if isn't available, then they probably does it up for you as well. If you click on the dates, it comes out with alternative dates and it's very helpful. If its not available, it more likely to come up with alternative as well, the days before and the days after. Its really helpful....."
Participant 4

Another respondent explained that it defeats the purpose of a website as a 24 hours 7 days a week tool if parts of the website are not working or are inactive.

Security and Privacy

Though security and privacy is considered an important website attribute by many scholars it was not seen as paramount by respondants. However, fraud was considered to be a problem. One respondent disclose that fraud is independent of the hotel companies. Most respondents included reasons like fraud as an important factor that deter

them from a successful online purchase. These is parallel with the existing literature that state that fraud is an issue (Kim et al.,2007; Symanski and Hise, 2000).

"So it like a risk thing, you know. So you can't avoid fraud and all that. It's too big going on in this world. Because I have some people that give out their credit card details to the people that ask them on the phone and it still happens, fraud".

Participant 8

However, one respondent revealedl that she is not bothered with her personal information being distributed but more concerned on financial risks as she reveals that, there are other ways to obtain personal information which is easily accessible. Thus, contradicting with literature that suggest personal privacy as an important element (Ho and Lee, 2007;Geyskens et al, 1996;Ranganathan and Ganapathy, 2002).

"........facebook or any of those website that can find some personal details. It's the money that worries me more.

Participant 5

There are three respondents that agree that vendors; such as hoteliers can control the perceived risks by endorsing security and privacy protection and third party seals (Kim et al., 2007). These respondents suggested hoteliers use Pay Pal or establish a network with the local bank or other third party endorsement for security and privacy purposes.

".... they should use things like Pay Pal which you don't have to use too much information on the card. I feel, I think it's safer rather than using every single thing from your card. Just seems to be more risky."

Participant 1

"....... I have done once before, they much prefer using Pay Pal which is good because it gives you a guarantee depending on what kind of security that they have. .... Pay Pal and payee…something, it's quite famous. If you don't have famous company access, which is attached to the website. It's very hard for me to pay. So, before I pay or expose my credit card details or whatever card details that I give them, I will call them up first. If I'm not totally secure in giving them my details..... I guess Pay

Pal have this kind of security

Participant 3

"I think that's essential. I think all website nowadays took up a secure method. I use Halifax bank myself, some website are link to Halifax secure and when you enter your details on Halifax secure the website that is associated with that will straight away link you with it and when you type in Halifax card number. And that assures you that its safe and really you need a booking reference and normally a lot of hotels have certain badges at the bottom at the pages where you can see they are a official and not a matter of fraud or anything like that."

Participant 4

Another respondent reveal that hotel companies that are associated with a group makes her feel more secure.

"..... if it's a bigger company like ermm…booking. com and the associated with many hotels, its more secure because it's a big company. And you know our information will going to be protected."

Participant 6

This is confirmed by a further respondent who adds that they are more confident with big companies compared to independent small ones.

"I will be able if it's a bigger company. I won't really want to put my credit card details on small website and stuff like that cause it's like dangerous and people can get your information. Whereas there is a safety network with bigger companies."

Participant 2

Summary of Website Attributes

Six respondents informed that the most important website attribute is information quality. Convenience and security both had one vote from the respondents as the most important

attribute when booking online. Three respondents rank site design as the second most important, followed by convenience and security with 2 votes each. However, there are linkages that have been established and this is presented in the individual sub sections below;

Conclusion

There is a trend that emerged from the synthesis of the findings above (Please refer to Figure 1 below). As illustrated by the figure, site design, information quality and convenience are all inter-related in affecting positive purchase experience. These website attributes are interlinked which subsequently affects security and privacy. This above model has been established due to information search sequence as users will seek information quality, site design and convenience which is considered dominant factors where security and privacy are secondary is as it is deliberately the last thing they look at just before their intention to purchase. The aim of this paper was to establish which attributes are important to Generation Y when viewing web pages from three star Hotels. The outcome of the study discovered that three dominant attributes information quality, site design and convenience are inter related and subsequently affect the secondary attributes security and privacy. This research study confirms this order and does not demonstrate it as being the other way around. This spectacular model emergence from the findings can be used in many ways within the hospitality industry.

Figure 1: Linkages between the website attributes
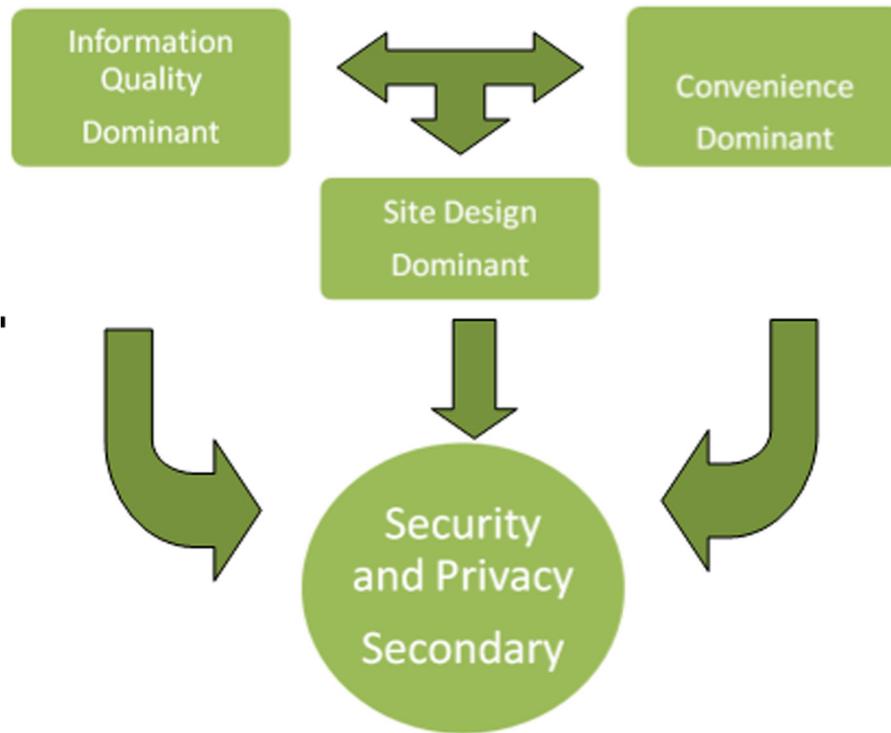
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TOURISM & WEB 2.0 : THE DIGITAL MAP EXPERIENCE

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Abstract

This article explores the role of digital maps (DM) and their uses before, during and after a tourist experience. Nowadays, Internet users have endless possibilities during the DM construction and generated all along new maps with geotagged content (photos, videos, hyperlinks etc…). DM is now user-made indicating a new type of relationship between it and consumers. Maps have always been considered as an interesting tool in the tourism sector, not surprisingly DM could be even more important for the tourist experience, but how? Information about a group of four tourists who made a two weeks journey abroad (Scotland) was gathered. Results highlight that DM is a multipurpose tool performing both planning and communication functions and has several consequences throughout the experience. On a managerial perspective DM is a powerful marketing tool if correctly exploited by touristy organisations. It is a kind of user generated content which is easily embeddable on organisations websites for free. Organisations can also use it as a digital guest book on their websites with a potential positive impact on its search engine ranking since it is a form of social bookmarking. Finally a touristy organisation can suggest its guests to create their own DM directly on its website assuring it not to miss an opportunity due to a lack of information.

Keywords. Digital maps, web 2.0, user-made, tourist experience.

Introduction

With the accelerating development and growing popularity of Web 2.0, digital maps and their particular functionalities have created new opportunities for tourism organisations and businesses as well as for consumers. The convergence of new fixed and mobile information and communication technology, the Internet, and global positioning tools has thrust digital maps into the forefront, diversifying available map formats without, however, eliminating traditional maps. Tourists have always used maps to chart their position because they provide a highly visual message in Cartesian space. Travellers also employ the icons, instructions and symbols referred to in a map legend to obtain information on a place or destination's interesting features and to find outstanding views, scenic routes and so forth. Moreover, they use maps to trace and record their progressive conquest of a particular space, transforming it by this very act into a 'territory' through various marking operations, e.g., tacks or miniature flags stuck into places they have visited. Maps are now available not only on paper but in digital format, viewable on travellers' computers or cellphone screens. Their use and construction is framed by the numerous global positioning applications on platforms such as Google Maps and the many online services that have recourse to them. Increasingly, tourism services providers are using digital maps to promote destinations, hotels and the like, or to position and differentiate their products at the international, regional, or local level. On the other side of the screen, Internet users are increasingly seeking out the maps and geolocalised information multiplying exponentially on the Internet. Digital maps thus look like a tool of choice in developing Web 2.0 communications for the fast-growing, information-sharing cohort of tech-savvy tourists and for taking advantage of the technology's potential for distributing and sharing information (Nielsen & Liburg, 2008). How should digital maps be used? To address this question, we looked into the roles they play—the way they are experienced and perceived—as part of the overall travel experience. This was our general research problem.

Digital maps and the tourist experience

The digital map in the Web 2.0 era

The evolution of digital maps and their features has been documented in the literature (see Kraak & Brown, 2001; Richmond & Keller, 2003). The main properties of these maps as outlined are summed up in table 1.

In the Web 2.0 era, digital maps still have the features above, but a number of changes need to be taken into consideration. The biggest change is summed up in the phrase 'customers are now in charge' (Jarvis, 2009, p.3). The traditional view of marketing sees consumers as essentially naïve, while producers (organisations, companies and so forth) are the experts. For some time, however, researchers have been steering this notion toward a concept of coproduction by consumers (Carù & Cova, 2007). With Web 2.0 tools such as the Google Maps platform, yet another new vision has arrived, a vision that should be encouraged and may lead to an even more radical change in the business-consumer balance of power. With this new platform type, maps are no longer coproduced but 'usermade' by individuals charting their routes. Although 2.0 digital maps share the features of the first digital maps, they are now built differently. Web 2.0 maps are created through the meeting and interactions between Internet users and the technology that provides the material and applications to create the maps they need. On a platform like Google Maps, users are expected to play around with the raw materials the platform provides, that is, the cartographic representations of the world. In the absence of a user with intentions, wishes, or plans requiring a map, a platform like Google Maps remains lifeless. Each usermade map is the concrete manifestation of one possibility among many, the expression of a one-time creation, obtained for example by zooming in on a particular part of the world. If the map is used without being saved, it is strictly temporary.

Table 1 Digital maps attributes adapted from Keller & Richmond (2003)

Attributes	Definitions
Static	A map that does not change
Dynamic	A map that changes in some way, either with or without user interaction
View only	Maps which do not contain embedded hyperlinks
Interactive	Maps which contain embedded hyperlinks (within the map itself or its legend).
Moderate	Small- to medium-scale maps that include a .moderate. amount of location information
Basic	Simple small-scale maps with very basic national overview of location of infrastructure
Global	Small-scale maps that identify the location of the destination within the region.

Depending on their creators' intentions, digital maps in the Web 2.0 era can thus be considered and presented either as open-ended 'works in progress' or as fixed and finite objects that are closed and static in nature. According to the terminology proposed by Kraak and Brown (2001), they can be interactive or view-only. Opportunities for their ongoing development may be personal, confidential and limited to a few people, or else open to the general public. A digital map created and saved by a Web user can be further developed with the help of those authorised to view it by inviting such users to take part in and collaborate on the project. As open objects, such maps become in turn a 'practised' space or place, to use De Certeau's expression (1984). Practices are varied: Internet users can use a digital map not only to figure out where they are or to locate a service (the nearest drugstore, gas station, museum, or hotel), they can also use it to post (geotag) pictures or photos, information, opinions, notices, or reviews. Users can recommend (or criticise) organisations, such as hotels, bed and breakfasts, or parks by creating and posting information, including opinions, about their services, products and surroundings, on sites such as Expedia or TripAdvisor (O'Connor, 2008). The power of users is thus increased through the content they share online, content also referred

to as 'social bookmarking' (Heymann, Koutrika & Garcia-Molina, 2008).

Although digital maps become space, it is first and foremost creative space—space for building. It might also be considered semiotic space, in which various layers of information can be added by one or more creators, then made accessible to Internet users through clickable links on the signs that are displayed. These signs provide information on places, establishments and services while marking out the digital territory that makes up the map. To borrow Fischer's terms (1997), 'they identify the occupant, individual, or community'. Unlike with a conventional map, however, Internet users can use these markers to explore a place, hotel, or other location by clicking on the map at various levels. Finding, exploring and marking— the space appropriation strategies highlighted by Fischer (1997)—are thus facilitated, extended and multiplied through digital maps. The maps become an 'intersection of mobile elements', in De Certeau's words (1984, p. 117): elements encompassing the motivations of various potential, successive creators as well as various users. By the same token, digital maps also become a form of social space fostering communication and new forms of interaction among Internet users (Licoppe & Guillot, 2003), for example among experienced, adventurous, occasional, or nervous travellers. The emotional dimension of maps is thus heightened (Nold, 2004). Digital maps also make it possible to constitute collections of a new type (maps of places visited or to be visited, for example).

From paper to digital maps in tourism

In Mapping Tourism, Hanna and Del Casino (2003) emphasise the omnipresence of paper maps in the tourism experience. More than a mere visualisation tool, paper maps are social and spatial representations that make it easier to organise places to visit (Urry, 1990). Rojek and Urry (1997) show that travellers' interpretation of maps is idiosyncratic, in part because individual tourists have their own preconceived values regarding the schematised destinations shown on their maps. This phenomenon is generally designated by the term 'tourist gaze' (Urry, 1990). Based on our presentation above, we emphasise that 2.0 Web digital maps are not merely social representations of space, but constitute spaces of their own, notably social spaces for meeting, sharing and communicating. Internet users do not

merely interpret digital maps, they create them, supported by Web 2.0 technology. Brown's study (2001) is one of the first to take an interest in digital maps as tools for viewing tourism information. More recent work by Brown and Laurier (2004) and Brown (2007) has shown that these maps make the travelling experience more enjoyable and give tourists the opportunity to pre-visit their destinations while planning their trip, as well as to remember them when their trip is over. In an online survey, Richmond and Keller (2003) found that over 80% of respondents considered digital maps very important, as much for orientation and preparation as for navigation while travelling. Digital maps thus constitute a particularly effective tool by providing a schematic representation of the space to be visited. They also show that digital maps help certain tourists feel less anxious about their choice of destination and reduce their uncertainty in exploring new space. Nielsen and Liburg (2008) emphasised the potential of Web 2.0 digital map technologies for the tourism industry. They recommend that organisations and businesses develop high-quality maps. Our study will help specify how to proceed in achieving that goal.

The experience of travelling

Since the 90s, the experiential perspective and concept of experience have taken on much greater significance in studies of marketing and consumer behaviour. Research in the field of tourism has not escaped the trend (Prentice, Witt & Hamer, 1998; Uriely, Yonai, & Simchai, 2002). Pine and Gilmore (1999) made clear the fundamental importance of distinguishing among and managing three phases of the tourism, or other, experience, specifically the pre-experience, experience and post-experience phases. Research on decision-making processes during the travel experience has led to the development of several conceptual versions of these processes (Woodside & Dubelaar, 2002; Decrop, 2006). Generally speaking, however, we still find the three main phases described by Pine and Gilmore (1999). Among the decisions consumers must make are those relating to choosing their destination and deciding where to go once they get there (Woodside & Dubelaar, 2002). These decisions take place at the macro level, as in the choice of region to visit, and at the micro level, with the selection of particular places representing the various stages of the stay. To best understand the travel experience, it

appears increasingly important to also look into the interactions among various travellers. Brown (2007) demonstrated that tourism as a social activity is more than a chain of decisions leading to visits, but also an opportunity to spend time with people who are important to us. Lastly, the experiential perspective of consumption, as introduced in marketing by Holbrook and Hirschman (1982), invites us to emphasise emotions, sensations and feelings and to take into account hedonistic and aesthetic dimensions of experience including that of travelling.

All of these considerations point to the value of situating and studying digital maps not merely as part of a travel decision-making process, but also as part of a before-during-after travel experience. We selected the process and experience of travel in a group in order to highlight the social aspects of digital maps in our study.

Methodology

Study methods

To understand the roles of digital maps as perceived and experienced in travel, we chose to collect statements from travellers who used such maps during a group tour of Scotland and were thereby in a position to talk about their experience

with digital maps in the context of an actual trip, and not merely on the basis of accumulated experiences and less specific memories. As we have said, the group aspect of the trip made it possible for us to study the social aspects of map use in more depth. The trip took place from August 3 to 11, 2009, but the process of building maps began at the beginning of May 2009. The four individuals who took part in the trip to Scotland constitute the purposive sample (Morgan, 2006; Lincoln & Guba, 1989) with which we conducted our in-depth interviews. These were four single travellers (three men and one woman), aged 26, resident of various countries. All had previous travel experience abroad but none of them had been to Scotland before. The four tourists used the Internet constantly, particularly for remote communications amongst themselves. They used digital maps on a near-daily basis, either to find places to meet, concert halls, or other addresses. Three of them had previous experience planning a trip abroad with these tools and were planning further trips using them (Table 2). Digital maps were thus part of their recent and upcoming travel plans. This meant that our travellers could enlighten us on the qualities of our study object—the roles of digital maps in the travel experience—beyond the roles suggested by the maps' technological features. We recruited the participants through the social network of one researcher.

Table 2 Travellers' profile

Traveller	Previous & future uses of digital maps	Residency	Abroad travel experience
1	Daily life activities; Past trips (Australia, Ireland), Future trip (U.S.)	England	Australia, Ireland, Spain
2	Daily life activities.	France	Australia, Spain
3	Daily life activities; Past trips (U.S.), Future trips (Russia, Canada.)	France	U.S., Senegal
4	Daily life activities; Past trips (Italy.), Future trip (U.S.)	Canada	U.S., Italy, England

Interview format

We opted for face-to-face semi-structured interviews as our main data collection method. We approached these according to a logic of participant-researcher coproduction of meaning, considering participants to be co-authors with the researchers (Holstein & Gubrium, 1995). Interviews were carried out two days after the trip to ensure that participants had a holistic vision of the roles played by digital maps during the experience but would still remember it easily. Face-to-face interviews lasted an average

of 45 minutes. Interviewees were asked to talk about their trip to Scotland (before, during and after), emphasising the nature of the role played by digital maps throughout the travel experience (before, during and after).

Methodological approach

Like Buzinde and Santos (2009), this qualitative study is interpretive in nature (Holbrook & O'Shaughnessy, 1988; Denzin & Lincoln, 1994) and

thereby open to paradigms other than positivism for understanding the tourism experience (Riley & Love, 2000). The materials collected, analysed and interpreted were email exchanges before, during and after the trip and verbatim transcripts of the in-depth interviews. Interviews were transcribed from recordings for analysis and interpretation. Analysis was conducted using a variety of systematic procedures, including cross-case analysis and a constant comparison approach assessing the participants' perceptions of the roles of digital maps. The constant comparison approach was also used to compare and contrast roles the informants ascribed to the maps with the roles we had conceived a priori in order to test their validity, refine and adjust them as needed, and progress from an understanding of the maps' roles based on their technical features to one rooted in the experience of travel. We also kept in mind the notion of emerging key roles according to a discovery-oriented logic (Bergadaà & Nyeck, 1992), seeking to anchor our analysis in the facts as well as to enrich our analysis with the facts, according to real-world grounded theory (Strauss & Corbin, 1998, Charmaz, 2000). The academic narrative we created regarding the various roles of digital maps as perceived by travellers is an interpretation based on our subjects' narratives, as well as the way they revealed themselves in in-depth interviews, the emails they exchanged, and the digital maps they developed, exchanged, etc. The narrative is illumined by a rigorous, well-argued analysis negotiated between the two researchers, but is also co-constructed (Polkinghorne, 1988).

Analysis and interpretation of material collected

We identified five collective digital maps that played a major role during this trip through Scotland. We refer to them as 'collective maps' because they were consulted, evaluated and used by all trip members. Other digital maps were used by participants privately. The use of a GPS during the travel experience was also taken into consideration to enrich our analysis and interpretation. Our analysis and interpretation led us to uncover various roles that digital maps were perceived and experienced as playing in the travel experience, which we subsequently grouped under two headings: digital maps as multipurpose tools; and the effects of digital maps on the experience.

Digital maps as multipurpose tools

Digital maps as effective tools for evaluating a trip

In the trip under study, digital maps were seen as an effective way 'to look at routes, the number of kilometres …and to visualize cities'. They proved 'a practical tool for organising the trip, to see where to go'. The main organiser of the trip, who regularly used digital maps for orientation, 'naturally' opted for this type of map in preparing for the trip, as for him they are 'practical' and make it possible to 'see the whole easily' and 'estimate costs'. Our study thus corroborates the work of Richmond and Keller (2003), who also emphasised the trip planning value of digital maps. The thread running through our subjects' statements was how easy it was to instantiate various possibilities onscreen by putting together map images, making it easy to see which might be the most interesting.

Digital maps as practical tools for a structuring trip

Web 2.0 and geolocation technologies provide a map's 'creator' with a variety of options and possibilities for structuring a trip, as recognised and appreciated by Traveller 1. '…You can make a loop through several towns and that's your whole route'. Early in the preparation stages, when the participants had done little more than verbally agree to participate, Traveller 1, who was in charge of the organisation, presented the three maps shown in Figure 1 to the other participants. Each map showed a section of the possible route and represented a different leg of the trip being planned. The main organiser knew that these maps were not definitive and sent them out as such (in other words as open-ended objects, open space) but noted that the maps reflected the wishes and expectations of the various group members with whom he had discussed things in advance. Each of the three maps was associated with a three or four-day leg of travel in a Scottish region, although the order of the stages had not yet been established.

After negotiations with the other members via an Internet instant messaging application, the three maps were merged into one by Traveller 1.

Building the various maps took only a few minutes with Google Maps. As Traveller 1 put it, to create a digital map on this platform, you just 'enter a postal code or the name of the town, and you have it right there'. The route map selected is shown in Figure 2. For each member, this constituted the final form of the upcoming trip and experience; it defined the planned route. The map showed the upcoming trip as a succession of stages following a specific itinerary. As Traveller 2 put it, '…this map was our program…' or, in other words, not merely an option selected from several tested and evaluated possibilities, as indicated in the preceding section, but as something to be instantiated beyond the screen—to be experienced.

Digital maps as a high-performance travel negotiating tool

In the planning and organising stages of the trip, non-definitive digital maps (open-ended, unfinished objects) played a preponderant role in the construction and the travellers' acceptance of the route shown in Figure 2. The map of this route is not merely the amalgamation of the three initial 'collective' maps (Figure 1). The negotiations that produced it centred on two separate points. The first concerned tradeoffs around travel time, activities and costs, particularly regarding expenses for airplane tickets. Thanks to the possibility of using digital maps to estimate travel time between points with a few clicks, the four travellers quickly decided amongst themselves to avoid certain cities. For example, the town of Perth, suggested initially, was left off the route so the group could spend more time in Edinburgh, where a festival was taking place. Just as quickly it was decided that the route would not be a full loop but that the group would instead depart from Glasgow and arrive in Edinburgh, thus avoiding an additional car trip between the two cities. The travellers considered the airfare surcharge for different arrival and departure locations to be acceptable. The second negotiation point was selecting activities and hotels. Consensus regarding activities was reached very quickly, as the three legs suggested by the main organiser were quite varied in order to satisfy all tour members. The collective approval process was greatly accelerated by using digital maps to test various possible routes onscreen and create a custom itinerary to take the group's divergent interests into account. The final result constituted a map of the convergent interests of

all the travellers, a map they could 'rally round'. Particular attention was paid to the location of hotels, which the travellers conceived in advance as their 'home bases' during the trip. Traveller 3 explained that 'we expected to be making a series of return trips from the hotels, and organising activities, particularly in the evenings, depended on hotel location'. Although one individual had been entrusted with most of the organising duties, the decision-making rule agreed on by the travellers was that hotels would be chosen so as to keep travel time to sites on their itinerary to a minimum. Selected hotels were therefore either downtown or in suburbs near the places to be visited. Figure 3 presents a map of downtown Edinburgh showing the hotel selected by participants as well as photographs of the various sites to visit (a function available on Google Maps). This map was consulted by Travellers 1 and 4 before departure because they wanted to 'learn a bit more about tours and places to see when we got there.' A fifth 'collective' map was then sent to the group. The only difference between this new map and the one in Figure 2 was the inclusion of new information: in addition to the names of the towns (cf. Legend Figure 2), it now showed the exact addresses of the hotels, found by using postal codes, which represented, as previously stated, the various 'home bases' awaiting the travellers. In short, the statements collected and included here under the theme of negotiation reflect how digital maps are progressively and collectively constructed as open-ended objects whose reusable and malleable content is successively generated in a rapid and easy manner, as described by O'Reilly and Batelle (2005). The speed with which they can be created ties in with the acceleration of the decision-making process, a noted aspect of Web 2.0 (Gauvin, 2009)

Digital maps as a tool for communicating and sharing the travel experience

To return to our Scotland trip example, digital maps were also seen as a way to communicate and share the travel experience after the fact, notably by allowing others (friends, for example) to take part in the experience vicariously. Digital maps also proved an effective way to share the upcoming trip experience. One of the participants, on showing the final collective digital map to his family, was spontaneously told, 'It's going to be fantastic… sure wish I was going on that trip…'

Effects of digital maps on the before-during-after trip experience

Digital maps as 'tacit contracts' and 'digital nests'

As previously indicated, the use of digital maps as a planning tool led to the creation of a program. But beyond the program and the group's agreement, the final digital map also became a 'tacit contract' for the travellers to fulfil, a frame of reference that not only crystallised and synthesised their expectations, but also summed up their efforts to arrive at an agreement during the planning and negotiating stages. It became a kind of joint production, 'set' in place by group decision after several building and negotiating sessions. Beyond this 'tacit contract', the route as mapped traced the outline of what we might call a 'digital nest', a safe and reassuring digital space that rendered the travel plans in turn safe and reassuring. Fischer (1997) describes this nesting process as the creation of a 'home'. Knowledge of the collectively accepted program shown on the map established the borders of the planned adventure, territory already made familiar through Internet research. The four tourists noted that, given the sense of safety and security invested in their digital map, it became difficult to envisage a departure from their planned route. At various times during the trip, one or another member did in fact suggest changing the itinerary for various reasons: to visit an additional attraction, bad weather and so on. However, the group's reluctance to depart from the planned framework put paid to any attempt at change. The psychological cost of changing the itinerary seemed too great, effectively making the travellers 'captives' of their own route. To suggest a departure from the schedule once the trip was underway meant presenting arguments sufficient to justify breaking the group's 'tacit contract' and leaving the comfort of the 'digital nest'. We thus see in this perception and experience of the digital map's role how the map functions to reassure, as Richmond and Keller (2003) touched briefly on in their study.

Digital maps as souvenirs and traces of the experience

After describing their trip to Scotland to a friend interested in visiting that country, Traveller 2 sent him the final digital map showing the route the four tourists followed (Figure 2). Seeing the map again brought back numerous memories to the participant, including the highlights of his trip. For him, the map evoked the various castles and forts they visited, their often atypical structure and the 'the technical marvel that is Fort George'. For travellers 1 and 3, the digital map evoked the distilleries they toured on the Isle of Islay (Figure 5) and the whiskey aromas characteristic of the region. The map here functions as a marker of the past (Belk, 1988) which, when viewed, opens a cognitive schema (Neisser, 1976) made up of knowledge, emotions and sensations experienced during the trip and re-lived in the mind.

Digital maps as trigger for daydreams

Digital maps make it possible not merely to reconstruct a travel experience but also to construct an imaginary experience, a fantasy. On receiving the first three digital maps, one trip participant, drawing on happy memories of past winery tours, imagined himself visiting a whisky distillery. Looking forward to the upcoming visits, he pictured the fermentation tanks and the cellars where the casks from the last harvest were stored and imagined himself tasting the various house specialties, all favourite aspects of the winery tours he had enjoyed during his earlier travels.

As the Scotland tour participants put it, digital maps allow for a more information- and image-rich—thus a more lively and memorable—representation of the route, encouraging exploration. '…With digital maps, you just click on it and it takes you to where you can easily view the location and get more information… it's good because it gives you more information overall'. Another aspect appreciated by the participants was technology's flexibility and the ability to easily connect information with a place, not necessarily by 'geotagging' text or photographs but merely by juxtaposing digital maps with photographs and so forth. This was how the main organiser did it. Along with the three maps he sent to the other members at the beginning of the collective planning stage, he also sent a variety of other information, specifically photographs (see Figure 4) and links to tourist sites (see Appendix 1) along the proposed route. Information was selected to provide the fullest possible introduction to the experiences they were likely to have on the three legs of the trip. Each map was given a title: 'Edinburgh and Glasgow: City Life', 'West

Coast Islands: Sea, Whisky and Landscapes' and 'The Highlands: Outdoor Activities (Walking, fishing, horseback riding...)' to sum up the leg and highlight its overall objective. The statements of the trip participants often showed an appreciation of how digital maps support the superposition and accumulation of layers of information, whether 'geotagged' or simply juxtaposed, presented simultaneously and, in fine, in layers of meaning, expectations, daydreams and enthusiasm. As Ladwein (2003) notes, visual experiences help individuals to pin down symbolic meanings and construct mental representations. Each participant loaded the map with meanings, emotions, feelings that were to some extent common to the group—like the enthusiasm to which we shall return—but also specific to each individual.

Collective digital maps do not of course prevent individuals from creating their own maps which then in turn contribute to their interpretation of the collective map's meaning. For example, one trip participant made himself a thematic map of the whisky distilleries open to the public on the Isle of Islay (Figure 5). The map not only allowed him to ensure that visits to the selected distilleries could be fit into the tour schedule, but also helped fuel his vision of the upcoming trip and his sense of anticipation. During their time on the island, the travellers did in fact manage to visit all the distilleries on this thematic map.

This enriched representation of the trip is reminiscent of the expression 'augmented reality', which is used in the computer field to designate a system in which virtual elements are superimposed on a natural perception of reality (Milgram & Kishino, 1994). Beyond their primary function as an orientation tool, as we have seen and discussed earlier, digital maps make it possible to take a look around and make oneself at home in advance through technology. The notion of enriched representation (or 'augmented reality') also applies to the participants' experience during their time in Scotland, where, with a GPS and more specific and short-term digital maps, they opened up a virtual world to superimpose on their immediate reality. Whether for utilitarian purposes such as finding a parking lot or gas station or for more hedonistic ends, such as looking for tourist sites referenced on the GPS software, maps and itineraries were created along the way to fulfil the travellers' immediate needs. For example, a trip to Stirling Castle on the way from Aviemore to Edinburgh led to the creation of a new digital GPS map (Figure 6).

All these augmented or enriched representations tended to amplify the tourism experience, both during the preparatory phase, and subsequently as the trip took place. First, they provided a stronger, more distinctive foretaste of the upcoming trip, which was more richly documented individually and collectively than it might otherwise have been. Then, during the trip, they supplied information used either to solve emerging problems or to take advantage of opportunities—whether to avoid missing them or to appreciate them more fully.

Digital maps as contributors to travellers' satisfaction and enthusiasm

In the Scotland trip under study, as we have seen, the travellers' enthusiasm was fed by daydreams stimulated by digital maps and the complementary explorations they fostered and facilitated. The use of digital maps is also associated with the satisfaction that comes from skilfully manipulating technology, being on the cutting edge, being an innovator, being able to introduce others to potential of technology, as well as the fun of create appealing, 'complex' and 'professional' maps. Furthermore, by becoming a goal to pursue, (a tacit contract to fulfil, a challenge to face) as was the case here, digital mapmaking helped foster satisfaction among all travel group members. During a discussion between travel group members 2 and 3 on their return journey, they concluded that using digital maps had led not only to quick agreement among group members on the travel itinerary, but also to a successful trip and a general good mood, since everyone 'knew where they were going' and had agreed to follow the program. Attempts to modify the itinerary were not pushed very far for this same reason.

Our respondents' satisfaction with and enthusiasm for using digital maps in support of possible, upcoming or past travel experiences made them keen to use these tools again in the future. The behaviours involved in consulting and constructing digital maps are now well established for them. Two of the participants mentioned as an example that they were planning another trip with friends, this time to the United States, and that digital maps had become an essential tool for charting their route, sharing their ideas and convincing potential members of their group.

Discussion and management suggestions

Our study demonstrates the major role that digital maps have or could have in a group travel experience organised online and carried out with the support of geolocation technologies. For managers in the tourism industry, a well-developed knowledge of digital maps and their construction, together with their potential roles within the travel experience might suggest a number of strategic levers to use.

Computer aided online design of enriched digital maps via crowdsourcing

On the subject of geolocation technology and digital maps, Nielsen and Liburg (2008) write that 'there is a compelling need to develop quality content to satisfy visitor demands and thereby enable competitive advantage'. Though we share their overall conclusion, we also propose a solution for creating this type of content. As we have seen, Internet users participate in adding layers of information to maps through activities like geotagging in order to express and share their wishes, create meaning and convince others. They also use these various layers of information to fantasise, daydream, further explore destinations and sites, and also to reassure themselves. The result is a collection of geolocated information, such as photographs, much of which comes from online consumers. Through the power of Web 2.0, this geolocated information constitutes a ready source of low-cost material to be incorporated into new maps and creations. To construct an example based on our study, the management of a hotel on the Isle of Islay wishing to develop digital maps could find all the necessary information online. Figure 7 shows a map available on Google Maps in response to the search term 'Islay'. By using the display options on the platform to add photographs, videos and Wikipedia content to the map, hotel management has a ready bank of free, geospecific and varied content at its disposal. By clicking on the various icons displayed on the map, the hotel management can go to the source sites to get more details and create an enriched map, thus encouraging future users in their explorations, fanning their enthusiasm and providing them with a sense of security. At time of writing, Google Maps shows over 200 hits for this search, and content of this type is growing dramatically. Our first

recommendation for managers is therefore that they buy into the digital map concept and construct digital maps using the information consumers have made available (also called 'collected intelligence' by Guber 2009). This is part of a general trend related to crowdsourcing, by which a company takes advantage of content and ideas generated by the public (Howes, 2006a; 2006b).

Online computer-aided design of an 'electronic guestbook'

Our second recommendation is in fact the fulfilment of the first. Since most platforms support the creation of open-ended maps, tourism organisations can collect and publish their customers' digital maps on their own sites or encourage customers to post geolocated photographs (through contests, for example) or positive comments regarding their establishment or surrounding attractions, also geolocated. The digital map or maps thus coproduced would act as a kind of electronic guestbook marking travellers' passage in the hotel or attraction, potentially creating a sense of membership in the community of people who have discovered this 'home base' and taken part in writing its collective history. Tourism organisations would do well to take this into account. Every tourism organisation has the possibility of establishing its own platform where future customers can view the recommendations and links suggested by 'experienced' travellers, or it can use sites such as TripAdvisor or Expedia. O'Connor (2008) emphasised the role of these sites (also known as 'social media') in trip planning. Although the resulting recommendations and electronic word-of-mouth can have beneficial effects, the process nonetheless needs to be carefully managed, as fraudulent notices by hotel management or competitors represent a major threat to the credibility and accuracy of the information available there.

Social bookmarking (Heymann, Koutrika & Garcia-Molina, 2008) is expanding exponentially and could potentially make tourism organisations more visible on the Internet. Jarvis (2009, p. 42) sums up this thinking with the expression 'everybody needs Googlejuice'. This means that with co-produced digital maps, a tourism organisation can improve its search engine results ranking when users perform a search. A higher search engine ranking increases the probability that surfer will select the

site in question, triggering a virtuous circle as the higher ranking leads to more hits and vice-versa. Digital maps can thus play a key role in positioning tourism organisations more effectively.

Computer-aided online design of single- or multiple-themed digital maps

Since Pine and Gilmore (1999), the use of themes and their application in creating memorable experiences has continued to build momentum, with more and more theme parks, theme stores, theme marriages, theme routes etc. Structured routes such as Californian's Wine Route are common today and very popular in the tourism industry. As our study shows, digital maps are experience-enhancing—by providing a foretaste of a route, they can be particularly effective in promoting a theme tour. Given the technology now available, they can also be particularly useful and effective in the process of constructing such an itinerary, reflecting increasingly varied themes or efficiently combining several themes into one. A third suggestion for creative managers is thus to pursue the theme experience concept by using digital maps in a variety of ways.

Let us first consider tourists who want to organise their own vacation online. In this case, tourism managers could envisage their hotel, bed and breakfast, tourism bureau etc. as a home base from which travellers will come and go, 'armed' with digital maps that not only help them find their way around, but also serve as a kind of 'digital nest'. Using geotagged information selected in advance and made available to visitors on its website, the organisation could provide the option of putting together a simple or complex hybrid itinerary, based on geographic location. The information taken from user-generated content could be a set of photographs of places to visit or a list of hikes in the vicinity, but would also include text-based information on the attractions travellers could select from in composing their own routes. For the destination we studied, i.e., Scotland, hotels could provide guests with an opportunity to trace simple or composite routes based on the next leg of their journey, with a combination of possible stages taking in various 'classic' itineraries, such as the whisky distillery route, castles and forts, hiking, the lochs and so forth.

In our second example, let us imagine a group that decides to plan its trip itinerary online. As we have seen, the use of digital maps speeds up group negotiations, collective decision-making, and the arrival at solutions and compromises. These maps reassure the various members of the group and improve their satisfaction level. The computer-aided design of a hybrid route from a home base (a hotel, bed and breakfast, hostel, campground etc., selected by a group member) would seem an even more compelling way to reconcile the group's various motives and interests, promote compromise solutions and consensual routes (possibly according to several themes), and generally help satisfy a variety of travellers.

By establishing such practices, the types of organisation mentioned would derive a number of benefits. They could unobtrusively enter into a 'conversation' with their future customers, beginning early in the trip planning stages. As part of this conversation, they could advise customers 'naturally' while steering them toward various business partners, which could be specially geotagged on their maps. And by offering tourists the possibility of creating their own personal routes by, for example, combining a variety of themes, organisations could encourage the co-development of rich tourism experiences and the creation of unique, memorable vacations more likely to satisfy, even enchant tourists. For organisations, this is a way to avoid missing out on an opportunity to attract and retain customers.

Conclusion

Our study has shown that Web 2.0 digital maps can play a major role in various travel decision–making processes, notably by speeding them up significantly. From an experiential perspective, digital maps provide a sense of security by allowing users to explore and take ownership of locations in an online environment before actually visiting them. These maps make it possible to enhance the tourism experience: first by creating a sense of anticipation before the trip; then by constituting a satisfying 'digital nest' during the trip, providing a defined route that becomes a goal to achieve; and finally by becoming a post facto artefact of the trip, a marker of the past. The use of digital maps seems to be a practice that users adopt quickly for planning purposes as well as for advocating, negotiating, sharing, daydreaming,

and fantasising, as well as for experiencing and allowing fellow travellers, friends or strangers to vicariously experience a trip, be it upcoming, ongoing, or in the past.

For organisations involved in the tourism industry, digital maps can be used as marketing tools to create effective, cost-effective website content such as an electronic guest-map—the modern version of a guestbook—by reusing material collected through crowdsourcing and social bookmarking. Digital maps can set off a virtuous circle by optimising the institutional website's search engine placement and generating word-of-mouth. For this to occur, tourism organisations must seek out geolocalised information available on Web 2.0 and integrate it into enhanced maps to attract the attention of future customers. The technology underlying Web 2.0 digital maps also facilitates the construction of hybrid (and potentially theme-based) routes likely to satisfy the varied interests of travellers.

As a tool of interactive marketing between travellers and tourism industry stakeholders, digital maps offer the opportunity to create a relationship, even a conversation, which can begin while trips are still in the planning stages. Undertaking this conversation may have major consequences. By becoming part of a planned route, organisations reduce the chances of last-minute itinerary changes, an argument they can use in persuading their various geotagged partners to take part in mapmaking initiatives.

One limitation of this study is that it concerns a single specific type of trip—a group trip organised online without the involvement of commercial actors—and one particular category of traveller: 'Web-savvy' young people with a 'risk-free adventure' profile. The role of digital maps is perhaps currently more limited among other travel- and traveller-types: a question which remains to be explored. A second limitation relates more to our recommendations and concerns the conversation to be initiated and maintained between businesses and consumers through digital maps. Is 'conversation' a form and level of interaction sought after by tourists, or is it perceived by some as a form of harassment? Harassment is a pervasive and well-known problem in the tourism industry (Kozak, 2007). This second limitation to our study represents another important issue to pursue in future research.

The approach of the cybergeneration (2010–2025), the rise of user-generated content and the expanding place of technology in life are, however, factors that lead us to believe that digital maps will be increasingly used by tourists through all phases of the travel experience.

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"STUDY ON THE EFFECTIVENESS OF ADVERTISING IN SKI RESORTS BY MEANS OF EYE TRACKING"

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Abstract:

Due to the increasing mobility of society, outdoor advertisement- and posters especially, play a significant role in the contest of attracting attention. Approx. 611 million EUR have been invested in poster advertisement in Austria in 2006 (source: FAW 2008), and this number is ever increasing. Despite their interest attracting attribute, posters are the advertising media, which have been studied least with regard to impact quality. Their coverage can be calculated by measuring the frequency, e.g. how many people pass a certain poster per day.

Advertisement in ski resorts has been a marginal issue in advertising impact studies up to now, as there are hardly any instruments which allow to conduct pre-tests. Pre-tests are a crucial tool for marketing optimisation. Finally, only the ex-ante evaluation is qualified to avoid costly wrong investments. In order to encounter methodical deficit spending, it has to be examined, whether advertisements in ski resorts can be pretested on a laboratory scale and if it is sensible to adopt the collected pre-test results to the results gained from interviews in the ski resorts.

Keywords: advertising awareness, measurement of advertising, ex-ante evaluation of advertising recall, pre-tests, eye-tracking

The complex correlations in advertisement made Wannamaker quote the following famous words: "I know that half of my advertising spending/ is wasted, I just don't know which half." We know that advertising impact is effective, but we don't know how to measure it.

Trying to arrange numerous findings of advertising effects research, especially one question seems to be of general interest: How to pattern an advertising message and which application rate to use in order to reach measurable changes in behaviour and knowledge towards the benefit and/ or choice of advertising media presented within specific target groups, assuming a number of predispositions (such as age, sex, social economic status, involvement etc.)? The best methodical option is to systematically vary media choices and subsequent interviews.

Within the framework of market and advertising research, the interview method is doubtlessly the most significant one. As it is true for the methods mentioned before, there are different method alternatives for interviewing as well (Lamnek 2007 p.37 ff). Beside the classical forms of interviewing in written and oral form, telephone and web interviewing (so-called computer assisted telephone interviewing, shortly: CATI) have been recently established, not least for reasons of economy (for telephone interviewing see Hüfken 2000 or Gabler/Hader 2002, for web interviewing see Batinic et al. 1999).

The monitoring method is applied if the persons to be interviewed cannot or don't want to analyze their behaviour. In journalism research focussed on communication science, the monitoring method has proved itself in places where description and analysis of intricate correlations and work processes are concerned. This method is more often applied in market and advertising sciences than in social economical sciences.

The experiment is another method to be mentioned. It is a specific form of method application, which is meant to test, investigate and demonstrate an assumptive correlation between independent (causally determined correlation) and dependent (affected condition) variables in a monitored environment, widely avoiding interfering variables.

The central question is:

How can the advertising effectiveness of posters in ski resorts be tested in the laboratory?

A method of poster-pre-testing should be developed. Also, the advertising effectiveness of the eye tracking method should be evaluated in the laboratory first and subsequently be transferred to the real outdoor environment. It is an aim of the study, beside the evaluation of posters in ski resorts, to find out whether pre-test results gained in the laboratory are close enough to reality that they can be transferred to the outdoor environment. The Eye tracking allows to pre-test your clients´ads by measuring what the target audiences see and thus improve the impact before the launch.

The gap is that nearly all market research processes are done after the advertising investment is done. The advertising impact needs to be evaluated in advance to avoid wrong investments in advertising media.

As an indicator for the valuation of the results the correspondence of the result row of the different evaluation methods on the dependent variable should be pulled up. If the rank row of the tested motives of the laboratory can be transferred to the outside space (skiing area), the relative position of the poster to be tested in the laboratory is a reliable assessor for its later outdoor effect.

Method:

Simulation of a ski-slope in the skiing area. The determining moment for the predicative success of pre-tests is to be seen in the fact that the questioning disposes in the laboratory situation of the same degrees of freedom as in the natural reception situation. For example, the interviewees should with have to shell out the possibility tests of print announcements always. If someone tests television, the interviewees should also always be able to zap. To simulate the advertising in the outside space, a laboratory situation very close to reality should be chosen: A slope in the skiing area.

Methodology

The adequate method of data collection is highly important, as it sustainable affects the results of the dissertation.

1th phase: Experiment: A poster-pre-test in the laboratory

Core of the laboratory study is the slope in the skiing area on the computer. These should be at least 40 test people to receive a representative outcome. Moreover the experimental subjects on the computer screen should drive down a slope. The duration should be about 3 minutes. On some buildings and lift stations posters are illustrated by brands still to be determined. The test people receive no further instructions which could point out that the study is about advertising effects. During the virtual downhill run of the viewer, the look movement will be analyzed with the help of a remote-eye-tracker. The ski-slope shown in the laboratory study corresponds to a great extent to the real situation of the skiing area. After the simulated ski downhill run the testers are questioned about the advertising recall and advertising assessment within a personal, pre-structured interview, by means of a questionnaire.

A method to develop is a poster-pre-test in the laboratory. The advertising effectiveness of the eye tracking method should be first evaluated in the laboratory, subsequently in the outdoor environment.

About 40 respondents will put in a simulated situation as skiers or snowboarders running down to the hill in a slope on the computer. With the eye-tracking maschine him/her eyes moves will be tracked.

In cooperation with the UCT Research Centre of the University of Applied Sciences of Vorarlberg we make the experiment in the laboratory of the University. The UCT have got the whole equipment of a remote eye-tracker.

Method: Simulation of a slope

Laboratory study: a slope on the computer

- 40 fest people needed in order to receive a representative result (outcome)

- Test persons run downhill on a simulated slope on the computer (about 3 min.)

- On buildings and lift stations posters are mounted with a new brand

- Test people receive no further Instructions

- During the Virtual downhill run, the eye movement of the test persons will be analyzed with the help of a remote eye tracker

- Eye tracking allows to pre-test your clients' ads by measuring what the target audiences see and thus improve the impact before the launch.

2nd Phase: Outdoor-study

Outdoor-study:

The outdoor-study takes place with just many test people in the skiing area. It is important for this ski study that a relaxed ski-slope in the skiing area is chosen. Then on the slope the same posters are positioned on the same place as in the laboratory study. At the end of the slope the advertising recollection and the advertising assessment is also raised with the help of assessment scales and a personal, pre-structured interview. The contribution of knowledge of the study is the combination of different methods. Furthermore, the pre-test in the laboratory enables the companies to see in advance the effectiveness of their posters and therefore supports them to optimize their advertisement investments.

After the results of the laboratory study are analyzed, a comprehensive survey with skiers and snowboarders will be performed in order to find out if the hypotheses, which will be developed are valid. They cant yet be predefined but will be focus on the following topic:

- Advertisment in ski resorts can be pretested on a laboratory scale and can be adopted to the collected pretest results in the real outdoor environment

Depending on the outcome of the first phase, a survey will be developed in a manner that the results are not influenced or pre-determined in any way. The questions should be understandable, the possible answers should be clear and complete and the duration to fill out the survey should meet the expectations (Mayer, 2008).

- Performed with just as many test people as in the laboratory study

- The same posters are positioned in the same places as in the la laboratory study

- Test persons run downhill in the real environment in the ski resort

- They have no further instruction

- At the down of the hill. Subsequently, the advertising recollection and the advertising assessment will be evaluated with the help of assessment scales and a personal pre-structured interview

None of them is under 16 years. As the participation will be totally voluntary and anonymous the final number of participants is not yet fixt.

Literature review about eye-tracking Studies

Eye tracking can aid in the assessment of ad effectiveness in such applications as copy testing in print, images, video, or graphics, and in disclosure research involving perception of fine print within print media and within available television and emerging High Definition TV (HDTV) displays.

The motivation for utilizing an eye tracker in market research stems from the desire to understand consumer actions. In general, advertisers aim to provide product information to consumers in an efficient manner so that consumers' awareness of the existence of the product is heightened. If the consumer identifies the product as one which can potentially satisfy their current need, it is expected that the consumer will be more likely to purchase that particular product than if the consumer had not been aware of the product's availability. Based on external influences and internal (perceptual and cognitive) processes, a consumer will make a choice as to whether or not to make a purchase, and which product to purchase, resulting in consumer action. The human decision making process may be affected by recognition of one's need or desire, and may also be influenced by extemal information gathered through research and/or through past memories and experiences.

In a study of consumers' Visual attention over print advertisements, an eye tracker was used to gain insight into attentive processes over repeated exposure to print advertisements (Rosbergen, Wedel, & Pieters, 1990). The authors explore the phenomenon of repeated advertising's "wearout", i.e., the authors investigate consumers' diminishing attentional devotion to ads with

increased repetition. Consumers' Visual attention is measured to key print ad elements: headline, pictorial, bodytext, and packshot. A Statistical model is proposed comprising submodels for three key measures of visual attention to specific elements of the advertisement: attention onset, attention duration, and inter- and intra-element saccade frequencies. Analyses show that whereas duration decreases and attention onset accelerates during each additional exposure to the print ad, the attentional scanpath remains constant across advertising repetitions and across experimentally varied conditions.

There are numerous opportunities for conducting eye tracking Marketing studies. Copy testing, print advertising, and ad placement are suitable potential experiments that may be used to improve the impact of advertising materials. Unfortunately, evidence of eye tracking in market research is difficult to find. It may be that advertising companies do not wish to disclose the fact that eye trackers are being used. This may be perceived by the buying public as somehow being devious. Still, it is fairly safe to say that eye trackers are probably well known to marketing researchers and with improvements in technology will continue to be valuable tools in their work.

Possible sources of eye tracking research include scientific Journals and professional Conferences. One particular source that occasionally contains reports of eye tracking work is the Journal of Advertising. Another place to search for evidence of eye tracker use is the World Wide Web.

Technologies and techniques of eye tracking

The most widely used current designs are video-based eye trackers. A camera focuses on one or both eyes and records their movement as the viewer looks at some kind of Stimulus. Most modern eye-trackers use contrast to locate the center of the pupil and use infrared and near-infrared non-collimated light to create a comeal reflection (CR). The vector between these two features can be used to compute gaze intersection with a surface after a simple calibration for an individual.

Two general types of eye tracking techniques are used: Bright Pupil and Dark Pupil. Their difference is based on the location of the Illumination source with respect to the optics. If the illumination is

coaxial with the optical path, then the eye acts as retroreflector as the light reflects off the retina creating a bright pupil effect similar to red eye. If the illumination source is offset from the optical path, then the

Pupil appears dark because the retroreflection from the retina is directed away from the camera. (Wittenstein 2006)

Contribution of Knowledge

- The study is a combination of different methods

- Pretests in laboratory allows to advance the advertising effectiveness

- Only the ex-ante evaluation is qualified to avoid costly wrong Investments in advertising

- This thesis is to prove that advertising awareness and advertising effectiveness in ski resorts can be measured in advance

The gap is nearly all market research processes are done after the advertising Investment -> Post test

The advertising impact needs to be evaluated in advance -> Pre test

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163-176

ENVIRONMENTAL RESPONSIBILITY OF THE CROATIAN RETAILING

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Abstract:

As the population as well as their consumption continues to increase, the increasing stress has been made on environmental responsibility of companies at the local and global level. Therefore, severe stress is putting on the limited available resource base and it is resulting in mounting waste discharges to the environment. As the most crucial link between suppliers and consumers, retailing could contribute in effecting the global shift to corporate environmental responsibility. Retailers can control and manage their own environmental and social impacts through implementing environmental management systems for energy/ water conservation, waste management, logistics, recycling programs, etc. They can influence their suppliers to produce in a more sustainable manner and encourage them to develop eco-friendly products. Additionally, they can encourage consumers to purchase eco-friendly products as well as provide advice on the use and disposal of the products and offer facilities and services such as take-back systems for batteries, reusable bags, etc. Retail companies have realized the importance of the environment, as increasingly reflected in their strategies and daily business operations. Therefore, an increasing number of retailers are publishing Sustainability Reports in addition to their annual reports.

The main purpose of the paper is to explore aspects of environmental responsibility in the Croatian retail industry. These include reducing energy consumption, waste management and recycling, carbon dioxide emissions, etc. As there is a lack of literature on the environmental performance in the Croatian retailing, the goals of the paper are also to bridge a gap in the research literature about the environmental issues and to give a brief description of the situation in the Croatian retailing. The research is based on secondary (desk) and primary (field) research. Within the framework of secondary research, the relevant domestic and foreign literature with the topic of environmental responsibility was used. Within the framework of primary research, the study on the sample of 60 retailing managers was conducted. Statistical data analysis was done using SPSS 13.0. The research instrument was a questionnaire containing questions related to the environmental area focused on recycling programs, energy consumption and emissions, water consumption, waste, health and safety of children, genetically modified food, packaging, etc. The findings of the papers suggest that some retail companies have made significant improvements in environmental responsibility, but others still demonstrate mediocre environmental responsibility. They acknowledge that they are indirectly responsible for the environmental impacts of the produce and products in which they trade. For this reason all of them implement HACCP system of Food security management which provides health food across all supply chain. Also, they have waste management strategies in place. The findings reveal that the process of retailing internationalization and media coverage increased efforts of retail companies operating on the Croatian market to demonstrate environmental responsible behaviours. The results indicate that retailers are concerned about investigated aspects of environmental performance but there is still room for improvement.

Key words: environmental performance, Croatia, retailing

INTRODUCTION

There are numerous evidences of serious problems in biosphere going on and tending to continue. These problems have appeared mainly as a consequence of intensive agriculture, industrialisation and technology, including usage of new harmful chemicals, artificial fertilisers and materials, continuous flow of dangerous emissions (to air, earth and water) and exploitation and wasting of natural resources. They influence not only on individuals and groups but on society and the world as a whole. Hence, environmental protection and performance have become two of the world's most important priorities in attaining sustainable development (Nouri et al., 2008).

Global raise in environmental concern motivate various stakeholders to express greater requirements toward environmental protection. Legislation and state government policies have imposed more demanding environmental legislation and introduced environmental economic instruments. When undertaking some business activities companies must make Environmental Impact Assessment (the approval of the assessment by the authorities is a precondition for the project realisation). There is growing number of insurance companies excluding environmental claims from their policies, while others reduced their covers for the accidental pollution. So-called green investors invest their funds only in environmentally responsible companies. Non-governmental organizations (NGO) and community groups struggle for environmental protection. The public environmental awareness and information availability has been improved through media. In many developed and developing countries the consumers' environmental awareness becomes one of the important determinants of purchasing behaviour. Implementation of international environmental management standards such as ISO 14000 and EMAS provides a useful framework for systematic environmental management system. These standards and eco-labelling help the companies to signal their environmental performance to customers. It is expected that the trend of institutional breech suppression and integration of environmental protection principles into politics, education and science will continue. It could become one of the major determinants of the company's external environment.

Besides external driving forces, there are numerous internal motives for corporate environmental responsibility such as improving resource productivity, enhancing quality, better risk management, bolstering reputation or brand image, positive word-of mouth, media covering, better employee motivation etc.

It is clear today that environmental protection is the part of fundamental management issues, especially strategic ones. Environmentally irresponsible as well as indifferent behaviour brought some companies into consumers boycott, claims increase, greater costs or at least worsening of reputation and image (Taylor, 1992). Neglect of environmental protection in strategic decisions could affect company's financial stability and jeopardise its future. Particular analysis (Porter, Linde, 1995; Hart, 1997) showed that environmental concern is not only incurring costs but also could save money (by waste reduction and reduction of energy consumption). Companies with pollution prevention environmental strategy, the relationship between environmental and economic performance is more positive thus making improvements in corporate sustainability is more likely (Wagner, 2005).

Orlitzky, Schmidt and Rynes (2003) and Margolis and Walsh (2001) synthesised a numerous empirical studies of the link between environmental/social performance and financial performance and concluded that firms can "do well by doing good". But in some of these studies it is not clear whether profitability is a cause or an effect of engaging in environmental responsibility. Hence, the key factor driving the association between environmental responsibility and company performance are strategic and somewhat complex (King and Lenox, 2201, 2002, Barnett and Salomon, 2006). The companies with successful integration of environmental strategy into their business strategy are expected to influence market competition rules. Regardless of certain obstacles, increase in consumer environmental awareness and their willingness to pay more for the cleaner products/services will become strong market impetus, and having the image of a "corporate environmentally responsible citizen" will become not only desirable but necessary condition for the company's further development.

In environmental protection system, the accent was given to manufacturing industries as these industries have higher impact on the environment. Impact of service sector industries is not such significant in terms of their magnitude (Davies,

Konisky, 2000) and it differs among various service sectors. A closer approach on the service companies reveals that these companies cause various environmental effects so they should not neglect environmental issues. Furthermore, in turbulent environment with intensified competition, opportunities of environmental care could be valuable source of advantage. This paper takes industry-specific approach and focuses on particular service sector – retail industry. The aim of the paper is to analyse environmental responsibility of Croatian retailing and to approve or reject the basic hypothesis of this paper: (H) Croatian retailers implement effective waste management and environmental practices. As there is a lack of literature on the environmental performance in the Croatian retailing, the goals of the paper are also to bridge a gap in the research literature about the environmental issues and to give a brief description of the situation in the Croatian retailing.

The paper begins with the short theoretical background where relevant work on environmental aspect of retail sector is briefly discussed. The short discussion about the Croatian retailing situation is given to provide a background for the study. Then a research study examining upstream and downstream environmental impact of Croatian retailing industry is presented. After that, results of the study are given. Finally, the results are discussed with an emphasis on the environmental responsibility on the Croatian retail companies' performance and the ability for some improvements in this sector.

THEORETICAL BACKGROUND OF THE PROBLEM

Majority of empirical studies of environmental management have focused primarily on the sectors of the economy that produce goods. Service industry has yet to be sufficiently analysed to achieve a better understanding of its environmental impact with respect to various aspects. Determining environmental impact is complicated by a lack of suitable metrics and approaches for measuring the environmental responsibility of service industry (Graedel, 1998). Conceptual approach has emerged in the literature that divides environmental impact of service industry into three main areas - direct, upstream and downstream (Rejeski, 1997, Guile and Cohon, 1997). It provides useful

framework for understanding environmental effects of service industries. Applying this framework, Davies and Conisky (2000) have systemized direct, upstream and downstream environmental impact of food service and retail industry. Direct environmental impact arises from retail process itself. Upstream environmental impact includes influence of retail companies over supply chains and non-retailing activities to become more environmentally responsible (through contracts, strategic alliances, vertical integration, wholesale supply chain), while downstream impact includes influence of retail companies over customer environmental preferences (informing and influencing consumer preferences). UNEP (http://unep.fr/scp/retail/background.htm) has developed the similar approach and divides retail sector contribution to sustainable development into three main areas: (1) cleaner production and environmental management system, (2) supply chain management, (3) education and information of customers.

Direct environmental impact of retail sector includes energy consumption, air and water emission, solid waste stream, recycling, refrigerant use, food safety concerns, land use, logistics etc. Retail industry consumes relatively small proportion of energy in comparison to overall country's energy consumption but energy intensity is relatively high. In that context, there are substantial opportunities for improving energy efficiency. The main sources of energy consumption are refrigeration, lighting and heating. Two main types of solid waste created in retail industry are food waste and packaging materials (corrugated cardboard, paper, plastics, steel, aluminium, glass, wood). These types of waste account for significant proportion of overall municipal waste (Davies and Conisky, 2000) which reveals the challenge of waste management, reuse and recycling and proper stocking. Concerning air and water pollution, retail companies are not significant polluters, water is dominantly discharge into municipal sanitary systems. Retailers are among largest users of refrigerants and cooling systems. Refrigerants and other cooling systems use chlorofluorocarbons (CFC) – substance that depletes the ozone layer and are covered by environmental regulation. Hence, retailers have an opportunity to recycle refrigerants, retrofit equipment to CFC-free compounds or replace equipment with CFC free equipment (Mason, 1996). Food safety problems are connected with various types of food contamination during production, processing and

retail operations. To deal with food safety issues, many retailers have implemented HACCP system (Hazard Analysis and Critical Control Point) that provides healthy food across whole supply chain and reduces possibility of food induced illness. Besides, food safety problems include health risk of pesticide residues, use of antibiotics, hormones and genetic modification in food. Some retailers require certificates from their suppliers that they didn't use GMO in their raw materials because of potential unknown health risk.

Retail companies are in unique position to influence upstream environmental effects. Retailers can specify requirements for cleaner products and processes as a precondition for cooperation with suppliers, wholesalers, distributors and other partners. Contracts represent a mechanism for greening the supply chain. Strategic alliances - vertical alliances that assume collaboration among companies that involve transfer or share of assets - serve a similar function as contracts (Davies, Konisky, 2000). Introducing green purchasing, retailers can encourage partners to develop environmentally-friendly processes and products and to provide information about environmental aspects through eco-labels, ISO 14000, EMAS and other certificate reporting. Solutions include following guidelines and codes of conduct, certification, standardization, independent monitoring (UNEP, 2003), providing training and information.

Large proportion of main retailers is vertically integrated into wholesale, distribution and other functions. Performing these activities, they can influence the level of energy use and air pollution concerned with exhaustion from trucks and other vehicles. UNEP (2003) suggests solutions such as backhauling/return logistical solutions, local sourcing, alternate-fuel vehicles use of rail and ships, employee carpools, etc. Alternative vehicle fuel can be bio-diesel, bio- ethanol, hybrid-energy and electricity. Introduction of transport management system can reduce daily delivery and optimize flow that can yield substantial savings. Besides, retail operators can be vertically integrated into manufacturing (bakeries, dairy, beverage facilities) causing additional environmental effects that arise from these activities - water emission and waste. UNEP notes that supply chain includes other indirect environmental impacts such as raw material use, labour standards, animal welfare, effects on biodiversity (UNEP, 2003).

Downstream environmental impact can be seen in retailer-consumer relation. For majority of consumers, the environmental characteristics of food products are only one of many criteria of their purchasing decisions and serve primarily as a differentiator after basic expectations have been met (FMI, 1997, Speer, 1997). The main reason for that is high price premium of environmentally friendly products (Speer, 1997). Additional reasons are lack of consumer knowledge, insufficient availability of products, importance of other product characteristics etc. Retail sector is in a unique position to motivate the public to adopt more environmentally friendly lifestyle and purchasing behaviour (Toepfer, http://www.unep.org/Documents.Multilingual/).

Retail companies can encourage consumers to purchase environmentally friendly products, including organic and Fair-trade products, by lowering the price, providing information and promotion, improving availability of these products, better displaying, better shelf placement and by improving selling methods (including point of purchase materials) of environmentally friendly products. Retailers can provide advice on the use and disposal of the products and offer facilities and services such as take-back systems for batteries, reusable bags, etc. Offering customers alternatives to plastic bags, such as corrugated boxes, recyclable bags i.e. paper bags and reusable bags, can help in avoiding harmful environmental effect of plastic disposal (Renko, 2008).

Current environmental situation in Croatian retailing

Retail industry is a significant part of Croatian national economy. It generates EUR 15 329 mil. turnover (own calculation based on data in RCCBS First release, 23rd September, 2009). In this industry 145 472 persons are currently employed and that is almost 10% of total active workforce (own calculation based on data in RCCBS First release, 23rd September, 2009. and 29th December, 2009).

Croatian retail network consists of 37 353 outlets of various formats (RCCBS First release, 23rd September, 2009). Even though there is the obvious trend of concentration and growth of significance of large players (see Table 1), the retail network in Croatia is still fragmented. For instance, 99.1% of legal business entities belong to group of small

and medium companies or to group of tradesmen (craftsmen). These two groups employ 69.1% of total employees in retail industry (Segetlija, 2008). Moreover, small shops (under 100 sq m) are still extremely significant part of retail industry with market share over 30% (see Figure 1).

Major European chain stores, driven by their economic interest and encouraged by new political and legal environment began to enter Croatian marketplace in 1999 (Knezevic, 2003). In 2008, on Croatian marketplace Metro Group (Austria) had 6 stores; Schwartz Group (Germany) had more than 20 Kaufland stores and more than 35 Lidl stores; Rewe Group (Germany) was presented with more than 50 Billa stores; Spar (Austria) had 6 stores; Ipercoop (Italy) 4 stores, while Slovenian Mercator had more than 140 outlets of different retail formats (Renko, 2008),

Due to changed market situation and enhanced competition several structural changes took place in last 20 years. Increased productivity and profitability within biggest retail companies can be observed (Knezevic, 2003, Segetlija, 2007) together with faster growth of number of employees comparing to other industries. Also, structure of employees is changing towards more qualified and highly educated personnel (Knezevic, 2003).

Beside all, Renko (2008) and Knezevic (2003) state that international chain stores brought new standards and know-how onto domestic market including new technology introduction and orientation towards customer and environment friendly approach.

Renko (2008) analyses ecological initiatives within international chain stores presented on Croatian marketplace such as: introduction of healthy food into merchandise mix (Lidl), new promotional approach to customers in order to promote environmentally friendly products (Kaufland), policy for GMO and ethical trading promoted (Ipercoop), lighting efficiency (Ipercoop), initiative of environment-friendly bags (to be implemented soon, Kaufland).

Croatia nowadays is an EU candidate country at the last phase of negotiation (negotiations started at 2003). Because of that "aquis communitaire" is being implemented into legal environment. There are several acts important for everyday operation in retail industry. Those are: Environmental Protection Act (Official Gazette 110/2007); Air Protection Act (Official Gazette 06/2008) and Waste Management Act (Official Gazette 178/2004, 87/2009).

In Environmental Protection Act, eleven principles are stressed out to be followed in order to preserve environment: (1) sustainable development, (2) precaution, (3) natural heritage, biological variety and landscape preservation, (4) replacement or replenishment, (5) damage elimination and recovery, (6) integral approach, (7) cooperation, (8) polluter pays, (9) information accessibility and public participation, (10) stimulation, (11) right to approach to system of justice.

Environmental Protection Act defines areas of environment protection and it distincts two main areas of protection (1) protection of environment components (such as: stones, forests, air, water, sea and nature), and (2) protection against influence of environmental burden (issues of GMO, noise, radiation, chemicals, lightening and waste).

Retailers had to adjust their business procedures to the new legal environment. For instance, according to Regulations on packaging and wrapping material waste (Official Gazette, 97/2005; 156/2009) all retailers with stores larger than 200 sq. m. had to ensure the area for PET bottles return for their customers. Also, they had to introduce new software modules in order to be able to calculate the amount of money to be paid to customers for returned bottles (0,50 HRK per bottle). Mentioned regulations encouraged a lot of consumers to become more ecologically aware and to collect returnable bottles in their everyday life.

The largest domestic retailer (Konzum) in 2007 collected more than 200 mil. bottles from its customers (www.suvremena.hr. accessed on 9th January 2009) and nowadays is broadening waste management policies towards batteries and electronic waste. Beside that, all usable waste is being sorted and recycled, and all staff is educated for environmental friendly behaviour.

Table 1: Concentration ratios in Croatian retail industry

	2003	2004	2005	2006
CR 10 (%)	21,8	25,7	30,1	35,5
CR 5 (%)	16	19,7	23,5	25
CR 4 (%)	14,5	18	21,5	22,2

Source: Knezevic (2007), pp. 353-354.

Figure 1: Structure of market by retail formats in Croatia (%)

Source: own graph according to: Croatian Chamber of Economy (2008), First Release, Trade Department

Recently, Croatia proclaimed Strategy of Sustainable Development (Official Gazette, 30/2009) in which stated that both, production and consumption are interrelated and have to be integrated in order to preserve environment. Strategy includes the main goal of balanced and stabile economic growth with less influence on environment degradation and waste production. Concrete activities are specified in order to achieve the main goal and several issues are especially stressed out, those are: food quality and security; environment management system certification and introduction of information system of environmental protection. Also, necessity of further education of consumers and producers is taken into account.

Methodology

The data

The study focused on the retailing sector operating in Croatia. In order to achieve as high response rate as possible, the study was conducted on the group of 61 retail managers of different retail companies in Croatia that are participating 15 Postgraduate studies on the Faculty of Economics and Business of Zagreb. In February 2009, they were contacted by phone in order to get their confirmation for participating in the survey. Then, from April to September 2009, fully structured questionnaires were distributed by mail to a sample. In such a

way, all completed questionnaires were returned usable for further analysis.

The questionnaire design

The questionnaire consisted of three sections: Section (1) was devoted to environmental responsibility of the company, Section (2) related to performance of the company and Section (3) consisted of characteristics of the company.

(1) The aspects of environmental responsibility in the Croatian retail industry are presented by several following elements: generations of noise, smell of waste, existence and maintenance of fire-devices, of emergency procedures and familiarity of staff with them, existence of safety certificate, encouraging and supporting employee responsible environmental behaviour taking care about plants in offices. The questionnaire consisted of 35 statements relating all aspects of environmental responsibility mentioned above. Statements were adopted from A Guidelines Manual for Retailers towards Sustainable Consumption & Production (2008). To investigate direct environmental impact we ask respondents questions concerning: cooling, energy consumption, solar energy use, water consumption, traffic problems, waste management and recycling. To asses upstream environmental impact we ask questions regarding agreement with suppliers. Downstream impact is determined by questions including environmental techniques in advertising and promotion, using PVC-free materials and reusable shopping bags and availability of public transport for customers.

A five-point Likert format was used to assess the level of commitments of managers to the various statements used in this section. The five-point scale ranged from 1= strongly disagree to 5= strongly agree.

(2) Statements relating performance of the company were adopted from studies of Krohmer et al. (2002), Ruekert et al. (1985) and Quazi (2003). A five-point Likert format was used to assess the level of commitments of managers to the statements relating to the situation in the business comparing to competition.

(3) Characteristics of the company included the size of the company and the years of its existence on the market.

Analysis

The collected data were analyzed using SPSS. Except from descriptive statistics calculations, significance of the findings was explored using Spearman correlation coefficient and chi-square tests, depending on the various types of combination of variable that occurred. The p values were calculated to examine the level of statistical relationship between pair of variables. The hypotheses were tested using the conventional significance level of 0,05.

Results

Characteristics of the sample are given in the Table 2. There can be seen that the sample mostly consists of small companies which operates more than 12 years on the Croatian retail market.

Table 3 presents average perceptions of different aspects of environmental responsibility of the retail company. As table 3 reveals, respondents, i.e. retail companies, perceive that their companies have not still recognized the importance of environmental protection. On the scale from 1 to 5, they are only two environmental items above 4,00. Those items are "We use off or reduced cooling after hours" (average grade = 4,41) and "We switched off cash registers & other equipment after hours" (average grade = 4,22). However, the explanation of companies' taking care about those environmental issues could be twofold and connected to cost reduction instead of environmental concerns.

Also relatively small number of retailers have solar water heater, solar cells heating (average grade = 1,24) and reuse „grey" water (e.g. irrigation) (average grade = 1,41), because they consider them as unnecessarily innovations due to their cost-value analysis. Moreover, they rarely installed timers/motion sensors to shut lights off in infrequently used areas (average grade = 1,67) and practice employee training on effective waste management practices (average grade = 1,82). In general, Table 3 shows low grades for almost all environmental aspects suggesting environmentally irresponsible behaviours among retailers on the Croatian market and that is not in accordance with the results of the study presented in Davies and Konisky (2000) where most respondents answered that most of the time they use energy-efficient lighting and investigate opportunities to reduce energy usage.

Table 2. Characteristics of the sample

Item	Frequency	Percent
The size of the company		
less than 50 employees	32	52,5
50-250 employees	11	18,0
more than 250 employees	18	29,5
The years of the companies		
existence on the market		
less than 5 years	4	6,6
5-12 years	19	31,1
more than 12 years	38	62,3

Source: authors

Table 3. Average perceptions of different ecological aspects

Item	Mean	St. dev.
Our air conditioning is overcooling	2,11	1,330
We use off or reduced cooling after hours	4,41	1,033
When doors/windows open shut down of air conditioning is automatic	2,05	1,477
We use ventilation by opening windows instead of full air conditioning	3,07	1,237
We reduced heating after hours	3,67	1,434
We installed modern thermal windows	2,57	1,648
We kept doors open in winter months	1,92	1,344
We have solar water heater, solar cells heating	1,24	0,837
We use natural lighting where possible	3,69	1,393
In our offices lights are off where not needed	3,59	1,475
We installed timers/motion sensors to shut lights off in infrequently used areas	1,67	1,398
We switched off cash registers & other equipment after hours	4,22	1,140
Office/administration ICT equipment is shut down when not in use	3,52	1,410
We use high efficiency lighting for marketing displays	3,04	1,276
Lifts/escalators/elevators in our buildings operate only when needed	2,93	1,661
Lifts/escalators/elevators in our buildings always operate	3,63	1,496
We regularly monitor water meter to check for unexplained increases in usage	2,97	1,438
We regularly control dripping taps	3,00	1,438
We installed self closing push taps in our toilets	1,95	1,432
Our toilets/taps are water efficient	2,92	1,464
We prevent leaking sanitary equipment	3,58	1,344
We have motion sensor flush system in our toilets	1,86	1,432
We reuse „grey" water (e.g. irrigation)	1,41	1,116
Locations of all drains are known (to prevent risk of discharge of high risk substances to rains)	2,82	1,384
Waste sorting facilities are provided and used	2,31	1,355
We have donation policy for outdated and non-saleable (but functional) products	2,82	1,489
We practice employee training on effective waste management practices	1,82	1,323
We practice shipping packaging (especially cardboard and shrink wrap) recycling	3,52	1,501
We made agreements with suppliers to reduce packaging waste	2,87	1,565
Our outdated/expired advertising materials are recycling	3,23	1,798
We use non-toxic link & dye in promotional materials	2,19	1,246
We use PVC free customer appreciation cards	1,93	1,344
We offer reusable shopping bags	2,44	1,562
Public transport for staff and customers is available	1,72	1,036
We have vehicle traffic problems	3,79	1,331

Source: authors

Chi-square test shows significant relationship between the size of the company and the use off or reduced cooling after hours, the use of natural lighting where possible, regularly monitoring water meter to check for unexplained increases in usage, agreements with suppliers to reduce packaging waste, the procedures with outdated/expired advertising materials, the use of non-toxic link & dye in promotional materials and the company's use of PVC free customer appreciation cards. Concerning the use off or reduced cooling after hours, chi-square test (with $\chi 2 = 25,865$, df=8, p=0,001) suggests that the largest percentage of respondents from small companies (37.7% of the sample) uses off or reduces cooling after hours. Moreover, small companies are those that use (32.2% of the sample) natural lighting where possible (with $\chi 2 = 16,632$, df=8, p=0,034).

However, chi-square test points out some disappointing results concerning the company's protection of the environment. Statistically significant relationship between regularly monitoring water meter to check for unexplained increases in usage and the size of the company ($\chi 2 = 19,985$, df=8, p=0,010) was found. The largest percentage of companies (25.4%) does not agree of monitoring it at all.

Although retailers try hardly to make stronger relationships with their suppliers and vice versa, the results of this study suggest that ecological aspects have not been included in their negotiation area. With the results of chi-square tests $\chi 2 = 19,616$, df=8, p=0,012, the largest percentage of respondents (29.5%) strongly disagree that they made agreements with their suppliers to reduce packaging waste.

Additionally, the largest percentage of respondents presents small companies that do not recycle outdated/expired advertising materials (26.7% of the sample) and it is statistically significant relationship considering p<0,05 ($\chi 2 = 20,238$, df=10, p=0,027). Such companies do not use of non-toxic link & dye in promotional materials (the largest percentage of the sample, 33.4%) and PVC free customer appreciation cards (the largest percentage of the sample, 38.9%). In both cases, chi-square test shows significant relationships between the size of the company and the observed ecological item ($\chi 2 = 23,997$, df=8, p=0,002; $\chi 2 = 17,012$, df=8, p=0,030).

Statistically significant relationship was found between the years of the existence on the market and the shutting down of office/administration ICT equipment when not in use ($\chi 2 = 18,862$, df=8, p=0,016). Among them, the largest percentage of the sample (37.7%) consisted of retail companies that operated more than 12 years on the Croatian market. Also, statistically significant relationship was found between the years of the existence on the market and the use of non-toxic link & dye in promotional materials ($\chi 2 = 22,869$, df=8, p=0,004) where the largest numbers of companies (33.3%) were older than 12 years and did not use it at all.

To determine the direction of relationship and the strength of the relationship between ecological items and characteristics of retailers, correlation analysis was done. However, only weak positive associations ranged from 0,256 to 0,288 were found (with the correlation significant at the 0.05 level).

In order to know whether environmental components and the Croatian retail companies' performance are related, correlation analysis was used. As Krohmer et al. (2002) we used and adapted perceptual measures of outcomes that assessed effectiveness, and adaptiveness to measure performance specifically focused on the research domain. We asked respondents to rate the performance of their business in relation to that of its competitors. Table 4 shows only moderate ($\pm 0,6 \leq r \leq \pm 0,4$) associations (Dancey & Reidy, 2002, pp. 166). There are no strong associations between any observed components.

As we can see, there is a moderate positive association between the level of company's adaptation to changes in the market environment and the use of non-toxic link & dye in promotional materials. As companies use non-toxic link & dye in promotional materials more, they adapt more effectively to changes in the market environment than their competitors. Additionally, table 4 suggests that there is a moderate positive association between the employee training on effective waste management practices and the companies' contribution to the local job market in comparison to their competitors. Thus, increases in the practice of employee training on effective waste management practices result in greater contribution to the local job market.

Table 4. Correlation coefficients (relationships between environmental components and the Croatian retail companies' performance)

Performance Item	Environmental protection Item	Spearman correlation coefficient
Effectively adaptation to changes in the market environment	The use of non-toxic link & dye in promotional materials	0,428**
Weak environmental policies	Available public transport for staff and customers	0,444**
Greater contribution to the local job market	Employee training on effective waste management practices	0,419**
Fair advertising and taking care about consumers' rights	The installation of modern thermal windows	0,433**
	Lights are off where not needed in offices	0,412**
	Water efficient toilets/taps	0,527**
	Providing waste sorting facilities	0,477**
	Donation policy for outdated and non-saleable (but functional) products	0,549**
	Agreements with suppliers to reduce packaging waste	0,531**
Responsibility towards employees	Overcooling air conditioning	-0,505**
	Regularly control of dripping taps	0,496**
	Providing waste sorting facilities	0,442**
	Donation policy for outdated and non-saleable (but functional) products	0,420**
Opportunities for personal development	Water efficient toilets/taps	0,425**
	Donation policy for outdated and non-saleable (but functional) products	0,455**

Source: authors

There is a moderate positive relationship between the company's use of modern thermal windows, water efficient toilets/taps and putting out lights when they are not needed and the company's fair advertising and taking care about consumers' rights. Therefore, retailers that pay more attention to energy, water and accommodation temperature saving, at the same time do care about consumer's rights and make some improvements in their consumers' quality of life. Additionally, there are moderate positive relationships between the company's providing waste sorting facilities, its donation policy for outdated and non-saleable (but functional) products, its agreements with suppliers to reduce packaging waste and its fair advertising and taking care about consumers' rights. In other words, retailers that have waste management strategies and introduce environmental initiatives, have intention to improve their corporate image and their reputation among consumers. In fact, retailers also serve as the way to educate the consumers about the use and disposal of the products and to offer facilities and services such as take-back systems for batteries, reusable bags, etc.

Table 4 company's responsibility towards employees is moderate positive related to its regularly control of dripping taps, providing waste sorting facilities, and its donation policy for outdated and non-saleable (but functional) products.

There is also moderate association between the company's responsibility towards employees and overcooling air conditioning system in the company. However, this relationship is negative pointing out that higher overcooling in the company suggests decreased responsibility of the company towards its employees.

There is a moderate positive relationship between companies' opportunities for personal development and the company's use of water efficient toilets/taps system and its donation policy for outdated and non-saleable (but functional) products, respectively. Thus, companies that more contribute to the protection of natural resources also offer more opportunities for personal development of their employees than their competition.

Limitations

A number of potential limitations of this study need to be acknowledged. Firstly, direct distribution of the questionnaire to only retail managers might have compromised the representativeness of the sample. Also, limitation of the study lies in its relatively small sample size. This was mainly attributable to the limited time and resources available for the study. Therefore, the findings of this research should not be generalized across the

entire Croatian retailing sector. The methodology followed and the statistical methods employed in the study were also subject to limitations.

Future studies may be directed to the whole retailing sector to develop a broad based understanding of the linkages between company's characteristics and environmental issues. A number of company's profiles such as region, size of residence, etc. can be explored as the determinants of environmental responsibility because the Croatian retail market is not homogenous in its structure.

Conclusion

This paper is an attempt to explore aspects of environmental responsibility in the Croatian retail industry. The study suggests that although retail companies have realized the importance of the environment, as increasingly reflected in their strategies and daily business operations in general, investigated retail companies on the Croatian market have not still recognized the importance of environmental protection due to focusing to cost reduction instead of environmental concerns. Thus, the hypothesis of this paper was rejected. International retail chains have some ecological initiatives on the Croatian marketplace such as: introduction of healthy food into merchandise mix (Lidl), new promotional approach to customers in order to promote environmentally friendly products (Kaufland), policy for GMO and ethical trading promoted (Ipercoop), lighting efficiency (Ipercoop), initiative of environment-friendly bags (Kaufland). As Croatia is the EU member candidate all retailers should take several acts into consideration such as: Environmental Protection Act (Official Gazette 110/2007); Air Protection Act (Official Gazette 06/2008) and Waste Management Act (Official Gazette 178/2004, 87/2009).

The study also shows significant relationship between the size of the retail company, the years of their existence on the market and some aspects of environmental responsibility because retailers connected all environmental activities to larger expenses and only large companies with well established market position can afford it. As competition for market share in the retail sector is intense, these findings have important implications for Croatian retail sector in general because retailers are facing significant pressures to develop waste management strategies and introduce environmental initiatives. Moreover, they should

improve their corporate image and their reputation among consumers focusing on environmental protection because consumers have become more and more aware of ecological issues.

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MALE SHOPPERS – ARE THEY FROM ANOTHER PLANET?

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Introduction

This paper aims to establish what trends are emerging regarding male shopping activity compared to female shopping activity and what gaps there are in the literature needing further research. It builds on previous work by the author (Temperley and Ho 2010 and Temperley and Ho 2008) exploring the relationship between types of shopping activity , store types and gender which showed that male shoppers exhibited different overall characteristics from female shoppers and these differences are explained better by reference to gender than any other variable.

Insights from Anthropology

Until recently there have been virtually no studies of evolution related to consumer behaviour (Saad 2006) and (Miller 2009) The ethnographic studies which have been undertaken on shopping relate solely to females and their family roles with little reference to males (Miller 1998) A recent study proposes that men and women experience and perform consumer shopping differently and in ways consistent with foraging strategies utilised as part of human evolution from our roles as hunters (male) and gatherers (female)

The features of hunting and gathering may it is claimed underlie sex differences in modern male and female shopping experiences and behaviours. (Kruger and Byker 2009) The authors therefore believe that modern shopping behaviours where women are stereotyped as enjoying shopping more than men is based on the fact that shopping activities have a great similarity to women's traditional activities of foraging and gathering than they do to men's activities of hunting. These traditional female activities are based on frequent daily trips to gather food tend to be of short duration travelling a short distance and to be a more social activity than gathering game. In contrast hunting of its very nature has to be a silent activity when stalking prey and involves returning to base quickly due to the need to get fresh meat back home. This supports the stereotype that men prefer to shop quickly and go home once they have made a purchase.

Insights from History and Sociology

The sociological perspective revolves around theories of consumption which tend to be concerned more with social relationships including the meaning of goods rather than purchase acquisitions exemplified by Veblen's theory of conspicuous consumption and Baudrillard s neo-Marxist semiotic theory of consumption.

The addition of a historical perspective gives us the starting point for the study of consumer behaviour the distinction between needs and wants. The foundation for needs is based on the Puritan inspired utilitarian approach which condemns excess in terms of want and focuses purely on the satisfaction of basic needs. Conversely wants

are hedonistic and associated with pleasure based on a bohemian or youth centred counter culture movement elevating pleasure over comfort. Modern culture still bears in the UK the Puritan attitude towards excess and luxury where wants are still regarded with some suspicion as being non – essential items and not as legitimate a purchase as essentials i.e. needs (Campbell 1998)

The structuring of gender roles following on from this results in men seeing shopping as a purchase driven activity related to the satisfaction of need whilst women are more likely to view it as a pleasure seeking activity related to the gratification of wants or desires. In addition we should also categorise shopping further into two distinct categories that of food shopping and the category of shopping trips i.e. non food shopping. These two categories fit into the above classifications in that food shopping fits that of needs and is categorised as that of

work and the other wants that is non food with a tendency towards clothes shopping and most likely taking place in different retail outlets and locations and therefore categorised as leisure rather than work In conclusion therefore there is a more subtle distinction to be made based on how shopping is defined with both a male and female version of what shopping activity involves. (Campbell op cit) Males focus on needs in terms of both the item required and the most suitable retail outlet. In contrast women tend to apply leisure and hence want defined frame of reference especially clothes shopping which can be regarded as recreation. In conclusion this division then tends to explain the difference and possible clash in views between the genders regarding these activities.

Insights from marketing

A variety of researches have suggested that men and women differ in aspects of their consumer behaviour, from the products they tend to buy to their responses to advertising and product positioning (Fischer and Arnold, 1990; Buttle, 1992; Laroche et al., 2000). Meyers-Levy's (1988) investigation concluded that in general, males are characterised as being relatively self-focused, but females are more sensitive to the needs of both self and others. C cited by Temperley and Ho 2010)

Shopping Context and preferences

A great deal of work has been undertaken examining shopper preferences related to shopping experiences sought particularly related to either grocery shopping e.g. Spain (Martinez and Montaner 2008) or shopping malls (for a summary see Temperley and Ho 2008) In the case of grocery the study referenced focused on females in its sample structure with 80% of respondents female and no breakout of male responses in its conclusions. The basic premise underlying this approach was that previous studies in Spain show that the bulk of the shopping is undertaken by women. Again in the studies on shopping malls from around the world the studies do not analyse responses by gender so there again is a possibility of inherent bias in the results from a gender perspective.

Some studies have however investigated the shopping context from a male perspective. (Dholakia

1999 and Otnes and Mcgrath 2001) A framework to understand that shopping behaviours are influenced by gender was established by Dholakia (1999). He proposed two main variables- sex (male, female) and shopping context (household grocery and personal clothing) - as the key determinants of going shopping. Sex and the shopping context determine the allocation of responsibility among household members- a construct key to household management since it assigns roles and creates expectations. Responsibility for shopping tasks influences frequency of shopping, motives for shopping, enjoyment of the shopping activity as well as the family reinforcement of shopping behaviours. When household members enact their assigned/assumed roles and responsibilities, and the family reinforces the behaviours, it allows the social unit to function smoothly in this USA study. The research concludes that even taking into account key variables such as age, education and occupation gender is the most significant variable in determining shopping behaviours and motivations. Women reported enjoying shopping particularly in the shopping mall. The recreational nature of the mall appeals more to the female than male shopper who gets satisfaction from grocery shopping (Dholakia 1999)

Another USA study specifically focused on the male shopper (Otnes and Mcgrath 2001) to examine whether actual behaviour was consistent with traditional stereotypes which propose that men do not enjoy shopping and see it as a threat to their masculinity. Their study suggests that the reality behind these stereotypes is quite different with men expressing enjoyment at bargain hunting and developing expertise in product categories traditionally considered to be feminine. This study concludes that the male shoppers still exhibit one male characteristic and that is one of achievement. furthered through use of bargaining and intensive information search through use of information technology.

Finally in terms of the UK experience support for the USA study appears in some evidence from a more interdisciplinary approach featuring studies on gender roles and a more sociological and cultural perspective pointing up shopping as very much a gendered activity (Falk and Campbell, 1997). Central findings from a study of male and female shoppers in Leeds (Falk and Campbell, 1997) suggested that the variation in shopping

motivation correlated best with gender more than any other single variable.

Traditionally, shopping is still an activity in which the female plays a dominant role. According to Fischer and Arnold (1994) and Moore, Doyle and Thomson (2001) cited by Temperley and Ho 2010) , the major involvement of women in shopping activity in general and in terms of the differentiation of household responsibilities in particular, has been identified as being inextricably linked to gender role and identity constructs. Buttle (1992) points out that shopping is a scene in which sex-role orientations are enacted. His research discovered that while women do the majority of shopping for the family (e.g. groceries, clothing, etc.), in general, men could be described as specialist shoppers (e.g. for insurance, camping gear, and outdoor yard goods) (cited by Laroche et al., 2000, p.504) (cited by Temperley and Ho 2010)

Meanwhile, Bakewell, Mitchell and Rothwell (2006, p.170) mentioned that "the practice of shopping and clothing consumption has been regarded as being a female issue, yet marketers are increasingly recognising that it is outmoded to view men as 'producers' and women as 'consumers'." A more focused study (Keynote, 2005) based on purchasing patterns concludes that for non essential items (clothing and other items associated with shopping centres) there are still radically different approaches between men and women. Men are single minded and go the item they want whereas women go for shopping as therapy and a social activity. The report recognises that attitudes are changing in line with societal changes such as gender convergence in patterns of employment and a rejection of any approaches that stereotype and do not acknowledge the changes taking place. It concludes that major issues are gender complexity as an emerging trend for both men and women combined with a remarkable rise in solo shopping for both men and women, supporting evidence for these conclusions are reported by (Mintel, 2005) (cited by Temperley and Ho 2010)

However, in the last two decades there have been considerable changes in the way in which men see themselves as shoppers (Bakewell, Mitchell and Rothwell, 2006). Also, within the context of fashion purchase behaviour, Woodruffe-Burton (1998) noted that in the 1990s a greater proportion of men have become active fashion shoppers, as evidenced by their taking full responsibility for the purchase of their clothes. As a result, single males generate over 20 percent of total consumer spending and represent a potentially profitable market for retailers (Bakewell, Mitchell and Rothwell, 2006). To date, the numbers of examples of male-targeted strategies are limited. For instance, in the USA, Woolworth's Drug Mart division has been targeting male shoppers since 1995 and in the UK, Boots and Marks & Spencer's have both made moves on the male market with varying degrees of success (Bakewell, Mitchell and Rothwell, 2006). Furthermore, Dholakia and Chiang (2003) found when the product is relatively more expensive, technical, new (e.g. DVD players), more males are associated with the purchase of it whereas more females are associated with the purchase that is relatively less expensive and less technical.(cited by Temperley and Ho 2010)

Sexual Identity

Sexual identify forms   part of a consumers self concept and people tend to conform to their cultures expectations regarding how with respect to gender one should dress and behave. We also need to be aware of the fact that these societal expectations change over time and that there can be major differences across different cultures with some having quite rigid expectations of behaviour and others being much more flexible.

We can conclude that all aspects of the consumption process are shaped by our culture. (Solomon 2009 p153)

Gender expectations in many societies mean that males are controlled by agentic goals that stress self assertion and mastery and females by communal goals such as affiliations and harmonious relationships. Sexual identity is a state of mind as well as body which means that masculinity and femininity are not biological characteristics. In Southern Europe and Latin America for example males are allowed to show their emotions whereas in Northern Europe they are expected to have a stiff upper lip and not show any emotion. In other words each society defines what men and women should and should not do in terms of expected behaviours.

We can say that many products are sex typed taking on either masculine or feminine attributes very easily observed with products for babies and children with blue for boys and pink for girls used

as colour coding. There may well be underlining similarities between men and women in their consumption and shopping behaviour however we can say that shopping is still regarded as a female activity. with the majority of shoppers being female although there do appear to be trends emerging in Western society where males are embracing this type of consumption activity

Social Identity and Self-concept in Shopping

Nowadays, "shopping" has become more an experience, rather than a simple act of buying things, with this process, social identity and self-concept are key factors that influence the consumer's shopping habits. In modern societies people select products, services and activities that define themselves by creating a social identity that can be seen by others. (Solomon, 2009 p144) The kind of clothing and accessories chosen reflects who one is and the type of person one aspires to become.

According to Solomon, the notion of self-concept is defined as "the beliefs a person holds about his or her attributes, and how he or she evaluates these qualities" (Solomon 2009, p.150). It is because of this, that the term self-concept is very important when looking at the behaviour of different consumers. A person's shopping habits can define his or her self-concept and social identity. People use to base their impression about someone on his or her outfit, grooming habits, etc. (Solomon, 2009 p151) Moreover, Giddens (1993) mentioned that the self is conceptualised in post modernity not as a given product of a social system nor as a fixed entity which the individual can simply adopt, but as something the person actively creates, partially through consumption. (cited in Temperley and Ho 2010)

The important differences in consumer's self-concepts and personalities play a big role in determining product choices. Woodruffe-Burton's (1998) research demonstrated the way in which the men use fashion to shape self and create identity, namely the consumption of fashion is used by men in creating self-concept. We live in a symbol-rich environment and the meaning attached to any situation or object is determined by the interpretation of these symbols. Through the socialisation process the consumer learns not only to agree on shared meanings of some symbols but

also to develop individual symbolic interpretations of his/her own. In this case the symbols are clothes, style and, most significantly, labels. The consumer uses these symbolic meanings to construct, maintain and express each of her/his multiple identities (Woodruffe-Burton and Elliott, 1998 cited in Woodruffe-Burton 1998).

Furthermore, a key theme emerging in discussion of fashion over the last decade is that of the New Man, viewed partly as a reaction to the impact of feminism and partly as a reassessment of masculinity and male identity - attributes of narcissism and nurturing have been added to codes of masculinity (Craik, 1994 p1-16). Marketers have capitalised on these attributes by emphasising lifestyle marketing rather than simply product marketing (Chapman, 1988). The new man was not only aware of fashion but an active consumer in the pursuit of his sense of self. (cited in Temperley and Ho 2010)

Regarding this, therefore, psychographics is a tool that involves the description of consumers based mainly on psychological and social psychological factors as values, believes and attitudes, and is used to explain why these consumers have a propensity to consume certain products or brands. (Solomon, 2009 p 580-581)

Males –the traditional concept

The traditional concept of the male is that of a tough aggressive muscular type

(Solomon 2009 p158) which has however been subject to much discussion and debate in both the popular and business press suggesting the emergence of types such as the new man and also the ubersexual (see Temperley and Ho 2008 in WJRBM)

In addition this debate about the new man appears to have generated a reaction best exemplified by Mansfield (2006) (cited in Tungate 2008 p 8 -9) who asserted that manliness favours wars, likes risk and admires heroes and this is the type of male women want .The ensuing debate resulted in some acceptance in the press that women did not after all desire men who looked prettier than they did.

We do however know from the emergence of the concept of the metrosexual in the 1990s that this traditional view of males is subject to change. In

the last two decades there have been considerable changes in the way in which men see themselves as shoppers (Bakewell, Mitchell and Rothwell, 2006). Also, within the context of fashion purchase behaviour, Woodruffe-Burton (1998) noted that in the 1990s a greater proportion of men have become active fashion shoppers, as evidenced by their taking full responsibility for the purchase of their clothes. As a result, single males generate over 20 percent of total consumer spending and represent a potentially profitable market for retailers (Bakewell, Mitchell and Rothwell, 2006). (cited in Temperley and Ho 2010)

Metrosexual and Ubersexual Males

Most of the references to the term "metrosexual" are from the business press and reflect the theme of the development of some form of 'new' male category. In the mid-1990s the "metrosexual" phenomenon hit us following a 1994 article in The Independent by Matt Simpson, former editor of GQ magazine (cited in Salzman, Matathia and O'Reilly, 2005), defined that the typical metrosexual is a young man with money to spend, living in or with easy reach of a metropolis, because that is where all the best shops, clubs, gyms and hairdressers are. In Marketing Week (2007), it defined as men who take on stereotypically feminine traits when looking after and grooming their bodies. Referring to the Oxford English Dictionary, the etymology and definition of "metrosexual" are:

" Metro- (in Metropolitan) + Sexual

A man (esp. a heterosexual man) whose lifestyle, spending habits and concern for personal appearance are likened to those considered typical of a fashionable, urban, homosexual man. "

Metrosexuals were stereotyped as over-moisturised, manicure/pedicure-loving and style-obsessed men (Case and Granatstein, 2006). In the age of the metrosexual, mission shopping (know what I want, know where to get it) was out (Byrnes, 2006). The metrosexual man is not just buying the things he needs, he imbues his consumerism with deeper meaning, quality, and beauty (Business Week, 2006). If a man was not a metrosexual, he risked being tagged as the metro's alter ego: the retrosexual. If the metrosexual champions the female ethos with a "Go girl!" the retrosexual is screaming "Stop!" (Business Week, 2006).

However, the evolution of man has changed again recently as the metrosexual man is considered too effeminate. A return to the machismo of earlier times was not sexy enough and they are going by an entirely new, label the ubersexual. Defined by Euromonitor International as "more complex, more thoughtful, more culinary and better groomed than macho man, but more traditionally masculine than the metrosexual." (Marketing Management, 2007 p 6) While the metrosexuals were obsessed with self-image and lifestyle, the ubersexual is politically aware and passionate about real world causes. The metrosexual has women who are his best friends, while the ubersexual respects women but retains men as his closest confidants. The metrosexual grooms his hair; the ubersexual grooms his mind. (Harris, 2005) Celebrity metrosexuals include Jude Law and David Beckham, whose good looks can be seen as slightly womanly. Their ubersexual counterparts include George Clooney and Pierce Brosnan, who are fashionable and wear tasteful clothes, but are unashamedly masculine. (cited in Temperley and Ho 2008)

Gay Males

Gay males including gay couples are currently largely ignored by marketers although the situation is starting to change and some major multinationals have conducted campaigns aimed at this emerging segment. IKEA has run a TV spot featuring a gay male couple in the US buying a dining room table at the shop. Other major companies targeting this segment include Apple Computers, Benetton and Sony. It is clear however that this male segment is still an emergent one with a great deal more work to be done to unearth the reality behind the stereotype gay male who loves shopping and determine a clearer profile in terms of whether this group displays consumption patterns which can be clearly identified. (Solomon 2009 p159 -60)

Conclusions

In conclusion by combining the differing perspectives available to us from the literature we can say that there are differences in shopping activity by gender and that these tendencies are deeply rooted in our past from both a historical , sociological and anthropological perspective. The views of (Campbell 1998) demonstrate that men define shopping differently from women and therefore this lack of a common ground between

gender in terms of how we would define shopping activity leads to areas where there is a lack of understanding of the nature of the activity due to the distinction between needs and wants. This is reinforced by the anthropological perspective with the male in the role of the hunter wanting to bring the fresh meat home quickly with the minimum of fuss once it is captured.

Conversely the sociological and historical perspective with its distinction between needs and wants demonstrates that in the area of food shopping there is common ground between male and female shoppers due to the male perspective that these are basic needs rather than wants which need to be fulfilled.

Finally the evidence from marketing studies points up the changes taking place in society and the emergence of male segments who enjoy shopping and certainly enjoy food shopping for the family in the grocery supermarket. The picture however regarding other retail forms such as shopping malls and centres remains unclear with some evidence that these locations are not regarded as the right environment for the male of the species. Further research focusing in this area would be beneficial to clarify issues such as type of store, its location and also type of product.

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I DO CLASS AND QUALITY, DEAR! INTERPRETING SOUVENIR-BUYING BEHAVIOURS ON THE BASIS OF AUTHENTICITY AS PERCEIVED BY EXPERIENCED TRAVELLERS

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Abstract

This paper addresses the gap in literature regarding souvenir shopping. Rich data collected in a series of in-depth interviews given by experienced UK-travellers served as a basis for qualitative analysis. It emerged that souvenir-shopping behaviour changes according to the degree of travel sophistication. The detected shift manifests itself much more in the qualitative level of the souvenirs the shopper is looking for than in the quantitative level. It appears that the experienced traveller relies heavily on the authenticity element when making purchase decisions. For this group, authenticity is not an end in itself but it would seem to be a promising factor in distinguishing their behaviour from that of the mass traveller. The authentic/non-authentic classification would appear to be based on a very personal assessment and is therefore not a consistent type of behaviour among souvenir buyers. It emerged from the analysis that the experienced traveller has a particularly strong interest in knowing where a given souvenir was produced. There seems to be a basic rule that, for a souvenir to be considered authentic, it needs to have been produced in the country the buyer is visiting.

Keywords

tourism, souvenirs, authenticity, co-production

Introduction

Many commentators would agree that there is a serious gap in literature when it comes to tourist shopping in general, and to souvenir buying in particular. Jansen-Verbeke (1994) was one of the first to lament that the role of shopping as a tourist activity had been underestimated, despite the fact that an impressive proportion of tourists' time and money is spent on shopping. Littrell and Baizerman (1994) supported this argument and acknowledged the importance of analysing tourists' shopping expenditure. They emphasised that researchers had paid limited attention to this industry sector. At the turn of the millennium, Hobson and his fellow researcher Christensen (2001) could see only limited progress, and they recorded that, in many respects, shopping as a tourist activity had been overlooked by the research community.

The following years witnessed some advances, to the point where Swanson and Horridge (2006) could see a ray of sunlight in a still predominantly gloomy environment. They reported that, although researchers had begun to understand the importance of shopping, few had examined the

product of the activity – the souvenir. From a more pragmatic angle, Matlack and Stead (2007) and Hadley (2007) provided up-to-date case studies documenting staggering levels of cash generation through sales of September 11th memorabilia, with a Bin Laden T-Shirt as the top selling item. As there was still a huge discrepancy between scientific research and the economic importance of the phenomenon, Hunter and Suh (2007) made an attempt to categorise souvenirs into subdivisions of "good" and "bad". In doing so, they used variables such as 'social benefit', 'economic value' and the capability of the object to represent cultural identity. In a similar vein, Fairhurst et al. (2007) built tourist typologies based on the buyers' choices of souvenirs, and investigated perceived satisfaction levels by combining factors such as the local shopping culture, the quality of service or payment methods (Tosun et al., 2007).

The rather limited number of studies available today all seem to focus on the establishment of some sort of relation between the tourist as a buyer and the souvenir at the time when the purchase is made. Surprisingly little attention has been directed towards the situation in which the purchase is made and the way in which the tourist interprets this particular situation. The remarkable work of Lasusa (2007) on the philosophy of souvenirs is relevant at this point. She argues that when people are away from home and their daily routines, they no longer have a real role to play. Therefore, one reason a person feels compelled to buy souvenirs is that he or she is attempting to live up to the role of the tourist. Lasusa argues that tourists are defined not only by what they buy, but also by the very fact that they buy. Building on this novel philosophical stance, a series of investigations were undertaken with the overall aim of obtaining a more in-depth understanding of the souvenir-buying process and, in particular, of providing detailed documentation on how the buyer perceives this process.

Methodology

Smith and Olson (2001) on one hand and Kim and Littrell (2001) on the other agree that souvenir-buying behaviour changes over time according to the degree of travel sophistication. Both contributors subscribe implicitly to the principle that souvenir-buying behaviour is not static but rather predictably dynamic in nature. However, the two commentators disagree on the characteristics of the stated dynamics. While Kim and Littrell (2001)

suggest a negative correlation between the level of travel sophistication and the amount of money spent on souvenirs, Smith and Olson (2001) do not primarily see a reduction in the overall amount spent by more sophisticated travellers, but see instead a shift in the type of products they buy. They propose a three-stage model which suggests that novice travellers tend to buy cheap souvenirs, and that seasoned travellers adopt buying behaviour of an almost local nature.

On the basis of this suggested distinction between souvenir buyers, seen in terms of the articles they tend to buy, a decision was made to investigate the souvenir-buying experiences of a dozen UK citizens who could be unequivocally considered sophisticated travellers, and who had visited Switzerland on previous occasions. The informants were chosen for their ability to represent a broad range of backgrounds, in order to investigate the widest possible spectrum of the phenomenon. Unstructured, in-depth interviews, each lasting 60–90 minutes, were considered the most appropriate research technique for providing a detailed understanding of the phenomenon and an accurate reflection of the buyer's personal perceptions inherent in the process. The interview data were subsequently transcribed and analysed using a case-based theory-building approach as proposed by Eisenhardt and Graebner (2007).

Findings

It emerged from the analysis that the well-travelled tourist tends to make souvenir-buying decisions through a series of four distinct filters. We can assume that these filters are different from the ones used by novice travellers. The filters are identified as 'authenticity', 'personal touch', 'usefulness' and 'quality/price'. We argue that, for a tourist to consider a souvenir worth buying, the object must pass through each of the filters successfully, and a minimum score must be allocated for each filter-variable. The overall score appears to be the decisive element, and an individual filter-score may be very low if it is counterbalanced by a higher score from one of the other filters.

This paper provides a more detailed analysis of the overarching aspects of the filter-variable 'authenticity'. There is clear evidence that the informants' interpretation of authenticity is surprisingly fine-grained. The constituent elements of authenticity as perceived by the informants are

labelled as 'culture & stereotypes', 'only here', 'not for tourists' and 'co-production'. The components of these sub-elements are extremely complex, and it would clearly go beyond the scope of this paper to present them at the molecular level they deserve. The reader is therefore referred to other publications with the relevant focus.

For the travel-sophisticated informants of this study it appears to be of primary importance to take home an object which the buyer sees as authentic. Quite often the aspect of authenticity is so highly valued that the expected or real impact on the ultimate recipient is apparently not relevant at all. Informant A recalls a situation in which this connection was very apparent.

Greek Ouzo and he bought our little boy Jack, he bought him a t-shirt. ... (laughs) Yeah, yeah I don't like ouzo (laughs). Yeah and I think he's done it before as well when he went to Czechoslovakia and brought back a bottle of some alcohol that was absolutely vile so (laughs) that just sat in the cupboard as well.

All informants claim that they take home only truly authentic souvenir items. These revelations basically raise two questions: a) What exactly do souvenir buyers mean when they talk about authentic items? b) Why is it so important to be associated with authentic objects?

The first question will be addressed in the following sections of this paper. In short, however, authenticity is the product of a highly individual assessment process. It may be more appropriate to talk about authenticities in the plural in order to do justice to the many ways authenticity is perceived. On the second question regarding the importance of authentic objects, it is argued that the quest for authenticity is particularly typical of experienced travellers because they are constantly attempting to document their expert traveller status. This can best be summarised in the following proposition:

Proposition 1

Experienced travellers undertake a quest for authentic souvenir objects to document their superiority over the mass traveller.

From this point of view, authenticity is the product of an assessment made by the external world and adopted by the souvenir buyer, i.e. the authenticity-label is applied to an object by the external world, and the buyer simply follows this default setting

without seriously challenging the categorisation. Hence, the souvenir buyer does not him/herself raise or answer the question of authenticity. The case is fundamentally different in informant B's interpretation of authenticity. We understand from his statement that an object is authentic because it complies with certain criteria which are defined by the souvenir buyer himself. In this case the souvenir buyer does, in fact, raise the question of authenticity, and he answers it on the basis of his personal background. Here, authenticity is, in effect, the result of a very personal (intimate!) assessment of the object and its context. The buyer actually perceives an emotional link between himself and the object, and this raises the object to the level of authenticity. In the absence of an emotional link, the object per se would never qualify for authenticity. This interpretation seriously challenges the assumption that an object can be labelled authentic or non-authentic simply on the basis of the object itself. This paper argues that the distinction between authentic and non-authentic (binary values or shades of grey?) is primarily based on a personal interpretation of the object and its context. There seems to be no such thing as an authentic souvenir item per se, or a souvenir item which is automatically considered to be authentic by everybody. The following proposition is an attempt to capture the essence of this argument:

Proposition 2

The classification of a souvenir object as authentic/ non-authentic cannot be made at the generic level. It is much more the result of a personal assessment and it is therefore likely to vary among souvenir buyers.

It emerged from the interview analysis that the hunting/exploring/finding theme permeates much of the discussion when it comes to souvenir buying. Similarly, there is evidence to show that the reason for this process is a search for authenticity. The anticipated outcome of the hunting/exploring/ finding process appears to be the discovery of something unique, like nothing the buyer has ever seen before. Informant C's account brings to mind parallels with conquerors in ancient times, or with even more modern adventurers.

That just was not the case in this shop. So you really ... it was fascinating, you could actually pick things up and look underneath. Even the jewellery, they did not have two chains the same or necklaces

or whatever. Every item we saw was different. And it was the uniqueness about it again obviously.

One is very much tempted to assume that the souvenir buyer indeed wishes to unveil the untouched. He/she would like to be the first one to discover a unique item and to take it home as a trophy to document how brave and persistent they are. At a more practical level, we would suggest that handicrafts are synonymous with authenticity for many tourists. The uniqueness of these objects seems to make them particularly suitable as authentic souvenirs. On the other hand, it is interesting to note that, from the perspective of the experienced traveller, handicrafts tend to be perceived as 'low class' in terms of value compared to other available products which are labelled as authentic.

And what is their opinion of the infamous souvenirs which all look the same the world over, and which bear the label 'Made in China'? Informant D makes the position crystal-clear by stating that an object which is made in China and sold in Zurich is by definition not authentic. This appears to be consistent with another finding of the study which shows that, for a souvenir to be authentic, it must be produced at the location it represents. Informant E supplies details.

It's the first thing I do if I'm buying something is I turn it round to look where it was made, if I can tell where it was made. Even if it has the Swiss flag on it for Switzerland or anything else, I would turn it round and if it's made in the Philippines I wouldn't buy it. (Laughter). It's not real.

Informant E's statement appears to confirm informant D's view that the tourist needs to know about the country of production, and that he makes his decision about authenticity (and consequently whether or not he will buy the object) on the basis of this knowledge. We would argue that there is some sort of taxonomy involved in this assessment. The basic rule appears to be that the souvenir has to be produced in the country the buyer is visiting. This is clearly the ideal situation. It is obviously less optimal if the item is produced in another/neighbouring country since it violates the basic rule. However, this appears to be acceptable if the country the buyer is visiting and the country of production are perceived to form an entity. This is, for instance, the case with Far Eastern tourists coming to Switzerland. Their destination is basically Europe and they tend not to be so much concerned with the fact that Europe consists of several individual countries. Hence, for such tourists a souvenir item made in Italy and bought in Switzerland is not in violation of the basic rule. However, Far Eastern tourists are unlikely to consider buying a product which is made in the USA, since this would clearly be seen as a different 'country'. Labels such as 'Made in China' or similar designations should be considered as further examples of, and an additional layer to the above proposed taxonomy system. Such labels, if they occur outside the geographical area they relate to appear to be interpreted as socially undesirable or even unacceptable. Hashimoto and Telfer (2007) call the phenomenon Geographically Displaced Authenticity. We can assume that the common denominator for all these undesirable labels is the prevailing image that they represent a production site which pumps masses of rather cheap and standardised goods into foreign markets. Hence, a mass-produced item which comes from a foreign country is perceived as the most non-authentic imaginable, and it seriously violates the basic rule. The situation can best be summarised in the following proposition.

Proposition 3

Experienced tourists are interested in knowing where their souvenirs were produced. The basic rule is that, for a souvenir to be seen as authentic, it must be produced in the country the buyer is visiting.

Discussion

The present study appears to replicate the findings of Smith and Olson (2001) and Kim and Littrell (2001) respectively in that it supplies evidence for a behavioural change in souvenir buyers over time. All informants observed fundamental changes in their souvenir-buying habits. They not only attribute this shift to their increased travel sophistication, as is argued by the authors, but also, quite openly, to the greater availability of funds. In this sense, the authors' argument is supported by the fact that behaviour is dynamic rather than static. The ability to predict behaviour on this basis, however, presents a greater challenge.

The present study shows that the type of souvenirs sought by the experienced traveller (more authentic) can be predicted with a strong element of reliability. However, this study is ill-equipped

to embrace the implicit conclusion presented by Kim and Littrell (2001) which argues that there are two reasons why the more sophisticated traveller spends less money on souvenirs than the novice traveller. An analysis of the interview data would seem to suggest that experienced travellers buy less in terms of units. However, since the unit price for authentic souvenirs is presumably higher than that for mass produced items, the total amount spent on souvenirs could therefore be roughly the same for the two groups. It may even be slightly higher for the sophisticated traveller.

The three-phase model as proposed by Smith and Olson (2001) is a valid first step in gaining a better understanding of the diverse buying behaviours of novice and sophisticated travellers. Indeed, Smith and Olson supply a first generic model, and this study amplifies the model with essential detail. We argue that novice and sophisticated travellers alike refer to the same set of filter-variables when making their souvenir-buying decisions. The two groups differ in the importance they each attribute to the individual filter. This paper provides examples which show that the sophisticated traveller places great importance on the authenticity of a souvenir whereas the novice traveller is likely to have less interest in whether an item is authentic or not.

For sophisticated travellers, authenticity is not merely a label. It is a political message which allows them to set themselves apart from the masses. Furthermore, it can be concluded that a decision about the authenticity of an object cannot be made at the generic level. It is much more the result of a very personal assessment process and is therefore highly individual. The sophisticated traveller is typically interested in knowing where a souvenir was produced before he/she makes a judgement about authenticity.

Conclusions

The present paper suggests that novice travellers and sophisticated travellers exhibit fundamentally different souvenir-buying behaviour. Each group would appear to refer to a series of filters through which they process their buying decisions. The filters are labelled as 'authenticity', 'personal touch', usefulness' and 'quality/price'. Both groups are thought to use the same four filters but they vary in the weight they attribute to each filter. This paper suggests that the filter 'authenticity' is of primary importance for sophisticated travellers. This group

tends to instrumentalise the quest for authenticity to set themselves apart from the novice/mass traveller. It does not appear to be possible to make the distinction between authentic and non-authentic at the generic level. Since this classification is the result of a very personal assessment, it is likely to vary between souvenir buyers. It emerged from the analysis that the experienced traveller is particularly interested in knowing the place of production of the souvenir under consideration. In this sense, the basic rule seems to suggest that, for a souvenir to be considered authentic, it must be produced in the country the buyer is visiting.

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THE BEHAVIOUR INTENTIONS OF TOURISTS TO MAKE DECISION OF TRAVEL INTERNATIONALLY. THE CULTURAL AND PSYCOGRAFIC FACTORS AND TRAVEL RISK THAT INFLUENCE THEIR DECISION.

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Abstract

There is a growing perception of the world as a more risky place to live and travel, and this perception could have serious implications for tourism. Thus, the concerns of safety and physical security within the tourism industry justify attention and research.

The purpose of the study is to test the relationships among cultural and psychographic factors, the perception of travel risk and safety, anxiety, and intentions to travel, and to compare the results across Albanian and Macedonian and international tourist groups. Before the study results are presented and evaluated, however, the concepts of perceived risk, safety, anxiety, and intentions to travel are discussed. These are followed by the literature review supporting the development of hypotheses, then a discussion of the methodology used in this study.

Our paper investigates the impact of cultural and psychographic factors on perceptions of travel risk, anxiety, and intentions to travel internationally. The study involved 240 Albanian and Macedonian and 320 foreign respondents who were surveyed as to their cultural orientation, personality, lifestyle, travel motivation, risk and safety perception, anxiety, and intentions to travel. The results of a path analysis showed that the travel risk perception was a function of cultural orientation and psychographic factors in both samples, and anxiety was a function of type of perceived risk. The terrorism and socio-cultural risk emerged as the most significant predictors of travel anxiety. Intentions to travel internationally were determined by travel anxiety levels and level of perceived safety. Implications for future research and marketing practices are discussed.

We argue that tourism research must take up the challenge of risk assessment. If the tourism industry is going to be prosperous, then tourism researchers must make efforts to increase the industry's understanding of risk perception. Tourism cannot develop in places that are perceived as dangerous.

METHOD

Samples of 240 Albanian and Macedonian and 240 foreign respondents were surveyed in Albania and Macedonia. A sample of Albanian and Macedonian and foreign respondents was randomly selected from a population of visitors at various tourist attractions in Albania and Macedonia. The tourist attractions were chosen on the size of the tourist population visiting particular places and their willingness to participate in the research. The foreign nationalities were selected for their significance to the Albania And Macedonia tourism market (most international tourist arrivals to Albania and Macedonia are from Europe, Asia and the United States).

The sample elements were not, however, selected in proportions that reflected the size of each major foreign tourist market to Albania and Macedonia; rather, the emphasis was on getting a maximum

(and balanced) number of respondents from different international tourist groups during a 3 month period in September- November 2007. A screening question was asked to select only those respondents who had been born and raised in the same country. It was felt that foreign nationals (born in one country and raised in another) and those who had lived overseas for extended periods would perceive the travel risks differently than those who were born and raised in the same country.

Introduction

Perceived risk. Risk was defined as exposure to the chance of injury or loss, a hazard or dangerous chance(Macquarie 1999), or the potential to lose something of value (Priest 1990).

Risk perception in tourism. The concept of perceived risk in tourism was examined in many studies (Hales and Shams 1991; Moutinho 1987; Roehl and Fesenmaier 1992; Yavas 1987). In tourism, risk was defined as what is perceived and experienced by the tourists during the process of purchasing and consuming traveling services and at the destination (Tsaur, Tzeng, and Wang 1997). Risk has been identified as a major concern for international travelers (Yavas 1990).

Perception of risk in tourism varies depending on tourists' characteristics. Roehl and Fesenmaier (1992) distinguished among three groups of tourists based on their perceptions of risk: risk neutral, functional risk, and place risk.

The risk-neutral group of tourists does not perceive its vacations or traveling to destinations as risky. The functional-risk group considers the possibility of mechanical, equipment, and organizational risks. The place-risk group perceives tourism and traveling as risky. Lepp and Gibson (2003) suggested that the perception of risk associated with international tourism varies depending on the tourist role and tourists' preferences for familiarity or novelty. The organized mass tourist prefers the greatest amount of familiarity and travels in an "environmental bubble." In sum, the literature suggests that to understand the perception of travel risk among tourists, the individual's socio-cultural and psychological characteristics should be considered.

Types of risk. Perception of risk may vary depending on the types of risk perceived. There

are seven types of risk identified in consumer behavior literature: financial (losing or wasting money if the service goes wrong), functional or performance (not performing, not delivering benefits to customers, and/or not meeting the customers' needs and requirements), physical (inflicting injury or illness), social (losing personal and social status, appearing unfashionable, and/or lowering status), psychological (damaging self-image and/or reflecting poorly on personality), satisfaction (not delivering satisfaction), and time (not performing on time, taking too much time, and/or wasting time) (Schiffman and Kanuk 1991). In tourism, Roehl and Fesenmaier (1992) identified three dimensions of the perceived risk: physical-equipment risk, vacation risk, and destination risk.

Safety

To create a "favorable environment" for tourism development, it is important to understand how potential tourists experience their environment in terms of safety. Several studies have examined the concept of safety in the context of tourism.

Today safety and security for domestic and international travelers have become global concerns. Lack of personal safety is perceived as a major deterrent to international travel.

Anxiety

Anxiety is a subjective feeling that occurs as a consequence of being exposed to actual or potential risk; it is a feeling of being nervous, apprehensive, stressed, vulnerable, uncomfortable, disturbed, scared, or panicked (McIntyre and Roggenbuck 1998). According to Gudykunst and Hammer (1988, p. 126), anxiety is the affective element that "refers to the fear of negative consequences."

When a person plans a purchase that is risky, this generates a fear of unknown consequences and feeling of "anxiety" (Dowling and Staelin 1994).

To avoid anxiety and its negative consequences, potential travelers evaluate the risk of the purchase and make decisions accordingly. Travelers may evaluate the perceived risk of the purchase at different levels (product/destination attributes, negative consequences of the purchase, own needs and values, and purchase situation). Travelers' evaluation of the product at all levels may be different. This study seeks to understand

the influence of travel anxiety on the perception of safety and intentions to travel.

Intentions to Travel

The perceived risk and perception of safety greatly influence the intentions to travel. When the risk makes a destination to be perceived as less safe, the potential travelers can (1) pursue their travel plans, (2) change their destination choice, (3) modify their travel behavior, or (4) acquire additional information if they decide to continue with their travel plans (Chandler 1991; Englander 1991; Norton 1987).

Purpose of the study

The purpose of this study is to establish empirically the relationships among the cultural and psychographic factors, travel risk perception, anxiety, safety perception, and intentions to travel, and to compare the findings across two groups (i.e., Albanian and Macedonian and international tourist groups

Development of hypotheses

H1: Cultural Orientation versus Risk Perceptions

Several cross-cultural studies found that national cultures influenced risk perceptions and explained risk adjustment. Five dimensions of cultural variability identified by Hofstede (1980, 2001) and Hofstede and Bond (1988), namely, power distance, individualism, masculinity, uncertainty avoidance, and the Confucian work dynamism, or long-term orientation.

The cultural orientation toward uncertainty avoidance (the degree to which a society feels threatened by uncertain and ambiguous situations and tries to avoid them) is most closely associated with the degree and type of risk a society is prepared to accept in everyday life. Travel risk may be of particular concern for tourists from high-uncertainty-avoidance cultures. For example, Money and Crotts (2003) found that tourists from the high-uncertainty avoidance group stayed three times as short, visited two times fewer destinations, traveled alone significantly less often, and traveled more with business associates and friends in organized groups than those from the medium-uncertainty group to minimize risk. Consequently,

this study hypothesizes that cultural orientation is associated with the perception of risk.

H2: Psychographics versus Risk Perceptions

The perceived risk is highly variable and depends on personality characteristics (Priest 1990) and one's ability to successfully meet a situational risk (Priest 1992). Passive personality combined with low-level activity generates feelings of peace, calm, and enjoyment, and an absence of threat. Active personality induces the feelings of arousal, stress, and even fear (McIntyre and Roggenbuck 1998). Plog's (1974) psychocentric tourists (passive and risk averse) are likely to seek peace and choose destinations perceived as safe, whereas allocentric tourists (active and risk taking) are likely to seek excitement and areless concerned about choosing destinations based on safety factors. Also, each tourist assesses risk differently depending on the need for familiarity and novelty. A tourist seeking familiarity is likely to perceive an alien environment as more risky than a tourist seeking novelty.

Cohen's (1972) mass tourists who chose to travel in an organized fashion on a packaged tour prefer the greatest amount of familiarity because they feel more vulnerable than explorers who seek novelty within a safety net or drifters for whom novelty and risk are most important. Differences in feelings and experiences of risk can be explained by sensation seeking personality (Hull, Stewart, and Yi 1992).

The perceived risk is influenced by travel motivation. Tourists select the destination that best matches their needs and offers the most benefits for the least risk (Sonmez and Graefe 1998a). Some individuals may be motivated by the experience of risk that may be a significant factor in feeling excited and satisfied with experiences (McIntyre and

Roggenbuck 1998). Others may be motivated by the rest and relaxation, and avoid risk. Also, the perceived risk is influenced by an individual's lifestyle. For example, novelty and excitement seeking might be associated with an individual's lifestyle (Bello and Etzel 1985). Consequently, it is hypothesized that personality, motivation, and lifestyle are associated with the perception of risk.

H3: Risk Perception versus Travel Anxiety

According to Gudykunst and Hammer's anxiety/ uncertainty management (AUM) theory (1988), when sojourners experience uncertainty (and risk),

anxiety dominates and they have difficulties in adapting to a new environment. When uncertainty is controlled, sojourners are more adaptive.

Thus, it is hypothesized that a perception of risk is associated with travel anxiety.

H4: Risk Perception versus Travel Safety

Risk perception determines if potential tourists feel safe on a trip. Individuals who associate high risk with travel are less inclined to feel safe. Risk perception is the strongest predictor of safety concerns.

H5: The Relationship between Travel Anxiety and Safety and Intentions to Travel Internationally

According to Gudykunst and Hammer's (1988) anxiety/ risk-reduction management theory, when a sojourner's anxiety and risk are high (and confidence is low), he or she will likely perceive an environment as less safe and withdraw from it. When a sojourner's anxiety and risk are low (and confidence is high), he or she will perceive the environment as safe and adapt to circumstances. Thus, when anxiety

increases, perceptions of safety decrease and the intentions to travel decrease. Mitchell et al. (1999) noted that the relationship between consumers' risk and purchase intention of the package holiday is mediated by anxiety. Thus, it is hypothesized that travel anxiety is associated with the perception of safety and intentions to travel, and travel safety is associated with intentions to travel (see Figure 1, path P9,10).

Instrument and Measures

A structured questionnaire was used to measure the constructs in the conceptual model. The questionnaire was self administred. Questions in the survey asked about the respondent's cultural orientation, psychographics (personality, lifestyle, and travel motivation), travel risk perception, travel anxiety, perception of travel safety, and intentions to travel in the coming years. The survey also posed questions regarding the respondents' socio-demographic details.

The questionnaire was developed in English. Fortunately, 95% of the respondents chose to use the English version. The remaining 5% used others in equal numbers.

Results and discussion

The characteristics of the total sample indicate that there was adequate representation of both gender groups; females (50.7%) were represented by a slightly larger percentage than males (49.3%). In the Albanian and Macedonian group, females represented 51.2% of the sample and males 48.8%; in the foreign group, males represented 50.3% of the sample and females 49.7%. Both samples tended to be young, with the majority (66.2%) of the Albanian and Macedonian sample and 77.8% of the foreign sample being younger than 30 years. This is no surprise, because the majority of international and domestic tourists to Albania and Macedonia are young. The test, however, identified several variables that did not highly correlate with other items. In the final result, all scales exceeded Nunnally's suggested minimum acceptable alpha coefficient of .70 (Nunnally 1978). The culture orientation scale had an alpha value of .9156, personality .8634, lifestyle .7054, motivation .7359, risk perception .8514, travel anxiety .9455, and travel safety .8982.

The results of the identified three major groups of travel risks. The first factor included the items that were associated with terrorism risk (bomb explosion, airplane hijacking, and biochemical attack). The second factor included variables such as health, physical, financial, and functional.

Instrument and its measures

Measured Scale Items Construct

Cultural orientation 7-point dis/agreement scale Items representing Hofstede's (1980) cultural dimensions: power distance, uncertainty avoidance, individualism and collectivism, and femininity and masculinity;

Personality 7-point scale Several descriptive words were presented and respondents were asked to indicate how accurately these words (adjectives).

Lifestyle 7-point dis/agreement scale Items adapted from lifestyle studies Motivation for travel 7-point scale according to their importance Items adapted from Kale, McIntyre, and Weir' (1987)

Perception of travel risk 7-point scale (1 = none; 7 = very high)

13 travel risk perceptions: cultural, equipment/ functional, financial, health, physical, political, psychological, satisfaction, social, airplane hijacking, bomb explosion, biochemical attack, and time.

Travel anxiety 7-point semantic differential scale Scale composed of 12 bipolar adjectives to describe feelings, for example calm/worried, relaxed/tense, and composed/stressed

Perception of travel safety 7-point scale (1 = very unsafe; 7 = very safe)

Items related to perceptions of travel safety in selected regions and situations, for example at hotels, airports, and when sightseeing Intentions to travel internationally 100-point scale (0 = no intention; 100 = definite intention)

Significant Results in the Foreign Group

Results of the path analysis show six additional direct significant paths in the foreign sample. These paths are from personality to terrorism risk, from motivation to health and financial risk, from motivation to anxiety, from motivation to safety, from terrorism risk to safety, and from safety to intentions to travel. The results suggest that foreign tourists in Albania and Macedonia, despite deciding to travel abroad, had risk concerns. Personality types are associated with fear of terrorism support, regardless whether tourists are confident, venturesome, and risk takers, or are less outgoing, more comfort oriented, and risk avoiders. This supports the notion of Sonmez and Graefe (1998a), who postulated that personality might be influential in explaining perceptions of risk.

Motivation for travel is negatively associated with perceived health and financial risk. Foreign tourists are motivated to travel to destinations where the risks of becoming sick or physically injured and not being provided with value for money are small.

Motivation for travel is also negatively associated with anxiety, indicating that tourists who are highly motivated to travel also experience less anxiety. In addition, motivation is associated with perceptions of safety. Foreign tourists tend to travel more to destinations perceived as safe.

The level of perceived terrorism risk is negatively associated with safety. This is not surprising; tourists who perceive a high risk of terrorist attack

also feel less safe. Finally, safety is positively associated with intentions to travel.

In sum, the main source of significant paths in the foreign sample is motivation. In this sense, the motivation for travel appears more significantly related to types of risk in the foreign sample than for Albanian and Macedonians. This means that internationaltourists evaluate various risks differently depending on their motive for travel.

Significant Results in the Albanian and Macedonian Group

In the Albanian and Macedonian sample, there are two additional direct significant paths: from national culture to sociocultural risk, and from personality to anxiety. These results suggest that Albanian and Macedonian tourists, despite traveling domestically, also had risk concerns. Their cultural orientation is associated with sociocultural risk, indicating that Albanian and Macedonian tourists may be concerned about exposure to different sociocultural locations and the fact that they may not be embraced in the destination county.

Also, Albanian and Macedonians' personality is negatively associated with travel anxiety. This is because many Albanian and Macedonians are venturesome, extroverted, and outgoing, especially young tourists who represent the majority of the sample. They may evaluate their travel experiences in terms of excitement rather than danger. The literature shows that Albanian and Macedonians value exciting life more than other groups and a comfortable life less than other groups, and scored relatively low on the uncertainty-avoidancedimension (Hofstede 1980, 2001).

Conclussion

From the theoretical perspective, this study contributes to a better understanding of the risk perceptions and anxiety associated with international tourism. The study suggests that there is a strong relationship between travel risk perceptions and travel anxiety, and that studies of travel decision making should include an analysis of cultural and psychographic factors, types of risks, anxiety, and perceived insecurity during traveling. The study showed that culture, personality, and motivation to travel had significant

influence on perceptions of travel risk, anxiety, and safety. In particular, culture had an important influence on perception of travel safety and sociocultural risk. Personality had an important influence on perception of terrorism risk and travel anxiety. Motivation had an important influence on perceptions of health and financial risk, travel anxiety, and perceptions of safety. Lifestyle did not influence the travel risk perception, level of anxiety, or future intentions to travel internationally. Perceptions of terrorism and sociocultural risks had a significant influence on level of anxiety. Perceptions of health and financial risk had a significant influence on perceived level of safety. Anxiety had a major impact on safety perception and intentions to travel. From the practical standpoint, identifying the above relationships may contribute to a better understanding of the impact of risk perception on travel anxiety, perceptions of safety, and intentions to travel. The perceptions that tourists have of travel risk may influence their intentions to travel and the likelihood of visiting a destination. These issues are important for understanding the marketability of tourist destinations and reflect destination characteristics that are important to tourists. Marketers and the tourism providers can encourage potential tourists to travel by decreasing the perception of travel as risky. Perceptions of safety may become increasingly important to tourism as the world becomes more dangerous. The perception of high risk associated with international travel can have a devastating effect on not only tourism but also the entire region. Consequently, the study results contribute to a better understanding of the perceptions of travel risk, anxiety, and intentions to travel by young people only. It is reasonable to expect that older tourists' perceptions of risk and safety would be different from those of young people.

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THE EFFECTS OF POSITIVE AND NEGATIVE MESSAGE FRAMINGS ON GAME PLAYERS' SELF-CONTROL

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ABSTRACT

Two types of motivations exist in terms of regulatory focus: a promotion orientation concerned with advancement and achievement and a prevention orientation concerned with safety and security. The central premise of this research is that promotion-focused and prevention-focused players differ in their sensitivity to message frames and therefore respond with different levels of self-control. This study adopted a 2 (message frames: positive vs. negative) × 2 (regulatory focus: promotion vs. prevention) between-subjects design; the results confirmed the hypotheses that, for promotion-focused players, negative messages are significantly effective in preventing them from becoming addicted to the games; meanwhile, for prevention-focused players, positive messages significantly influenced players, leading them to become addicted. Hence, video games' negative and addiction-related messages should be enhanced whereas positive messages should be cautiously released.

INTRODUCTION

As video games have become rapidly and broadly integrated into society, psychological and social phenomena have emerged.[1-2] Players play video games due to various motivations and purposes. Some believe video games help them boost mental skills and improve physical coordination. Those players who can maintain a healthy attitude and effective self-control are able to benefit through reduced stress and the ability to enjoy hedonic experiences. However, some players use video games as their shelter to avoid dissatisfied real lives. Video games serve as a compensatory function that might satisfy their unfulfilled roles. These different orientations toward game-playing result in distinctive attitudes and behaviors.

News and academic research have reported both positive and negative video game messages. Positive messages emphasize the games' positive outcomes: "Playing video games may improve your intellectual skills, reading ability, attention, hand-eye coordination, and speed reactions to novel situations."[3-5] Meanwhile, negative messages focus on the negative aspects of games: "Playing video games induces addiction, ill-health, anxiety, violence, relationship deterioration and poor performance."[6-8] Researchers have extensively studied the persuasiveness of such messages in affecting consumer behaviors,[9] and both positively and negatively framed messages have been found to influence decision-making processes. Indeed, players' belief of the positive or negative messages may affect their capacity for self-control. Gailliot, Baumeister, DeWall, Maner, Plant, Tice et al.[10] defined self-control as the ability to control or override one's thoughts, urges, and behavior.

The current research aims to explore how effective messages increase players' self-control and keep players from becoming addicted to games. Regulatory focus theory[11] distinguishes two basic motivational orientations that individuals adopt during goal achieving: promotion focus and prevention focus. The promotion focus directs individuals' attention to advancement, achievement, and aspirations (i.e., promotion goals) and causes them to focus on approaching positive outcomes. The prevention focus directs individuals' attention to responsibilities, safety, and security (i.e., prevention goals) and causes them to focus on avoiding negative outcomes. We assumed that players' regulatory focus affects

how they react to positive and negative messages. Therefore, this study will examine and compare the influences of both positive and negative messages in regards to promotion- and prevention-focused players' self-control, respectively. The interaction effects of regulatory focus and messages on players' behavior will be examined and discussed based on the results of the 2 (messages: positive vs. negative) x 2 (regulatory focus: promotion vs. prevention) between-subjects design. Implications and future research will also be provided based on these results.

Regulatory focus and video game players

A promotion-focus individual tends to seek matches to the desired outcomes; however, a prevention-focus individual attempts to avoid mismatches to the desired outcomes.12-13 Among promotion players, video games emphasizing the benefits achieved with compliance induce the use of goals to ensure positive outcomes (e.g., "games can improve one's deductive and logical reasoning skills and enhance players' problem-solving ability and agile decisions") and, theoretically, produce regulatory fit that leads to engagement in the target behavior. Likewise, among prevention players, video games emphasizing the costs associated with noncompliance induce the use of goal to avoid negative outcomes (e.g., "games are deemed as a sanctuary and shelter; without games, life would be boring and meaningless.") and, accordingly, produce regulatory fit that should lead to behavior changes.14

The value of video game experiences can be enhanced when strategic means for achieving the goal match the regulatory focus. Therefore, promotion players primarily seek achievement and happiness whereas prevention players look for security and fantasy in games. For prevention players, the more time they hide in the game, the harder it may be to withdraw from it, leading to addiction.

Regulatory focus and message frames

Kirmani and Zhu15 claimed that promotion people seek matches to their desired end-states; hence, they are likely to focus on the messages with positive outcomes and use matched approach strategies. While playing games, promotion players consider their lives with a balance of enjoyment and achievement. In other words, they may evoke higher levels of self-control and restrict themselves from overindulging in games if they read gaming messages that emphasize negative outcomes, such as the tendency to become addicted and develop violent tendencies. Thus, their self-control is more likely to reach a higher level from negative messages than positive messages.

In contrast, prevention people are inclined to avoid mismatches to the desired end-states;15 they are more likely to focus on negative outcomes and use avoidance strategies when viewing a message. While happily playing games, prevention players feel relaxed, free, and safe in the virtual world and may try activities that they are not able to or are afraid to do in the real world. They have a higher chance of becoming addicted or problematic players, especially if they believe the positive gaming messages that emphasize positive outcomes of games, such as providing stress relief, improving intellectual skills, dissolving anguish and frustration, and stimulating physical reaction. These messages accelerate players' immersion in the games, making them more likely to become addicts.

Based on the discussion thus, far, the following hypotheses have been developed:

H1: When exposed to negative video game messages, promotion players will demonstrate higher levels of self-control than prevention players.

H2: When exposed to positive video game messages, prevention players will demonstrate a higher tendency to become addicted to the game than promotion players.

METHODS AND RESULTS

Study 1

Study 1 examined the influences of positive and negative messages on players' self-control. To examine the proposed hypotheses, participants filled out a two-part survey. First, participants were categorized as a promotion or prevention player based on the results of a regulatory measurement.16-18 Once identified with their regulatory orientation, participants were randomly assigned to read either positive or negative video game messages.

Positive messages reported the benefits of video games and encouraged people to play; these messages emphasized the benefits of video games, such as quick thinking, reasoned judgments, memory, pattern recognition, estimating skills, and self-esteem. Meanwhile, negative messages illustrated the negative influences of video games on players (e.g., addiction, poor work performance, health problems, and deterioration of interpersonal relationships) and discouraged them from playing. As different types of messages can influence players' perceptions and self-control in playing the game, participants exposed to negative messages were expected to demonstrate increased levels of self-control while those exposed to positive messages were expected to lower their levels of self-control.

Participants and design

A total of 120 Taiwanese high school students participated in this study. Data from 6 respondents were missing on one measure, leading to a usable sample of 114 (mean age = 15.63; 63.2 percent male, 36.8 percent female) on the first dependent measure—namely, self-control. In regards to the second dependent measure—addiction—data from 9 respondents were missing, and 18 participants dropped out during the experiment, leaving a usable sample of 93 (mean age = 15.87; 67.7 percent male, 32.3 percent female).

Using a 2 (message frames: positive vs. negative) × 2 (regulatory focus: promotion vs. prevention) between-subjects design, participants were randomly assigned to read either positive or negative messages. After the experiment, a discussion workshop was available for all participants, in which they could debate the negative and positive effects of video games to nullify the effects of messages received in the experiment. Before leaving, all participants were debriefed and thanked.

Measures

Regulatory focus items were averaged to produce promotion and prevention subscales of adequate reliability. The values of Cronbach's α fell within the acceptable range: .67 and .82, respectively.[19-20] Promotion players exhibited significantly higher promotion (Mpromotion = 4.75, SD = 0.953) than prevention (Mprevention = 3.69, SD = 0.94, F

(1, 112) = 33.68, p < .001), whereas prevention players had higher prevention (M = 4.58, SD = 1.03) than promotion (M = 2.64, SD = 1.03, F (1, 112) = 108.15, p < .001). Based on the responses to the regulatory focus items, promotion-focused participants pursued the advantages from video games. They were able to distinguish from reality and fantasy, refresh their energy, relieve stress, and enjoy the video games in a positive manner. On the contrary, prevention players were motivated to play games because they were looking for security and belongingness, looking to escape from reality, and having trouble maintaining real interpersonal relationships.

To assess participants' levels of self-control and addiction, participants responded to a scenario that involved two parts: "Assume that your friend drops by unexpectedly while you are playing video games. How would you feel and what would you prefer to do?" The first part ("how would you feel") measured participants' level of self-control; the second part ("what would you prefer to do") measured their level of addiction. Self-control measures were adapted from Tangney, Baumeister, & Boone's[21] survey items. Meanwhile, the addiction measure was based on Whang and Chang's[22] online game addiction scale. A seven-point agree/disagree response scale was used rather than five-point scale to increase statistical variation.

Manipulation check

As expected, respondents who read the positive messages were significantly more likely to believe that video games help players with positive outcomes (Mpositive = 4.98 vs. Mnegative = 2.42; F(1, 112) = 28.61, p < .001); those who read negative messages turned out to be more negative to video games (Mnegative = 5.49 vs. Mpositive = 3.15; F(1, 112) = 33.74, p < .001). No other effects were significant.

Results and discussion

To test whether a difference existed between players' level of self-control with regulatory focus and message frames, the data were examined in the context of a 2 (regulatory focus: promotion or prevention) × 2 (message frames: positive or negative) between-subjects analysis of variance (ANOVA) of participants' stated self-control. The ANOVA yielded a significant main effect of message

frames (F (1, 110) = 19.35, p < .05); respondents were significantly more likely to have higher levels of self-control when they were exposed to negative messages than positive messages. This main effect was qualified by a significant two-way interaction (F (1, 110) = 4.07, p < .05) between regulatory theory and message frames. Promotion players showed significantly higher levels of self-control when exposed to negative messages (M = 6.33) than positive messages (M = 4.87; F (1, 110) = 32.43, p < .05). Moreover, prevention players did not show a significant proclivity to limit their play time in either case (Mpositive = 4.91 vs. Mnegative = 4.37; F (1, 110) = 1.77, p > .19). This result supported the proposed idea that promotion players are more likely to respond to negative messages, become vigilant to video games, and consequently increase self-control in game playing whereas prevention players did not reflect the same discernment of self-control.

The second dependent measure, tendency to addiction, also yielded a significant main effect of messages (F (1, 89) = 14.00, p < .05), which indicated that respondents were more likely to become addicted when they believed in positive messages rather than negative messages. This main effect was qualified by a significant two-way interaction (F (1, 89) = 5.44, p < .05) between regulatory focus and message frames. Prevention players demonstrated a significantly higher tendency to addiction under the influence of positive messages (M = 4.6) than negative messages (M = 2.88; F (1, 89) = 14.07, p < .05). Promotion players did not show a significant difference of addiction between positive and negatives message conditions (Mpositive = 3.35 vs. Mnegative = 2.95; F (1, 89) = 1.73, p > .19). Thus, prevention players are likely to become addicted to games when they believe in the positive messages; meanwhile, they showed relatively high levels of self-control when they received negative messages. However, promotion players do not reflect the same responsiveness.

Furthermore, the evidence suggests that a prevention focus does not lead to a consistent preference for change relative to the promotion focus. Prevention players showed a relatively higher tendency to become addicted (M = 4.6) than promotion players (M = 3.35; F (1, 89) = 10.19, p < .05) in the positive message condition. This result implies that promotion players will not indulge themselves and get lost in games even if they believe video games can benefit their lives. Meanwhile, prevention players tend to have a greater discrimination about addiction in terms of the type of messages received. Indeed, the messages had a significant influence on prevention players' attitudes. Prevention players demonstrated higher levels of addiction when exposed to positive messages (M = 4.6) than negative messages (M = 2.88).

The level of self-control was indeed influenced by message frames: positive messages made it harder for players to resist games whereas negative messages helped players organize their game-playing time appropriately. Demographic variables were omitted from further analysis because they did not significantly interact with regulatory focus or message frames.

Study 2

The regulatory focus measurement and messages frames from study 1 were also used in study 2; however, study used a different scenario, which resulted in minor changes to the corresponding survey items. The scenario was set to investigate participants' decision related to academic situations rather than the social situation examined in study 1. The objective of this study was to assess whether, under the influences of negative messages, participants with a promotion focus induced higher levels of self-control than those with a prevention focus. By contrast, prevention participants were expected to be significantly influenced by positive messages, thereby resulting in lower levels of self-control and higher tendencies for addiction. A different scenario was presented to determine if the importance of incidents moderates the effect of messages on participants' decisions.

Participants and design

A 2 (message frames) × 2 (regulatory focus) between-subjects ANOVA was used to analyze the data. One hundred seven Taiwanese high school students (mean age = 16.79; 65.4 percent male, 34.6 percent female) participated in the first dependent measure—namely, self-control—while 109 students (mean age = 16.88; 67 percent male, 33 percent female) participated in the second dependent measure—namely, addiction. All participants were randomly assigned to the two message conditions.

Procedure

The procedure for this study was similar to that in study 1. Measures of self-control and addiction involved minor changes subject to the new scenario. Whereas the scenario in study 1 focused on a situation in which players were interrupted by a friend's unsolicited visit, the scenario in study 2 was set with a more serious situation associated with the choice between playing a game or preparing for a midterm.

Measures

The responses were averaged to calculate distinct promotion and prevention scores. In this study, both subscales were reliable (αpromotion = .61; αprevention = .83). Participants were introduced to the same measures used in study 1. Higher scores on the separate subscales indicated greater promotion or prevention orientations. Promotion players exhibited significantly higher promotion scores (Mpromotion = 4.80, SD = 0.92) than prevention (Mprevention = 3.70, SD = 0.94, F (1, 105) = 37.44, p < .001) whereas prevention participants had higher scores in prevention (M = 4.68, SD = 1.03) than promotion (M = 2.67, SD = 0.93, F (1, 105) = 112.94, p < .001).

In addition to different from the social scenario in study 1, study 2 designed a more serious condition in terms of an academic situation. Participants were asked to rate the likeliness of listed reactions based on the following situation: "Assume that, while you were playing video games, you realized that you had a midterm the next day that you had not sufficiently prepared for. What would your decision and reaction be according to the described alternatives?" The alternatives included keep playing, stop to read, and play a little bit longer and then prepare, among others. The same measures of self-control and addiction as in study 1 were adopted.

Results and discussion

The ANOVA yielded a significant main effect of message frames (F (1, 103) = 15.59, p < .05): respondents were significantly more likely to have higher self-control when they were exposed to negative messages than positive messages. This main effect was qualified by a significant two-way interaction (F (1, 103) = 5.73, p < .05) between regulatory focus and message frames. Prevention players who received negative messages were significantly more cautious about playing the game (M = 5.09) than those who received the positive messages, indicated less self-control, and indicated a greater tendency to become addicted to the game. (M = 2.98; F (1, 103) = 20.14, p < .05). Specifically, this result highlighted that prevention players who received positive messages demonstrated significantly less self-control in the academic decision than in the social situation provided in study 1 (Mexp.1 = 4.37 vs. Mexp.2 = 2.98; F (1, 38) = 7.846, p < .05). Promotion players did not show a significant difference in regards to self-control in either case (Mexp.1 = 4.87 vs. Mexp.2 = 4.97; F (1, 38) = 1.38, p > .786), although they did demonstrate relatively high levels of self-control in both the positive and negative message conditions (similar to the results of study 1). Furthermore, the prevention focus did not lead to a consistent preference for the status quo. When prevention players with negative perceptions of video games faced an important decision, such as midterm preparation, they demonstrated high levels of self-control—as did promotion players (Mprevention = 5.09, Mpromotion = 5.49, F (1, 103) = 0.94, p > .34).

The results yielded a significant main effect of messages (F (1, 105) = 22.28, p < .05), confirming speculations that players have a higher tendency for addiction in the positive message condition. The main effect was qualified by a significant two-way interaction (F (1, 105) = 9.52, p < .05) between regulatory focus and message frames. Prevention players had higher tendency for game addiction in the positive message condition (M = 5.17) than negative message condition (M = 2.97; F (1, 105) = 23.98, p < .05). However, promotion players did not show a significant difference in regards to addiction tendencies in either case (Mpositive = 3.30 vs. Mnegative = 2.84; F (1, 105) = 1.69, p > .2). The results demonstrated that prevention players are at risk for addiction if they believe games can help them in many ways; however, they have relatively high levels of self-control when they possess negative perceptions of video games. Meanwhile, promotion players are not affected by the types of messages received and demonstrate a low tendency for addiction in both positive and negative message conditions.

When prevention players received the positive messages, they showed significantly higher levels of addiction (M = 5.17) than the promotion players

(M = 3.30; F (1, 101) = 25.91, p < .05). Further, greater discrimination was observed in regards to addiction among prevention players. Prevention players exhibited a significantly high tendency for addiction (M = 5.17) when under the influence of positive messages than negative messages (M = 2.97; F (1, 105) = 23.98, p < .05). Indeed, the types of messages significantly influence prevention players' attitudes—a finding that supports the assertion that prevention players have increased sensitivity to the variations in positive and negative messages.

DISCUSSION

The two studies were designed with two objectives: first, to examine the theoretical relationship between regulatory focus and message frames and, second, to assess whether the regulatory-message fit affects players' self-control. The results support the hypotheses presented herein. Promotion players with negative perceptions of video games demonstrate the highest level of self-control among the 2 x 2 experimental groups (Mexp.1 = 6.33, Mexp.2 = 5.49). In contrast, prevention players with positive perceptions of video games are at the very highest risk of becoming addicted to the game (Mexp.1 = 4.6, Mexp.2 = 5.17).

In addition, players' perceptions and behaviors are influenced by message frames and regulatory focus, thereby illustrating the proposed theoretical framework for how messages and regulatory focus interact to influence players' behaviors. Negative messages about video games alert players to the negative outcomes, thereby increasing players' self-control, whereas positive messages may give players an excuse to play, increasing the risk of addiction. Promotion players demonstrated significant discipline, but prevention players were weaker in their ability to resist the temptation of video games. These results are consistent with previous research, showing that—relative to a prevention focus—a promotion focus increases not only the intensity of desire experienced upon encountering a temptation, but also the success of subsequent resistance to it.23

Finally, individuals experience regulatory fit when they use the means of goal pursuit that matches their regulatory focus.11 Regulatory fit makes people "feel right" about what they are doing and strengthens engagement in goal-directed behaviors.24 According to regulatory fit theory, promotion players fit into negative messages because negative messages enhance their achievement and performance. Meanwhile, positive messages provide reasons for the players to remain in the games, thereby fitting prevention players' need to hide in the virtual world.

Implications for future research and practice

In the current study prevention players demonstrated significantly low levels of self-control (Mpositive = 5.09 vs. Mnegative = 2.98; F (1, 103) = 20.14, p < .05) and a high tendency for addiction (Mpositive = 5.17 vs. Mnegative = 2.97; F (1, 105) = 23.98, p < .05) in the positive message condition during study 2 (academic scenario). Similar results were evident in study 1. Specifically, prevention players with positive messages exhibited significantly lower levels of self-control in study 2 (Mexp.1 = 4.37 vs. Mexp.2 = 2.98; F (1, 38) = 7.85, p < .05). Based on these results, members of this group is susceptible to game addiction and problematic game usage because they choose to run further away when facing more challenging and demanding situations. Future research could explore two directions in regards to these players: exploring the ways to convert their positive perceptions into negative perceptions of video games and further studying the beliefs and backgrounds of prevention players who possess positive perceptions of video games.

Shigeru Miyamoto, a prodigious Japanese video game designer, said "video games are bad for you? Well, that's what they said about rock 'n roll." Regardless of whether video games are a positive or negative influence, the current research demonstrated that people who have positive perceptions of a video game have a tendency for addiction and lower self-control while players who are convinced that video games have negative effects tend to be more vigilant and increase their self-control while demonstrating a greater willingness to pursue other activities. Nowadays both positive and negative news and research about video games have emerged; readers may selectively choose their preferred perception. Since positive messages may weaken players' self-control, adults should help youngsters understand and digest such news. As such, even when exposed to convincing positive news about video games, youngsters may have the ability and

appropriate attitudes to deal with the multifarious information effectively.

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TURKISH BATHS: MEANING RECONSTRUCTED AND REFILLED BY MODERN AND POSTMODERN CONSUMPTION

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Abstract

Turkish baths, originally known as hamam, were an indispensable part of everyday life in the Ottoman Empire. They served not only for personal cleanliness but as places for relaxing and as a forum for social gatherings.

After the foundation of the Republic (1923) and the accompanying social shifts, Turks began to turn away from traditional lifestyles towards a life that was distinctively 'modern' (ie; westernized, secular). In modernizing Turkey hamam culture started to lose its traditional value besides, home technology and privatized values brought baths to homes and kept Turkish people away from hamams.

With the globalization of mass tourism, consumption of Turkish heritage was popularized and the social value of the hamam, evacuated by modernization, was refilled with contemporary values as a heritage experience. Hamams gained new and different context in foreign markets and this development encouraged local consumers to reconsider hamams as fashionable. But the context of hamam is not cleaning anymore; it is a luxurious, glamorous leisure time activity for high class consumers in Turkey. These changes in context are not the result of trying to protect the traditional values but again imitating the Western consumers who show interest to authenticity and ethnicity again.

This research investigates differences in preferences and understandings of hamam between modernity and postmodernity and how global tourism helps refill the meanings of hamams. We conduct in-depth interviews with Turkish consumers and visitors, which combined with archive and media research, trace the development of hamam culture in modernizing and postmodern contexts.

Key Words: Modernism, Postmodernism, Consumer Behaviour, Turkish bath, Heritage tourism

LITERATURE REVIEW

In the markets, meanings and values are not stable, always moving, changing, transforming. Marketers, usually keep the products' or services' core value, but alter the most visible parts and remarket them as if they offer a new enrichment the ordinary lives of consumers. This paper examines the changes of market conditions, consumer behaviors and recreation of market values in between modernity and postmodernity In Turkish market through Turkish Baths, hamams.

Postmodernity refers here a concept which comes after modernity. "It is difficult to define distinctions between modernity and postmodernity. "In modernist period, the focus shifted from "being" to "knowing", or from existence to cognition. In the this period, there is a further shift from knowing subject to "communicative" subject and in the case of the external world from a rational to a

symbolic social order" (Venkatesh, 1992; p.119). "Habermas says (1981) the project of modernity formulated in the 18th century by the philosophers of the enlightenment consisted in their efforts to develop objective science, universal morality and law" (Venkatesh, 1993). Modernity not only affects the Western societies but also affects the societies in the East that tried to be more Western.

Improving the quality of live with the help of technology is the main concern for modernist consumer. Consumers are more materialist, more conformist (Ross, 1988 cited in Fırat & Venkatesh, 1995) and marketing must serve to satisfy these materialistic needs of consumer. According to Fırat, Dholokia and Venkatesh (1993), "formalization of marketing as a field of practice and study (in the early 1900s in the USA) preceded the phenomenological delineation of and the intellectual discussion about transition from modernity to postmodernity (in the 1970s)" (p. 43). Everything is marketable now as Venkatesh says "for the pursuit of wealth accumulation, marketing becomes the consummate instrument in creating the ethos of consumption with which are all identified" (Venkatesh, 1992; p. 200). Producers have to provide more and better products/services through scientific technologies. Modernization is a goal to which they have committed their national resources. "The global shift to industrialization and the easing of economic restrictions in command economies, coupled with the move toward individual growth and privatization constitute a signal that what is modern is desirable and what is desirable must be attained" (Venkatesh, 1992; p.200). In that sense modernity is both comfortable but soul destroying. The life and values of "other" begin to be more important for modernist consumers as a way to lend character to ordinary lives (Ger, 2000).

In the modernity, there is value-destructive process. As Hartmann observes, in this era creative labor at home has quietly surrendered its power to productive labor in the public domain; like instead of cooking, gardening, baking at home; canned foods, frozen dinners, and ready-made clothing were favored (1974 cited in Fırat & Venkatesh, 1995). A reverse trend from public to private activity also occurred; with the increase of luxury in home life; there was a decrease in public activity, including the decline in public bathing within Hamams which accompanied with the construction of private baths at home.

Individuality and privatization are primary values of consumers in modern capitalist societies. The goals were thought to be possible through the expansion and extension of the market. As Firat and Dholakia stated, there is an increase in sells if collectivistic consumption is replaced with individualistic consumption (Firat & Dholakia, 2003). Being more individualistic in the society automatically brings privatization in consumption and distinction between public and private (Fırat & Venkatesh, 1995).

The term 'post' refers here the period after something and postmodernism refers the period after modernity. It is the representation of culture in a contemporary idiom. Postmodern critique adopts a cultural position instead of a purely economic one and that is why it is mode penetrating (Fırat & Venkatesh, 1995) which reconfigures the actions and behaviours of consumers.

Simmel, argued that "a new identity of the consumer was being established as a result of cultural urbanization" (cited in Fırat and Venkatesh, 1995; p. 248). The growth and the future of the economy remain important in postmodernism but the growth must be provided with the creation of selves and identities. Postmodernity brings the production of selves and this is the end of economic oriented period of modernism (Firat & Dholakia, 2003). Postmodernity offers new ways of being for modern consumers, bored by the routines and certainties of modern life. Postmodernist consuming patterns bring a new meaning to old products and services, formulated as an escape from daily practices in which the most important value is apparent differentiation from 'others' that they offer. This can succeed by creating new meanings for consumers. "In postmodernity, meaning is not something that is transferred as a previously existing entity, but something that arises and changes in the use of words, from that process, forms thoughts" (Nooteboom, 1992; p.56). Meanings have changed and new meanings have been created by an old word but with different context. Debord argues that; "in the contemporary market, ordinary gestures and the activities of daily life are prepackaged as glamorous and seductive; commodities come complete with preordained roles and lifestyles; even dissent and critique are commodified and sold to those who experience and produce them. In Debord's words, therefore reality rises up within the spectacle and only the spectacle is real" (cited in Fırat and Venkatesh, 1995; p. 251).

In the postmodern marketing, traditional and modern can be involved in the same context. The traditional which was being emptied with the modernism, is refilled again with contemporary values to consumers in postmodernist contexts. In postmodernism Jameson suggests that new forms of representation emerge as "a pastiche, which signifies a juxtaposition of unrelated ideas, consumer experiences, and historical movements, all packaged and offered to public" (Jameson, 1983 cited in Venkatesh, 1992; p.200).

With the modernization, basic needs are satisfied very easily with technological products such as tumble dryer, microwave, frozen foods etc freeing consumers time. This time is spent on personal fulfillment activities in the postmodern era. The diffusion of modernization in the society is different between developed and developing, like Middle East countries but globalization makes it easy to imitate the modernity and postmodernity of the West in developing countries. However while values may transmitted, financial inequalities mean that westernized consumption may not diffuse to all levels of society. So while the high socio-economic level consumers ended their modernist consuming patters and dance to a postmodern tune, low socio-economic level consumers continue to consume in a modernist mode within the same society. In developed countries modernization can diffuse to most economic levels, but in developing countries, where only small portions of high level consumer groups have completed the transition to modernity, rest of the society still endeavor to make their life more comfortable, livable and 'modern'.

The societies which have completed the transition to modernity, they have started to look for new meanings consumption within consumers locate personal fulfillment. The flow of culture from East to West is the salvation of modernist societies to find out the diversities. Ger discussed how "very little attention has been paid to the reverse flow of cultural products of the Other –traditional crafts and objects of art from less developed countries to consumers in the West" (Ger, 2000; p. 132). Postmodernist consumption translates ethnic objects and the traditional daily practices of 'other' cultures and re-presents them so that in the contemporary culture of consumption, culture become as marketable product (Firat & Dholakia, 2003). Heritage tourism is the answer for the consumers in the West who wants to experience the history, the past and consumer the culture of "others" in a postmodernist manner.

Heritage industry is a term first used by Hewison (1987); and since the 1960s there has been a very fast growth in heritage attractions supported by the popularity of media such as documentaries about the heritage of "other" cultures. (Goulding, 2000). Consumers, bored with homologous modern mass tourism, found a satisfying alternative in a postmodern-pastiche of heritage. Goulding, found in her research that most tourists are capable of enjoying a range of historical experience (2000). Heritage tourism is symbolizes an escape from modern mass tourism, even though the marketers continue using the same global marketing strategies to promote heritage tourism to consumers. In other words it is the marketing of specific local tradition, history and past culture to global markets. For Western consumers this is presented as a route to a type of authenticity that has been evacuated from highly modernized daily life. "In heritage tourism, the culture is turned into something which can be bought and sold" (Macdonald, 1997). In Goulding's research labeled such a group "aesthetic" they were more intellectuality informed, tended to be professionals, sought escapist experiences through their use of imagination and had strong views on what constituted authenticity (Goulding, 2000). Experiencing the authentic and aesthetic touristic practices is interesting for intellectual, high level consumers. These are "cultural motivators who are concerning the desire to gain knowledge about other countries in terms of cultural activities" (Moutinho, 2001; p.18). These reconstructions- formulations of culture are presented to these consumers as a type of authenticity –the chance to 'step back in time' or experience what life was really like in the past. "Nonetheless, while the buildings, artifacts and costumes may be authentic, the selective portrayal of events and histories are all too often tailored to pacify the tastes of the modern visitor"(Eco, 1987 & Fowler, 1992 cited in Goulding, 2000; p.837). Visiting a Hamam is an escape from routine daily practices (Andreu et al., 2005) for global tourists, while for native consumers it is rediscovery of their own heritage now refilled with new values. In the postmodernist world Baudrillard suggests, no objects have an essential value anymore; products and services offer not only use value itself but offer prestige, statue, different social values and selves. Here, representation of cultural meaning

is more significant than their functional features. (Baudrillard,1983).

Development of mass tourism began in the 1980s, following political change in Turkey (Andreu et. all, 2005). Supported by globalization and mass tourism, visitors have started to show interest in the mystic, authentic, exotic country; Turkey. Turkey is a key destination for heritage tourism and hamams have achieved importance as a representative experience of Ottoman daily life. As a result, hamams are being reconstructed keeping the traditional look but with a modern style for marketing to tourists.

The hamam has occupied an important cultural position throughout history and is well known in Europe as the Turkish Bath. The steam bath, commonly called "Turkish bath", belongs to the same ancient tradition of purifying baths from which the sauna also derives. The principle of the hamam is hot steam. When the level of steam in a room exceeds the moisture on the skin, a layer of moisture forms on the skin and warms the body. The simultaneous action of steam and controlled heat helps blood and lymphatic circulation by dissolving toxins and promoting their expulsion (Urquhart, 2008). The hamam is primarily a community bath, and over the years it has created its own rituals, cultures and place in social life, coming to be regarded as a location for relaxation, both physically and mentally, and caring for the body with hot water. The history of hamams has started with the immigration of Turks to Anatolia. When the Turks arrived in Anatolia around 1000 AD, they brought with them their bathing tradition, and were confronted with another, that of Romans and Byzantines, with certain local variants (Karpat, 1985). With their traditions, associated beliefs, and philosophy of life, baths become an institution, which spread all the way from Anatolia to Hungary in Europe (Karpat, 2000).

Hamams enabled the Ottomans to perform important bodily hygiene rituals, so their function in society was cultural as well as economic, since personal cleanliness has primary importance in Islamic religious practices. During Ottoman period, hamams were the places for not only cleaning but also for social gatherings such as bridal bath ceremony (one day before wedding), forty day bath (marking the fortieth day following the birth of child), tear-drying bath (all relatives and friends of dead person came together twenty days after the funeral), holiday bath (taken on the eve of religious holidays). For Ottomans, it was an opportunity to escape from the routine and have fun For Ottoman women in particular, hamams held a different meaning. Women traditionally visited the hamam early hours in the day in the company of friends and neighbors and stayed there until sunset. Food consumption and making gossip were the most important part of this social gathering (Bilgin, 2003). Hamams were located in the cities and towns and in some villages and were open to everyone. Istanbul's waterside residences and the stately mansions in provincial cities and towns also had their own private baths (Bozok, 2003). Hamam culture occupied an important place in Ottoman social life unrivalled by any other activity. This intensive activity was reflected in folk literature in the form of fairy stories, figures of speech, proverbs and popular songs occupying sufficient space to create a genre known as "hammamiyeler" in divan (classical Ottoman literature). Also the hamam was a separate subject in Shadow Theatre (Karagoz) and Traditional Turkish Theatre (Orta Oyunu) (Sehitoglu, 2006; 22).

The nineteenth century brought greater efforts to transform the Ottoman Empire into a Europeanized state. According to urban modernization policies applied to Istanbul were an Ottoman version of French urban design philosophy, aiming to bring western amenities subjects turned citizens. A part of the new urban planning, beyond the adoption of new building types such as apartments, western style bathrooms were accepted and became more widespread day by day. During and just after the World War 1 the Ottoman structure was repudiated by Turkish nationalists who rallied under the leadership of Ataturk. Both the temporal and religious ruling institutions of the old empire were abolished, and the new republic concentrated on westernized lifestyles.

After the collapse of the 600-year-old Ottoman Empire in 1923, the Turkish Republic was established by Mustafa Kemal Ataturk. His reform principles; secularism, nationalism, popularism, reformism and republicanism began to shape the new republicans' daily lives. Hamams had a prominent position in the daily life of the Ottoman Empire, but hamam practices lost their cultural value with the foundation of the Republic as she turned her face to modernity and West. The new Turkish Republic's roots were to be based on the principles of westernization (adopting the western way of life, which is assumed to be superior to that of the east) (Ger, 2000a). Turkish

consumers started to lose their interest to hamams and collective bath practices after modernization period. Turkish consumers started to lose their interest in hamams and collective bath practices after modernization as technology brought contemporary ways of cleaning to Turkish homes. Having baths at home not only ensured privacy to Turkish consumers but also gave opportunity to show their wealth. During that period, hamams were presented as "not hygienic" places to Turkish people and after these developments in Turkey, upscale Turkish consumers gave up frequenting hamams and Hamams started to achieve an image which as places for poor people who couldn't have baths at home. Turkish consumers were ready to forget hammams as traditional Ottoman value in contemporary Turkey. "Desirability of modern Western ways and the "good life" manifests itself in views such as "show us what you yourself do in the West, and then it will be a fashion here too. With such a strong ethos of consumption and modernization, consumers in transitional societies tend to perceive a single, universal, "western/ American way to modernity, progress, and the "good life" (Ger, 1999; p.278).

The growth of mass tourism in 1980 saved hamams from disappearing completely and assured another chance to survive not in local market but in global markets. Hamams, which are especially in touristic places, have been restored for having a touristic attraction. However, these restorations contains not only protecting the original Hamam building but also add some contemporary features like sauna, gymnastic and massage rooms (Haberler. com. 28 November 2008). Mayor of the Isparta municipality made a statement about a restoration of hamam "We will restore this historical hamam and also will add changing rooms, sauna and jacuzzi and also cover the walls with traditional Turkish ceramic and then we will perspire altogether" (Gulses haber, 09 March 2008). They retain part of their traditional meaning and historical value but different values are added too, as they are (physically and metaphorically) reconstructed and their social meaning, once emptied by modernism, is refilled in a postmodern context. Traditional hamams are newly packaged for tourists who are interested in heritage and who seek to consume authenticity, ethnicity and the culture of "others". "As Western consumers aestheticize and consume representation of the other, authenticity is "the currency at play in the marketplace of cultural difference" and functions as an ideal" (Root, 1996 cited in Ger 2000b; p. 133).

Now, culture sells in new era. In the (post)modern global marketplace commodities, signal survival and thriving. Today, hamams are one of the most favorite tourist attraction places in Turkey and the interest of tourists/western consumers reflected back on Turkish consumers. As Firat and Dholakia said while cultures achieve translation lose with tourist they also achieve this translation with their own local consumers, members (Firat & Dholakia, 2003).

Media coverage concerning the popularity of hamams among western consumers also help Turkish consumers to regain hamam culture, not in a retreat to former patterns, but in an imitation of Western consumption. Media coverage has refilled the meaning of hamams for Turkish consumers, for example in media prominence granted to the spectacle of a celebrity hamam visit. Recently Kate Moss came to Istanbul to pose in the Hamam of Caglayan (Istanbul View. June 2008) and the news appeared as; "In the steam of the traditional bathhouse, Kate Moss evokes a storm of sensuality, wearing a vintage metal bikini and lingerie that leave little to the imagination." After Kate Moss, world famous actor John Travolta travelled from France, staying in Istanbul for two days to visit Hamams, an event that achieved prominence in Turkish media (Istanbul View. December 2008). While Turkish hamams have gained certain values through association with world famous celebrities and western consumers, Turkish consumers have re-evaluated hamams and rediscovered them from the ashes of their own culture. As postmodernist consumption in Western markets promotes a growing interest in ethnicity and authenticity, the understanding of wealthy, upscale consumer groups in Turkey is also affected. Oncu, in one of their article in 1997 said; in the last fifteen years, historical places are being restored and representing to local customers. Wealthy people in Turkey have showed an interest to expensive Ottoman antiques and media promotes traditional weddings (cited in Ger, 2000a). This is a new value for Turkish consumers who have effectively completed a transition to modernity and are seeking difference and authenticity, just like Western consumers. However Turkish consumers are luckier than western ones because the site of authentic, ethnic style is local rather than distant and their own (re-packaged) culture is authentic, interesting enough to fulfill their needs. Ger and Belk (1996) argued that "consumptionspaces of less affluent societies, including Turkey, manifest creolization, more predominantly than other

alternatives- emulation of the West, return to roots, resistance to West and recontextualization" (cited in Ger. 2000b; p.212). We agree that tradition has been recontextualized in less affluent societies but we believe that this is not due to resistance towards the West but is, in fact, a further emulate of Westernized values which grant special status to Ottoman authenticity, Ottoman mystique and the 'exotic life', within which hamams can be regarded as places to position the "self" as unique and different from others.

The study

A qualitative study was conducted in Istanbul, which has the highest population in Turkey with more than 15 million, among 25 respondents from different genders and socio-economic groups. This study reflects the lifestyle preferences of consumers who live in cosmopolitan cities, have urban lifestyles, those who live within a society subject to postmodern conditions.

In-depth interviews include those from tourists of various nationalities who came to visit hamams in Turkey or have considered doing so. Thus, we investigate the image of hamams from the point of view of Western tourists.

Besides in-depth interviews, we investigated the archive material and news media. In-depth interviews were primarily conducted in hamams, participants' offices and homes. Twenty-five in-depth interviews were conducted with participants including those who regularly go to hamams, those who never go to hamams, and those who never go to hamam by himself/herself but who guide tourists, and tourists who visited hamams during their travel in Turkey. We also conducted an in-depth interview to the owner of Cemberlitas Hamami, which is one of the oldest and most touristic hamam in Istanbul, to gather his evaluation of contemporary hamam culture. We investigate the past and the present value of hamams for Turkish consumers, charting the changes from modernity to postmodernity, exploring the affects of Westernization, and investigating the conjunction of postmodern and traditional values through images of hamams and hamam consumers in Turkey.

Findings

First Experience

Hamams have traditional, historical and Ottoman meanings for all Turkish respondents, all of whom learned hamam customs from older family members and all of whom had a hamam experience at least once in their life. Such experiences took place, for the most part, in childhood or early youth in the company of family members. For respondents over 60, their first experience of hamam was purely functional, concerned with bodily cleanliness. Until the 1950s, even in large cities like Istanbul, bathrooms at home were rare and hot water was scarce. At that time, people regularly went to hamams to be cleansed, especially prior to religious festivals and wedding ceremonies, since in Islam being clean is emphasised at particular life events. As a 57 years old female participant told: "At the religious festival eve there was a water shortage; out of necessity we had to go to the hamam". Another respondent, a 75 years old female: "When I was a kid, I went with my mum, I couldn't remember the specific services we took, but I think we were cleaned by ourselves. Even at those times I didn't like it at all. We usually went to the hamam for having a bath when there was a water shortage in the neighborhood or in the winter time when the water in the pipes were frozen"

We found that hamam culture is mainly based on family tradition in Turkey. If older family members had this practice in their daily life the younger generation tended to follow, but all the respondents revealed a long period of non-attendance, with most only resuming hamam attendance 5-6 years ago. Fairly typical was the 35 year old male respondent who explained his reasons for giving up as: "I had bath at home, I really didn't have any necessity to go to hamam". With the conformity that bathing technology brought to Turkish home life hamams were remembered as out of date, timeworn, and traditional places, values that wer unacceptable for Turkish consumer who were ambitious to be seen as more western.

Affects of modernization on Hamams

Modernization brought increased ease in daily life. It also sustained new values and a new social class system to Turkey. In the past the hamam was a place for everyone, from every socio-economic

class, but with modernity they were pigeonholed as a service for people who didn't have enough money for modern patterns of consumption. In the words of one 62 year old male respondent: "In the 1950's we had a bath at home. Wealthy families, like us, we stopped going to hamam. My father had a bath installed next to the kitchen in our kosk (fancy Ottoman style villa)". Individualism was another value that was promoted by modernization. Although the hamam is a place for socialization it represents a collectivist culture, while modernization and western culture promoted individuality. Attitudes towards communal bathing were affected, as one 57 years old participant stated: "As long as I had warm water in our home, there was no need for a hamam. I really hate having a bath in crowded places, with the others." Over time, hamams became associated with lower income consumers and the experiences available were re-formulated as unpleasant. In the words of 75 year old lady: "After a few years, we moved to modern flats in which we have more comfortable bathrooms & hot water, so hamams lost their necessity. For me, a hamam is not an entertaining (enjoyable) place, but a place where people go to get rubbed with a kese (and to be cleaned deeply). Now we have very comfortable bathrooms and we do not need hamams at all."

During the modernization of Turkey the hamams, which were defined as clean places before, began to be reconfigured in the popular imagination as unhygienic places. The new myth for Turkish consumers was that that nothing could be cleaner than what technology and modernity brings to society. If something was from the past, it must be dirty and dusty. This "unhygienic" value has lodged in Turkish consumers' minds so deeply that even today customers volunteered the view that they find the hamams hygienic, almost in denial of the popularised view. Subconsciously they may have created practices for feeling more comfortable like the 21 year old female respondent who said: "Hamas are hygienic but I especially would rather to go to Hamams very early in the morning at 6.30, so I'm always there when it is cleanest and never annoyed". Or the 33 years old female participant: "Yes, I think it is clean, because it is the place for being cleaner, but I'm bringing my own slippers. Each time I'm cleaning the kurna (place you fill the water and wash yourself), some of them bring their own bleach. I enter the hamam with my underwear but some of them enter with bikini bottoms. These participants believe hamams are hygienic places but reveal conflict in their statements concerning their practices in hamams. These consumers, who go hamams regularly today as a fulfillment activity, still retain some values created during the early shift to modernity. We can easily understand from their statements that, during social developments, it is easier to change attitudes and behaviors of people than to shift their values and beliefs, which are resistant and difficult.

Recent image of hamams and hamam customers in Turkey

After 1983, tourism was positioned as one of the locomotive industries for Turkey. Turkey promoted herself to the entire world as an authentic, mystical, and ethnic place in a bid to attract tourists interested in heritage culture. Turkey became a new destination for tourists seeking authentic, ethnic cultures, interested in heritage but able to access it without making concessions to their modern life style. Heritage tourism needed to present itself in modern form for these consumers. The re-presentation of culture included historical places and hamams, which started to be restored with the addition of modern features. It was like creating a new product life cycle. Today, hamams are not promoted through their functional feature, cleaning, but as a relaxing and purifying experience in a traditional environment that reflects ethnic daily practices. To tourists, hamams are part of Turkish daily life, as a 43 year old male revealed: "I imagined people are going routinely. For example in Finland it is routine in their lives, and I imagined that would be the same with the hamam but in fact it was not part of the routine in their life." Also with their new modern look and image hamams are seen as places for upscale Turkish customers, as a 25 years old male tourist said: "… for me it is luxury. Maybe, for people who are wealthier or a business owner? Maybe everybody goes hamam because of the religious thing? I don't think that the hamam is for poor people." We believe that the postmodern process affecting hamams began with globalised tourism, at a time when modernization had evacuated hamams of their meaning to, and interest for, local consumers. Marketing heritage experiences and 'authentic' spectacle refilled and reconstructed the meaning of the hamam for tourists. This development was transmitted to local consumers with the help of media and other postmodern marketing approaches. Now, a new trend has been created from old stock: "I can say with one word 'rising trend', at least for

me. The people who are curious about hamams are increasing. Even the friends who have never gone before, ask 'could you please take me to the hamam, it could be a nice change'? If you asked that question 10 years before I didn't give the same answer, but nowadays with the positive affect of media, the value of hamams are being rediscovered again". Today, Turkish media is full of news about celebrity visits to hamams and reports of their popularity with global tourists. Turkish consumers, who have completed their transition to modernity and are ready to pass to a postmodern phase of consumption, come to believe that hamams express convey a difference from 'others', comprise a glamorized but 'authentic' experience that even 'foreigners' are interested in, and consumption is made more possible by geography - it is not far from home. The hamam has appeared in a new context to Turkish postmodern consumers, one in which they can construct appealing self-images concerning self-realisation, beautification ornamentation and display. These consumers are interested in ethnicity, authenticity, following world trends, but are also westernized, interested in luxury. "Having a shower is going to fast-food restaurant at home; but Turkish bath is something more special, it's like a delicious dinner in a luxurious restaurant.""At home, I have shower just for cleaning, it is a daily activity, like brushing my teeth, but a Turkish bath is something to spoil myself."(33 years old, female)

In today's cosmopolitan cities hamams have a completely different meaning when compared with the past, they are not just places for cleaning any more: "In old times hamams had the image of being for the people who could have a bath at home, but today, at least in Istanbul it has changed to an image of pleasure. It is the opposite to the past; hamams are for people who are intellectual, up-scale and demanding, because going to hamam is not very cheap any more.' Now, hamams are for Turkish consumers whose socio-economic level is high, people who are not just rich but who are also well educated, cultured and interested in history, and who seek authentic activities. Hamams offer a place to create a distinguished "self", apart from others. This is a new sub-segment, created in the postmodern period, and hamams offer fulfillment activity for this group. The respondents who do not go hamams retain images influenced by modernity and by post modernity. as 57 years old female lady said: "It was necessity in the past… but now these are the places for young people who emulate

everything or maybe still traditional people are still going, but I don't like these rituals."Another 28 years old female suggested: "people who don't have bath at home, people who seek luxury, who have leisure time, who are rich, and also tourists, are hamam customers". It is very clear that, while the new Turkish consumers sustain new values for hamam as part of a particular life style, for others who are less interested in hamam culture, the image is still confused and carries meanings that were created through a transition to modernity and which are now joined by those created by postmodern marketing.

Conclusion

As Ger says "Ottomania" is a new trend among upscale urbanites which is represented as highly stylistic and image-driven. Several luxurious Ottoman style hotels have opened up, many restaurants have started to serve Ottoman cuisine (Ger & Sandikci, 2002). Hamams regain the value which they lost during the period of modernity within this Ottomania trend in postmodernism. We suggest the development of the heritage industry and growing interest of Western consumers in authentic, mystic Ottoman culture support the increasing popularity of hamams among upscale, cultured and intellectual consumers in Turkey. If my culture is valuable for "others" it is more valuable for me because I still admire Western consuming choices and trends.

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THE MANAGEMENT OF EXPERT REPUTATION - A LEVERAGE FOR MANAGING EXPERTS EFFECTIVELY

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Abstract

Experts of specific domains are the fastest increasing workforce in OECD countries. Since this fact had been realised by management researchers, they have focussed on the question of how to measure and enhance the productivity of said workforce. According to our research, however, it is not an expert's productivity which is to be regarded as the leverage for rendering experts effective for business. It is rather an expert's reputation which can be seen as the leverage for transforming expert work into business value. From this perspective, the management of expert reputation becomes the crucial challenge in the management of experts. This paper summarises the key arguments for aforementioned perspective, based on empirical research, it defines the parameters that constitute expert reputation and delineates the implications of the perspective assumed by the author for the theory and practice of managing experts.

Key Words

expert, knowledge worker, management, specialist, performance, productivity, professional, reputation

Does knowledge worker productivity really matter?

One of the great achievements of Peter F. Drucker, who would have celebrated his 100th birthday on November 19, 2009, is said to have been his ability to anticipate key management challenges decades in advance (Byrne & Gerdes, 2005). In 1969, he defined one of such challenges as follows: "To make knowledge work productive will be the great management task of this century, just as to make manual work productive was the great management task of the last century." (Drucker, 1969, p.290).

In one aspect, Drucker was unquestionably right: Nearly all surveys of past decades are pointing to a fundamental structural change in the labour markets of the OECD countries:

- There has been, from 1985 onwards, a 10 percentage-points increase in so-called 'derivative services', e.g. consulting, coaching, teaching, researching, developing and management work (Weidig et al.1999; Dostal & Reinberg 1999; Dostal 2001; Reinberg & Hummel 2002) .

- The number of occupations of the categories 'manager', 'professional occupation' as well as 'associate professional and technical occupation' has increased by 10 percentage-points over the last two decades (UK National Statistics 2000; Baldwin & Beckstead 2003; Beckstead & Gellatly 2004; UK National Statistics 2006; Davenport 2005; US Department of Labor 2006; Brinkley 2006).

- The demand for employees with academic education has increased by 190 percentage-points between 1975 and 2004 whereas the demand for employees with a lower educational background is continually decreasing (Weidig et al. 1999; Kleinert et al. 2000; Dostal 2001; Reinberg & Hummel 2002; Reinberg & Hummel 2005; OECD 2006a; OECD 2006b).

- Levy & Murnane (2006) noted a disproportional increase in the demand for two skill requirements within the US labour force between 1979 and 1999: 'expert thinking' and 'complex communication'. In contrast to this development, they observed that the demand for manual and routine cognitive skills has been continually decreasing within the same time frame.

In regard to Drucker's other thesis, i.e. that the productivity of knowledge workers will be the crucial challenge for 21st century management, he initiated an abundance of research in the description, measurement and enhancement of knowledge workers' productivity (Ray & Sahu 1989; Sumanth, Omachonu & Beruvides 1990; Drucker 1991; Sveiby 1998; Drucker 1999; Horibe 1999; Pfiffner & Stadelmann 1999; North 1999; Amar 2002; Davenport et al. 2002; Hauber 2002; Newell et al. 2002; Paradi et al. 2002; Ahn & Chang 2004; Balazova 2004; Herman 2004; Ramirez & Nembhard 2004; Schmenner 2004; Davenport 2005; Suff & Reilly 2005; Malik 2006; Stam 2007; North & Gueldenberg 2008) – a stream of research that does not seem to come to an end in the near and not so near future.

When focussing not on knowledge workers in general, but on a specific proportion of knowledge workers, namely that of experts, one does not find much evidence in the daily work life of an organisation that the measurement and enhancement of it's experts' productivity – 'productivity' understood in its traditional meaning of 'relation between quantity of output in relation to amount of input' (Gutenberg 1958; Pedell 1985) – is regarded as a major challenge neither by said experts themselves nor by their managers. According to the empirical research undertaken by us, it is rather the expert's reputation which might provide a key for rendering an expert effective for an organisation's business.

In this paper, at first, the design of the empirical study in which these findings were generated is being briefly depicted (chapter 2). Secondly, different literature approaches to the question of who is to be regarded as an expert are lined out and are juxtaposed with findings from our empirical research (chapter 3). Thirdly, the reasons for an expert being labelled as such are being explicated (chapter 4). Finally, the implications of our findinigs for the management of experts are being delineated (chapter 5).

Design of the study

The research question of this study is: What are the crucial challenges in the management of experts and which strategies are employed in order to handle these challenges? The focus is, therefore, not on knowledge workers in the general and comprehensive meaning of the term, but on that proportion of knowledge workers termed 'experts'. Hereby, two terms are introduced which will be differentiated in chapter 3.

The objects of the study were five different organisations that are commonly regarded as 'expert', 'professional' or 'knowledge-intensive' organisations in previous treatises (Grossmann, Pellert & Gotwald 1997; Sveiby 1998; Pfiffner & Stadelmann 1999; OECD 1999; Amar 2002; Alvesson 2004; Davenport 2005; Brinkley 2006): a software development company, a hardware development company, a consulting company, a hospital and a university. In these organisations, 42 semi-structured episodic face-to-face interviews with experts and their managers from three hierarchical levels were conducted (Flick 1996; Bortz & Döring 2003; Lamnek 2005).

Since the hospital and the university have management systems different to those of the other three organisations and since an exact comparison has turned out to be difficult to undertake in that respect, the focus in this paper is on the following three organisations:

- The software development organisation,

- the hardware development organisation,

- the consulting organisation.

The data gathered by means of the interviews have been coded and interpreted with Atlas.ti, Version 5.5.4.

Two topics of interest in this context posed in every one-hour interview with the managers as well as with the experts were: Who is being regarded as an expert and why? The results are here presented in an aggregated and concentrated manner without disclosure of the identity of the organisations involved.

Who is being regarded as an expert?

Literature review

In the literature on the subject, one can find three different definitions of the term 'expert'.

According to research on expert performance in cognitive psychology (Larkin et al. 1980; Chi et al. 1981; Sweller et al. 1983; Posner 1988; Patel & Groen 1991; Boshuizen et al. 1992; Bromme

1992; Krems 1994; Gruber & Ziegler 1996; Sonnentag 1996; Custers et al. 1998; Hron 2000; Bredl 2005; Chi 2006; Feltovich et al. 2006), experts are considered to be individuals who are able to continually and repeatedly accomplish outstanding results in a specific domain, as compared to average performers. Taking this viewpoint, cognitive psychology tries to describe and explain this phenomenon, investigating experts and their performance in domains such as jurisdiction, physics, engineering, mathematics, education, finance and consulting. It was found that experts distinguish themselves from average performers by the way they represent domain-specific problems as well as by the strategies they apply to solve those problems: They solve domain-specific problems more effectively, more efficiently and more accurately. This cannot be attributed to general intelligence, but to the way in which they group, store and retrieve domain-specific information. This skill is regarded to be a result of 'deliberate practice' in the respective domain over a considerable period of time. However, an expert can only be designated as such in comparison to 'novices' in the respective field.

According to research on professions in the sociology of occupations (Parsons 1939; Millerson 1964; Larson 1977; Abbott 1988; Hitzler 1994; Hesse 1998; Huber 1999; Mieg 2001; Pfadenhauer 2003), an expert is regarded to hold a social role which implies a more or less exclusive authority over a specific domain. In that research context, it was observed that some occupations distinguish themselves from other occupations by the degree of authority over solving complex and socially important problems in specific domains, such as medicine or jurisdiction – occupations, which are termed 'professions' by sociologists. The sociological point of view, therefore, differs from the psychological one in regard to the attributes that render somebody an expert: not primarily outstanding performance, difficult to observe and measure in daily social interactions, but the attribution of expertise to a certain individual or group by another group is the key factor in the answer to the question of who is regarded to be an expert. In order to achieve, maintain and institutionalise the expert role, the respective expert as well as his respective profession as a whole has to demonstrate 'professionalism' in appropriate ways.

According to research on knowledge workers in management science (Sumanth, Omachonu & Beruvides 1990; Drucker 1991; Pfiffner & Stadelmann 1999; Newell et al. 2002; Herman 2004; Davenport 2005; Hube 2005; Stam 2007; North & Gueldenberg 2008; Brinkley et al. 2009), knowledge workers are primarily regarded as a resource for the transformation of knowledge into business value. Donoghue and Harris (2005) as well as Davenport (2005) provide a useful classification in order to differentiate a specific class of experts from knowledge workers in general (Fig.1):

Following this approach, different types of knowledge workers differ in the way they transform knowledge into business value: by carrying out routine or complex tasks, by performing individual or collaborative work etc. (Davenport 2005; Suff & Reilly 2005). The specific contribution of experts to business value consist in their capability for professional discernment, i.e. applying general knowledge to individual and rather complex cases. This is the core feature in the work of engineers and consultants as well as researchers, teachers and physicians. It is not necessary, in this context, to differentiate the specific characteristics of the expert further, e.g. under the aspect of whether they perform their work individually or collaboratively. It is sufficient to characterise an expert by the tasks he or she performs as well as by the knowledge he or she applies in order to achieve their tasks.

Therefore, one can state three different definitions for the term of the expert, based on three different subjects' perspectives on the same subject matter:

1. experts as outstanding performers in a certain domain,

2. experts as holders of an expert role in a specific subject area and

3. experts as resources for creating business value by professional discernment.

It is, however, amazing that hardly any notice is taken by the distinct speciality fields of the research in one of the other disciplines (Mieg 2000; Mieg 2001).

Fig.1: A classification structure for knowledge workers (Davenport, 1999, p.27)
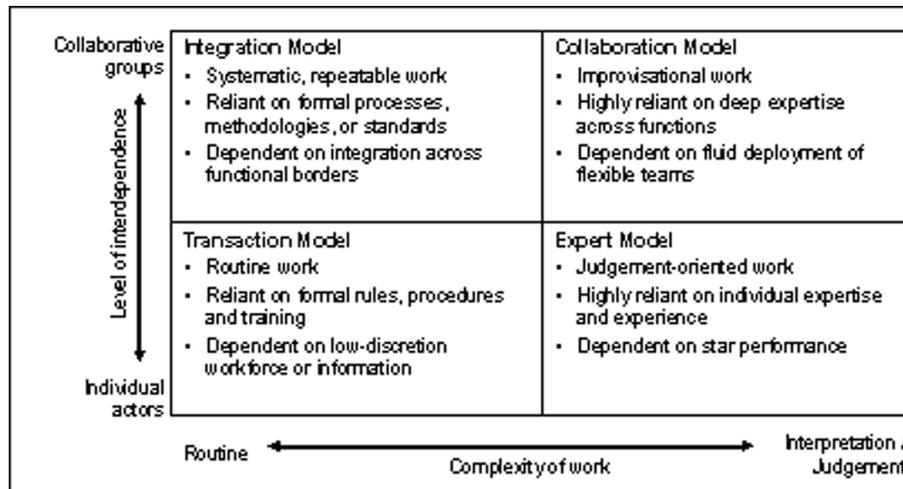
Findings of the empirical study

In the organisations examined, only those employees are being labelled as 'experts' who work in a specific domain different to the domain of the person applying the label of expert, and who possess knowledge which is different, again, from the knowledge of the 'labeller'. Thus, the term 'expert' is neither used to designate outstanding performers, as researchers in cognitive psychology suggest, nor is it used to denominate employees who create business value by judgment-oriented work, as is proposed by scholars in management theory. It is the sociological meaning of the term 'expert' which is predominantly used in organisations in everyday business. Thus 'expert' designates someone who has an exclusive authority over a certain domain which is not one's own domain regardless of his or her performance or the business value he or she creates.

In the software development organisation, the unit head as well as the related department heads labelled every employee an expert, "who, after leaving university, works here for six months in a specific, confined domain, (…) like high availability, fail safe, backup systems, (…) GUI, (…) whatever". Not one of the experts interviewed labelled an associate employee of their own team an 'expert', but rather 'colleague'.

In the hardware development organisation, the department heads regard all their group managers, who are responsible for specific areas such as requirements management and hardware delivery for customers, module development and hardware tests, as experts. Again, no one working in said domains labelled associate employees in the same domain an expert; only associates in different domains did so.

This is equally true for the unit head of the IT consulting company and the department managers: They call 95% of their workforce 'experts' since their System Architects are able to provide solutions "on a large-scale product portfolio" to the customer and the IT Specialists can define "the last adapter or the last performance" within the given solution framework. Again, none of the System Architects and IT Specialists called one another 'experts'.

We, therefore, maintain that the term 'expert', as used in the day-to-day work life of an organisation, can be classified as a term to express a difference: a difference with respect to the work domain of an employee as well as to the domain-specific knowledge he or she applies in order to fulfil his or her tasks. Hence, managing experts always means, as Maruca (1996, p.3) puts it, "when you are not one of them".

This is not merely a matter of wording since the consequences can be seen in the general strategy of managing experts. The strategy is described by the management representatives as well as the experts as "Don't interfere", respectively "keep out of the other's sphere". That implies a strict division of labour between management functions and expert functions. Whereas the management fulfils the tasks of controlling of priorities,

stakeholder management, resource allocation, people development and information brokerage across the department, it is up to the experts to plan, design and deliver the product or service to the customer. This is clearly observable in the software development, the hardware development and the consulting organisation when focussing on the relation between line management functions and experts.

It seems, however, a remarkable occurrence that the simple fact that somebody works in a domain and possesses a set of knowledge different to the set of knowledge of someone from a different domain is sufficient to call him an 'expert'. In common language, such an employee would rather be called 'specialist'. Following this argument, Hitzler (1994) suggests to differentiate between specialists and experts by their degree of autonomy: Whereas the former fulfil define- and controllable tasks, the latter possess a great deal of independence in what they do and how they do it within the limits of their domain. This perspective becomes relevant when asking for the reasons why a certain employee is being regarded as an expert.

Why is somebody being regarded as an expert?

From the interviews conducted with management representatives as well as with experts, it became very clear that both functional groups do not regard all experts as being on the same level. Some experts are regarded as being more expert-like than others. This cognitive representation of a person shall be called 'reputation' hereafter. The concept of reputation involves two sides: a sender, who wants to create a certain representation of him- or herself on the receiver's side, and the receiver, who, in turn, creates a specific image of the sender on the basis of the sender's appearance or behaviour (Langner 1957; Wilson 1985).

When focussing on the 'sender' of an image, i.e. on the expert, he or she has the task to display expertise respectively professionalism to four key stakeholders: to the customers, the fellow associates, the management representatives and, if applicable, the members of their project or work team (Fig.2).

It is difficult to write a manual on 'how to represent expert-like behaviour' since different stakeholder groups as well as single persons holding stakeholder roles may have different ideas and expectations on what 'expert-like behaviour' is (Pfadenhauer 2003; Alvesson 2004; Goffman 2006).

On the basis of our empirical study we can, however, state with sufficient evidence, that it is not the fulfilment of technical tasks, but that of communication and management tasks which accounts for the 'expert-like' or 'professional' image perceived.

In the software development organisation, the management representatives mentioned 'the quality of the expert's argumentation in critical cases', 'the frequency they communicate and keep their management up to date' and the 'cooperation and communication within the team'. The software experts stressed the 'coordination with their counterparts', 'the definition and alignment of the development methods' and the 'definition and controlling of one's own priorities'.

In the hardware development organisation, management representatives focussed on 'development of a trusted relationship to the customer', 'feedback by internal and external customers', 'professional behaviour' and 'a structured working approach'. The hardware developers share this point of view to a large extend, but put a stronger focus on the 'good cooperation with the many interfaces', 'timely delivery of products and services' and 'management of priorities'.

In the consulting organisation, management representatives accentuated 'how the consultants present themselves internally and externally', 'how they broach the issue of something', 'how they are visible in the organisation' and 'how they sell what they do'. The consultants shared this perspective to a large extent. They underlined how important public relations activities and the presentation of oneself are and equally stressed that they are also 'engaged in important projects', 'work together with senior experts' and 'coming to terms with the customer efficiently'.

When summarising and systematising the statements of the interviewees, one can find three different sets of tasks which - when performed adequately - produce expert reputation (Fig.3):

Fig.2: Relevant stakeholders for experts
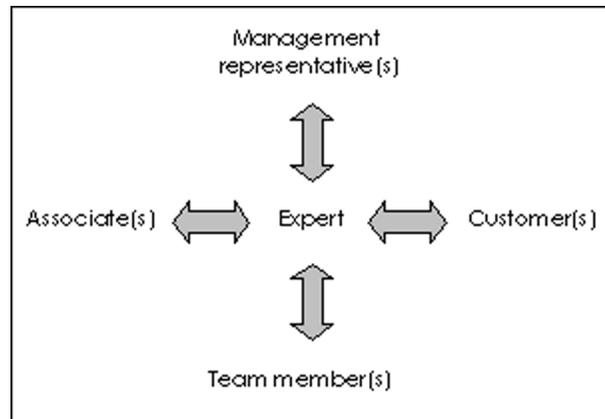
Fig.3: Tasks that account for expert reputation
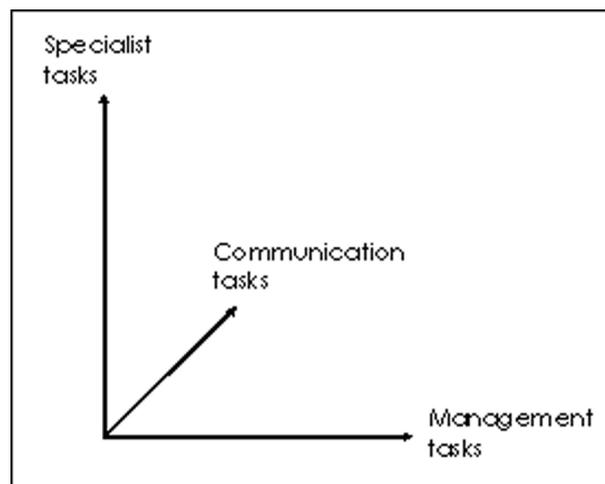
1. Specialist tasks: Irrespective of whether the task consists in the development of a specific software function, a circuit board or in suggesting a specific IT infrastructure enhancement to a customer, every expert has to perform three basic activities in order to accomplish his or her tasks: He or she has to represent a customer need or a problem by collecting information and by classifying the information thus accumulated, he or she has to draw a conclusion on the basis of the information compiled and he or she has to suggest or perform a specific procedure in order to satisfy the customer need or to solve the problem. The cognitive processes herein involved have been explored by cognitive psychologists, as already mentioned above, as well as by sociologists (Abbott, 1988) and support the statements provided in the interviews well.

2. Management tasks: Three management challenges have been named by the interviewees irrespective of function, organisation or industry: the definition and controlling of work priorities within a defined period of time, the definition and control of the methods to be used and equally of the resources, i.e. time and headcount, allocated in order to meet the priorities. Drucker (1999) and his 'interpreters' (Pfiffner & Stadelmann 1999; Malik 2006) mentioned the first two challenges,

but did not focus on the problem of resource allocation in expert work, which is regarded as one of the key challenges by the interviewees.

3. Communication tasks: According to the interviews carried out, the expectations of the management, the associates, customers and team members with respect to the communication behaviour of an expert can be summed up as follows: It is expected that an expert displays responsiveness to requests, which is very closely linked to and associated with management tasks since non-responsiveness is regarded as being a consequence of suboptimal self-management. Secondly, it is expected that an expert provides comprehensible consultation in his or her

expert domain for all relevant stakeholders. This means that an expert is able to broach his or her subject matter in a comprehensible way. Thirdly, it is expected that he or she is able to offer guidance in his or her expert domain, which implies that he or she is able to persuade clients of preferred solutions as well as associate experts and management representatives of preferred priorities, methods and resources.

This paper undertakes to state, that the adequate, i.e. person-, organisation- and business-specific performance of aforementioned three tasks, i.e. specialist, management and communication tasks, generates expert reputation. The content of these tasks can be more precisely specified (Tab.1):

Tab.1: Tasks and contents that account for expert reputation

Specialist tasks	Management tasks	Communication tasks
Need or problem representation	Controlling of priorities	Responsiveness
Conclusion	Controlling of methods	Consultation
Processing	Controlling of resources	Guidance

These findings have definite benefits for the theory and the practice of the management of experts, benefits elaborated in the final chapter.

Implications for the management of experts

With respect to the theory of the management of experts it has already been mentioned above that an express amount of research in cognitive psychology, the sociology of professions and in knowledge work point in the same direction as do the findings presented in this paper. The results so far presented by expert theories, are, however, either too limited in scope since they are confined to expert performance in solving well-defined problems or to the presentation and institutionalisation of professionalism. Another drawback of theoretical approaches so far presented consists in the fact that those approaches are too abstract and vague, as can be noticed from statements like, "the crucial question in knowledge worker productivity is the first one: WHAT IS THE TASK?" (Drucker,

1999, p.143) or "Leaders in successful knowledge organisations are high in both professional and organizational competence, not just in one or the other as are professionals or managers" (Sveiby, 2001, p.60).

In contrast to both limitations mentioned above, this paper comprises the relevant aspects of expert work in various business contexts and suggests a more specific and operational scheme for the factors relevant in being regarded as an expert. It is more specific and operational in the sense that all the tasks described in chapter 4 can be learned and trained:

- Specialist tasks are usually learned and trained via vocational training programs. Best practices can be found in the traditional professions of Medicine and Law, where graduates are trained by professionals in medical respectively legal practices for several years.

- Management tasks are presently not systematically trained in any profession.

However, the controlling of priorities, of working methods and of resources can be learned and trained. An adequate approach for rendering management tasks operable has been elaborated by Fredmund Malik (2006).

- Communication tasks are equally not systematically trained anywhere at the moment. Whereas responsiveness is, to a large extent, a matter of managing one's own work effectively, an abundance of methods for consulting and guidance can be taken from fully elaborated treatises on the practical art of classical rhetoric (Ueding, 1996).

In regard to the practice of the management of experts, this paper suggests not to define the productivity of experts as the crucial management challenge, but the management of an expert's reputation. If an organisation succeeds in defining and institutionalising a culture, i.e. a set of shared beliefs (Sackmann, 1991) with respect to expert-like behaviour and accomplishes the performance of specialist, management and communication tasks in relation to its key stakeholders, then experts will contribute to business value.

A good example for this management strategy can be observed in the consulting organisation examined. The basic performance indicators for a consultant whose mission is to support the pre-sales phase of a customer IT-infrastructure project are: number and revenue of projects, rate of demand for a specific consultant, sales and customer feedback as well as the number of public relations activities, such as lectures, presentations, interviews and publications. It is the responsibility of the consultant to assess and enhance the demand for his own person. This demand is, in turn, generated by the attention paid by him to his or her own reputation. And this, in turn, implies that a consultant has to carry out the specialist, the management and the communication tasks with a view to high stakeholder satisfaction in order to secure his or her employability in his or her organisation. In addition, every consultant can certify him- or herself within the company as a first-level IT architect, second-level IT architect, distinguished engineer or a fellow. Said role owners do not only work together in projects, but also form a professional community for information exchange, professional development and – a platform for reputation.

The management representatives in the consulting organisation are not very much engaged in traditional management activities, such as defining, controlling and supervising the work of the consultants, or in trying to motivate them, but can rather concentrate on overall priority management, stakeholder management, coordination of methods and resource controlling.

By taking this example as a Best-Practice-Example and by referring to the other cases of the research as secondary, but supportive instances, which do not possess such an elaborate management system, one can formulate the following guidelines for the effective management of experts:

- Take care that all experts have customers: Do not allow the existence of experts who do not have stakeholders in need of the expert's products or services.

- Define expert reputation: Define in close cooperation with your experts what is to be expected from an associate who wants to be regarded as an expert with respect to the relevant stakeholders as well as to specialist, management and communication tasks.

- Ensure common understanding and interpretation in the management team: Take care that all management representatives have the same understanding of what renders a specialist an expert. This is important because of the fact that in several organisations, every management representative has his or her own interpretation of expert-like behaviour.

- Implement the expectations towards experts into management systems: Make sure that defined expectations towards experts have been incorporated in the management systems in place, e.g. management by objectives. This is important due to the fact that in some organisations, management systems do not reflect the organisational informal rules adequately, which renders them very ineffective.

- Institutionalise a pull-principle for expert reputation: Ensure, that the responsibility for an associate's expert reputation rests with the associate.

- Support expert development: Take care that associates receive opportunities to develop expertise with respect to specialist,

management and communication tasks.
This can be achieved by providing individual development programs or by institutionalising professional career paths.

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AN EXPLORATORY STUDY BASED ON RELIGIOUS TOURISM IN EAST LONDON, SOUTH AFRICA.

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Abstract

The study deals with religious tourism. Religious tourism, also commonly referred to as faith tourism, in groups for pilgrimage, missionary, or leisure (fellowship) purposes. Four types of religious tourism can be identified, namely, pilgrimages, religious tourism per se, travelling to a religious event and church tourism (Mckelvei, 2005).

There are a number of religious events taking place throughout the world. These events tend to highlight the seriousness of people engaging in religious tourism. The peak season for religious tourism in South Africa is the Easter season. During the Easter season a large number of people come as far as from Southern Africa and gather in Limpopo. East London, South Africa, has witnessed a number of visits by prominent people whose aim was to provide spiritual healing, inspiration and revival of the people.

The main focus of this study is to find out the motivation behind the participation of people in religious tourism in the city of East London. Religious tourism plays a positive role in the economic enhancement of the economy of a particular region. Razaq and Morpeth (2007) confirm that religious tourism has economic benefits for the tourism industry as it benefits local economic and social development.

The research design for this study is exploratory research, as this study has not been done before. Both primary and secondary data gathering will be used. Probability sampling will be suitable for the nature of this study. The geographical boundaries of the study are in East London. The study will contribute to the body of knowledge of religious tourism and religious events. Furthermore, it will make people aware of religious events and stimulate interest to the public at large, as well as understand religious tourism.

Introduction and Background to the Study

The study deals with religious tourism. Religious tourism and pilgrimages are one of the oldest forms of tourism. The study focuses on tourism motivation and attempts to clarify the reasons that tourists have in order to travel to specific destinations. These motivations differ from one another according to tourist's personal beliefs. Furthermore, the study highlights that religious tourism has economic benefits for the tourism industry, thereby enhancing the lives of people throughout the world. The study looks at religious tourism from a broad perspective around the world and then upon South Africa, and in particular, East London.

The study is in progress as it has reached the stage of a pilot study which has been completed. The results of this study are therefore inconclusive as the researcher will be guided by the pilot study in order to complete this study.

Sharpley and Sundaram (2005), state that religious tourism is a form of tourism that is motivated by faith or religious reasons and has been in evidence for centuries. Whilst no uniform definition of religious tourism exists, it can loosely be described as travelling to visit a place, building or shrine deemed sacred or holy (McKelvie, 2005). On the other hand Wright (2009) defines religious tourism as follows: Travel to a religious destination site (example: trip to holy land); travel with a spiritual intent (example: Christian conference) and leisure travel with fellowship intent (faith- based cruise).

Sharpley and Sundaram (2005), suggest that modern tourism has become the functional and symbolic equivalent of more traditional religious

practices, such as festivals and pilgrimages. However, Ambrosio (2007) is of view that religious tourism is on the basis of: the evolution of the term (from pilgrimage to tourism); the growth of individual faith; the primary motivation of pilgrims, tourists and religious tourists; the image differentiation (tourist versus pilgrim); religious resources as tourist product; territorial and socio-economic impacts.

Jackowski (2000) cited in Rojo (2007) claims that religious tourism is considered as a common motivation for travel. Jackowski (2000) in Rojo (2007) estimates that approximately 240 million people travel every year because of the religion, including Christians, Muslims and Hindus. Although religious tourism is one of the most understudies areas in tourism research (Vukonic, 1998) cited in Rojo (2007), increases in spirituality motivated travel have coincided with the growth of tourism in the modern era (Lloyd, 1998) quoted by Rojo (2007).

Religious tourism according to Vukonic (1998) is among the least explored tourists activities in the world of modern tourism. Somebody could say there is nothing strange in such statement, but still one can pose other questions about the relationship between tourism and religion which needs to be answered. Horner and Swaarbrooke (1999) explain how Religious tourism is one of the oldest forms of tourism and has undoubtedly existed long before Christianity.

Religious tourism also known as faith-based travel is internationally renowned and continues to grow year by year. Approximately 10 million Muslims visit Mecca annually. Mecca, located near the western coast of Saudi Arabia, is approximately 45-minute east of Jeddah and is considered the heart of the Muslim world. India as well has long been known as a very spiritual, stronger religious area of the world (Asiarooms.com, 2009: internet).

Wright quoted by Fox (2008) asserted that "faith tourism has entered a new era". Era that "is not driven by pilgrimages, but by missionary travel, faith-based cruising, faith-based attractions, leisure vacations, adventure trips, conferences and so on." These trips appeal to all ages and all demographics. "Faith tourism is now enjoyed by all age groups – from youth to baby boomers to retired individuals – all on equal levels", Wright said.

For as long as people have believed in something, they have travelled to honour it. Pilgrimages are almost inherent to faith itself, whether it is Jews making their aliyah back to Israel, Muslims making their hajj to Mecca or Catholic visiting to regional shrines or the Vatican. The effort of a voyage sets a specific goal for a traveller, and the payoff of the destination, was and is religious experience in and of itself. Travel for faith is growing into a new and unique niche. Although there are still petinents and pilgrims, many people going on faith-based journeys are looking to combine a vacation with their religious travel (Fox, 2008).

Research Objectives of this Paper

The study aims to examine motivational factors of people to attend religious events in East London.

The overall research questions posed by this study are as follows:

- What motivates people to participate in religious tourism?

- Are people aware of the economic benefits brought by religious tourism?

Literature Review

Religious Tourism around the World

Religious tourism has emerged as a booming market in India, according to the Delhi based National Council for Applied Economic Research (NCAER) which shows that of the 230 million tourist trips undertaken in India, the largest proportion is made up of religious pilgrimages. Undertaken by both rural and urban Indians, they outnumber leisure holidays in hill stations, getaways to sea beaches and even trips to metropolitan cities. Approximately 23 million people visited Tirupati, a temple town near the southern tip of India to catch a glimpse of deity known as Lord Balaji. Tirupati's annual list of pilgrims is higher than the total number of travellers visiting Mumbai, Dehli, Bangalore and Kolkata put together. In the northern state of Jammu and Kashmir 17.2 million devotees trek uphill for 15 kilometres to pay respects to a female goddess called Vaishno Devi (India Brand Equity Foundation, 2004: internet).

Another interesting aspect of religious tourism is that of Ramadan. Millions of faithful Muslims worldwide do not eat or drink between dawn and sunset during Ramadan, a month of sacrifice and humility punctuated by joyous family gatherings and vast quantities of food (Erdbrink, 2008). Ramadan is by far the holiest month on the Islamic calendar. It signifies strength, patience, tolerance and sacrifice as Muslims across the world give up eating food and drinking water between sunrise and sunset. Eid, which translates to "festivities", is the culmination of those thirty days and is spent with family and friends and also prayer (Francis & Sadiki, 2009).

In countries such as Iran, Eid is generally more conservative and more emphasis is placed on charity and donating to those less fortunate. In Indonesia, Eid is known as Hari Raya Idul Fitri and lasts days. Lamps are lit as a symbol of Eid, while many families from the cities travel back to their rural villages to celebrate with their elders and families. In Europe prayers are said in shifts in mosques to accommodate the masses who attend and the day is generally spent with the immediate family. In Malawi, a light breakfast is served. The main meal is lunch, where the destitute and poor are invited to celebrate with wealthier families. Millions of faithful Muslims worldwide do not eat or drink between dawn and sunset during Ramadan, a month of sacrifice and humility punctuated by joyous family gatherings and vast quantities of food (Francis & Sadiki, 2009).

Religious Tourism in South Africa

In view of the religious activities, South Africa hosts many in relation to this. The peak season for religious tourism in South Africa is the Easter season. During Easter season a large number of people come as far as Southern Africa and gather in Moria in Limpopo. In South Africa a highlight on the calendar is the Zion Christian Church's (ZCC) annual Easter religious gathering at Moria. Millions of people flock together at Moria, and the worshipping lasts for several days. Some worshippers come from the neighbouring countries such as Lesotho, Botswana, Namibia, Zimbabwe and Mozambique (Prominent people, 2009: internet).

There are number of religious events taking place throughout South Africa. These events tend to highlight the seriousness of people engaging in religious tourism. Each year during the last three weeks of October over 25,000 Zulu Shembes gather at Judea near Eshowe to meet their leader. This festival takes place at Judea near Eshowe every year during October. Tens of thousands of faithful pilgrims gather and resurrect the village disbanded the previous year. In this very vibrant and colourful village hundreds of family shops spring up selling items of food to religious paraphernalia. A hive of economic activity prevails in between a formal religious program. There are two sessions of prayer and traditional "prayer" dances performed by five distinct groups. At prayer all dress in long white robes (elders in green). At the dance men sport traditional warrior type gear, while older women wear modest black and beautifully beaded dresses and headgear. The younger women are in Scottish attire (Graham, 2000).

The Shembe religion is a combination of Zulu culture and Christianity that has been based on the old testament of the Bible.The Shembe pilgrimage welcomes visitors on their road of praise and worship, and members are happy to share their beliefs and traditions with tourists and inquisitive minds. The most colourful Shembe Pilgrimage that is attended by tourists, takes place at the beginning of every year, and is known as the Shembe Pilgrimage to the Holy Mountain (South Africa.com, Internet).

There have been number of visits by prominent people whose aim has been to provide spiritual healing. For example, in East London, South Africa a huge turnout was seen in River Park when Bishop Thomas Dexter (TD) Jakes delivered a sermon in front of more than 8000 people at River Park on October 14, 2008. TD Jakes visited East London with the purpose to inspire and revive people. Jakes is considered as one of the world's renowned motivational speakers and an internationally renowned pastor (Kopo & Booi, 2008).

Economic Benefits of Religious Tourism

Vukonic (1998) highlights that religious tourism affects the population in the place of pilgrimage and its immediate vicinity. He further mentions that this influence consists first of all employment opportunities, which lead to a total demographic growth of the settlement.

Religious tourism has economic benefits for the tourism industry in that it benefits local economic

and social development. For example, Dengfeng City, Henana province in China which has a Shaolin Temple on Mount Song. It is famous for its religious and cultural tourism, promotion of religious culture academically, internationalization of Shaolin martial arts and promotion of Shaolin culture which increase the attraction and influence of Mount Song. There is a steady tourist market in Dengfeng City, with 3, 2 million tourists every year, of whom around 81% come to either the Shaolin Temple or the one other sacred Taoist site, Zhongyue Temple. Quanzhou City in China is famous for its 'world religious museum', whose wide variety of religions exhibited is unique within China. (Razaq and Morpeth, 2007:108).

The World Tourism Organization (WTO) reported that tourist arrivals in the Middle East and Asia-Pacific region have increased at a much faster rate over the last five decades than in the rest of the world. The average annual increase in the Asia-Pacific region was some 13%, whilst this figure was 10% for the Middle East (Mckelvie, 2005).

Kurlantzick (2007) acknowledges that while religious- oriented travel has been around since the first pilgrimages, in recent years it has developed into much larger and more segmented market, with niches ranging from high-end religious travel to volunteer-oriented religious travel to modern day pilgrimages like a visit to the Karmapa in Tibet. Kevin Wright, executive director of World Religious Travel Association quoted by Kurlantzick (2007) revealed that a trade group was set in 2007 to help to organise the faith-based market. There is an increase in the "overall demand for religious travel by people of faith," which, in turn, has brought growth to companies serving this market. According to Wright a study released in November 2006 by the travel industry association revealed that a quarter of travellers said they would be interested in taking a spirituality-oriented vacation. The global religious travel market has reportedly become an $18 billion-a-year industry. Kar (2009) agrees that religious travel, tourism and hospitality are a dynamic $18 billion industry with 800 million travellers.

In spite of the fact that nowadays a lot of people live in a secular way, according to Jackowski (2000) cited in Rojo (2007) more than 35% of all international tourists travel because of religion; pilgrims in their majority. Razaq & Morpeth (2007) reveal that statistics show that more than 3 billion people are followers of three major religions in the world (Christianity, Islam, and Hinduism) and many have deep-seated need for this kind of religious tourism as pilgrimage. Therefore modern religious tourism has already attracted non-religious followers as well as religious followers to travel to the religious and cultural relics and tourist sites for the various purposes of pilgrimage, sightseeing, etc, and also purely for the purpose of 'religious travel'.

Whilst billions of people across the world are members of a particular faith, the number who actually participate in religious pilgrimages or who travel specifically for a religious purpose is small. Even the crowds of millions that flock to annual events like the Islamic Hajj in Mecca and the Hindu Kumbh Mela festival in India represent a tiny proportion of the world's tourists, with the World Tourism Organization (WTO) reporting that there were 702.6 million international tourist arrivals in 2002 (McKelvie, 2005).

Collins-Kreiner and Kliot, 2000 cited in Weidenfeld (2006) reveal that most researchers identify 'religious tourism' with the individual's quest for shrines and locales, where the visitors seek to experience the sense of identity with sites of historical and cultural meaning such as religious festivals or religious tourist attractions associated with historical or cultural events. Collins-Kreiner, 2006 cited in Rojo (2007) states that, pilgrimage is one of the well-known phenomena in religion and it exists in all the main religions of the world: Christianity, Islam, Judaism and Buddhism.

In Christianity, places such as Jerusalem, Rome, or Santiago de Compostela (Spain), remain as three more important place of pilgrimage. Lourdes in France is considered as well as one of the most important pilgrimage sites.

For Islam, Mecca, and Medina are still the places of pilgrimage, in this case not volunteered but obliged for every Muslim to go to Mecca at least once in their lives.

However, in Judaism, the main site of pilgrimage for the Jewish religion was the Temple of Jerusalem until it was destroyed in 70 AD. Jerusalem and the Wailing Wall also in Jerusalem are the most important places of pilgrimage for the Jews.

Lastly, for Buddhism, there are four different places of pilgrimage, but the most important is the birthplace of Buddha at Kapilavastu in Nepal.

Pilgrimage has become an important source for the tourism world. In general, this kind of tourism is linked to the thought of journeys to sacred sites, including a strong religious motivation (Post et al, 1998 cited in Rojo (2007:12). The motivations for pilgrimage are vast and diverse. However, something they all have in common is the desire to travel and experience something new. In this case, an example of the Christian pilgrimage is taken, considered as an attempt to follow the footsteps of Christ. People chose different walks, places and diverse landscapes that Jesus (or his Followers) could have seen. Doing this, pilgrims have the feeling that they have approached the texts of the Bible more closely. For those people, there are several reasons to go on a sacred journey, as for example, to show their love to God, to get near something that is really sacred, to show God their gratitude, to ask for pardon or to beg for a miracle (Post et al, 1998 cited in Rojo 2007).

Previous studies have been conducted internationally with regards to religious tourism. For example a study was conducted on the Island of Tinos (Greece) about "residents' perceptions of religious tourism and its socio-economic impacts". Based on the findings of the study conducted by Terzido, Stylidis & Szivas (2008), tourism and religion are historically related through the institution of pilgrimage. Further, the phenomenon of religious tourism impacts on destinations as well as how local residents view tourism. There is paucity of studies looking specifically at how religious tourism and tourists affect local residents living in "holy or sacred" destinations.

The findings of the above study revealed that the majority of residents welcomed religious tourists to the island and perceive the socio-economic impacts as positive. Differences in perceptions were found on the basis of religiousness measured as frequency of church attendance and age of residents. Furthermore, the study found that whilst religious tourists are perceived as being different from "ordinary" tourists and are seen as similar to the residents themselves, they are not necessarily preferred to non-religious tourists. Overall, there is strong evidence that economic considerations override other concerns by local residents.

Pilgrimage versus Tourism

Many places of pilgrimage in the world impact upon religious tourism. According to Vukonic (1998), it is somewhat publicly admitted that the arrival of pilgrims in a certain region and a certain place represents a direct benefit for the local population. He further concludes that pilgrimage and religious tourism also affect the population in the place of pilgrimage and its immediate vicinity. This influence consists primarily of all employment opportunities, which leads to a total demographic growth of the settlement. Ambrosio (2009) believes that in the last decade of the 20th century, although some authors continued to insist on the demarcation between pilgrimage and tourism, many scholars attempted to establish connections between the two phenomena. The researcher concurs with Ambrosio (2009) that tourism and pilgrimage are interrelated activities.

A Pilot Study

The purpose of the pilot study is to give direction to the main investigation, ensuring that the study will be worthwhile. Apart from the study of relevant literature and interviews with a small sample of 12, it also became necessary to obtain a picture of the practical situation where the prospective investigation will be executed. Preliminary exploratory studies are especially important with a view to the practical planning of the research project, e.g. the transport, finance and time factors (De Vos, 2001). A questionnaire was administered (copy attached).

Limitations

Findings of the study should be treated with the following limitations in mind:

- Time and money may not make it possible for the researcher to take the results of the study to the participants for confirmation.

- The study will be limited to the area of Quigney in East London

- Since this study is a case study and its sample has been selected purposefully, its findings will not be generalised

Significance of the Study

The study will contribute to the body of knowledge of religious tourism. It may also help other researchers who would like to do research related

to religious tourism. It is also important, as it will contribute to the researchers' personal growth and academic progress. Further, it will contribute to the knowledge of religious events. The study will make people aware of such religious events and stimulate interest to the public at large. The study will also assist local municipalities to plan and contribute to the development of religious events in order to economically enhance the city. The findings of the study will be used to make recommendations of promoting religious tourism or to assist people (East London community, student body) to understand religious tourism.

Conclusions

People are involved in religious as group and some as individuals. However in this study it is not about how many people are involved in religious tourism. As it has been highlighted in the first place that its main aim is to explore people's participation in religious tourism. Overall, despite the limited data collected in this study, such research may lead to a better understanding of the significance of religious tourism around the world, and in particular, South Africa. Indeed, religious tourism can positively influence the economic benefits, for example, employment opportunities which are severely lacking in developing countries like South Africa. The study has a strong belief that East London has potential growth in relation to religious tourism.

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DEVELOPMENT OF THE NEW STRUCTURE OF RUSSIAN FOOD MARKET BASED ON CONSUMERS' PREFERENCES

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Abstract

Russian economic outlook depends on how the leading companies adapt to the global supply chains. Currently the model of two-channel integration of Russia into the global economy has been shaping up. The essence of the model is that in parallel with the increase in capital export in raw material, "strategic" industries domestic food market is being aggressively developed by foreign companies. Using the database of their own on 60 segments of foodstuff market, the authors have revealed the correlation among degree of foreign companies' dominance, type of market, its concentration ratio and economic growth rate and showed that the model functioning will have serious, far-reaching consequences for the structure of Russian food markets.

Key words:

Russian food market, influence of foreign companies

Introduction

Today the share of foreign companies in Russian food market exceeds 60%. Thus imported foodstuffs replace the national ones rapidly. We don't consider if it is positive or negative trend but we argue that it may have deep long-term consequences for Russian economy.

Expansion of global food retailers to Russia changes the structure of Russian food market in terms of national and foreign companies' market share, branch distribution, and commodity groups.

The processes of capital export subject to internal sovereignty in raw material industries and of capital import in consumers' sector industries testify that Russia competes for foreign raw material markets and easily gives away its domestic consumers' markets.

We don't give this model any single-value estimate to say nothing of the negative one. We simply draw attention to the fact that its functioning will have serious and quite far-reaching consequences related to the structure of Russian food markets. Import of foreign capital due to the global producers' gradually shifting part of their production facilities to Russia results in development of the new structure of Russian consumers' market.

The aggregate of food markets in Russia is quite heterogeneous in terms of their concentration ratio, composition of participants and growth rate. Penetration of foreign capital into these markets is uneven as well.

Theoretical reasoning on this subject leads to the general conclusion that in the course of trade liberalization in many branches working for consumers' markets direct foreign investments should accrue as intensively as imports. The reason has, by hypothesis, to do with peculiarities of these productions that, unlike fuel-and-power industries, include many stages in the processing chain. Transfer of only some of its levels to the Russian territory makes possible for trade and imports to expand simultaneously [2]. However this theory does not answer quite a number of other not simple questions as follows: why the allied markets being under common macroeconomic conditions develop such a different appearance; where the variety of market structures originate from; why the global producers easily sweep some

market segments and cannot gain the competitive edge on domestic producers in other segments; what factors account for rapid progress of some markets to the high concentration ratio while at the other ones there are tens and hundreds of relatively small producers operating as before; why some of the markets experience sustained growth throughout the period after the crisis in 1998 while others turn into stagnation state after a few years of rapid development; what role do foreign companies play in these processes?

We consider these matters by the example of Russian food markets being the major part of the consumers' sector that accounts for 56% of retail trade turnover. But first let us determine the original analytic variables.

How the market structure can be measured. To compare different consumers' markets we should have the tools to measure their structure. We proposed three types of parameters classifying the market according to:

• type of product categories;

• market concentration ratio;

• type of market participants.

As opposed to the traditional approach based on industrial classification of product categories that implies classifying of these categories by physical-and-chemical composition and product process technologies (eg. meat, dairy, confectionary and other products) we followed non-conventional path.

We based ourselves upon the history of consumer practices development in this country and extent of their "rootedness" rather than distinctions in subject characteristics of the products; therefore we believed it expedient to break down all food products (and respective market segments) into the "Soviet" and "post-Soviet" ones depending on the period when any given product became part of the average domestic consumer's ration. This parameter specifying one of the basic market conditions can be determined as "period of product consumption". If viewed from supply aspect this means that there are traditions of manufacturing this product category in this country. However in this case the demand aspect is of more importance for us when relatively lasting consumers' habits develop whilst the product consumption period.

This means that in the first place the consumers are used to certain traditional products and cannot think of their lives without them; second, the whole production branches have developed that provide the major part of Soviet citizens with such products (though not the top-quality ones). Thus, the "Soviet" products markets are rooted twice as a minimum – in the production facilities set up formerly and lasting consumers' habits of the population.

Along with this we find the increasing number of "post-Soviet" products that lack such a pre-history and that became part of an average consumer's life after the economic reforms start having comparatively short development period. Whatever branch they may belong to their structural positions in the food market sector and extent of their "rootedness" proves to be different: they are comparatively new both for domestic producers and consumers.

Thus, the time when any given product appeared in the diet of an average domestic consumer (before or after economic reform start) serves as the general criterion for breaking down the food products into the "soviet" and "post-Soviet" ones.

How can we measure the other structural parameter i.e. market concentration ratio? Here we decided to abandon the standard branch concentration indices in favour of another relative ratio. However, unlike CR1 index (one of the major market participant's share) it is calculated in two steps. First one should calculate the number of leading players in this market segment that, according to expert opinion, stand out sharply against other market participants. And after that the average share that accounts for each of them is calculated. This index is obviously not the ideal one due to possible subjectivity of specific experts' judgments. However we think it is more appropriate for use in the present case.

In their turn the market shares falling per one leading participant were grouped by types of produce as a result of which different levels of branch concentration were determined as follows:

• low (under 10%);

• medium (11-20%);

• high (over 20%).

As regards types of players, it is appropriate to classify them by the country of origin into

Russian and foreign (transnational) companies. This classification is based on initial origin of the company rather than on the production facilities location (as a rule, the global companies both import the products and manufacture them at the Russian territory). From this standpoint the fact that "Nestle" has transferred the major part of its production facilities to Russia does not turn this company into Russian producer.

Difference between the Russian and foreign companies may appear technical only at first glance. Actually they bear essential difference both in terms of their scale and type of technologies and business organization used by them. As in many cases it is foreign companies' activity that result in significant changes at the Russian foodstuff markets we lay a certain emphasis on these companies' role.

When classifying the markets by types of the leading players the approach we use is also not quite a conventional one. We break down these markets on the basis of quantitative predominance of particular companies among the leading players rather than by share of produce manufactured by foreign and domestic participants (i.e. as a unit for analysis we again take the number of firms of the certain type rather than the sales volume). With a view to defining those prevailing at the markets we have calculated the share of foreign companies among the leading participants of this market. As a result, the key variable has three values:

- domestic companies outnumber;

- relative numerical equality of domestic and foreign companies is present;

- foreign companies outnumber.

Having defined the principal indices of the markets structure we need to decide upon evaluating the markets dynamics. Doing that is much easier: it is to be measured by average annual turnover increase in this market segment as estimated in the recent two or three years. Furthermore we singled out the types of economic growth having correlated the same with the general growth rate of the Russian retail market (that, as you may know, amounted to 10-12% per annum in the early 2000s). Accordingly, the markets under consideration were divided into four categories:

- stagnating — under 4%;

- growing slowly — 5—9%;

- growing at the general growth rate - 10—12%;

- growing rapidly - 13% and over.

Conceptual background/hypothesis development

Based on the prior research (Kalyanaram, Wittink, 1994; Lambkin, 1992; Sutton, 1996; Benton, Maloni, 2005; Corsten, Kumar, 2005; Gereffi, 1994; Cox et al., 2004, etc.) two hypotheses were developed to reveal different models of Russian food market structure and correlation between these models and market growth rate.

Hypothesis 1. Foreign companies dominate mostly in the "new products" markets. "New products" mean foodstuffs that have been imported to Russia since 1990s and are still very attractive for Russian consumers (such as yogurts, some drinks and others)

Hypothesis 2. Market growth rate and market concentration are higher in the markets with predominance of foreign companies than in markets where Russian companies prevail.

Method

Three factors were chosen to analyze Russian food market structure: company's origin (Russian or foreign), market concentration ratio (leading companies' market share), type of products (traditional or new). The index of average annual turnover increase was used to evaluate the market growth rate.

Procedure

Data was collected using a panel of approximately 300 foreign and Russian food companies located in Yekaterinburg, Perm and Chelyabinsk, Russia, that represented Russian food market structure today. 60 study participants being top- and middle rank managers of the chosen companies were interviewed as to their attitudes towards changes of Russian food market in the last decade and their companies' strategies and resources for future development.

Data were also collected using a firm that runs a panel of approximately 1 million personal consumers living in Sverdlovsk, Perm and Chelyabinsk regions, Russia. A total of 376 responses were received which make up the data to be used in the study reported below. Respondents were asked about their preferences to foreign foodstuffs compared with locally produced wares in terms of price, quality, etc.

Some sources of secondary data were also analyzed for research purposes.

Results

In support of the first hypothesis the market shares of foreign companies were assessed and compared with the ones of Russian companies. Corresponding consumer preferences were revealed.

The second hypothesis was tested by evaluating the market growth rate and market concentration ratio in the "new products" markets. The figures were provided.

To check the hypothesis about the foreign companies' market share among the leaders at "Soviet" and "post-Soviet" markets single-factor analysis of variance was used. As the dependent variable we used index of foreign players' share among the leading market participants that assumes the values from zero to one, as the factor – dichotomous variable characterizing the type of product categories. Results of variance analysis with the use of Fisher's statistics confirm the hypothesis proposed by us to be at the high significance level ($p<0.001$): average share of the foreign companies among the leading market participants is distinctly higher in the post-Soviet segments rather than in the Soviet ones (see table 1).

Results of empirical research revealed that at the 20 markets of the "Soviet" type domestic companies prevailed (eg. at the market of frozen meat semi-products, vodka market) that accounts for about two thirds of all Soviet markets. At the same time, at 21 "post-Soviet" markets the foreign operators predominate also accounting for more than two thirds of markets of this type; among them there are, for example, the markets of frozen vegetables, energy drinks, chocolate bars (see table 2).

Thus, according to our assumptions foreign producers are more active at the new markets and less active in the traditional segments. How this can be explained? What factors enhance or impede penetration of the foreign capital to the Russian consumers' markets? We single out three factors of the kind:

- presence or absence of the population's consumer habits;

- high or low level of production profitability;

- extent of imported raw material dependence.

Thus, the final success of any business organization form depends heavily on the time of its introduction to the market. Apart from that it is determined by the scale of production and relative cost level, distribution range and completeness product lines, efficient access to the resources and product promotion costs. In terms of all these aspects the advantage often lies with the global producers. An impression is there that domestic producers are not quite ready for competition as far as their technological and organization level is concerned. Where the case in point does not involve direct inflow of foreign capital innovations are spread not so rapidly.

What does the foreign capital dominance lead to? How does presence of major foreign capital change the market structure? Analysis of correlation between the ratio of foreign and domestic companies among the leading players at one or other market and its concentration revealed that the average share market falling per one leading participant in the segments where domestic companies prevail turned out considerably less, i.e. the concentration level is distinctly lower here (see table 3).

Table 1- Average share of foreign companies among the leading participants at the "Soviet" and "post-Soviet" product markets

Type of product categories	Quantity of markets	Average share of foreign companies, %
"Soviet"	30	35
"Post-Soviet"	30	67
Total	60	51

Table 2 – Structure of the leading market participants of "Soviet" and "post-Soviet" product markets (quantity of market segments)

Structure of the leading market participants	Type of product categories		Total
	"Soviet"	"Post-Soviet"	
Russian companies prevail	20	7	27
Equal number of Russian and foreign companies	1	2	3
Foreign companies prevail	9	21	30

Note: p=0.002

Table 3 – Average sales volume of one of the leading players depending on market participants' structure

Leading market participants' structure	Quantity of markets	Sales volume in the group in the average, %
Russian companies prevail	27	13
Equal number of Russian and foreign companies	3	21
Foreign companies prevail	30	22
Total	60	18

How this tendency can be explained? Major foreign companies enter, in the first place, those market segments where they can ensure the leading positions for themselves and dictate their own terms. As a result, their strategy is to capture a big share of this market straight away by pushing aside other smaller participants. The easiest markets to do that are the "post-Soviet" ones where the market niches have not been filled in yet or in case of the "Soviet" ones – by purchasing the business of major Russian player when along with the production facilities the controlled market share is acquired.

Along with this, concentration process is impeded by the branches with large proportion of storage and transport expenses in the final product cost. Domestic producers maintain their positions in the branches that do not involve sophisticated technologies but have well established traditions of domestic production.

What markets have higher concentration? We assumed that concentration ratio at "post-Soviet" products markets would be higher compared to the "Soviet" markets. Results of single-factor analysis of variance using Fisher's statistics gives us ground not to reject this hypothesis being at the high level of significance (p =0.001). Market share falling per one leading participant is indeed significantly bigger at "post-Soviet" markets. In this case the average concentration ratio of "Soviet" products markets is nearly twice as low than the analogous index of the 'post-Soviet" products markets.

Concentration ratio at the new markets appears higher because there are originally less players while consolidation of traditional "Soviet" branches

with big number of players requires considerably more time (see table 4).

The hypotheses proposed were confirmed in the course of investigation: explicit connection between the three singled out parameters was stated. Empiric results obtained enable us to say about high level of structural consistency of consumers' markets. Statistically three structural indices – concentration ratio, market participants' structure (domestic/foreign leaders ratio) and type of products categories (start of product mass consumption during the Soviet or post-Soviet time) – demonstrate structural consistency of the markets revealing paired connections at the high level of significance.

Table 4 – Concentration ratio at "Soviet" and "post-Soviet" products markets

Concentration ratio	Type of product category		Total
	«Soviet»	«post-Soviet»	
Low	13	3	16
Medium	13	13	26
High	4	13	17

Note: p=0.004

General discussion

The findings indicate that nowadays foreign companies become leaders in some segments of Russian food market, using large-scale selling and promotion efforts, modern production and logistic technologies. However, the research also reveals that in other segments their expansion is limited by the lack of infrastructure, more advantageous location of national companies' production facilities and traditional positive attitudes of Russian people towards foodstuffs made by local producers as more natural, nutritious and "organic" than imported products.

Managerial implications

It is important that business structures efficiently use the results of this research when working out strategic plans of companies' development.

Future research directions

In the course of research works it was revealed that the new "post-Soviet" markets have tendency towards more rapid development while market concentration level leads to reducing the growth rate. However these results cannot be deemed as the sustained ones; they still require further investigation.

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DOES SELF IMAGE AND BODY CONSCIOUSNESS INFLUENCE THE BUYING BEHAVIOUR OF THE PLUS SIZE CONSUMER? AN INVESTIGATION INTO THE PLUS SIZE MARKET AND HOW THE CURRENT UK HIGH STREET SATISFIES THESE CUSTOMERS.

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Abstract

The most of times when we address to fashion issues, or to anything related, our mind goes directly to identify the slim, tall and appealing men or women. Also if we ever opened the satellite channel Fashion TV, or we take a look to fashion magazines, we will always see the same kind of figures, apart from very seldom cases. Fashion cannot care only about tall, and slim, and similar target market, but should consider also a part of the market that is statistically and drastically growing as demonstrated by statistic for the last decades and proved by all the associations born, most of them for healthy, to study this phenomenon. We refer to plus size women. The fact that obesity is achieving Europe, Britain from USA, where it is a fact of reality, is known. Trying to understand the reason why people gets fat is out of this paper, because there would be a lot of issues related that are not part of the aim of the authors. In England the 46% of men and the 32% of women are overweight, that means with a body mass index of 25-30kg/m2, and an additional 17% of men and 21% of women are obese, with a body mass index of more than 30kg/m2). Furthermore considering these numbers, they represent a large quantity of potential customers, and are expected to grow up with years. Around obesity there are a lot of issues that need to be considered by fashion firms, most of them are linked to the psychology, and the self-esteem of this customers. Fashion managers and producers, indeed take in account these target market, but did they spend enough attention about this specific consumers? Did the fashion firms care about the marketing and the strategies of the plus size market as much is due to the normal market? And stated by the UK national obesity forum about one on five adults today are regarded as being officially obese. The following paper aims to understand the current state of the art in Britain at the moment, and in particular tries to answer to the following important issues: does body consciousness affect or influence a consumer's interest in fashion and how does it may alter shopping methods and buying behaviour? In order to investigate on these findings the authors targeted four issues that are at the base of it: the frequency they use to make shopping, the environment where the shopping take place, the satisfaction level of the plus size consumer and the influence of the social and media environment surrounding the plus size women. Due to the lack of literature present for this specific aim and for establishing some grounding theories for this topic, the research methodology has been based on primary qualitative research through the use of qualitative interviews and focus group.

Introduction

The market share of plus size retailers is increasing rapidly and the UK is currently experiencing an 'obesity boom', this topic has been widely researched and statistics show that the rate in which obesity is increasing shows no signs of slowing. A topic that is regularly associated with this area of research is body consciousness and self esteem, many researchers have established that there is a correlation between the two aspects. The main aim of this piece of research is to investigate the above literature and establish whether body consciousness affects or influences a consumers interest in fashion and how it may alter shopping methods and behaviour, paying close consideration to the current UK high street and if it is satisfying the boom of the plus size consumers. In order to establish a conclusion of the above aim there are 4 objectives that must be successfully researched, these can be seen below. To establish whether a persons self consciousness can influence the shopping behaviour paying close consideration to the plus size consumers. Is their buying behaviour more sporadic compared to the rest of the market? To compare and contrast the shopping experience within different types of stores such as concessions and stand alone stores from the perspective of the plus size consumer. To identify whether the current UK high street satisfies the plus size consumer. To analyse the effect society and the media have on plus size women and the body consciousness that they experience. This report will critically analyse the existing literature surrounding the above areas highlighting different perspectives of researchers, methodological considerations will also be addressed.

Literature Review.

Body Consciousness

Over the past 3 decades personal body consciousness and low self esteem have become a more popular topic of study, its influence on fashion interest and the plus size consumer has become the focus for many researchers. Hesse-Barber (1997) stated that our society encourages women to see themselves as objects. The media and social groups of today have continued to highlight the importance of appearance in both working and social environments. It could be argued that since 1997 the importance of appearance has increased, also identifying the fact that body consciousness is no longer a major aspect apparent in only America and England, it has become an international issue that both men and women may experience. Research that focuses on plus size consumers states that this particular market is prone to discrimination and embarrassment with regard to their figure and appearance, (Dixon, Dixon and O'Brien,2002). "All that you perceive, think and believe occurs in the context of your body experiences…You are continually confronted not only by your own body but also by the preoccupation of the whole culture… Everywhere you turn you are bombarded with announcements about how to interpret, nurture and tame your body." (Fisher, 1973:4)

The media influence

The media is a very powerful tool that is used to influence and affect the current population, the addition of celebrities to the media reinforces false norms that are displayed on a continuous basis. Magazines such as Vogue and Marie Claire amongst others encourage women to compare themselves to the 'perfect' faces and bodies of the airbrushed models on each page. In 2009 it was reported that after women had viewed magazines such as Vogue their self esteem and self consciousness were lower than before, (Medicalnewstoday,2009), however Smeesters and Mandel (2006) mentioned that overweight women's self-esteem always is negatively affected, regardless of the model they look at.

'Size Zero.'

The fashion industry erupted in the tabloid media in 2006 emphasizing once again that the size and body shape of a person can be the sole reason of success. This debate affected the fashion industry as 'The pursuit of thinness [took] on the qualities of a religion," (Hesse-Barber, 1997:33). Size zero (UK size 4) now appears in stores on the UK high street, stores such as Topshop who use window imagery and adverts with size zero models. (See appendix 1) The publication of such frail figures has undoubtedly enhanced the attractiveness to some of the population, it was released by the NHS that in 2007 alone over 80,000 beds were occupied by women who suffered from eating disorders in hospitals across the UK, this had risen by 61% since 2002,(NHS,2008). The fashion industry is

still thought to be one of the main influences on the way women perceive themselves, in November 2009 Kate Moss appeared to support elements of anorexia by controversially stating:

"Nothing tastes better than being thin." (BBC, 2009)

Feminists argue that plus size consumers should not feel inadequate or any less attractive or important as any other woman, they argue that weight or appearance should not influence any social aspects or experiences, adding that "being fat is a way of saying NO to feeling powerless." (Orbach,1997:144) On the contrary the relationship between physical attractiveness and personality qualities has been reported on frequently since the 1970's, when it was stated that "what is beautiful is good," (Dion et al,1972, cited in Grogan 1999:106). It could be argued that the current society still incorporates some of the 'prejudice' views from past decades, until recently flight attendants had to fulfill certain physical requirements, after many discrimination lawsuits these requirements have been weakened, but not disregarded. At London fashion week 2009 designer Mark Fast controversially used 3 size 12 and 14 models to present his collection, this controversially caused stylists to quit. Headlines such as "London Fashion Week: catwalk row over size 14 models," exploded in the media and seen across the country (Dailymail,2009). The implications of these statements and actions were seen as disheartening and upsetting to the majority of the public as the average size of the UK woman is now 14 – 16. In 2001 the national size survey stated that the average size of the UK consumer was a size 16, the survey was based on 11,000 adults, (sizemic,2009) the average size of the UK woman still remains a size 16. (The Independent,2009) The NHS (2008) reported that 24% of adults in England were classed as Obese in 2006, this is the highest rate seen in decades. The 'obesity boom' continues and shows no indication of radical change in the near future. (NHS,2008)

Demographics

Grogan (1999:141) addresses the link between social class and weight; she states that "the body itself (with or without clothes) has become a way to [easily] distinguish between the upper and lower classes." Other literature from Fallon (1990,cited in Grogan,1999) supports this link between social

class and weight by adding that "working class females are more likely to fall into the 'obese' category than the more dominant classes." Sobal and Stunckard (1989:263) also suggest that "the ideal is easier to attain for the rich, who have the resources to spend time at the gym (or to have plastic surgery) to become more fashionably lean and fit." It has been mentioned that television reinforces this assumption by casting overweight actors to play members of a working class family who are portrayed as lazy, i.e. The Dingle family from Emmerdale, (Grogan, 1999). Mintel (2008) reported that research clearly demonstrates a correlation between plus size consumers and age. 58% of plus size consumers were aged 65 or above, it could be suggested that due to the recent 'boom' of this particular market this information may no longer be accurate. Designer Anna Scholz stated that she had previously found it hard as a plus size customer to find fashionable clothes on the UK high street, which led her to design her own range, (Drapers,2009a) She stated that many retailers said that her designs were "too young and fashion led" for the high street, she experienced a tough time trying to convince retailers that their initial perceptions were wrong and that plus size customers also wanted to be stylish and sexy, thus can be supported by the current statistic that 47% of women in the UK are now size 16+.

The shopping experience

The shopping experience embeds multiple emotions, it involves constant comparisons to other customers in general and more specifically there physical attributes. Grogan (1999:130) states that "women reliably reported dissatisfaction with stomach hips and thighs…and represented an ideal that was tall, slim with firm breasts, irrespective of their age." Retailers must take into consideration the intimidation some plus size consumers may feel whilst shopping and ensure that the retail environment is welcoming. The retail environment has been sited as the "competitive edge for market differentiation," (Otieno, Harrow, Lea-Greenwood, 2005:2) Colour, style collection and fit were stated to be the most dissatisfying areas amongst others within the UK high street, Clothes were deemed as 'matronly' implying that their weight or clothing size influenced their desire for fashion garments. Mintel (2000) stated that the size 16+ market would continue to grow in line with the number of age 45+ consumers. Since 2000 the

plus size market has grown by 22%, compared to the average size market that only grew 11%, overall this would show that the plus size market was blooming and being catered for. In more recent observational studies and literature this statement could be supported with the acknowledgment of more retailers introducing plus size ranges within their existing stores. Following in the footsteps of New Look who launched their 'Inspire' range in 2000, retailers such as H & M, Miss Selfridge and Dorothy Perkins have introduce plus size collections, these stores offer fashionable clothing similar to those in the main range. Otieno, Harrow & Lea-Greenwood (2005) address the importance of atmosphere design they state that this aspect is becoming even more important due to the increase of competitors, supporting this statement Brady (2000, cited in Reis, Pena and Lopes 2003) commented that the level of respect that retailers offer their customers is becoming progressively worse, noting that the customer is a last thought. For a business to grow and remain successful this outlook must be reversed ensuring that the customer remains the central focus of all activities and environments.

The current UK High Street

Plus size stores such as Evans and Elvi (before administration in 2008) catered solely for the plus size consumer offering affordable products however as stated previously the high street did not offer any fashionable plus size garments, the majority of the high street brands assumed that their consumers were not as fashion focused as other areas of the market. Nolan (2005) argued that the problem does not lay with the quality of the garments available, but the quality of research that the company's have carried out. As stated in the previous section many retailers are introducing or have introduced plus size ranges, although the clothes may be more fashionable the store environment is different in many ways. In 2009 it was confirmed that Evans had formed a collaboration with Beth Ditto (singer from the band, The Gossip), who was recognized for her eclectic, sometimes eccentric outfits. Evans decided to proceed with this collaboration to entice a 'younger' and 'cooler' customer into the store. When asked by Drapers shoppers reported that they were excited about the collaboration with Beth Ditto and they were looking forward to seeing the range that she had helped design it was added,

"We've got Topshop, but where do the younger, bigger girls go?" (Drapers, 2009b)

Plus size retailer Ann Harvey who has traditionally catered for the older, more practical consumer has also attempted to expand their target market by introducing some more fashion led pieces in their 2008. Further to the 'success' of this revamp Ann Harvey continued with an extensive re-branding which involved the re-opening of their flagship store on Oxford Street. In 2008 Sainsbury's became the first supermarket to launch a plus size range, 'Grace', Adrian Mountford (Sainsbury's business unit director for clothing) stated that he has seen "significantly higher levels of plus-size sales this year." Matalan also confirmed that their plus size label Rogers & Rogers also continued to grow. (Drapers, 2009b). Theoretically it could be suggested that the current UK plus size market saturates the customer base, there are retailers that offer fashion clothing at different price points and these exist within different retail environments. As of December 2008 plus size womenswear market was worth £3.8bn but had only grown by 26% in the past five years (Drapers, 2008). Mintel (2008) later predicted that the market would increase by a further 19% to £4.6bn in the next five years. These figures show that there will be continuous demand for plus size garments, however, as stated previously the core consumer for plus size fashion is the 45+ market. Although there are increasing numbers within the younger age range, it could be argued that retailers such as Ann Harvey have abandoned the needs of their more loyal, older customer. In 2008 Ann Harvey received numerous complaints due to the lack of tailoring and 'Mother of the Bride' wedding attire available in their A/W 08 collection, due to this they have assured customers that in the Autumn/Winter 2009 collection and all going forward this issue will be resolved. (Observation, 2008).

Consumer behavior

Consumer behavior can be defined as;

"Activities people undertake when obtaining, consuming and disposing of products and services." (Blackwel,Miniard and Engel, 2001:32)

Belk (1988, cited in Schiffman and Kanuk,2000) stated that clothing is linked to how consumers view themselves, as part of the extended self. When researching consumer behaviour, there

have been several ideas of 'self' images, that have shaped the literature;

Actual Self

How consumers see themselves.

Ideal self image

How consumers would like to see themselves

Social self image

How consumers feel others see them.

Expected self image

How consumers expect to see themselves in a future period of time.

<div align="center">Schiffman & Kanuk, (2000:144)</div>

Affective consumer behaviour is a more focused area of the consumer behavior theory that concentrates and analyses the reasons and emotions behind why people shop. Existing evidence supports the suggestion that the plus size consumer is more prone to body consciousness and low self esteem, it could be stated that by researching the buying behaviour and emotions that occur within different retail environments the shopping experience of the plus size consumer on the UK high street could be improved.

Overview of literature review

Consumer behaviour within the plus size market is affected by numerous aspects, as stated the media's contribution and constant recognition paid to the importance of weight and image may be seen to dishearten today's plus size market. However feminists would argue that plus size consumers should embrace their beauty and use it to fight back at society and its socially acceptable norms. As stated by Otieno, Harrow and Lea-Greenwood (2005:6) "there has been limited focus on British samples," this element allows thorough research to be carried out on the retail environments on the UK high street and to establish whether the shopping experience may influence the buying behavior of the plus size consumer. A potential area of research development arises from the 'size zero' affirmation, there has been little UK research investigating the affect this phenomenon has had on the plus size market. Considering the rapid growth of the plus size market there has been limited focus on many areas that may aid retailers to embrace this market fully and increase the levels of satisfaction. Very little research has been carried out to establish the areas of the UK that have a higher proportion of plus size consumers, by addressing this retailers may be able introduce specialized ranges or new stores. Although the shopping experience has been investigated by many researchers highlighting the areas of dissatisfaction, there has been limited research into the differences between stores within the UK fashion market, such as stand alone stores sub-brands and concessions.

Methodology

As stated previously within the literature review, due to the fact that there is limited British based research surrounding the correlation between body consciousness and the plus size consumers involvement in fashion and also their buying behaviour, it was decided that primary qualitative research would provide the best findings and establish some grounding theories surrounding this topic successfully answering the aims and objectives. Dey (1993) stated that in order to successfully answer the objectives of this research initial desk research should be carried out to gather information regarding the main areas of the research. This will assist the design of both the research methods chosen due to the fact that the important findings of the initial desk research can be used to build a structure, this will enable thorough, detailed conclusions to be drawn with sufficient background evidence to support these. The desk research carried out was analysis on a wide variety of magazines, focusing on the overall content and the frequency influential factors relating to the topic of study were reported. The key factors that were to be analysed were chosen as they were related or influential to the topics as stated within the aims and objectives. (See section 1.2) Blaikie (2000) stated that by using multiple research methods findings may be more thorough and complex in comparison to the findings provided when only a single research method is employed. To ensure that all the objectives could be answered in detail this theory shall be adopted. A semi structured interview and a focus group will be carried out.

Semi Structured Interview

A semi structured interview with a buyer from the plus size retailer Ann Harvey was carried out as it was important to gather research from the perspective of a retailer to successfully answer the objectives surrounding customer buying behaviour and satisfaction. (Objectives 1 & 3) Ann Harvey was contacted via email and agreed to discuss the brands thoughts on the above stated objectives, a time and meeting place were also arranged via email. To ensure that enough significant information could be gathered from the interview the buyer was given a copy of the themes that were to be discussed prior to the meeting, it was important to do so as financial information was needed, and also it allowed the buyer time to prepare. Due to this it was deemed unnecessary to carry out a pilot study, In addition the interview was not carried out during work time so there were no time constraints.

Focus group

To successfully gain qualitative data about the research a sample of 6 plus size women were selected to participate in a focus group addressing the issues stated in the aims and objectives. Convenience sampling was employed mainly due to time constraints, participants were approached in person and asked to take part, there was no form of payment issued and no one was forced to participate. To enable the moderator to fully interact with the participants a scribe was also invited to the focus group to ensure that all dialogue could be recorded. Due to this it was it was necessary to carry out a pilot study to endure that the scribe was able to record all of the findings. The aim of the focus group was to successfully answer the aims and objectives from an honest plus size woman's point of view, therefore at the beginning of the focus group participants were asked to speak openly and freely.

Research limitations

The primary sampling technique used for the focus group was 'convenience sampling' therefore all the participants were from the same geographical area and aged between 21 and 40. It could be suggested that the age range of the participants was too narrow to be able to generalise the findings to the wider public, thus questioning the reliability of the findings. In addition it was reported by the BBC in 2008 that the geographical area in which the participants represented was one of the counties with a low percentage of obese people in comparison to the rest of the UK. This may also have affected the reliability of the results as it may be suggested that living within an area with fewer people that are classed as obese may increase a person's body consciousness. As proposed in the project preparation element of this research it was decided that the interview would be carried out before the focus group to enable findings to aid the design of the latter research method. However it became apparent that Ann Harvey was not a successful choice of retailer as the participants of the focus group were not regular shoppers of the brand. Although the findings of the interview have provided further evidence to support the conclusions of this research the validity of the chosen retailer was affected, this can also be stated as a limitation of the research. As stated previously Grocutt (2005) suggested that by using open ended questions throughout an interview it allows the participant to elaborate and discuss their answers, although this was originally seen as the most effective structure for the interview with Ann Harvey it could be suggested that the answers given may reflect the buyers own personal opinions rather than giving answers from the perspective of the brand. This therefore could have implications with regard to the validity of the research.

Ethical considerations

Due to the fact that weight issues is a sensitive topic for many the names of the participants have not been stated and pseudonyms have been used to protect their identity. All participants were volunteers and therefore were not forced to participate in any part of the research, the participants also signed a consent form seen in appendix 2. The buyer from the Ann Harvey gave full consent to use and publish all the findings including the brand name.

Findings

Does body consciousness affect buying behaviour?

"The pursuit of self esteem is recognised by marketing managers as one of the most important motivational drivers of consumer behavior and decision making, and, therefore, consumers' decisions are regularly made within the context of enhancing or protecting self esteem, in recognition of the value of the self."

(Grubb and Grathwohl, 1967)

Through thorough analysis of the primary research it can be stated that there was a positive correlation between body consciousness and the buying behaviour of the plus size consumers. Due to the results of the figure rating scale exercise that was carried during the focus group it can be concluded that all of the plus size participants were body conscious due to the fact that they believed society sees them as 'fatter' than they perceive. In addition all the participants identified a smaller silhouette to represent the majority of females in the UK and also a smaller society ideal. The participants of the focus group stated that they did not regularly shop in a wide variety of stores due to many reasons, it could be suggested that they were more loyal to specific brands such as Evans meaning that their shopping behaviour was not as irregular as the rest of the market.

As stated the participants of the focus group were asked to initially complete an adaptation of the stunkard et al (1983) figure rating scale (See appendix 3), this was to establish each participants perceived body consciousness. As you can see from appendix 4 every participant identified that they believe that other people would suggest that their figure resembles a larger silhouette. This could suggest to the researcher that all the participants may be self-conscious, however with the exception of 'XA' the participants believed that other people would only identify them as the next biggest silhouette. To allow support to be given to these suggestions the participants were observed throughout the focus group and analysis was carried out on the answers that were given close consideration was paid to participant 'XA' as it may be suggested that her response in the figure rating scale could initially indicate that she may be the most self conscious participant.

To successfully provide a conclusion to this objective it was essential to gather information about consumers from the rest of the market that would not be classed as plus size. As you can see from appendix 4 there is clear evidence to support that in comparison to the rest of the market the plus size market are more body conscious. 83% of the 'rest of the market' participants indicated that they may experience body consciousness in comparison to 100% of the plus size participants this supports the findings of Schwartz and Brownell (2004) stating that there is a positive correlation between obesity and 'poor body image' . However due to the fact that the results were not gathered through the same research method the validity of this may not be reliable.

During the focus group further discussions developed with regards to the involvement in fashion the participants have, there was a wide variety of answers given by the participants in relation to the amount of times that they went shopping and also how much attention they gave to the fashion trends and industry. As seen in appendix 3 many of the participants stated that they visited a small variety of shops regularly rather than shopping in unfamiliar stores and trying different brands. When asked why a participant responded with.

"Why would I go anywhere else and get stressed out when a stores' clothes don't go to my size or if they do they are either awful, or ridiculously expensive?"

(Participant XA, 2010)

As shown in figure 2 there is a larger span of stores that are visited regularly by non plus size consumers therefore it maybe stated that the 'rest of the market' are more sporadic with regards to their buying behaviour. The store observation successfully supports this statement due to the fact that it was identified that non plus size shoppers were observed to move around the store more freely browsing at different items however the plus size customers entered the store and looked briefly either selecting what they needed or leaving the store. (Observation, 2010) Figure 1:

The responses as seen is Appendix 4 and Figure 1 could suggest that the participants of the focus group are not as spontaneous in comparison to the rest of the market's buying behaviour as stated. This could be due to the fact that although the introduction of plus size retailers and ranges

691

are becoming more apparent on the high street, as stated by Banister and Hogg (2003) the positioning, products and designs may appeal to certain consumers however may negatively affect another segment of the market. It could be suggested that due to the negative effect some retailers and stores have on the plus size customers they adhere to a smaller more familiar range of stores/brands.

Does the shopping environment affect the plus size consumer?

Evans and New Look were identified to be the most popular stores by the focus group participants, through observations made after the focus group it became apparent that the shopping environment within these two stores were very different but both proved very popular with the plus size customers. Due to this no conclusion could be drawn as to whether the shopping environment affected the plus size consumer. The availability of help and assistance within concessions was the biggest negative element observed. There was no allocated assistant that was available to assist the plus size customers in comparison to the rest of the store. It could be suggested that this may effect the customers greatly as it may imply that the rest of the customers that the store provides for are more important. However this observation may support findings mentioned by Tatzel, (1982, cited in Otieno, Harrow and Lea-Greenwood, 2005) stating that plus size consumers may experience obesity avoidance behaviour, thus meaning that they do not wish to be acknowledged as plus size or even acknowledged within the store. On the contrary, stand alone stores such as Evans gave the customer a welcoming first impression, the assistants offered their help almost immediately. It could be suggested that this may be a major reason that they are a successful plus size retailer. Both retailers were popular and busy when observed therefore due to the contradicting evidence as no conclusion could be drawn. Further comparisons can be seen below.

After the participants had identified the stores that they visited most frequently, observations were carried out to gather evidence and to establish whether similar to past researchers such as (reference) the shopping environment influences a plus size consumers buying behaviour. Observations were carried out on Saturday 6th March 2010, this date was chosen as the Saturday after payday is perceived as the busiest day in

retail and therefore this would allow potential observations to be maximised. (reference.) As stated Tatzel, (1982, cited in Otieno, Harrow and Lea-Greenwood, 2005) addresses the negative elements that the self conscious customers may experience whilst shopping, these include "the inability to find merchandise, coping with crowds and sales personnel, financial considerations, obesity and avoidance behaviour." Analysis was carried out on the research gathered from the focus group and also the shop observations, (See appendix 4.) With the use of some of the elements addressed by Tatzel comparisons were made to ensure that the major similarities and differences between Evans and New Look were addressed, by doing this it answered the objective questioning whether the store environment affects plus size customers buying behaviour. 1) 'The inability to find merchandise.'

"Dissatisfaction [is] greatest among the large size group when studying size availability, pricing, colours, style selection and fit. The available clothes were sometimes considered 'matronly' implying that the clothes were perceived to be for older women."

(Kind & Hathcote, 2000, cited in Bannister & Hogg, 2003)

5 out of the 6 focus group participants commented that they regularly had difficulty finding suitable garments as seen in appendix 5 many of them stated that they feel that many concession ranges do not take into account the natural curves of plus size women, discussions also addressed that they feel that some of these retailers only cater for size 8 women. It became apparent that Evans was the store that offered the widest range of products to the customer offering a wide variety, there was considerably more colours and sizes available. 3.1.3 Does the UK high street satisfy the plus size consumer? "There is a decline in the level of respect given to customers and their experiences."

(Brady, cited in Reis, Pena & Lopes, 2003)

After in depth analysis of all the research carried out it could be stated that the UK high street does not satisfy today's plus size consumers, this contradicts the initial findings mentioned in the literature review. Even though there is an increasing number of retailers introducing plus size ranges it can be suggested that these stores are not carrying out enough research into what the customer wants. It can be stated that some consumers within

plus size market believe that there is not enough clothing available at different price points. There is very little available at 'Primark' price points and even less available at luxury brand price points such as Stella McCartney.

Does the media influence the plus size market and the body consciousness they experience?

"In 2009, quality magazines generated quality revenues. Advertisers will continue to see in 2010 that the magazine is a trusted, hugely relevant and effective channel through which they can communicate clearly and precisely with high quality audiences."

(Press gazette (i), 2010)

In February 2010 the Audit Bureau of Circulation (ABC) stated that although the circulation figures of all magazines had dropped, the women's sector had reported a 9.5% increase in circulation figures in comparison to the first half of 2009, which boasted that 6.58 million titles had been distributed. (Press gazette (ii), 2010) The affect that the media has on the UK population has been widely analysed by many researchers who have tried to establish a relationship between the media and such issues as body consciousness, the majority of these studies have been found to inconclusive. The importance of physical appearance and physical attributes are constantly reported in the media and this has been negatively publicised, however no conclusions could be drawn as to whether the media has an affect on the plus size consumers. It became apparent that the participants of the focus group all felt strongly about specific topics that are regularly reported in the media such as the size zero phenomenon, however it could be suggested that they do not analyse what they see in magazines and on the television, therefore it does not have any conscious negative effect on them but it may influence the plus size market sub-consciously.

The literature review identified many researchers that suggested the media has a major influence on a person's body consciousness. Hesse-Barber(1997:45) stated that "[a persons] self image develops through social interaction....The self is not present at birth but is sculpted by social experiences and activities throughout life." Barber later discusses that specifically the media moulds

society. Prior to the focus group, analysis of a wide variety of magazines was carried out identifying the frequency of which potentially influential topics are reported paying close consideration to 10 popular magazines that were issued in February 2010. (See appendix 5.) Shown below in figure 2 is a summary of the key findings.

Figure 2: A summary of key findings established during magazine article analysis.

A total of 253 pages displayed clothing available from high street retailers that do not sell garments that exceed size 18, in comparison there was only 5 plus size ITEMS advertised throughout the 10 magazines.

All 10 magazines advertised high street clothing that was available in sizes up to 18. Only 2 magazines advertised plus size garments, these magazines were Woman and Star.

80% of the magazines featured at least one article regarding weight loss.

64% of which used dietary tips and encouraged weight loss through weekly programs.

12.8% acknowledged that the diet needed to be undertaken in line with regular exercise.

Every magazine contained at least 1 full page advert of a high street retailer, the most popular was Next. In comparison only 1 magazine advertised a brand that stated that they catered for the plus size customers. Interestingly the brand was JD Williams that does not offer trend led products.

Celebrities were used in 100% of the magazines. 80% linked celebrities with dieting tips.

i.e.: "4st Body Blitz." - Charl is so proud of her new size 8 figure." (Closer,2010)

Eating disorders/ celebrity figures / Obesity / size zero were mentioned in 30% of the magazines observed.

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ORGANIC COSMETICS: PRODUCT LINE EXTENSION IN A CHAIN OF PERFUMES AND COSMETICS STORES IN CYPRUS?

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Abstract

Purpose/Research Aim

Based on customer evaluations this paper investigates the key marketing variables being influential for a successful product line extension towards organic cosmetics in a retail chain of perfumes and cosmetics stores in Cyprus.

Rationale of research

Marketing of organic cosmetics encouraged by the growing environmental consciousness among the customers is a recent phenomenon in global business. Retailers worldwide are increasingly exploiting the natural and organic trend, which has grown approximately by 18% each year since 2003 reflecting social value migrations (Noah, 2007). In the light of these developments, it seems important for a retail chain of perfumes and cosmetics stores, which is the only specialized cosmetics and perfume chain in Cyprus, to use its competitive advantage and effectively apply brand leverage towards organic cosmetics.

Design/methodology/approach

The research approach of triangulation has been applied conducting both, exploratory qualitative and explanatory quantitative research. For obtaining qualitative data, in-depth information about the perceptions, actual and intended activities, objectives and marketing strategies as to the product line expansion for organic cosmetics eight senior managers in the chain of perfumes and cosmetics stores were interviewed (brand manager, marketing manager, area manager and stores' managers).

A further applied qualitative research technique refers to participant observation having observed the behavior of twelve consumers. This qualitative part informed the quantitative part of the study consisting of a survey with 120 respondents.

Findings

The observation technique revealed that the perceived values, price and quality of the organic cosmetics brand may be seen as the success factors for a product line extension. The perceived level of efficiency of using organic cosmetics and the low level of awareness on the organic cosmetics brand on behalf of the consumers may be regarded as failure factors in the brand leverage activity.

Analyzing the qualitative data from the in-depth interviews with eight key managers via content analysis elicited factors of increasing the awareness of the organic cosmetics brand: sales promotion, advertising, trust between beauty advisor and consumer, trend of using the organic cosmetics, fair price and high quality.

The failure factors according to the interviewees were: low marketing expenditure on the advertising of organic cosmetics brand, ineffective promotion, low awareness about the organic cosmetics brand, bad merchandizing and the difference between the concepts of the organic cosmetic brand and the chain of perfumes and cosmetics stores.

Findings from the quantitative data applying correlation analysis and multiple regression analysis imply that for increasing the awareness of the organic cosmetics brand in the perfumes and cosmetics chain in Cyprus the main factors are: product performance, the issue that organic cosmetics are not tested on the animals, fair price and high quality. Hence, a consistency between the qualitatively and quantitatively derived research findings could be established.

Introduction

Since environmental problems the consumers are facing are becoming more serious day by day, promoting environmental consciousness has to come to the fore. Economic growth without prevention or control of potentially environmental threats, will eventually lead to more severe and everlasting environmental disasters. There is a growing external pressure for eco-friendly products and production methods since the World Trade Organization (WTO) started to impose several regulations for environmental protection and conservation within the scope of international trade agreements (Matthews, 2006).

Organic cosmetics are one type of "green" marketing solutions. Organic skin care as a category is used to refer to natural skin care products and therapies entailing ingredients that are grown organically generally in areas with soil being extremely rich in nutrients.

A report states (Cosmetics International, 6 October 2006) that European revenue for the natural cosmetics sector has grown by some 20% each year with ever widening availability and increased consumer demand as the main growth factors. Based on this statistical data perfumes and cosmetics chain in Cyprus should be provide good opportunities for launching organic cosmetics in its stores.

Introduction to Organic cosmetics

The customer preference for organic cosmetics has been increasing as customer fears relating to perceived risks decrease, and customer benefits are communicated more intensively (Mather, 2005; Rajagopal, 2007). Consequently, the popularity and demand for professional organic skincare products is rapidly rising worldwide with increasing awareness among populations, not just of the benefits of using these products, but also of the harmful effects of the cosmetics and medicated products that have been used conventionally. One of the strong attraction factors of organics is ecologically correct production. The producers publicly announce their commitment of not testing products on animals or using species of fruits or flowers that are on the verge of extinction. The organic constituents in the cosmetics categorically place them as ecological products, and the process of marketing such products may be

labeled as green marketing. To widen the scope of organic products even more marketing must aim to modify perceptions and attitudes of larger consumer segments by implementing educational marketing campaigns that reinforce the ethical, environmental and societal benefits of organic production (McEachern and McClean, 2002). In addition, organic skincare products are extremely beneficial for personal health as they nourish and moisturize the skin rather than stripping away or drying the skin. These products are non-toxic and free of any harmful chemicals. The ingredients of organic and natural products are generally very effective as compared to the petroleum derivatives and waxes that are present in most conventional skincare products (http://www.hair-n-skin-care. com).

Factors of decision-making towards organic cosmetics

Generally, Rajagopal (2007) suggests that in a competitive situation it is important to introduce the new product into the market with more emphasis on quality, brand name, post-sales services and customer relations management as non-price factors. Customers' lifetime value is constituted by three components – customer's value over time, length of customers association and the services offered to the customer. Customer value in terms of satisfaction is one of the indicators for building profit oriented strategies in a company.

Key marketing variables

More specifically, Rajagopal's research (2007) is based on two major factors – customer value and brand preference when deciding for organic products. Influencing variables towards customer value measurement include price, perceived use, value of product, market communication including interpersonal communication and advertising, point of sales promotion, product attractiveness and services offered at retail stores. The variables mentioned above have been chosen as they are principal drivers of the customer value. Variables related with brand preference on organic cosmetics include brand value, cost of acquiring organic products, repeat buying stimulations and retailer services for the brand (Rajagopal, 2007, p.240).

The key marketing variables such as price, brand name, and product attributes affect customers'

judgment processes and derive inference on its quality dimensions leading to customer satisfaction. The experimental study conducted indicates that customers use price and brand name differently to judge the quality dimensions and measure the degree of satisfaction (Brucks, 2000).

Personality

Consumer behavior is a result of a combination of factors. Some belong to the wider consumer environment, such as culture, social context and family, and others are specific to the individual, such as personality, values, attitudes and lifestyle. Segment categorization can similarly be carried out by reference to demographics, psychographics, lifestyle, and many other variables, and forms of consumer behavior associated with each category.

The marketing strategies of cosmetic brands and products mirror fashion brands, which focus on current styles and trends that express a target group's desired image. In Western cultures, one of the commonly recognized reasons women use cosmetics is to improve their physical attractiveness. Brand personality, as part of brand image, associates consumer's perceptions of the brand with human characteristics in a symbolic way. By examining factors which influence consumer's purchase behavior, including facial image and perceptions of brand personality, a company can identify a basis for their marketing strategy (Guthrie, Kim and Jung, 2008).

Age

One key demographic characteristic in developed countries in these days is a quite low-birth rate and high-average life expectancy. The result is a changing age profile in the population, with the average rising fast. In concert with high-income levels, this means that target markets include a significant proportion of older, often high-income and time-affluent consumers. Another consequence is the increasing importance of the young as a valuable segment, on account of their own increasing purchasing power, and their influence on the purchase decisions of their parents and other older members of the extended family (Rundle-Thiele, 2005).

Social institutions and trends

Cultural and social norms are equally important. Although each developed country will have its own ones, with distinctive associated habits and behavior, there are commonly shared characteristics. Starting with values and beliefs that fundamentally shape culture and society in the world's main ethnic blocs, influencing local consumption will include family, religion, education, peers, media, and early lifetime experiences (Blackwell, 2001).

A country's educational system is an equally important part of the social fabric. Its influence appears to be increasing, not only because more people are being educated to a higher level, but also because of the nature of education in developed countries, which is typically becoming more liberal. Educators promote diversity, focus on individual rather than collective national and religious values, provoke and reward critical thinking, and rely increasingly on technology such as the internet, which is largely beyond the control of the state or individuals. Education walks hand in hand with consumer empowerment and their self-development, both as individuals and consumers (Henry, 2005; Vittell, 2003; Blackwell, 2001).

Consumers who seek organic cosmetics do so to achieve a greater quality of life (IPR Strategic Business Information Database, 2007). For many consumers, buying organic products is as much about saving the environment and helping ailing economies as it is about getting healthy-looking skin or hair. Future green marketing research should extend its analysis to the emotional motivations and social benefits associated with environmentally responsible consumption behavior (Hartmann and Apaolaza, 2006).

Benefits and risks of line extensions

Firms often try to exploit their existing well-established brands by extending them into new product categories. In the interests of understanding brand extension, researchers have developed various theories on extension strategies (Aaker and Keller, 1990; Bhat and Reddy, 2001; Meyvis and Janiszewski, 2004).

Brand trust and brand affect positively correlate with successful brand and line extensions. The success is dependent upon the standing of the core brand. There is no substitute for doing the

right things day in and day out to reinforce core brand values. This encompasses consistently presenting a professional image, deploying quality guarantees, and exhibiting corporate commitment to customers. With trust in place, leveraging the brand becomes possible (Wu and Yen, 2007).

Three studies (Hardie, 1994; Reddy, 1994; Nijssen ,1999) have examined the success of line extensions and found that share performance is positively related to the next factors:

1. The strength of the parent brand

2. Similarity to the other items in the parent brand

3. The amount of advertising and promotion support by the parent brand

4. Level of competition

5. Level of variety-seeking behavior of consumers

6. Number of previous line extensions by the parent brand

Two studies (Ambler, Styles, 1996; Nijssen, 1999) xamined the failure factors of line extensions and found that share performance is positively related to the next factors:

1. Lack of funds allocated to launch

2. Ineffective promotion

3. Poor "fit" with parent brand

4. Key channel partners were not involved or informed

5. Not understanding the target market segment

6. Overestimated market size.

Purpose of study and Hypotheses

The study aimed

1. To investigate the customer values and brand drivers in buying decisions towards organic cosmetics in the market of Cyprus;

2. To suggest possible improvements of strategies and tactics for successful line extension towards organic cosmetics in perfume and cosmetics chain in Cyprus.

The hypotheses to be validated were:

H.1. The values, price and quality of the organic cosmetics brand combined with brand awareness and brand support of the chain of perfumes and cosmetics stores will increase the awareness of the organic cosmetics brand;

H.2. The low level of awareness of the chain of perfumes and cosmetics stores and the low level of advertising expenditure on the organic cosmetics brand will lead to failure of the organic cosmetics line extension in the chain of perfumes and cosmetics stores.

Design/methodology/approach

The research approach of triangulation has been applied conducting both, exploratory qualitative and explanatory quantitative research. For obtaining qualitative data, in-depth information about the perceptions, actual and intended activities, objectives and marketing strategies as to the product line expansion for organic cosmetics eight senior managers in the chain of perfumes and cosmetics stores were selected (brand manager, marketing manager, area manager and stores' managers).

A further applied research technique refers to participant observation of consumer behavior having observed twelve consumers. The aim of observation was to discover how the customer perceives the organic cosmetics according to the following factors: perceived value, perceived quality, price, brand awareness, awareness about organic cosmetics and the level of efficiency of using organic cosmetics.

This qualitative part informed the quantitative part of the study consisting of a survey with 120 respondents (from the four major cities in Cyprus: Nicosia, Larnaca, Limassol and Paphos). The respondents answered a highly structured questionnaire in two perfumes and cosmetics stores in Nicosia, one store in Larnaca, two stores in Limassol and one store in Paphos. The survey included items such as: measuring the brand awareness of the chain of perfumes and cosmetics stores; price, values and quality of the brand of organic cosmetics; level of competition between organic cosmetics brand and other brands in the chain of perfumes and cosmetics stores, variety seeking behavior of consumers, the strength of

organic cosmetics brand, the level of advertising expenditure on the brand of organic cosmetics, the success of previous line extensions and "fit" between the concept and vision of the brand of organic cosmetics and the chain of perfumes and cosmetics stores.

Results and discussions

Organic cosmetics were available in the retail stores of perfumes and cosmetics chain in Cyprus along with other non-organic brands which provided the opportunity for the customers to determine their respective preference.

The observation method helped to determine which are the first indicators of failure and success of organic cosmetics in perfume and cosmetics chain in Cyprus.

The indicators of success are:

1. Customers in perfumes and cosmetics chain in Cyprus believe that organic cosmetics brands have a good quality and reasonable price. Eight of twelve of observed consumers believe that organic cosmetics presented in perfumes and cosmetics chain in Cyprus have a high quality and a fair price.

2. Using no-chemicals and natural ingredients is a positive factor for ten of twelve of observed customers.

3. Attractive packaging and country of production were positive factors for nine of twelve observed customers in buying decision-making towards organic cosmetics brand.

4. For seven of twelve observed customers the fragrance of organic cosmetics was satisfactory.

The indicators of failure are:

1. Low awareness of organic cosmetics brand by consumers of perfumes and cosmetics chain in Cyprus. Ten of twelve of observed consumers were not aware of organic cosmetics brand and its values.

2. Low awareness of benefits of using organic cosmetics on the skin and the environment. Six of twelve of observed consumers are not aware of organic cosmetics' benefits.

3. Six of twelve of observed customers of perfumes and cosmetics chain in Cyprus don't believe in efficiency of organic cosmetics compared to non-organic brands which are presented in stores.

4. Five of twelve of observed consumers in perfumes and cosmetics chain in Cyprus were not satisfied with the fragrance of organic cosmetics.

The findings from qualitative data that are presented by interviews of five manageress of the stores, one brand manager, one operation marketing manager and one area manager show that the factors of successful product line extension with organic cosmetics brand in perfumes and cosmetics chain in Cyprus can be:

Group 1: Factors related to organic cosmetics brand

1. product variety with quite a big range of the products for face, body and hair;

2. product's fragrance that creates the first impression about the product which is important for most of the customers;

3. fair price;

4. values of organic cosmetics brand

4.1. safe for the skin;

4.2. safe for the environment;

4.3. socially responsible;

5. high quality of the products without chemical overload.

Group 2: Factors related to the perfumes and cosmetics chain

1. professional staff ready to explain the differences between other brands and benefits of the products;

2. sales promotion with free sampling, opportunity to pretest, décor with theme of nature, offering gifts with purchasing on quantity;

3. importance of loyalty bonus card which offers double points on purchasing of organic cosmetics because of exclusivity in perfumes and cosmetics chain in Cyprus;

4.	advertising in press and TV that will increase the awareness of organic cosmetics brand in the mind of consumer;

5.	store and location (all the stores have a modern design and located in central shopping streets)

6.	low competition between organic cosmetics brand and premium brands (Chanel, Dior, Lancôme, etc.) by the reason of the differences by concept, vision and price;

7.	well structured merchandizing, so that a customer can identify that there are organic cosmetics in the store, approach and see the whole range of products;

Group 3: Consumer behavior factors:

1.	new trend for the consumers who care about the environment and want to use cosmetics without chemical overload;

2.	word of mouth plays an important role in creating the strong positioning of organic cosmetics brand;

The failure factors of launching organic cosmetics brand in perfumes and cosmetics chain in Cyprus according to the data collecting from the interviews are:

Group 1: Factors related to organic cosmetics brand:

1.	fragrance of organic cosmetics: some customers describe the fragrance as unpleasant; this factor plays a crucial role in buying decision making;

2.	low awareness of the organic cosmetics brand by a consumer leads to low sales and no trust to the brand.

Group 2: Factors related to perfumes and cosmetics chain:

1.	low expenditure on advertising, free samples, testers, supporting advertising material, leaflets, brochures, gifts, etc.

2.	bad location and merchandizing in the store where a customer can not recognize that organic cosmetics exist in the store;

3.	no "fit" between perfumes and cosmetics chain in Cyprus, presented mostly by premium brands like (Chanel, Dior, Lancôme, etc.) and the organic cosmetics brand, which is a low price organic brand with natural ingredients. Some customers will not be looking for organic cosmetics in the store where mostly premium brands are presented;

4.	beauty consultants are not motivated to sell low price products and prefer to sell premium brands which are more expensive and, in that way, increase the sales revenue of the day;

According to the quantitative data collected and analyzed from the survey and the correlation analysis, the factors that significantly influence the success of product line extension in perfumes and cosmetics chain in Cyprus with organic cosmetics brand are:

• price, values, quality of organic cosmetics brand;

• brand leadership, support through high advertising expenditure and high overall marketing budget and awareness of perfumes and cosmetics chain in Cyprus.

This result confirmed the Hypothesis 1 that the values, price and quality of the organic cosmetics brand combined with brand awareness and brand support of the chain of perfumes and cosmetics stores will increase the awareness of organic cosmetics brand.

It is interesting that brand name and the opportunity to pre-test influence the brand performance in the mind of consumer.

A "Fit" between the organic and the parent brand creates trust between consumer and the beauty consultant. This is regarded as very important because an employee is a mediator of the message the company would like to communicate to a consumer. According to cross-tabulation analysis this factor was quite unsatisfactory.

About 45% of the respondents believe that there is no "conceptual fit" between the organic cosmetics brand and the perfumes and cosmetics chain whereas only 29% believe that there is one. The organic cosmetics brand differentiates from other brands which are presented in the chain by price, values, ingredients and philosophy.

According to the cross-tabulation analysis about 85% of respondents agree that the perfumes and cosmetics chain has a leadership in the cosmetics market of Cyprus. However, about 35% of the respondents disagree that the company does spend enough for advertising on organic cosmetics brand, 25% agree that it spends enough, and 39% took a neutral position.

58% of respondents which have participated in the survey perceived that the company has high overall marketing budget, 20% disagree and 21% took a neutral position in this question.

It might be concluded that the perfumes and cosmetics chain is perceived as having a leadership position in the cosmetics market of Cyprus. Although the consumers seem to be aware of the brand character of the company, consumers favour higher levels of advertising expenditure on organic cosmetics brand by the chain to increase the awareness of organics cosmetics brand in Cyprus.

An equal support to all the brands presented in the perfumes and cosmetics chain is required to lift the, so far, low budget organic brand into an equivalent competitive level with other brands enjoying, so far, a bigger marketing budget. This relationship between a consumer awareness of the chain and low advertising expenditure on organic cosmetics brand results in the acceptance of Hypothesis 2. Moreover, the results of the correlation analysis point to a relationship between advertising expenditure on the parent brand and the strength of the organic cosmetics brand. That means that if a chain of perfumes and cosmetics stores will not spend enough for marketing support for organic cosmetics brand, the exclusive awareness of a chain is not enough for increasing the awareness of organic cosmetics brand and could lead to failure of line extension. Summarizing, the brand strategy of a perfumes and cosmetics chain should embrace the company's brand as well as the specific traditional brands to be sold as well as the newly to be introduced organic brand in a balanced manner.

A regression analysis has been conducted on success factors of organic cosmetics brand in the chain of perfumes and cosmetics in Cyprus.

In the model presented below the dependent variable relates to success factors of product line extension with organic cosmetics brand in the chain of perfumes and cosmetics in Cyprus which were based on questions about:

• reliability of organic cosmetics brand;

• good reputation;

• positive word of mouth;

• social responsibility;

• positive perceived value;

• trust to beauty advisor.

A large number of variables were entered into the stepwise regression model, in order to find which variables are significant for the success of organic cosmetics. The results showed that 19 of these independent variables were found to be significant, with p-values smaller than 5%. In other words, 19 independent variables are playing significant role in the success of product line extension with organic cosmetics brand. The regression results, showing the coefficients of the significant variable appear in Table 1.

The 19 significant independent variables will be grouped in the following three categories in the Table 2:

Finally, R^2, the coefficient of determination, is a measure of the degree of fitting of the regression model to the data and shows the explanatory power of the regression model. A value of R^2 closer to 1 indicates a good fit. In our model, the value of R^2 was 0.923 which is satisfactory.

Going back to the literature review and comparing with findings from this research next comments can be made:

The Rajagopal's research (2007) is based on two major factors- customer value and brand preference when deciding for organic products. This research discovered that when organic cosmetics brand is a product line extension in the perfumes and cosmetics chain where mostly presented premium brands the factors of success are related to both to organic cosmetics brand and to the parent brand. Demographic and social factors like personality, age of consumer, trends are significantly correlated with success.

Table 1: Stepwise regression results showing the significant factors for the success of organic cosmetics

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Stat.	
		B	Std. Error	Beta			Tolerance	VIF
19	(Constant)	-3.329	.344		-9.673	.000		
	Fair price	.524	.029	.804	18.347	.000	.402	2.489
	Strength of Organic brand	.250	.028	.468	9.052	.000	.289	3.459
	age	.236	.027	.391	8.843	.000	.395	2.532
	Product fragrance	.201	.019	.437	10.660	.000	.458	2.181
	Variety seeking behavior of consumer	-.115	.024	-.234	-4.868	.000	.333	3.001
	Outlet atmosphere	.581	.032	.955	18.395	.000	.286	3.493
	Product performance	.152	.024	.309	6.351	.000	.325	3.073
	ingredients	-.564	.040	-1.059	-14.233	.000	.139	7.178
	Safe for environment value	.276	.031	.366	8.962	.000	.463	2.161
	High advertising expenditure	.145	.019	.322	7.531	.000	.422	2.371
	Brand name	.177	.019	.432	9.188	.000	.348	2.872
	Leadership of parent brand	-.257	.032	-.438	-8.078	.000	.262	3.819
	packaging	-.239	.023	-.568	-10.556	.000	.266	3.758
	High level of competition	.256	.024	.602	10.485	.000	.234	4.273
	Opportunity to pretest	-.097	.027	-.183	-3.550	.001	.291	3.436
	Safe for skin value	.395	.059	.404	6.705	.000	.212	4.713
	Success of line extensions	.274	.037	.552	7.362	.000	.137	7.290
	Fit between parent brand and Organic brand	-.185	.023	-.420	-8.110	.000	.288	3.477
	Good value for money	-.069	.034	-.122	-2.014	.047	.211	4.745

a. Dependent Variable: success new

Table 2: Independent variables of success of product line extension with organic cosmetics brand in the chain of perfumes and cosmetics in Cyprus.

Product line extension success factors related to Organic cosmetics brand	Product line extension success factors related to the parent brand	Demographic and social factors that play role in success of product line extension
1. price 2. brand name awareness 3. strength of the brand 4. product's fragrance 5. product performance 6. safe for the environment value 7. safe for the skin value 8. packaging 9. opportunity to pretest 10. good value for money 11. ingredients	1. outlet atmosphere 2. conceptual "fit" 3. leadership in market 4. high level of competition between brands 5. success of previous line extensions 6. high level of advertising expenditure	1. age of consumer 2. variety seeking behavior

Recommendations for the development of the organic brand and Conclusions

Suggestions to have success with line extensions in the perfumes and cosmetics retail business the following factors should be taken in account when launching organic cosmetics brand:

- product fragrance;

- product performance (attractive packaging, country of production, etc);

- brand name awareness;

- fair price;

- values of organic cosmetics brand (safe for the skin and for the environment);

- opportunity to pretest;

- using no-chemicals and natural ingredients;

- outlet atmosphere;

- well structured merchandizing;

- specific sectors for organic cosmetics;

- professional and motivated staff;

- age of consumer.

Findings from qualitative and quantitative data show that for successful launching of organic cosmetics brand in perfumes and cosmetics chain the foci on leadership of the chain and an overall marketing budget do not suffice. The organic brand requires support from a variety of factors. Free sampling creates an opportunity to pretest and sales promotions gifts, testers, leaflets, brochures, advertising supporting material for shop windows are the less expensive way to increase the awareness on the brand. The main success factors for organic cosmetics brand is a fair price, good quality and values like safe for the skin and for the environment. The factors that have been founded in related research studies (Hardie1994; Reddy, 1994; Nijssen, 1999), together with confirmative and innovative findings of this study provide the success factors for product line extension with organic cosmetics brand and will help to have a clear picture as a basis for recommending the following components of branding strategies:

Brand name awareness strategy

According to Aaker (1996) brand name awareness refers to the strength of a brand's presence in the consumer's mind. Awareness is measured according to the different ways in which consumers remember a brand. First, given the resources required to create healthy awareness levels, a broad sales base is usually enormous asset. In the case of perfumes and cosmetics chain in Cyprus it's quite easy to create awareness for organic cosmetics brand in the mind of customers because there are thirteen shops with modern design and pleasant outlet atmosphere in major towns in Cyprus where the organic cosmetics brand is presented. The organic cosmetics brand must have exclusive area in the store with the theme of nature so to emphasize the values of organics like safe for the skin and the environment, not tested on animals and using no-chemicals but natural ingredients. The exclusive area will help

the consumer to easier identify the existence of organic cosmetics in the store. Advertising on TV and in the press can be used for increasing awareness about organic cosmetics brand in the mind of consumer.

Brand Loyalty strategy

Brand loyalty is a key consideration when placing a value on a brand that is to be bought or sold, because a highly loyal customer base can be expected to generate very predictable sales and profit stream. The following techniques can be used:

Frequent-buyer programs (exclusive double points on bonus card, offering gifts with purchases, skincare treatments, etc.)

Customer Clubs (organizing clubs of customers where their suggestions about product performance, preferences will be taken into consideration)

Database Marketing (informing the customers of the perfumes and cosmetics chain about launching organic cosmetics brand through mail, e-mail, mobile phone).

Brand identity strategy

Managing Brand Equity requires that the brand equity is supported in great part by the associations that consumers make with a brand.

Market analysis is the basis upon which to position the particular brand within the competitive landscape, to make sure that those associations again allow a differentiated position from what else is there and what is likely to be there. Differentiation can be created by product performance, by the specific attributes that are offered, by the service that is provided along with the product by professional and motivated staff. It can also be based on image, on the relationship, on the personality that goes with the brand. Differentiation is reflected in the associations the customers have for the brand at the end of the day. Strong, favorable and unique associations serve as the basis of the differentiation position. It must be very clear that it is necessary to be very careful in selecting associations to link to a brand. The selection of an identity means a choice of a target customer. Strong identities and positions

are extremely difficult to change once they are created (Campbell, 2002).

Corporate Social Responsibility strategy

Corporate Social Responsibility is closely related to the ethical conduct of an organization (Seitel, 2001). Ethics relate to the values that guide a person, organization, or society – the difference between right and wrong, fairness and unfairness, honesty and dishonesty (Seitel, 2001; Papasolomou-Doukakis, Krambia-Kapardis and Katsioloudes, 2005). A Corporate Social Responsibility strategy applied by the chain of perfumes and cosmetics chain will help to associate the consumer with the organic cosmetics brand and its values and to increase the "fit" between the values of the organic cosmetics brand and those of the chain of perfumes and cosmetic in Cyprus.

Belch and Belch (2001) posit that a positive corporate image cannot be developed from a few advertisements; it depends on several factors including good corporate citizenship. In essence, CSR can be used to build a strong brand.

Final comments

In modern business marketing strategies play an important role for the success of launching new brands. In cosmetics, the fragrance of the product plays a crucial role as it creates the first impression. Increasing the brand performance through using pleasant natural perfumes, attractive packaging by organic cosmetics brand and using the marketing strategies suggested above for the chain of perfumes and cosmetics in Cyprus will provide a good chance for the success of product line extension with organic cosmetics brand. The combination of the quality of the product with a good smell and advertising support by the parent brand will lead to success.

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THE IMPLICATIONS FOR THE HIGHER EDUCATION INSTITUTIONS USING THE IT BASED ASSESSMENT FOR STUDENT LEARNING

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Abstract

The current interest in the information technology, from individuals and to organisations, is phenomenal. As a communication tool for the organisation, the Internet, in particular the web, offers great opportunities to students and some forward thinking companies. Briggs (1997) reinforces this by stating that it is not only web sites that are increasing, but also there are more and more people using these sites. Until recent years the telephone was the only method readily available for spontaneous communication. However, with the introduction of information technology to events and tourism, it has changed the image of the consumer and business environment Barrett (2002).

This is particularly true for students coming from deprived communities, but can extend also to other groups in society. The students from deprived communities are not using the Internet. In the UK the internet is significantly under represented within the ethnic minority communities. By not using the information technology to enhance their learning and knowledge, such groups are missing out on access to information, knowledge, products and services that could enhance their well being and increase their ability to make a greater economic contribution. Castells (1998) highlights the inequality of access to the information technology, which can be found within industrialised countries and less industrially developed countries.

The Government must make a greater effort to spread its message to students from ethnic minority and other deprived communities. Communication can be improved dramatically in one step, if the government invested time and money into ensuring that ethnic communities are aware of the benefits of information technology. This would send a clear signal to the ethnic minority community that the government was taking account of their specific needs and concerns.

Therefore, information technology helps the educational institutions to enhance the students learning by developing courses in IT. In order develop skills and create career opportunities for students to think analytically.

This paper considers the changing nature of information technology and the implications for the higher education institutions. The last decade has witnessed a growing interest in the development of higher education and increasing numbers of students. The paper will also consider the gaps in the research in this sector, in particular, as to how the internet can be used to enhance university student learning by using the IT based assessment.

Keywords: Higher education, implications, assessment, e-learning, internet, teaching and learning.

Introduction

The greater development of information technology in past 10 years has helped higher education sector to provide effective feed back to students and solve the problems faced by the students in large. Over the last decade several different approaches have been developed in order to increase effective learning process through IT based assessment. The e-learning enhances the individual learning process and empower students through providing high quality teaching data (Raj & Rashid 2009, Kanedran, Johnny & Durga 2004).

Therefore, whole issue of information technology is of major interest to the higher education institutions. The new millennium has provided some of the most exciting technological advancements, which has transformed the way higher education institutions are managed, organised and developed. The technology is a phenomenon, and it is dramatically changing the way universities do business with their customers. Dolence and Norris, (1995, p.1) states that:

Society is undergoing a fundamental transformation from the Industrial Age to the Information Age. Those who realign their practices most effectively to Information Age standards will reap substantial benefits.

In a climate of increased competition, reduced funding, possible drop in university applications, one way of increasing student numbers would be by enhancing student experiences on the internet. It is widely accepted that relationship marketing enhances by positive experience and the Internet is a key relationship building tool.

Technology will essentially bring about a great need for fully automated environments whereby management, planning and everyday administration will be the domain of the technician. Universities will find themselves with students that require further funding to manage and implement procedures to enable managerial functionalities to operate better and efficiently in the given environment. Van Der Vyver (2009) states that:

We live in an era characterized by rapid change and a crucible of that change is the ICT industry. Most ICT professionals find themselves under constant pressure as they strive to deliver ever more complex technologies in the presence of increasingly severe constraints and a paradigm shift in the ICT profession.

(P.19)

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Changing Nature of Higher Education in the UK

The expansion in UK HE provision has greatly increased over recent years, to such an extent that projected Government figures identify an increase in participation rates. Such patterns of growth are themselves in part fuelled by Government support, for the development of an experiential FE / HE culture, which advocates the merits of education and vocationalism to all, irrespective of social class and ethnic origin. According to UCAS figures for 2004 there has been a sustained demand for HE places. (see figure 1).

Whilst participation rates in HE are themselves predicted to rise, user makeup and consumption patterns are themselves fundamentally different from students of the early 1960 and 1970s. Such differences include the increased propensity for students to study closer to home and the utilisation of part time attendance modes, all of which combine to create a new breed of student fundamentally different from the past. In addition to the above the student fraternity is becoming increasingly more demanding in terms of quality of provision and expectations; this it-self is in part due to the direct costs associated with study placed upon the student.

Indeed, whilst many HE providers have raised teaching and learning provision in terms of ICT support and educational infrastructure, so to have prospective students who are more educationally astute when differentiating between HE providers. These newly created and increasingly educated user types, have themselves accelerated demand to such an extent that HE providers are having to continually benchmark their own provision with competitor institutions, with increasing importance being placed upon providing an innovation and rewarding educational experience and at the same time attracting student numbers, in sufficiently large numbers.

Figure1.

Summary statistics

The numbers of applications, applicants and accepted applicants.

	2000	2001	2002	2003	2004
Applications	1,943,181	1,959,879	1,978,659	2,046,131	2,098,710
Applicants	442,028	453,833	461,385	476,467	488,028
Accepted applicants	339,747	358,041	368,115	374,307	377,544

Source: http://www.ucas.com/figures/ucasdata/summary/index.html

Implications of Information Technology in Higher Education

The use of information technology in higher education is having major implications on certain institutions to meet the exportations of students. In the last decade e-learning has increased and improved within higher education. The increase demand of information technology transfer to student learning has implications for both higher education institutions and students. Unwin (2003, as cited in Sajja, 2008) states that the key principle of information technology is to provide e-learning environment are as follows.

- To ensure that access to high quality information is integrated into course provision;

- To equip e-Learners with the information skills to exploit that information;

- To provide appropriate assistance to e-Learners in information-searching; and

- To address the related communications and costing issues.

In the last decade various e-learning models has been developed and tested by the higher education institutions to enhance the student learning through information technology. Higher education institutions are in tradition period to provide the students with new away of communicating the knowledge. In the modern technology environment universities are facing very strong pressure from government to change the methods of delivery knowledge to students. The higher education institutions have started developing new and testing new IT teaching and assessment programmes. Morris (2008, p.2)

The advantages of this resource to students are clear: The resources are accessible 24/7 both on and off-campus, difficult lecture topics can be revisited and material can be reviewed for revision / understanding purposes. In addition, students have commended the integrated video, slides and notes approach – this is very useful for students' differing learning styles. Students with dyslexia have also commended the resources. The advantages of this resource to the institution will hopefully be apparent in improved module marks for this module and reduced failure rates.

ftp://www.bioscience.heacademy.ac.uk/Resources/morris.pdf

It is widely been accepted that information technology will have greater impact on learning style of students in the future. Therefore, it would have fundamental impact on universities to provide very cohesive learning to meet the demand of students of 21st century. However, research does not show very inconclusive shift towards e-learning of individual students. O'Neill, Singh, and O'Donoghue (2004) proposes that information technology will benefit students in the longer run, it will make students to take responsibility for their own learning. Raj and Rashid (2007) further this endorsement in their research, they state that student electronic learning is a generic term for all mechanisms employed to aid learning and disseminate information through an electronic medium.

Internet Teaching and Learning

Hoffman (2000: 1) described the Internet as "the most important innovation since the development of the printing press", which may "radically transform not just the way individuals go about conducting

their business with each other, but also the very essence of what it means to be a human society".

The Internet, because of its connected nature, produces great opportunities for organisations to exchange both information about their products and services as well as to facilitate communications between the companies and all the stakeholders concerned.

Electronic learning is a generic term for all mechanisms employed to aid learning and disseminate information through an electronic medium. The term e-learning within this paper involves using the Internet as a communication medium. Such a tool has been used extensively with the HE sector as a means to assist in the learning process and at the same time assist with geographic differences associated with distance learning. Whilst not intended to be a replacement for traditional classroom methods, electronic learning does offer alternative teaching methods which must not be disregarded and treated as futuristic, non operational and inappropriate. Throughout the HE sector it is clear that e-learning does offer all educational stakeholders opportunities, to not only engage with HE environment, but also offers potential resource and cost savings which themselves can be passed on to the student community. In addition to the aforementioned savings, electronic learning does enable HE institutions the potential to further facilitate student retention and therefore impact positively upon student development. (Sajja 2008) argues that the higher education institutions should address the following techniques when developing e-learning programmes:

Table 1: Selected quality parameters with required IT support mechanism

Quality parameter	IT support mechanism for e-Learning
Availability of material and question bank	Database files and tables Document files and rich text files
Availability of teacher/technology and collaboration	Internet and distributed systems
Consistency, regularity, and trustworthiness	Back-ups and manuals
Correct and fast evaluation of examination/homework	Computer programs, scripts, and macros
Efficient information retrieval	Efficient search techniques and filtering
Ease of documentation, cloning, and extensibility	With necessary hardware
Flexibility, Reusability, and frequency of revision	Through programme
Knowledge management and systems learning	Files, database, and knowledge base
Machine independence, portability, and scope of system	Independent programming languages and packages like java
Multimedia support and effective presentation	Multimedia and computer graphics
Performance (cost, time saving, etc.)	High processor ability of computing resources
Safety and security	Hardware locks and software validation in procedures
Specificity (level of content relevance and completeness)	Verification and validation by multiple experts
Support of standards	Software engineering models
Users ease of learning and user friendliness	Through user profile and interface in native language

Common e-learning tools used via the internet include discussion boards, e-mail, chat rooms, video streaming and document transfer. In fact, Bonk (2004) lists thirty different technologies currently used to disseminate e-learning. But what ever e-learning strategy is employed to facilitate student learning they need to be employed in such away that all students are fully embracing of such an approach and that e-learning is not simply employed to replace traditional teaching methods.

The development of IT skills of First Year Student in HE

There is an increasing amount of research in the Higher Education sector regarding students experience during their first year of study. Yorke and Longden (2004) identified four key reasons why students leave programmes of academic study. Two of these reasons can be seen as being within the area of influence of institutions. These are: the students' experiences of their programme and more broadly experiences within the institution of study and, secondly, students' failure to cope with academic demands made by their programme of study. It is for these two reasons that the importance of IT skills to new entrants are worthy of further investigation.

- Students need a set of generic IT skills to satisfactorily undertake their course of study. Student satisfaction and progression are compromised if they do not have these skills. Equally where students are uncertain of a particular skill set formative assessment and the accompanying feedback is important (Yorke and Longden, 2004)

- IT skills are a prerequisite for e-learning – usage of Virtual learning environments has increased substantially in recent times and staffs in institutions are developing increasingly complex learning systems this makes increasing demands on student IT skills.

- Students without a basic set of IT competencies place considerable pressures on support mechanisms within institutions.

- The use of IT applications within a class may be based upon assumptions regarding existing levels of students' IT competency. If these assumptions do not hold, lecturers can unexpectedly find themselves undertaking

remedial work with those students in the class who do not have sufficient IT skills.

- There is increasing recognition of the importance of IT skills in benchmarks on key skills, from professional bodies and employers.

Institutions who do not give students the opportunity to improve and update skills may well be compromising these students chance of success.

Student Experience in Higher Education

The debate of regarding students as customers (or consumers) has been evident in the education and marketing literature for several years. (Driscoll and Wicks 1998; and Conway et al. 1994). Over three decades ago Kotler (1971, 1972) and later Kotler and Andreassen (1987) believed that when universities face falling demand they should focus on the customer (i.e. the student) and remarket the product (i.e. education). Conway et al. (1994) from their literature review on the role of students in HE concluded that the student is perceived as the customer and the product is seen as the course/ programme. However, from their own exploratory research of eighty-three HE institutions mission statements they discovered that only half the institutions implied a customer orientation in their planning and only one institution clearly identified the dual role of the student as a product and as a customer. As a result the authors warned that many UK HE institutions were ill-prepared to respond to the increasingly competitive environment in which they have been placed.

In an opposing view Driscoll and Wicks (1998: 59) argue against the use of marketing oriented practices in HE and the use of customer to refer to students. A customer orientation assumes that customers are aware of their needs, and can communicate them to producers or use them as a basis for selecting among competing products. Students do not necessarily possess self-serving tendencies and university faculties are not always best able to know students educational needs. On a similar point Brookes (2003) stated that the marriage of the ideas of consumerism and education seems strange for many academics for they believe that ideas are priceless and that they are free. Thus to make ideas buyable is a new concept and, for most academics theoretically uncomfortable. However, another major talking

point in higher education sector is students and their parents are not simply concerned about the cost of tuition fee within the higher education. They are concerned with following issues:

- Quality of teaching assessment and management

- Delivery of a higher quality higher student experience

- Type of course being delivered

- Empowering students with information about their courses

- Transparency about the type of course on offer to students

- Improve and enriching life experience

The module team also believe that students can not be treated as consumers in the truest sense as in a commercial meaning. For example, in a restaurant a new meal could be given if you are not entirely happy with the one already served but it would be inappropriate to alter grades just because the students may not be satisfied with the grade awarded. However, as students are contributing to their fees resulting in a financial transaction taking place then universities may have to consider adopting some consumer oriented practices to enhance their learning experience. For example, designing courses with student job prospects in mind, improving communication with the students and being sympathetic to their individual needs. E-learning can offer students the flexibility to learn in their own time, the availability of notes and assessment in electronic format to be downloaded at their own convenience, and a platform to communicate with staff and colleagues in real time. All in all, providing a level of service which meets the needs of the customer and produces customer satisfaction. Therefore, we hypothesize that in order to develop relationship with the students in an e-learning environment a customer oriented approach is needed which positively impacts the service quality provided.

Parties involved in a relationship must have positive experiences in order to reach the required overall level of satisfaction over a period of time and develop the relationship further. Negative experiences may, of course, hinder the relationship, or even lead to customer defection. Furthermore, one tends to remember best the last

experience. Thus one positive experience may be sufficient to alter perceptions of more than one preceding negative experience, and vice versa. This suggests the important influence experience can have on customer satisfaction and, the more satisfied the customer, the more durable the relationship. Storbacka et al. (1994) believes that customer satisfaction can be experienced at both an episodic and at a more general relationship level.

Therefore it follows that e-learning students must have positive episodic experiences during their course of study in order to develop the relationship with the university. Unfortunately, according to Bonk (2004) currently most online learning tools focus on recording and facilitating student enrolments and reporting progress and completions, not on engaging learners in rich, interactive experiences. Bonk and Dennen (2003) state that there is a need for motivationally engaging content. They continue by pointing out that there is a need to know how to build effective interaction, collaboration, and engagement with online technologies.

Bonk and Dennen (2003) further note that in traditional classrooms, effective instructors create a supportive but challenging environment, project enthusiasm and intensity, provide choice, create short-term goals and offer immediate feedback on performance. Instructors may also create a positive and psychologically safe learning environment. In order to enhance the student's online-learning experience Bonk (2004: 4) suggest that instructors might emulate off-line strategies by having students use or manipulate real world content. Using a problem based learning approach; they may create final products for a real-world entity or solve real world problems. During such a project students could interact with experts and community leaders online or engage in online conflict with their peers in debate or role-activities. Their completed assignments might be displayed in online-gallery or studio. The hope is that students will receive immediate, genuine, and specific feedback on their work from their peers, instructors, and external examiners.

Student Feedback

It is important for module teams and individual lecturer's to obtain student views on modules been taught to students during the academic year. The

student views need to be obtained on following key areas.

- Quality of Teaching

- Campus Services

- Provision of Learning

- Programme Design and structure

- Potential or Future Developments

The student views are vital part for any university to carry out future developments. The feedback should always be analysed and responded by the module team and course committee to improve the student experience. It is also important to bear in mind the students should not be assessed in the process of collecting feedback and evaluation exercise. The feedback which is collected by the module team should be in form of anonymously and some cases it may not be possible, but module team should ensure the responses from students are retained confidential. In addition, the module teams should address the both positive and negative comments in same manner. The negative comments which are obtained at end of the module should be treated as important and make changes for the following year.

In modern education system it is important for lecturers to obtain and provide a good quality feedback to students. Feedback is very crucial for student learning and therefore it is vital to provide comprehensive and timely feedback to students, so they can able to learn from the mistakes they have made in the assessment. Feedback will make students to realise in which areas they have done well and in which areas they need to improve in the future. Holden (2008) states that:

Assessment, and expectations of assessment, need to provide feedback to support the learning process – it is another learning tool that student's need to learn to use effectively if they are to succeed at university.

http://escalate.ac.uk

Nicol and Macfarlane-Dick (2006) who identifies seven principles of good feedback practice. They state that the seven principles can help students to develop effective control of their own learning.

1. helps clarify what good performance is (goals, criteria, expected standards);

2. facilitates the development of self-assessment (reflection) in learning;

3. delivers high quality information to students about their learning;

4. encourages teacher and peer dialogue around learning;

5. encourages positive motivational beliefs and self-esteem;

6. provides opportunities to close the gap between current and desired performance

7. provides information to teachers that can be used to help shape teaching

Cited in UKCLE FF report (2006, p.2)

Therefore, it is vital for teaching staff to provide effective feedback to enhance students learning experience. Feedback helps individual students to improve their learning skills and produce better assignment and reports for assessments.

Conclusion

The paper has discussed information technology developments in the last decade e-learning has increased and improved within higher education. The increase demand of information technology transfer to student learning has implications for both higher education institutions and students. Information technology has radically changed the way students develop their learning skills for industry and enhancing their knowledge.

The present study found that in modern education system it is vital for universities to use an interactive assessment method which offers students flexibility and enhance their learning. The Electronic learning is a generic term for all mechanisms employed to aid learning and disseminate information through an electronic medium. (Sajja 2008) argues that the higher education institutions should adopt mechanisms which offer the student's opportunity to access the learning material from various different sources.

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EVALUATION OF SALES TRAINING PROGRAMMES IN CROATIAN COMPANIES

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Abstract

Highly skilled, knowledgeable and learning oriented sales force is key factor in today's changing business environment. Training has become more crucial factor in human resource development than ever. Using well designed and carefully conducted training courses companies can develop competitive and adaptable sales people. When it comes to training, more and more Croatian companies are stepping forward showing interest for training implementation. Croatian companies are trying to find the best combination of training topics and training methods to make training more effective. Effective training must have value for the company and companies are struggling to asses that value while it can be due to many factors. Training evaluation is inseparably linked to training objectives while the success and effectiveness of the conducted training depend on achieving training goals. Because of its complexity evaluation aspect of training is often overlooked. It is important for companies to work on developing training measurement techniques in order to be able to rate training expenditure allocation and to make plans for future training design. Currently, the most commonly used training evaluation methods are Changes in sales value, Number of new clients gained and Sales target realization. Although many evaluation methods are present in Croatian companies the general attitude is that Croatian companies do not evaluate their training programmes systematically.

Key words: Sales, training, evaluation, Croatia

Introduction

In today's rapidly changing and unpredictable business world, having a highly skilled and knowledgeable workforce is vital for any organization to prosper and grow. Human capital has become very important issue and many companies today tend to see the role of the training from totally new perspective. Goldstein (1993) defines training as the systematic acquisition of skills, rules concepts and attitudes that results in improved performance in another environment. When Goldstein's definition is put in sales environment, changes in a salesperson behavior and performance must be evident. And after all that is the main objective of the sales training. Sales training is a necessity that provides many benefits for any company, especially when it is approached to as an ongoing activity. In order to use its sales force more effectively companies are in constant search for new ways to provide it with competitive advantage. One way to make salespeople more competitive definitely arises from educational aspects. Sales training prepares and qualifies salespeople to perform more complex tasks (Tomašević at all, 2009). In order to assess the effectiveness of the training programmes the importance of training evaluation is evident. Evaluation is necessary to determine the value of delivered trainings and to improve the future programs. It is hence important to specify which effects are to be evaluated and which measures are to be used to capture these effects.

The evaluation challenge

Training evaluation can be defined as the systematic collection of descriptive and judgmental

information necessary to make effective training decisions related to selection, adoption, value, and modification of various instructional activities (Goldstein, 1993). The syntagma "effective sales training" is very often used both in academic milieu and in organizations, but so far, a very little attention has been devoted to training evaluation methodology and practice. Some more detailed publication on training programmes, training delivery methods and training implementation appeared but the topics concerning measurements used to evaluate training effects have not been reviewed much yet. Quality of a training programme is very important and is thought to be the critical element of any sales training programme development. The high importance for the quality of the training is assigned and referred to assessing the needs of the trainees. Need to adjust the sales training programmes to trainees needs imply the existence of the proper sales training evaluation methodology.

Evaluation is the process of attempting to assess the total value of the training that is the cost benefits and general outcomes which benefit the organization as well as the value of the improved performance of those who have undertaken training (Buckley and Caple, 1990). The effects must be measured against the objectives for which the training was designed.

The evaluation of training outcomes is complex and multidimensional procedure. The notion of behavior based and outcome based sales force control system is one area of related discussion in the sales management literature. Training is dependent on different sets of critical assessment and a hybrid philosophy of training and measurement principles are important element to be considered when judging effectiveness.

Kirkpatrick (2006) states three main reasons for evaluating training programmes. The most common reason is that evaluation can tell us how to improve future programmes. The second reason is to determine whether a program should be continued or dropped. The third reason is to justify the existence of the training department and its budget. By demonstrating to top management that training has tangible, positive results, trainers find their job more secure even in downsizing times.

The training evaluation can be designed in various ways. The three most common designs according to Mathis and Jackson (2008) are:

i.   Post-Measure,

ii.   Pre-/Post-Measure

iii.   Pre-/Post-Measure with a Control Group

In order to highlight the difference among these three designs a brief introduction to each design is given and key characteristics explained.

Post-Measure

The most obvious way to evaluate training effectiveness is to determine after the training whether the individuals can perform the way management wants them to perform. But one must be aware that tests after training do not always clearly indicate whether a performance is a result of the training or could have been achieved without the training.

Pre-/Post-Measure

In this concept pre-test skill levels can be considered. If the results were measured before and after the training it could be known whether the training made any difference, but again one must beware of the fact that people often perform better when they know their efforts are being evaluated.

Pre-/Post-Measure with a Control Group

When the control group that is not to be trained is added to evaluation design another variable can be controlled. And therefore, if the trained representatives work significantly faster than those that were not trained one could be pretty much sure that the effect of the training was measured.

The first author that made significant effort in structuring the assessment of training programme effectiveness was Kirkpatrick (1998) who outlined four levels for training evaluation. Since its creation in 1959, Kirkpatrick's four-level model for evaluating training programs has become the most widely used approach to training evaluation in the corporate, government and academic fields.

The four levels represent a sequential way of evaluating training programmes. Each level is important and has an impact on the next level. On each following level the process becomes more difficult and time-consuming but can provide trainers with more valuable information. None of the levels should be skipped or taken unseriously. These four levels are:

1. Reactions – "likings or feelings for a programme"

2. Learning – "principles and facts absorbed"

3. Behavior – "using learning on the job"

4. Results – "increased production, reduced costs, etc."

Reactions indicate whether those who participated in the training thought it achieved the stated objectives and generally whether it was worthwhile. Reactions may be measured by having participants complete questionnaires or by recording verbal comments from the trainees, their supervisors or the training stuff. Learning equates to how much information was absorbed and usually involves giving the trainee some type of test. There may be "before" and "after" tests or just one test taken after the training is completed. Behavior provides an assessment of whether the trainee has changed in substantial ways. The appraisal of behavior is usually conducted by a supervisor who can observe the rep directly. It may also include self-assessment or input from customers. Results indicate whether the training is transferring to improved performance results. This is the ultimate test of whether the benefits of training outweigh the costs. Such measures as increased sales and profitability, better customer retention and penetration, and numbers of new accounts can be used to assess bottom line results (Spiro at all, 2003). Kirkpatrick's four levels of training evaluation are considered to be even more relevant today when the training professionals are expected to deliver more clear training results.

Although companies spend more and more money on training, most of them are neglecting the importance of systematic evaluation program and they are not taking time to evaluate training effectiveness. That negligence makes it impossible to relate training outcomes to performance.

The central role of evaluation

Evaluation is the last phase in developing and conducting sales force training following Training assessment, Program design and Reinforcement. But that does not make it less important. Moreover its role in sales force training is becoming more highlighted as the training value creation process has been in focus. On Figure 1 it can be seen that sales force evaluation begins with the setting of sales force objectives which may be financial, such as sales ravenues, profits and expenses; market-oriented, such as market share; or customer-based such as customer satisfaction and service levels. Then, the sales strategy must be decided to show the objectives are to be achieved. Next, performance standards should be set for the overall company, regions, products, salespeople and accounts. Results are then measured and compared with performance standards. Reasons for differences are assessed and action taken to improve performance. Simply, sales force evaluation is the comparison of sales force objectives with sales force results.

The prime reason for evaluation is to attempt to attain company objectives. By measuring actual performance against objectives, shortfalls can be identified and appropriate action taken to improve performance. Evaluation can help improve an individual's motivation and skills. It provides the opportunity for the recognition of above-average standards of work performance, which improves confidence and motivation. Evaluation provides information which affects key decision areas within the sales management function. Training, compensation, motivation and objective setting are dependent on the information derived from evaluation. This dependence is illustrated on Figure 2. To enable evaluation to occur sales management has to develop adequate information collecting.

Research goals

In our research we tried to find out the status of training evaluation among Croatian companies. The purpose of this article is to discuss the evaluation methods used in sales departments in Croatian companies. We consider it important that companies use more than one evaluation method, the more the better. Therefore we shall try to assess how many different evaluation methods different companies use. And in addition we shall try to determine which variables predict usage of multiple evaluation methods.

Following hypothesis referring to Croatian sales force training activities were tested in the scope of this research:

1. Most Croatian companies are using more than 5 different evaluation methods.

Figure 1: The sales force evaluation process

Source: Jobber and Lancaster, 2006.

Figure 1: The central role of evaluation in sales management

2. Investment in education, training frequency, training methods and training content will predict the use of different evaluation methods.

Methodology

Based on previous research in sales training field, literature review, Croatian market insights and authors' personal experience a semi-structured questionnaire was developed. The questionnaire was constructed to examine various aspects of the sales training programmes delivered in Croatian companies such as training topics, training methods, training evaluation and general company data. In this article we focus on the training evaluation. The questionnaire was web based. It was uploaded using Survey monkey and the link to the questionnaire was delivered to companies using e-mail together with brief research goals outline.

The questionnaire was distributed to 400 companies. The questionnaire was to be delivered to sales managers or human resource managers. 196 questionnaires were returned but there were only 126 valid questionnaires received and analyzed. That makes response rate of 31,5%. As it can be seen on Graph 1, according to business size attribute our analyzed sample was pretty much balanced, that is 23,0% of companies were small businesses, 23,4% medium sized businesses, 33,3% big businesses and 22,2% didn't specified

its size. There were first and second questionnaires distribution yet. In further research we intend to resend our questionnaire. Data were analyzed using SPSS.

Research results

In total 126 companies took part in our research. Figure 2 shows that 86% of all companies have made some investments in education and training of sales force during last two years, while 14% of companies didn't make any educational investment. Training Needs analysis is the formal process of identifying the training gap and its related training need. It is very useful tool but it is unfortunately not used in all companies. Figure 3 shows that 70% of the analyzed companies perform Training needs analysis and 30% of the companies do not.

Training needs analysis enables training developers to create more suitable educational programmes for each individual because it usually begins with review of current training, analyzes the new task, identifies the training gap and assess the training options. Therefore, Training Needs Analysis can be considered a training programme diagnostic tool. Only if the present competencies are assessed the suitable and transparent criteria can be set and, of course, measured what at last leads to more successful evaluation.

Graph 1: The size of the business

Graph 4: Education and training programmes frequency in Croatian companies.
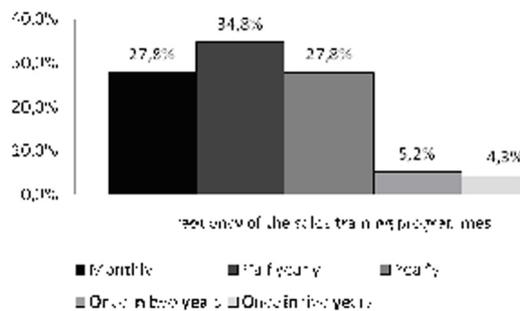
Graph 4 shows how often the training is provided in Croatian companies. The most of the companies, almost 35% conduct training half yearly, 28% of companies provide it on monthly basis, 28% once in a year and only 9% of companies provide training opportunities for its sales force more rarely i.e. once in two years or once in five years.

To research the relation of training frequency and business size we tried to find out whether there is difference between small, medium and big companies in the frequency of the training for its sales force and the size of the company. Results in Table 1 (Chi-square=3,205, df=4, p>0,05) implicate that there is no difference in training frequency between small, medium and big companies.

723

Table 1: Frequency of training conduction depending on business size.

| | | Business size | | | |
| | | small | medium | big | Total |
		Count	Count	Count	Count
How often do You conduct training for Your Salespeople	monthly	10	8	9	27
	half yearly	7	9	18	34
	yearly	9	7	10	26
	Total	26	24	37	87

Pearson Chi-Square Tests

		Business size
How often do You conduct training for Your Salespeople	Chi-square	3,205
	df	4
	Sig.	,524

Results are based on nonempty rows and columns in each innermost subtable.

In Table 2 the average number of employees and the average percentage of income invested in sales force education is given according to the size of the company.

Table 2: Average number of employees and Income percentage invested in education

| | Business size | | |
| | Small | Medium | Big |
	Average	Average	Average
Number of employees	15	101	658
Percent of total income invested in sales people education	6	2	3

The average number of employees in small companies is 15 and these companies invest 6% of their total income in sales force training. In medium sized business there are 101 employees in average and these companies invest 2% of their total income in sales people education. Whereas companies considering itself a big business in average employ 658 people and use 3% of total income for training of sales people.

Analyzing training evaluation methods in Croatian companies it is obvious that Changes in sales value, Number of new clients gained and Sales target realization are currently the most commonly used methods. About 50% of companies use these criteria always or often to evaluate their training programmes effectiveness. Changes in sales volume, Change in market share and Post-training knowledge testing are making up the group of sales training evaluation methods taking the second place when we analyze the frequency of using training evaluation methods while about 55% of Croatian companies use these three methods sometimes or often to measure the effects of the conducted training. Orders taken per sales visit and Number of old clients lost are used sometimes by about 30% of the companies but are also never used 30% of the companies. In the worst position are Order taken per call, Territory coverage, Time sales people stay with the company because about 30% of the companies never use these methods.

When we coded evaluation methods using binary code (0 - never or rarely use, 1 – use sometimes or more often), the results show that 25 out of 102 companies have used use all listed evaluation methods at least sometimes. On average companies use C = 8 different training methods at least sometimes.

In order to test our second hypothesis we performed regression analysis with evaluation methods as criterion and investing in education, training methods, training content and training frequency as predictors.

Table 2: Sales training evaluation in Croatian companies.

TRAINING EVALUATION	NEVER		RARELY		SOMETIMES		OFTEN		ALWAYS	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Change in sales volume	15	13,6%	15	13,6%	30	27,3%	33	30,0%	17	15,5%
Change in sales value	11	10,0%	10	9,1%	33	30,0%	38	34,5%	18	16,4%
Change in market share	20	18,2%	14	12,7%	38	34,5%	25	22,7%	13	11,8%
Order taken per sales visit	29	26,4%	14	12,7%	35	31,8%	23	20,9%	9	8,2%
Order taken per call	33	30,0%	19	17,3%	30	27,3%	19	17,3%	9	8,2%
Number of new clients gained	17	15,5%	12	10,9%	31	28,2%	35	31,8%	15	13,6%
Number of old clients lost	30	27,3%	18	16,4%	34	30,9%	19	17,3%	9	8,2%
Territory coverage	31	28,2%	15	13,6%	30	27,3%	23	20,9%	11	10,0%
Post-training knowledge testing	26	23,6%	13	11,8%	32	29,1%	27	24,5%	12	10,9%
Sales target realization	20	18,2%	3	2,7%	28	25,5%	36	32,7%	23	20,9%
Time sales people stay with the company	39	35,5%	14	12,7%	29	26,4%	23	20,9%	5	4,5%

Table 3: Regression analysis model summary

R	R^2	Adjusted R^2
.705	.497	.454

Table 5: Regression coefficients model summary

	ß	p
% of total income invested education	.090	.434
Training content	.518	.001
Training frequency	-.027	.844
Training methods	.269	.030

Regression analysis explained 45% of variance of evaluation methods. Two predictors are statistically significant; training content and training methods. In other words those companies that use more different training methods and provide more different training content also use more different evaluation methods. It is interesting to note that percent of invested income does not contribute to evaluation methods variance explained.

Discussion

The purpose of evaluation is to determine whether or not the training achieved the set objective. The objective might have been either very precise or pretty loose, but there should be one. All organizations, regardless of size or type, should use some process of assessing the effectiveness of training undertaken by employees. Education in any form is an investment of time and money and therefore organization should care of the return on that investment.

Many professionals think that there is not enough structured attention paid to employee training in Croatia including sales force. Quite contrary our research results indicate that Croatian companies have been implementing training programmes at significant level.

At first we expected that big companies would provide the training more often because such companies are believed to have implemented more advanced human resources techniques. But our analyses showed that size of the business does not determine the frequency of the training conduction. It is obvious that small companies

also became very much aware of the training challenge.

Learning and training play a key part in the value creation process. Successful training evaluation process is important value added element. But evaluating the training is quite hard because unfortunately the training often fails. And it fails because of lack of planning, budget or because training is done for the wrong reasons. Evaluation of the training is also difficult because operating unit managers are looking for increased performance and not necessarily the increased learning on which trainers usually judge the success of their training. It could be said that in Kirkpatrick's evaluation concept Reaction and Learning (level 1 and level 2) relates to training while Behavior and Results (level 3 and level 4) relates to Performance improvement. The difference between training focus and performance improvement focus arises from that affiliation.

It is not surprising that Changes in sales value, Number of new clients gained and Sales target realization are currently the most commonly used evaluation methods in Croatian companies while they are the easiest to apply.

In our opinion the number of evaluation methods used for training assessment is important issue and we would definitely encourage companies to use more than one evaluation method. Combining different evaluation methods make it possible to assess the training results more thoroughly and evaluate its various aspects. In average Croatian companies use 8 various evaluation methods. But it is not only important the number of methods used but also a precise and complete interpretation of data gathered by different methods.

Our research also showed that companies using more different training methods and provide more different training content also use more different evaluation methods. That could be due to the higher training awareness while companies providing various training programmes and using more versatile methods to deliver it presumably pay more attention to training issue. And therefore they could be more interested in evaluation as well.

The main changes anticipated to affect learning and development in organizations over the next five years include a closer integration of learning and development activity and business strategy and put more emphasis on monitoring, measurement and evaluation of training effectiveness (Tomasevic at all., 2009).

Conclusion

Evaluating the training helps us to see how effective the trainers were at meeting the training objectives. In conclusion, we showed that companies on average use 8 of 11 different evaluation methods, thus we have confirmed out first hypothesis. Furthermore results show that different training methods and different training content significantly predict use of different evaluation methods. Our second hypothesis is therefore partially confirmed. It is interesting that only training methods and training content explain 45% of evaluation methods variance. We hoped to achieve this result with all four predictor variables, and to achieve it with half that number is certainly a success. The salesforce training programmes are usually meant to increase the organization assets, but so far there is no way to perform a precise measurement of conducted trainings under present accounting practice.

We think that the results show that Croatian companies are taking training and training evaluation quite seriously.

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STRATICS MODEL BUILDING- RESEARCH APPLICATION

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ABSTRACT

As Sun Tzu says: "Judge advantages when accepting advices, and then, in accordance with that, arrange your forces supplementing them with extraordinary tactics. Forces should be arranged strategically, based on that what gives the advantage." This though directly points that strategy and tactics need to be developed in the same direction to gain success.

This is the application of the research on building the new model which will combine strategy and tactics in marketing. The model will have to satisfy three conditions. It will have to be applicable, simple and interactive. The research will consist of three parts. The first part will be the literature review aimed at making the historical overview on research subject and developing the first instance of the model. The second part of the research will be the main research in the form of interviews with managers responsible for the implementation of strategy and tactics in companies. The result of the main research will be the final version of the model which will be tested in the third part of the research, an experiment on the real company which is present on the real market. Results of the experiment will be evaluated through business results of the company before the implementation of the model and results after the implementation.

The Stratics model will follow the line of modelling presented by Vranešević, Vignali and Vrontis which includes the combination of various strategy and tactics models like Life Cycle of the Company, Boston Consulting Group Matrix, Ansoff Matrix and Marketing Mix. Resulting model will give the company's management a chance to see whether company's real position lays where management thinks it does. The other purpose of the model will be initial propositions on what should be done on tactical level in order to achieve company's targeted strategy position.

Key words: Marketing, Strategy, Tactics, BCG, Life Cycle, Ansoff, Marketing Mix, 4P, PhD

INVESTIGATING CONSUMER RESPONSES TO SCHEMA-INCONGRUENT ADVERTISING INFORMATION

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Abstract

Most traditional theories and models of persuasive communication were developed under the proposition that matching the advertising content to consumers' knowledge and perceptions leads to effective communication. However, empirical findings from socio-cognitive psychology indicate that schema incongruent stimuli tend to attract more recipient attention and may result in more favourable responses. Drawing from psychology theory, the present research investigates consumer responses to advertising information that varies in the degree of incongruity with established brand schemata. In two studies that took place in a laboratory setting, participants completed a questionnaire assessing the amount of ad processing, memory performance, and brand attitude change. The first study manipulated schema incongruity through the verbal component of a print ad, while in the second study incongruity was manipulated through the pictorial elements of the ad. Both studies used the same stimulus development and experimental procedure. The results generally support a non-monotonic, inverted-U relationship between the degree of incongruity and consumer responses, with moderately incongruent advertising messages producing more ad processing, better memory recall and more favourable attitude change. Although not directly tested, research findings imply that image-based incongruity is more effective in producing the predicted effects.

Key words: schema theory, information incongruity, consumer attitudes

Introduction

According to schema theory all experience and knowledge about our social surroundings can be stored in memory in the form of organised cognitive structures, known as schemata (Fiske and Taylor, 1991; Fiske, 1982). The cognitive schemata people develop over time guide the perception of new and old information and determine their expectations about the social phenomena (Fiske and Taylor, 1991; Sujan and Bettman, 1989). Schematic knowledge provides cognitive economy and facilitates our understanding of the social world, allowing us some sort of prediction and control necessary to cope with the environment (Crockett, 1988; Fiske and Taylor, 1991).

Under the assumption that consumers' knowledge about the market is also organised through relevant cognitive structures, the concept of schemata has spread in the field of marketing to study information processing, advertising effectiveness, product categorization, and brand strategy (Sujan, 1985; Meyers-Levy and Tybout, 1989; Ozzane, Brucks and Grewal, 1992; Park, Milberg and Lawson, 1991; Goodstein, 1993). Schemata have been found to greatly influence the way consumers process information and respond to marketing communications (Sujan and Bettman, 1989; Meyers-Levy and Tybout, 1989; Goodstein, 1993). In a market environment increasingly overwhelmed by advertising and brand messages, consumers use schematic knowledge to help process and organize incoming data, retrieve old information from memory, draw inferences and facilitate purchase decisions (Sujan and Bettman, 1989).

For many years consumer and advertising researchers have been interested in identifying and managing consumers' schemata to successfully

communicate their product propositions. The underlying idea behind traditional approaches of persuasive communication was that the advertising content should be in line with consumers' knowledge and perceptions in order to be more relevant, comprehensible, and appealing (Rossiter, Percy and Donovan, 1991; Keller, 1991, 2003; Brannon and Brock, 2006; Petty and Wegener, 1998). In other words, most of the research on advertising and persuasive communications up to now has been based on the matching hypothesis between consumers' cognitive schemata and the content of communication. This view is widely documented in the marketing literature through several advertising models (Rossiter, Percy and Donovan, 1991; Vaughn, 1980, 1986; Ratchford, 1987), as well as branding and positioning frameworks (Park, Jaworski and MacInnis, 1986; Keller, 1993; Percy and Elliott, 2005) that recommend consistency and relevancy in communicating brand meaning to consumers.

However, directly matching the brand message to consumers' mind may not always be the most effective strategy. Findings from socio-cognitive psychology point towards a different perspective, according to which schema incongruent information may lead to more positive results (Mandler, 1982). Schema-based research indicates that incongruent stimuli tend to attract more recipient attention, increase processing, and elicit more favourable responses once incongruity is resolved (Meyers-Levy and Tybout, 1989; Peracchio and Tybout, 1996; Meyers-Levy, Louie and Curren, 1994). In the marketing context, several different aspects of information incongruity have been examined, such as product category schema incongruity (Meyers-Levy and Tybout, 1989), ad (a)typicality (Goodstein, 1993), or incongruity between the verbal and the pictorial components within an ad (Heckler and Childers, 1992). Even though previous research provides several insightful findings, results are in many cases inconclusive (Goodstein, 1993; Lee and Mason, 1999) and a coherent framework on the role of incongruity in marketing is yet to be established. Most importantly, only a very limited number of studies have examined schema incongruity at the brand level (Lange and Dahlén, 2003; Dahlén et al., 2005). Drawing from Mandler's (1982) schema incongruity theory, the present research contributes to the relevant literature investigating consumer responses to advertising information that is or is not compatible with existing brand schemata.

Theoretical framework

Incongruity theory deals with the effects of stimuli that are incompatible with existing knowledge and do not conform to some presumably predefined pattern (Stayman, Alden and Smith, 1992). Schema incongruity is defined as the extent to which semantic correspondence is achieved between the configuration of attributes of a stimulus object and the configuration specified by the relevant schema (Areni and Cox, 1994). In this sense, schema congruity is represented by a match between the attributes of a stimulus object (e.g., an advertisement) and the content of the relevant schema (e.g., the schema for the advertised brand), whereas schema incongruity involves some level of mismatch (Heckler and Childers, 1992; Sujan, 1985; Meyers-Levy and Tybout, 1989). The degree of incongruity is determined by the ease with which discrepancies can be accommodated within the existing cognitive structure (Mandler, 1982; Meyers-Levy and Tybout, 1989; Heckler and Childers, 1992). Cognitive schemata represent the organised knowledge and experience we develop for the social phenomena. As such, they guide one's perception of incoming information and lead them to a number of assumptions and hypotheses about the nature of the social objects encountered (Fiske and Taylor, 1991). Hence, research on schema incongruity can alternatively be viewed as going on to examine how confirmation or disconfirmation of expectations influences individual responses (Sujan and Bettman, 1989).

One of the most commonly applied paradigms to study information incongruity in the field of marketing follows Mandler's (1982) reasoning (Meyers-Levy and Tybout, 1989; Lee and Mason, 1999; Peracchio and Tybout, 1996). Mandler (1982) focuses on the processing elaboration and predicts different evaluative outcomes according to the degree of incongruity between a stimulus and a predefined schema. Whether an evaluation becomes relatively more or less favourable depends on how easily the recipient can process incoming data and satisfactorily resolve incongruities. According to Mandler (1982) congruent information has a high degree of acceptability. It conforms to people's expectations, allows predictability, and is easily processed. As such, it does not stimulate any additional arousal and the resulting evaluations are relatively moderate, equal to a basic sense of liking. In contrast, incongruent stimuli attract attention and increase the cognitive arousal in an attempt to resolve inconsistencies.

When moderate, incongruities result to more favourable responses because of the cognitive stimulation and the psychological reward produced by successfully resolving inconsistencies (Heckler and Childers, 1992). On the other hand, the process of reconciling severe incongruities is very difficult and doubtful. Extreme incongruity requires significant psychological resources, both cognitive and emotional, in order to be accommodated. Reluctance or inability to spend processing time and effort may lead to frustration and unfavourable evaluations, since people cannot appropriately respond to the environment (Meyers-Levy and Tybout, 1989).

Previous studies have demonstrated that schema incongruent information attracts consumer attention and leads to increased processing elaboration (Goodstein 1993; Ozzane, Brucks and Grewal 1992). For instance, Sujan (1985) found that consumers exposed to product propositions that do not match with a predefined category schema generally expend more time to form product impressions than consumers in a matching situation. From a different perspective, Goodstein (1993) showed that atypical ads induce more consumer attention, in terms of longer viewing time, than typical ads. Testing Mandler's (1982) hypothesis at the product category level, Meyers-Levy and Tybout (1989) demonstrated that products moderately incongruent with their associated category produce a higher level of processing elaboration, compared to congruent and extremely incongruent products. Along these lines, a non-monotonic relationship between the degree of incongruity and consumers' amount of ad processing is anticipated. Consumers are expected to invest more time trying to reconcile incongruent brand messages. However, as incongruity increases, consumers might become unwilling to invest the additional cognitive resources necessary to accommodate extreme incongruities, thereby rejecting incompatible information and reducing the total amount of processing. It is thus predicted that:

H1:   Advertisements featuring moderately incongruent brand information will result in more ad processing, compared to advertisements featuring either congruent or extremely incongruent brand information.

Increased cognitive activity also implies enhanced memory performance (Hastie, 1980; Friedman, 1979; Srull and Wyer, 1989). Extending Mandler's

(1982) reasoning to memory recall, an inverted-U relationship is predicted across different levels of incongruity. Specifically, items that conform to one's expectations are encoded in less detail, since they can be immediately integrated into existing knowledge (Hastie, 1980; Heckler and Childers, 1992). On the contrary, the processing elaboration stimulated by incongruent stimuli results in more detailed encoding and causes the formation of a larger number of associative linkages between the stimulus and the knowledge stored in memory (Hastie, 1980). The additional pathways generated will make new information become more retrievable and easier to recall (Heckler and Childers 1992; Areni and Cox, 1994; Lange and Dahlén, 2003). Under moderate incongruity, the accommodation of discrepant data that results by satisfactorily linking the stimulus information to the activated schema increases the likelihood that the stimulus' content will be recalled. Extremely inconsistent pieces of information, on the other hand, are expected to have the opposite effect. Severe incongruity discourages processing and does not allow incoming data to be successfully linked to a coherent memory structure. This consequently hinders the efficiency of retrieval processes and reduces recall of the information presented. The above discussion leads us to the following hypothesis:

H2:   Advertisements featuring moderately incongruent brand information will result in better memory recall, compared to advertisements featuring either congruent or incongruent brand information.

Mandler's (1982) theory suggests that the process of resolving incongruity is rewarding and therefore may elicit more positive responses. This proposition has been tested by a number of consumer studies that provided general support to the non-monotonic, inverted-U pattern between the degree of incongruity and consumer evaluations (Meyers-Levy and Tybout 1989; Heckler and Childers 1992; Lee and Mason 1999; Peracchio and Tybout 1996). Research findings indicate that moderate incongruities are resolved at a higher level of cognitive arousal and elaboration that finally results in more favourable consumer evaluations (Meyers-Levy and Tybout 1989; Meyers-Levy, Louie and Curren, 1994). The same pattern is expected to extend to the attitude change process, with the most favourable effects anticipated when ads contain moderately incongruent brand information. Extremely incongruent brand messages are

predicted to have a negative effect as a result of consumers' expectations disconfirmation and inability to accommodate inconsistencies (Meyers-Levy and Tybout 1989; Stayman, Alden and Smith; 1992). In summary, it is hypothesized that:

H3: Advertisements featuring moderately incongruent brand information will result in more favourable attitude change, compared to advertisements featuring either congruent or incongruent brand information.

Method

Two experimental studies were conducted to independently investigate the effects of schema incongruity. The hypothesized relationships were tested using one-way ANOVA and polynomial trend analysis in a single factor, between-subjects design. Three levels of ad (in)congruity (i.e., congruity, moderate incongruity, extreme incongruity) with the schema of a real brand were examined. Study 1 manipulated schema incongruity through the verbal component of a print ad, while in study 2 schema incongruity was manipulated through the pictorial elements of the ad. Print advertisements are reader-paced, allowing for differences in processing and attention among participants, and were therefore appropriate for the research purposes (Lee, 2000; Lange and Dahlén, 2003). Both studies followed the same stimulus development and experimental procedure. In total, 121 undergraduate students at the Athens University of Economics and Business participated in the research (n1 = 64 in study 1 and n2 = 57 in study 2) in exchange for extra course credit.

Stimuli. A qualitative pilot study (n = 9), using consumer interviews was carried out to determine the product category from which the final brand would be selected. The product category of "Jeans" appeared to be sufficiently familiar and relevant to the sample population and was therefore chosen for the main studies. Following, two pretests were conducted to identify consumers' brand schemata within the selected product category. In the first pretest (n = 34), participants were asked to list all associations they held for a series of jeans brands (cf. Aaker and Keller, 1990; Ratneshwar and Shocker, 1991; Sujan, 1985), as well as to indicate their level of knowledge for each brand. The brand that was proven to meet the requirements of the research was "Levi's Jeans". Brand awareness

was 100% and participants were knowledgeable enough to have formed a discrete schema for the brand. A frequency analysis of participants' responses revealed the most typical attributes of the brand. Individual brand associations representing the same concept (e.g. modern and trendy) were collapsed, forming different schema attribute categories, while idiosyncratic associations, i.e. associations listed by only one subject that could not be collapsed, were eliminated. Two independent coders categorized the same consumer responses to ensure reliability (intercoder reliability above 80%). The most frequently mentioned brand associations, listed by at least 34% of respondents, pertained to the attributes of classicality, originality, and simplicity.

A second pretest (n = 49) was carried out to confirm the configuration of the Levi's Jeans schema. The three schema attributes identified in the first pretest were quantified using nine-point, Likert-type scales and subjects were asked to indicate how representative each attribute is with regard to their impression of the brand. The scale was anchored at 1 (not representative at all) and 9 (very representative). Attributes not mentioned to be part of the brand schema were also included as control attributes. According to the results, all the attributes produced in pretest 1 received consistently higher scores by respondents (ratings ranged from 6.43 to 7.35) than did control attributes (ratings ranged from 4.26 to 5.08). The least possible difference between schema and control attributes was highly significant (t(49) = 3.80, p < .001), therefore the brand schema was confirmed.

Based on the findings, a series of ad versions was developed that were either congruent, moderately incongruent, or extremely incongruent with consumers' schema for Levi's Jeans. An advertising agency was utilised in the development of the stimulus material to ensure that the final ads are equal to real commercial print advertisements. In the first study, schema incongruity was manipulated through the verbal component of the print ads. The pictorial elements and format were held constant across conditions. Following an approach similar to Alden, Mukherjee, and Hoyer's (2000), three coders rated each ad version in terms of incongruity on a three-point scale (none-medium-high), after being informed on the relevant schema. Out of the twelve ads initially created, only five were uniformly rated by coders, resulting in one congruent, two moderately incongruent, and two extremely incongruent ads. Discussion

between the coders and the researcher led to total agreement on the three most representative ad versions of each condition. An identical process was followed in the second study, the only difference being that the three ad versions now used were manipulating schema incongruity through the pictorial component, while the verbal elements were held constant.

Procedure and measures. A total of 121 undergraduate university students participated in the two studies that took place in a computer laboratory setting. Upon arrival, participants were randomly assigned to one of the three experimental conditions and were given a questionnaire that contained all the necessary manipulations and dependent measures. Initially, subjects provided their evaluations for several brands in the category to familiarise themselves with the experimental process. Evaluations for the Levi's Jeans were also included to measure attitude toward the brand prior to exposure. Immediately after, participants were exposed to the stimulus ad. A timer running on a computer screen was set at the beginning of exposure. Participants watched the ad at their own pace and recorded the number appearing on the screen when they had formed their overall impression of the ad (brand). Time spent watching the ad was used as an indication of the amount of processing (H1) (Goodstein, 1993). When finished, participants wrote down the thoughts that came to their mind while watching the ad and then completed the brand evaluation scales and the manipulation checks. Attitude toward the brand was measured by averaging five, nine-point bipolar items anchored by good/bad, likable/dislikable, favourable/unfavourable, positive/negative, and desirable/undesirable. Cronbach's alpha for the composite measure of brand attitudes, both prior and after the exposure, was above .97 in both studies. The difference between brand evaluations prior and after the exposure was used to measure attitude change (H3). A 15-minute filler task followed to clear participants' short-term memory and then participants completed an unaided recall task. Memory recall (H2) was measured by having participants write down as many of the features they could remember from the ad within a time limit of two minutes. Recall protocols were coded so that each correct mention of an ad item represented a hit. The number of hits was summed up to form the overall recall score for each respondent. After completing a short section of demographic questions, participants were debriefed and thanked for their participation.

Results

Study 1

In the first study the degree of information incongruity was manipulated through the verbal component of a print advertisement. All the other components of the ad were held constant across conditions. In total, a sample of 64 university students participated in the first study, in exchange for extra course credit. Cell sizes across conditions ranged from 19 to 24.

Manipulation checks. The effectiveness of the schema incongruity manipulation was checked through a single factor, between-subjects design. Subjects were asked to provide ratings on a nine-point, perceived match scale asking respondents to indicate the degree to which the advertisement matches the impression they hold for the brand (1 = mismatch, 9 = match). The average ratings were analyzed using a one-way analysis of variance (ANOVA), which revealed a statistically significant main effect for incongruity (F(2,61) = 15.78, p < .001). Mean ratings differed significantly across the experimental conditions (M = 6.61, M = 5.25, M = 3.31 for congruity, moderate incongruity, and extreme incongruity respectively) indicating that the manipulation of schema incongruity worked as intended.

Main effects of verbal-based schema incongruity on consumer responses. The first hypothesis was tested by examining treatment differences in the time spent watching the ad. One-way ANOVA results revealed a significant main effect for processing time (F(2,61) = 6.77, p < .01). Participants in the congruity condition spent significantly less time processing the ad compared to both incongruity conditions (mean difference of -10.68 seconds and -13.58 seconds for moderate and extreme incongruity respectively). However, trend analysis showed that the hypothesized non-monotonic relationship is not supported. In contrast to predictions, participants in the extreme incongruity condition spent relatively more time processing the ad than in the moderate incongruity condition. Consistent with the second hypothesis, a significant main effect (F(2,61) = 3.33, p < .05) supported the expected effects on recall. Participants recalled more ad items in the moderate incongruity condition (M = 4.25, SD = 1.39) than in the congruity and extreme incongruity condition (M = 3.38, SD = 1.43 and M

= 3.31, SD = 1.20, respectively). Trend analysis results showed that memory recall follows the predicted inverted-U pattern across conditions (quadratic component; $F(1,61) = 6.66$, $p < .05$). Finally, as anticipated, consumers' attitudes were enhanced in the congruent (M = .23, SD = .86) and moderately incongruent condition (M = .33, SD = .81). Extreme incongruity had a negative impact on attitude change. Post hoc comparisons between extreme and moderate incongruity revealed that attitude change is significantly attenuated when inconsistencies are extremely difficult to accommodate (mean difference = -.55, $p < .05$). However, the statistical significance of the main effect can only be marginally supported ($F(2,61) = 2.56$, $p = .086$), while the inverted-U pattern failed to occur.

TABLE 1 - MEANS (AND STANDARD DEVIATIONS) FOR STUDY 1

Dependent measures	Degree of incongruity			
	Congruity	Moderate incongruity	Extreme incongruity	F-ratio
Ad processing Quadratic component	19.43 (8.26)	30.11 (11.31)	33.01 (16.98)	6.77** 1.46
Recall Quadratic component	3.38 (1.43)	4.25 (1.39)	3.31 (1.20)	3.33* 6.66*
Attitude change Quadratic component	.23 (.86)	.33 (.81)	-.22 (.82)	2.56 2.26

*p < .05, **p < .01

Study 2

The second study went further to explore the effects of schema incongruity by manipulating the pictorial component of the ad. The same hypotheses between incongruity and the dependent variables were examined. Previous research suggests that the image is the component initially processed in print ads and that it generates the initial impression upon which the rest of the ad is processed (Houston, Childers and Heckler, 1987; Heckler and Childers, 1992). Given that, the results of the second study were expected to follow more closely the predicted effects. The procedure followed was similar to that of study 1. In total, 57 undergraduate university students participated in the second study, making cell sizes that ranged from 18 to 20 subjects.

Manipulation checks. The manipulation of schema incongruity was tested for effectiveness using a similar construct to that employed in the first study. Results revealed a statistically significant main effect for the level of incongruity ($F(2,54) = 37.97$, $p < .001$). Mean ratings differed significantly across the three experimental conditions (M = 7.58, M = 5.22, M = 3.20 for congruity, moderate incongruity, and extreme incongruity respectively), therefore the manipulation of schema incongruity was successful.

Main effects of image-based schema incongruity on consumer responses. According to the results, the main effect on processing time approaches statistical significance ($F(2,54) = 2.48$, $p = .09$) and evidence of the quadratic trend is provided (quadratic component; $F(1,54) = 4.90$, $p < .05$). Post hoc comparisons revealed that participants in the moderate incongruity condition spent significantly more time watching the ad than did participants in the congruity (mean difference = 6.26, $p < .05$) or the extreme incongruity condition (mean difference = 5.42, $p = .077$). Moreover, a highly significant main effect was detected for memory recall ($F(2,54) = 13.95$, $p < .001$). Recall for the moderately incongruent ad version (M = 5.66, SD = 1.23) was significantly better than for the congruent (mean difference = 2.35, $p < .001$) and the extremely incongruent version (mean difference = .97, $p < .05$). The mean values for attitude change were proven to follow the predicted inverted-U pattern (quadratic component; $F(1, 54) = 12.29$, $p < .01$). A highly significant main effect was also detected ($F(2, 54) = 7.46$, $p < .01$). Moderate incongruity had a positive effect on attitude change (M = .81, SD = 1.48), while both congruity and extreme incongruity negatively influenced attitude change with mean ratings of -.084 and -.690, respectively. Mean differences between moderate incongruity and the two other experimental conditions were found to be statistically significant ($p < .05$ for congruity and $p < .001$ for extreme incongruity). Overall, the

second study produced a more concrete pattern of results with regard to the proposed hypotheses.

Discussion and implications

The research findings provide partial support to the predicted hypotheses. The predicted directionality of the dependent measures is generally supported, although significance tests show mixed results. Consumers' ad processing in the second study confirmed the inverted-U relationship. However, contrary to our predictions, the first study revealed a monotonic relationship between incongruity and processing time. Even though not directly tested, verbal-based incongruities seem to absorb increasingly more processing time. A possible explanation for this may lie in the expectation that meaning construction through words is generally a more transparent process. Rejecting verbal information as not comprehensible is not a choice taken light-hearted. Inability to derive coherent meaning from words can be quite discomforting for consumers that might spend additional processing time under the assumption that meticulously analysing each individual word's meaning will finally lead to incongruity resolution.

Results for memory performance indicate that moderately incongruent ad versions improve the retrieval of the ad's content from memory, compared to congruent or extremely incongruent ads. The process of resolving incongruity requires that incoming information is integrated into a schema that has been activated in memory. The increased processing effort to successfully link the ad's attributes to schematic memory in order to accommodate inconsistencies results in a more elaborate associative network and makes the ad content easier to recall. However, when advertising information is extremely incompatible with consumers' schema, processing is discouraged. Extremely discrepant incoming data cannot be successfully linked to the activated schema and no do not allow the creation of associative cues to facilitate retrieval processes. As a consequence, consumers' recall for the ad is significantly diminished.

Findings with regard to evaluations provide support to Mandler's (1982) proposition. Moderate incongruities in the advertising content led to more favourable consumer evaluations. The cognitive stimulation triggered to accommodate moderately inconsistent brand information seems to render some additional positive affect to consumers' attitudes. Findings imply that attitudes generated through more effortful and cognitively challenging processes appear to be stronger and more conscious. Research findings also suggest that verbal-based inconsistencies moderate the effects of schema incongruity. Such an observation comes as no surprise, given the more effective nature of pictorial stimuli in persuasive messages and consumers' predisposition to rely on visual information (Miniard et al., 1991). It appears that verbal-based incongruities are less effective per se to provoke the predicted pattern of behaviour.

The evidence presented in this research suggests that establishing consistency in brand communication is not always the most effective strategy. Marketing and advertising managers may use incongruent brand information in their communication programmes to attract consumer attention and make their ads stand out from the clutter. Implementing carefully designed incongruity-based advertising tactics will make consumers engage more with the brand message, will increase memorability of the ad, and will reactivate the brand's position within their mind. However, great caution is needed in manipulating information incongruity, since non-resolvable discrepancies may lead to the opposite results. Given the context in which persuasive communications appear, consumers are likely unwilling to invest a significant amount of effort on the processing of a single advertising message. Extremely incongruent messages may lead to confusion, frustration and finally be ignored. Not being able to comprehend the messages, consumers may question their beliefs about the brand and form unfavourable impressions about the content of the communication. Findings imply that an effective advertising tactic should consider focusing primarily on the use of images to manipulate incongruity and using a limited number of verbal cues to support the resolution of discrepancies.

TABLE 2 - MEANS (AND STANDARD DEVIATIONS) FOR STUDY 2

Dependent measures	Degree of incongruity			
	Congruity	Moderate incongruity	Extreme incongruity	F-ratio
Ad processing	16.14 (6.10)	22.42 (12.21)	16.99 (8.66)	2.48
Quadratic component				4.89*
Recall	3.31 (1.15)	5.66 (1.23)	4.70 (1.62)	13.95**
Quadratic component				18.24**
Attitude change	-.08 (.74)	.81 (1.48)	-.69 (1.26)	7.47**
Quadratic component				12.29**

*p < .05, **p < .01

It should be mentioned that the present findings are subject to some limitations that need to be taken into consideration in future research. To start with, the present research only looked at a single brand from a particular product category. Given that, the generalisability of the findings across different product categories is problematic, since products and brands associated with different characteristics may not produce the same results. For example, products related to very low or high involvement decisions may be more or less susceptible to the effects of schema incongruity. Similarly, schema incongruent advertising for brands associated with different purchase motivation (hedonic vs. utilitarian) may not be equally effective. Future research would greatly benefit by considering the role of these factors. Moreover, future research should utilise more measures of processing elaboration, in addition to attention, in order to describe more closely consumers' cognitive responses. Finally, although the manipulations of the stimuli used were confirmed in the main studies, it was not examined whether ad-brand incongruity is the only source of discrepancy. Consumers' thought-listing responses provide strong evidence of within-the-ad incongruity with the vast majority of incongruity-oriented thoughts referring to inconsistencies between the verbal and the pictorial component of the ad. This decreases control over the experimental conditions and reduces our confidence on the obtained effects. Having the verbal and pictorial components of the stimulus ads specifically tested for neutrality while also making the presence of the neutral components more subtle (e.g. blurring the image, using a plain color background, reducing the number of words or the font size) might work toward eliminating this weakness.

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PORSCHE – THE VW GROUP'S 10TH BRAND THE DEATH OF A LEGEND?

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Abstract

This paper shows the main trends in the German automotive market, concerning both the supply and demand sides. It briefly depicts the history of the VW and Porsche brands and investigates the origin of Porsche's magic. As image changes always develop on the receiver´s side in consumers' minds (Kapferer 2003), an online survey of students - the 'consumers of tomorrow' - was conducted. The study shows the effects of the integration of the Porsche brand into the VW group, including the implications of an official, well-known common part strategy on the brands' respective images.

Key words: customer perception, brand image, Porsche and VW, German automotive market, common part strategy

Introduction

The takeover battle between Porsche and VW is over. Porsche is about to be integrated as the 10th brand in the VW group, and is thus destined to meet the same fate as other famous, premium brands; Porsche is about to lose its independence, and with that Porsche runs the risk of losing its old glamour and the premium car brand image.

A trend has existed over the past decades by which large car manufacturers have consolidated more and more different brands into single companies. Therewith, the manufacturers follow two main aims; on the one hand they are trying to reduce manufacturing costs by using common parts in the various models of different brands. 'But with the communization of vehicle platforms at several manufacturers, the gap between brands is narrowing.' (Upham 2001). Premium car brands in particular run the risk of getting 'stuck in the middle' (Mattes et al 2004) and thereby experiencing a weakening of their respective images if the customer becomes aware of this strategy. On the other hand, the different brands allow manufacturers to serve various segments by charging the brands emotionally. Now the question is whether Porsche's magic will suffer as a result of the integration and the common part strategy. Is Porsche about to lose its unique selling proposition (USP)?

Trends in the German automotive market

The significance of a market-conform product policy

The basis for a producer's market success lies in its product policy. The literature cites product policy as a central strategic parameter in influencing the market and it is frequently interpreted as the focal point of the marketing mix (Lipski 1993; Kühne n.d.). The origin of this argumentation is the perception that 'only through the consumers' decision whether or not to buy a certain product can sales and profit be realised' (Lipski 1993).

Consequently, a successful product policy is based on a company's ability to recognise and adequately address consumers' needs, demands and problems. For automobile manufacturers, this means that the marketing success of their respective vehicle models is determined by consumers' purchasing decisions (Kühne n.d.) and that consumers ultimately determine whether a particular vehicle can exist long-term; product policy is thus of existential significance.

Within the scope of their respective product policies, manufacturers must make decisions that allow them to differentiate themselves in the areas of product and program design.

At the centre of product design, as a decision complex, lie questions about material and functional product properties, e.g. form (design), colour and the packaging and markings to be used. Successful product design matches the product-specific utilisation profile with the target group-specific needs profile, thereby leading to successful sales figures and the associated realisation of high profit levels for the producer (Lipski 1993; Meffert 2008).

As a second decision complex, the program design refers to, in contrast to the product design, not the individual product, but the type and quantity-related composition of the sales program (Meffert 2008). Here, the interdependencies between the individual products or product groups under consideration of the company's goals are of significance. Through the creation of a product line, the effects of introduced and successful products can be transferred onto new products, thus minimising market entry barriers substantially (Meffert 2008). The product progam is formed out of the self-made production program and purchased goods (Lipski 1993).

Mistakes in the product and program design can be masked by neither price reductions nor increased advertising (Berg 1984).

Automobile manufacturers are aware of the importance of successful product and program design. Nevertheless, the practical application, i.e. the development of new models and their integration into an existing program, remains a decision characterised by a high degree of risk (White 1982). This risk is increased further when manufacturers want to enter new markets or market segments with new products. In connection with a noticeable increase in international interlinking and competitive dynamics, automobile manufacturers are faced with ever increasingly complex calculations. These increasingly complicated calculations are influenced by variables such as economic forecasts, income development and the behaviour of the competition, which are predictable only to a certain extent, despite extensive market research. Thus, a change in a single variable can negate the results of meticulous planning and

endanger the market success of new models (Berg 1984).

The possible consequences of a failed product policy are severe because the development of new models and their market entry require a high amount of capital. The revision of existing models, e.g. applying facelifts or new, innovative technologies to current vehicles, can cost hundreds of thousands of Euros. For completely new developments, even higher costs are incurred. If a producer wishes to enter new market segments, the capital need can be increased significantly, depending on the company. This high investment emphasises the fact that a failed product policy can cost large manufacturers considerable portions of profits and can, under certain circumstances, lead to the bankruptcy of smaller manufacturers (Berg 1984; Womack et al 1991).

Despite diverse environmental parameters, a company's product policy's area of alternatives is characterised decisively by the structure and changing of needs on the demand side. Thus, depending on the degree of market saturation and intensity of competition, new conditions can arise that require manufacturers to implement changes in their respective product policies.

Change in the demand structure and the development of the product range

In the 60's and 70's, a household's primary goals included owning a vehicle in order to secure individual mobility. In the late 80's and 90's, this basic need was satisfied to a large extent. In this market phase, more and more households wanted to expand their basic need for mobility to include the additional function of reflecting individual needs and wealth. Therefore, many households wanted to own multiple vehicles that served different purposes and reflected the lifestyle of the owner. As a result, households increasingly owned small, private vehicle fleets, comprising sedans, trucks, vans and/or convertibles (Moll 1994).

This development highlights, first, that demand in saturated markets becomes increasingly individualised, and secondly, through the climbing buying power of more and more households, at least up until the financial crisis emerged in 2008, that many families were able to realise this desired additional function of the automobile. An individualised demand inevitably leads to a

heterogenisation of the automobile market, and thus to a higher degree of segmentation. For manufacturers, it is therefore important to meet the increasingly individualised demand with an appropriate product range. The significance of the product policy has increased exponentially in past decades due to a range of environmental parameters (Lipski 1993; Neuner 1993). A differentiation in product policy is becoming mandatory due to national laws and regulations, among other reasons. Especially the export-oriented German manufacturers face an increasing number of country-specific exhaust, normalisation and safety requirements that must be observed in the engineering of vehicles and must as a result also be present in the model policy for the German market (Lipski 1993). Differences in income levels of consumers in the various target markets can also make product adjustments necessary in terms of a qualitative increase or a reduction in the number of features with which models are equipped. These differences can exert considerable influence over the product portfolio in the German market (Lipski 1993; Berg 1984).

These developments force manufacturers to cover all market segments within the scope of a full product line strategy in order to avoid losing buyers to competitors who have differentiated offerings. The switch to full product lines must thus be interpreted as a reaction to the changed demand of the consumer on the one hand, but also as a reaction to the successful market entry of new competitors whose segment offerings appeal to consumer preferences.

The strategy of the full production line and the simultaneously observable tendency to offer a strongly differentiated product range in every market segment became an integral component of firms' competitiveness in the 90's.The danger of being edged out of the market is inescapable because product quality is becoming increasingly homogeneous, prices are more and more competitive, and brand loyalty of the consumers is sinking (Heß 1997). With that, the probability of consumer sanctions in reaction to a failed portfolio policy increases. The wider the scope of the model range, the more market segments it serves and the higher the likelihood that the individualised demand of the consumers will be fulfilled.

Change of the supply structure through mergers and acquisitions

With the development of German manufacturers to carriers of full product lines, specialists that had more or less served only certain market segments are beginning to offer complete product lines. Through which strategies automobile manufacturers realise this goal plays a decisive role in answering the question of to what extent this development causes reactions in the supplier structure.

German manufacturers, however, initially focused on internal capacities, thereby developing and producing models predominantly on their own initiative and thus expanded their model portfolios. Nonetheless, as early as in the 60's, Volkswagen had taken advantage of the opportunity to expand its model portfolio through the acquisition of struggling manufacturers (e.g. NSU). But only under the pressure of the intensifying, brutal competition of the late 80's and 90's, which still remains today, did German manufacturers show a greater degree of readiness for participating in mergers and acquisitions. The competition in this market phase demanded ever shorter cycles in the parallel development of a multitude of models and model variants, thereby imposing on the going-alone-strategy. Rapidly expanding capital requirements, limited research and development capacity and production capacity allocated responsible for many models and distributed over many production sites forced manufacturers to amend internal development and production with new strategies.

Besides horizontal cooperation, the tendency to, through acquisition of and merging with other manufacturers, expand a company's own model portfolio in the direction of a full product line is discernible. With this type of a strategy, firms hope to utilise additional development and production capacity and with that, carry more models than would be otherwise be possible. The tendency towards acquisitions and mergers of course has different consequences for the supplier structure than the going-alone-strategy. While the latter does not lead to a quantitative change in the supplier structure, the number of independent suppliers is reduced by mergers and acquisitions. If the number of brands, and thus the variety of models, increases and suggests at first glance a significantly level of competition (more brands and models and thus more rivalry), this must be

qualified at second glance. In the 60's, many manufacturers produced only one brand and offered these in the German market. Over time, through mergers and acquisitions, firms emerged that developed, produced and sold several brands. Indeed, pronounced competitive relationships between the individual markets and firms existed (i.e. ''cannibalism''). But because, in this case, the brands are nevertheless controlled by the parent company, there exists a (possibly grave) reduction of the momentum of rivalry analogous to the horizontal cooperation. Certainly the brands compete with one another (e.g. VW Golf and Audi A3); however, this rivalry is closely monitored and coordinated by Volkswagen. Should major problems arise in the competition between the firm's two brands, appropriate action would be taken. As in the horizontal cooperation, a limitation of the brand-unique decision leeway takes place; not to the benefit of the affiliated company, but to that of that of the parent company.

The pressure to extend offerings in the direction of a full product line intensifies the tendency toward acquisitions and mergers and leads to a quantitative change in the supplier structure.

Common part strategy among concern members

In order to realise the full product line strategy discussed above as efficiently as possible and to maximise benefits from possible mergers and acquisitions, automobile manufacturers invest less in the expansion of their production capacities and try instead to, using common parts and platforms for several models (including those of other concern brands), to increase production flexibility. Through this, economies of scale are realised, enabling cost reductions, shorter development times, greater model diversity and reduced developing costs. Consequently, manufacturers are able to, on the one hand, implement a cost leadership strategy and, on the other hand and in parallel, a minimised cost model strategy and brand differentiation (Proff/Proff 2008).

Besides the opportunities offered by the use of common parts and platforms, the danger exists that, if the strategy becomes obvious to a current or potential buyer, he or she will find it to be in disagreement with the brand in question. This risk is especially relevant in cases in which a concern uses common parts and/or platforms for the mass

and premium markets. The result could be damage to a brand's image and refusal to buy (see, for example, the results of General Motors' handling of the Saab brand in this context).

The history of Porsche and VW

Porsche has a long and interesting history, which made it what it is today; a legend among car brands. Porsche's intention of working with VW is not new; the two carmakers' histories are closely connected. In the following a short overview is provided.

In 1900 Ferdinand Porsche presented the Lohner-Porsche electric car at the World Fair in Paris, which turned international attention to him. Only six years later, Ferdinand Porsche became Technical Director at Austro-Daimler in Wiener Neustadt and hence assumed responsibility for the model range of one of Europe's largest automotive concerns (Porsche URL). On April 25th of 1931 Ferdinand Porsche opened an office for 'engineering and consultation on engine and vehicle design' in Stuttgart and the foundation was laid for the today´s Dr. ing. h.c. F. Porsche AG. (Rosengarten and Stürmer 2004)

In 1934 the company received an official order for the design and construction of a German Volkswagen and, in 1935, the first VW prototype was test driven. The so-called 'Ur Käfer' (Original beetle) was manufactured in the garage of the Porsche villa in Stuttgart (Porsche URL). In order to prepare for mass production, the 'Gesellschaft zur Vorbereitung des deutschen Volkswagens GmbH' (Company for the Preparation of the German Volkswagen Ltd.) was established in Berlin in 1937. One year later the name was changed to 'Volkswagenwerk GmbH' and was entered into the commercial register. An engine designer at Porsche KG created the unique Volkswagen trademark; the letters V and W stacked on top of one another and circumscribed, which has survived up to the present day. The registration application was filed in 1948 and the trademark was registered with the German patent office in 1953 (VW URL).

After the Porsche 356's first international victory (this model consisted of many VW parts) in 1951 at the race of Le Mans, Porsche´s image as a brand of fast premium sports cars was born (Rosengarten and Stürmer 2004). While VW concentrated on building 'the people´s car', many

more prestigious victories at important motor sports races established Porsche´s image over decades. Consequently, the gap between the respective Porsche and VW images has widened steadily over the years.

Nevertheless, in 1969 Porsche started a new project with VW. The 'VW-Porsche-Vertriebsgesellschaft' (VW-Porsche Sales Company) was founded in April 1969 with a capital stock of five million Deutsche Mark and the aim of building and selling the VW-Porsche 914 sports car (Pander 2009b). This model was to serve as an entry-level model beneath the 911, but the 914 was always faced with a 'wannabe' Image (Pander 2009a). As a follow-up model, the 924 was initially built for VW, but was then distributed by Porsche itself (Pander 2008). Collaboration between VW and Porsche continued with the AUDI RS4, which was assembled by Porsche. Then came the Porsche Cayenne and the VW Touareg, which were developed on a common platform. Both models are very similar in terms of chassis and electrical systems. Primary assembly of the Porsche Cayenne takes place in the VW factory in Bratislava and only 20% of value-added steps take place in the Porsche factory in Leipzig (Rosengarten and Stümer 2004).

Empirical Survey

Research questions

The above mentioned trends in the German automotive market led the VW group to integrate Porsche as its 10th brand. The main question of this survey is whether Porsche's magic will suffer from this official integration and the common part strategy and whether Porsche is about to lose its unique selling proposition (USP) in terms of the perceived image. The USP is influenced by several factors inter alia the perceived image (Keller 2008). This paper focuses on investigating the perceived image changes in order to draw conclusions about Porsche´s USP. To answer this question, an online survey of students - the 'consumers of tomorrow" – was conducted. The findings answer the following questions:

- Does the consumer realise the brand concentration?

- Does the consumer realise the common part strategy?

- Do these developments influence the perception of brand image?

Sample and data collection

As students are the clients of tomorrow, their opinions on this issue are of great importance. The high degree of availability of student participants supported the authors' decision of choosing students as the main sample. All students of Pforzheim University (n=4.500) were contacted via e-mail by the university's student association. The e-mail included a short introduction text and a link to the survey. In total, n=724 students started the survey and n=435 completed it. The relatively high dropout rate might correlate with the long list of brands contained in the first question. In the first question, participants were asked to assign 36 brands to their respective manufacturers. Participants uninterested in the automotive market were likely bored by this question and consequently discontinued the survey. The authors anticipated this reaction, but decided consciously for this kind of question, as the alternative would have been to consider only a limited selection of brands. For the authors, it was more important to get an allocation for a multitude of the brands of the German automotive market and accept a smaller sample than to get information about fewer brands from a larger sample. Regardless, a sample of n=435 is acceptable and represents a solid basis for the required analyses.

The sample consists of 61.1% male and 37.7% female participants; 1.1% did not report gender. The majority of participants ranges between 21 to 25 years of age (62.8%). The distribution of study programmes within the sample closely corresponds to the actual distribution of students by study programmes at Pforzheim University (approx. 65% of participants were students of the department of business and law, 22% were students of the department of engineering and 13% were students of the department of design), with 63.4% business and law students, 28.7% students of engineering and 6.2% design students. At 21.1%, the most widely-driven used car brand among participants was VW, followed by Opel at 10.8%, while 10.3% did not drive a car.

Almost half of the sample has a high involvement in the automotive market (48.7%). The involvement was measured by a question regarding the specific reading habits concerning the automotive market:

743

'Do you read up specifically on the automotive market?".

The authors consciously waived a weighting.

The research questions were operationalised by an online questionnaire comprising 15 questions. The field time lasted from 30th November 2009 until 9th December 2009.

Measurement

After minor changes based on a short pretest, the questionnaire consisted of 16 questions. Questions 1-3 pertain to perceived brand concentration. The respondents were asked to assign 36 brands to their respective manufacturers. The order of the brands was randomised in order to avoid any order effects. Questions 5-7 deal with the brand fit of Porsche to VW. The respondents were asked whether they think that Porsche fits into the VW Group and were invited to give reasons for their opinions. They were then requested to assign a rating, based on a three-point scale, to which direction the integration of Porsche into the VW group has influenced their perceived image of the two brands. Questions 8-9 address the awareness of the common part strategy and its influence on certain image dimensions for both VW and Porsche. Respondents were asked to assign ratings on a five-point scale for six image dimensions. Questions 10 – 16 serve to obtain a clearer picture of the sample and gather information about demographics and involvement in the automotive market.

Data analysis

First the full data set was checked and then the decision was made to consider only completed surveys (n=435) in the data analysis. The data set of the completed surveys was checked for validation with SPSS. Afterwards, all questions were analysed based on frequency both as a whole and as sub-groups.

Brand concentration results

Opel is the brand with the highest level of correct matches. 92.6% of the respondents knew that Opel belongs to GM. While 96.2% of participants highly involved in the automotive industry correctly linked Opel to GM, 90.8% of others also responded correctly. This high recall ratio is certainly closely connected to the fact that the news pertaining to the integration of Opel into Magna or its continuance under GM frequently made headlines during the last months in the media. This assumption might be supported by the finding that no significant difference exists between the group of highly-involved participants and those reporting low involvement. The takeover battle between VW and Porsche was a highly-discussed topic in the media as well; here the data show a similar pattern: While 85.8% of those highly involved link Porsche correctly to VW, 81.6% of participants who were not highly-involved also match correctly.

Fig 1: Top five brands correctly assigned to manufacturer

Rank	Brand to manufacturer	Overall in %	High involvement in %	Low involvement in %
1	Opel to GM	92.6	96.2	90.8
2	Mini to BMW	91.0	96.7	86.6
3	Smart to Daimler AG	89.7	93.4	85.3
4	Mercedes-Benz to Daimler AG	87.1	90.1	85.2
5	Porsche to VW	83.2	85.8	81.6

For the brands that do not have very clear ties to a certain manufacturer or belong to multiple groups, the correct matching rate is very low. Only 2.8% of those surveyed knew that Aston Martin belongs in part to the British racing company Prodrive (in 2007 a consortium of investment houses purchased the majority of Aston Martin Lagonda shares from Jaguar and Ford Motor. The consortium consisted of TID's strategic ally, Efad Group, the British company Prodrive and Sinders Racing, an American firm). Only 15.2% and 9.2% of respondents knew, respectively, that Jaguar and Land Rover now belongs to the Indian company Tata. Here, the gap between highly involved and less involved participants widens (22.5% of highly involved vs. 9.3% low involvement for correct matching of Jaguar to TATA and 15.5% highly involved vs. 4.7% low involvement for correct matching of Land Rover to TATA).

Incorrect matches are noticeably connected to the brands' and manufacturers' respective countries of origin. At 33.8%, Dodge is erroneously linked to GM, followed by Jeep, with 18.2% of respondents incorrectly linking it to GM. A share of the respondents incorrectly believed that the French brands Citroen (14%) and Peugeot (10.3%) belonged to Renault, while the Asian brand Suzuki was mistakenly allocated to Toyota by 12% of those sampled.

With the exception of Peugeot, which was wrongly believed to be independent by 38.6% of the respondents, it is conspicuous that, among the top ten brands erroneously thought to be independent, six are premium brands.

'Don't know to which manufacturer' responses were given to a large extent for the Asian brands:

With 5.3% of respondents responding with, 'don't know the brand', Subaru received this response more frequently than any other brand, followed by 5.1% for Dodge.

In summary, the conclusion can be drawn that the sample is generally aware of brand concentration, but a high degree of uncertainty exists in matching, even for participants who are highly involved in the automobile industry.

Brand image results

Effects of brand integration

Two thirds of the respondents (66.4%) think that Porsche does not fit into the VW group. The reasons typically given by the respondents are that the brands have substantial image differences and serve different target groups. Porsche has the image of a luxurious, high-class premium sports car brand, which only the exclusive target group can afford to drive. VW is, as its name implies, the people's brand. The respondents mentioned, unaided, that they think Porsche runs the risk of losing its exclusiveness and uniqueness. The third of participants that thinks that Porsche fits into VW justifies this with the common history of the two brands and that, with Bugatti, VW has already successfully integrated a sports car brand into its portfolio.

Nearly two thirds of respondents stated that, by the integration of Porsche into the VW group, their perceived image for both brands VW (65.7%) and Porsche (64.4%) remains unchanged. While 14.7% of the respondents say that the image of VW becomes more positive, only 3% think the same for the image of Porsche. A noticeable gap is identified for the negative image change: 32.6% declare that their perceived image of the Porsche brand changed in a negative way, but only 19.5% state the same for VW.

The findings correlate with the results of a survey conducted by the market research company Brand Control in the summer of 2009. They point out that about 30% of new car buyers think the image of Porsche has declined while 67% state that their image of the brand has not changed. Furthermore, this survey emphasises that the younger target group of 20-39 year-olds (analogue our sample) are especially critical of Porsche now. 33% of them say that Porsche's image has worsened (Jossé and Ruch 2009).

The results agree with the findings of another study conducted by YouGovPsychonomics in the summer of 2009. The study arrived at the conclusion that the image values for Porsche fell considerably, but that VW benefits from the situation (Hedde 2009).

Fig 2: Top 10 erroneously assigned with independency

Rank	Brand	%
1	Peugeot	38.6
2	**Aston Martin**	31.0
3	**Ferrari**	29.4
4	Volvo	26.7
5	**Jaguar**	24.8
6	Citroen	24.1
7	**Rolls Royce**	22.8
8	**Maserati**	19.5
9	**Lamborghini**	17.9
10	Audi	15.4

Fig 3: Top five brands to which the response, 'don't know to which manufacturer' was given

Rank	Brand	%
1	Daihatsu	46.7
2	Subaru	45.3
3	Kia	43.4
4	Suzuki	42.5
5	Mazda	36.8

Fig 4: Image Change brand integration

Q6-7; frequency (%); n=435
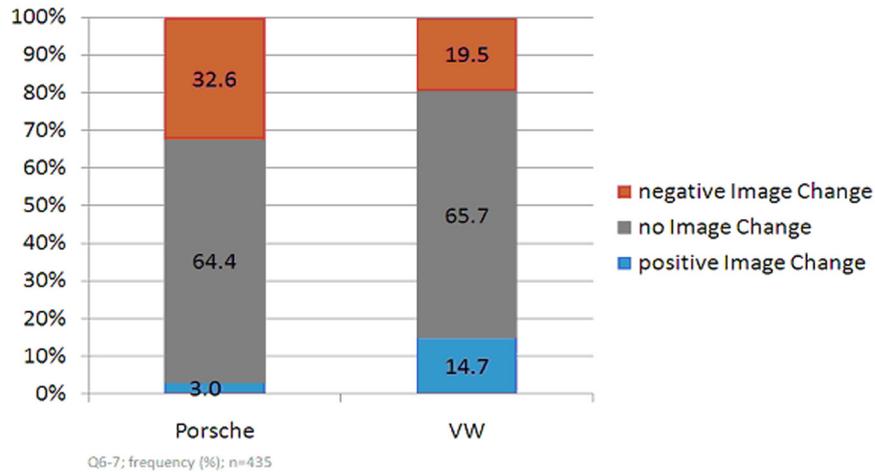
Fig 5: BrandIndex is a brand monitor. Based on a daily survey of 1000 persons, this research-based tool allows up-to-date image analyses of about 500 brands in 20 industries.
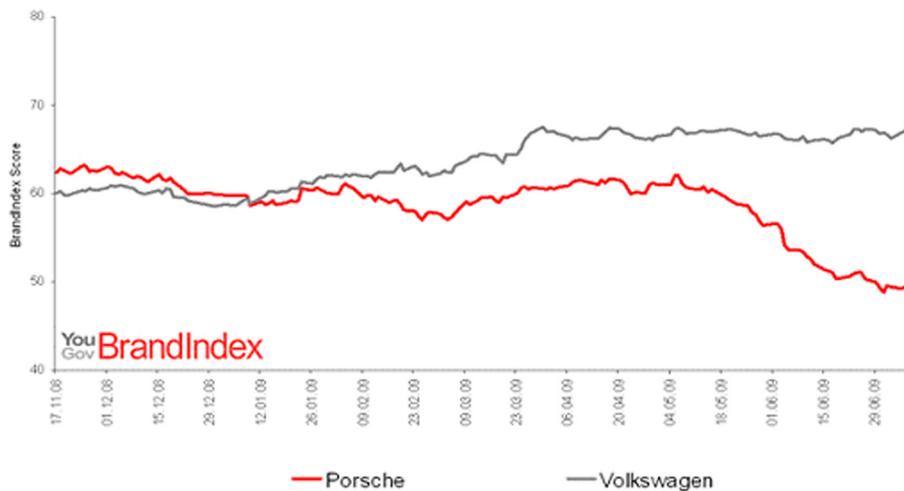
Effects of a common part strategy

Concerning the awareness of the common part strategy, 56.1% know, unaided, what the common part strategy in the automotive industry implies.

The analysis of the influence of a common part strategy between VW and Porsche in certain image dimensions of the two brands shows an effect similar to that of the integration of Porsche into the VW group; while VW's image is barely affected, but nonetheless positively, Porsche's image changes for the worse in all measured image dimensions. Respondents were asked to assign their ratings based on a five-point scale; the low box is located on the left side of the graph and the top box on the right in the figure below.

Fig 6: Image change as a result of a common part strategy
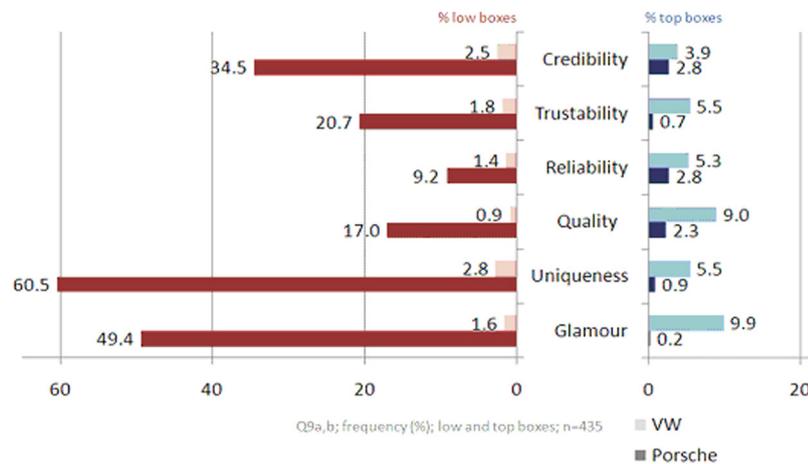
As indicated by the top and low boxes, Porsche suffers considerably in the 'Uniqueness' dimension, followed by 'Glamour' and 'Credibility'. VW benefits mostly on the dimensions 'Glamour' and 'Quality'.

The evaluations given by participants highly involved in the automotive industry and those with low levels of involvement with the same do not show significant differences.

The conclusion can be drawn that an public-made and well-known common part strategy would make Porsche lose its uniqueness.

Limitations and Conclusions

A limitation of the survey is the restricted sample; the sample shows a clear direction, but the findings do not claim representativeness. The regional concentration of the sample might also have an effect on the results. In further research, the differentiation between highly involved and not highly involved participants should be operationalised more selectively and not limited to one question.

In summary, it can be concluded that the planned strategies probably will negatively affect Porsche's perceived image. This image change may also have negative influences on Porsche´s USP. In contrast, VW seems to profit from the changes and is able to capture a bit of Porsche´s glamour.

A possibility for further research exists in the verification of these findings with a more representative sample and the examination of whether these findings are also valid for other brands in the German automotive market. Moreover, the effects of the common part strategy and the effects of consolidation on brand image should be explored more deeply and explicitly.

The question of whether these developments support the growing brand parity in the automotive market, as the brand parity survey of BBDO 2009 indicated for the first time (Sander 2009), offers another direction for future research.

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COMPANY VALUATION IN EMERGING MARKETS

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Abstract

Company valuation is needed in several contexts, e.g. Mergers & Acquisitions, Value Based Management, Initial Public Offerings, purchase price allocation or impairment test. It is a topic in all branches.

Since companies often tried to grow by the acquisition of other companies in developed countries in the past, investments in Emerging Markets nowadays have become more common and important. Therefore there is a need to valuate companies in Emerging Markets.

The paper elaborates the main factors to valuate a company in an Emerging Market. The key characteristics of Emerging Markets are being described. A brief comparison between the different methods of company valuation is made leading to a focus on discounted cash flows (DCF). The risks of investments in Emerging Markets are classified in country risks (political and economic ones), currency exchange risks (translation exposure, transaction exposure, economic exposure) and inflation risks. The relevance of taxation issues, financial reporting standards and transfer prices is discussed. A comparison of models to deal with interest rates is given paying particular attention to fit to Emerging Markets.

Conclusions lead to proposals how to calculate cash flows and capital cost in a DCF model to valuate companies in Emerging Markets.

Key words: company valuation, business valuation, discounted cash flows, emerging markets

Introduction and research objective

David Oakley (2009) reports in the Financial Times of 29 December 2009:

- Investors have pumped a record amount of money into equity funds focused on emerging markets in 2009; Emerging equity fund inflows surged to $80.3bn in 2009.

- The FTSE All-World Emerging Markets Index has risen 75 per cent since January 1, far outpacing the 28 per cent gain reaped by the FTSE All-World Developed Index.

- In recent months, flows have been boosted by funds that normally only invest in developed world stocks, as well as dedicated emerging market groups.

- With industrialised economies expected to grow at much lower levels than their emerging market peers, investors expect greater returns from developing world stocks.

- Emerging market currencies, such as the Brazilian real and the South African rand, also had a strong year. The real is up 25 per cent against the US dollar and the rand is up 22 per cent since January 1.

- Analysts warn that the outlook remains uncertain for next year because any signs of a slowdown in the US economy could prompt a sharp rise in risk aversion. This could prompt a sell-off in emerging markets.

The conference board (2009) published table 1.

Table 1: Global economic outlook

	2000-2008		2009		2010		2011-2016		
	Distribution of world output 2008	GDP growth (based on TED)	Contribution to world GDP growth	Projected GDP growth	Contribution to world GDP growth	Projected GDP growth	Contribution to world GDP growth	Projected GDP growth	Contribution to world GDP growth
US	17.9%	2.2	0.5	-2.4	-0.4	2.0	0.3	2.0	0.3
EU-15	17.6%	1.9	0.4	-4.1	-0.7	0.6	0.1	1.0	0.1
Japan	5.2%	1.3	0.1	-5.4	-0.3	1.5	0.1	0.5	0.0
Other	7.4%	3.5	0.3	-2.4	-0.2	2.1	0.1	1.9	0.1
Advanced Economies	48.1%	2.1	1.2	-3.3	-1.6	1.5	0.7	1.5	0.6
China	14.2%	11.5	1.3	8.0	1.2	8.5	1.3	7.5	1.2
India	5.0%	7.5	0.3	6.0	0.3	7.0	0.4	8.0	0.5
Other developing Asia	5.7%	5.5	0.3	3.0	0.2	6.5	0.4	7.0	0.5
Latin America	8.1%	4.1	0.3	-0.5	0.0	2.5	0.2	4.0	0.4
Middle East	6.2%	5.3	0.2	3.0	0.2	3.7	0.2	4.0	0.3
Africa	3.0%	5.6	0.1	3.0	0.1	4.1	0.1	5.0	0.2
Central & Eastern Europe	3.0%	4.8	0.1	-3.5	-0.1	2.0	0.1	4.0	0.1
Russia and other CIS	6.7%	7.0	0.3	-3.6	-0.2	2.0	0.1	4.6	0.4
Emerging Market and Developing Economies	51.9%	7.2	3.1	2.9	1.5	5.2	2.9	5.8	3.6
World	100%	4.3		0.0		3.5		4.2	

The Financial Times article and the conference board table show that Emerging markets seem to be the most important ones for the future. Significant growth won't happen any longer in the western world due to mature markets and birth rates at very low level.

To hedge their own competitive position and to develop new markets companies preferred acquisitions rather then Greenfield investments (Wortmann 2008). For a long time this took place on other developed markets, whereas during recent years a drastic investment growth took place in Emerging Markets (Li; Hoyer-Ellefsen 2004).

But compared with developed markets not only expected return but also risk is higher in Emerging Markets. The risks of investments in Emerging Markets can be classified in country risks (political and economic ones), currency exchange risks (translation exposure, transaction exposure, economic exposure) and inflation risks (e.g. Copeland et al 2002, Schmeisser et al 2009, Koller et al 2005, Damodaran 2009, and Pereiro 2002). There's also a relevance of taxation issues (tax rates, double taxation agreements), of financial reporting standards (different standards leading to different values for assets and liabilities) and for groups also of transfer pricing (e.g. Schmeisser et al 2009, Damodaran 2009).

Based on these facts there seems to be a need to valuate companies in Emerging Markets. The objective of this paper is to give a brief overview about business valuations methods, to show the relevant specifics of Emerging Markets for valuation and to discuss how to deal with those specific risks in valuation models. The idea is to valuate companies from a multinational company's perspective rather then to valuate them for a single transaction of SMEs and family businesses within the specific country.

Business valuation methods

To valuate companies one can use one of the following approaches or a combination of some of them (e.g. Ernst et al 2008, Britzelmaier 2009a, and Damodaran 2002):

- Asset-based approaches

- Market-value approaches

- Earnings-based approaches

Asset-based approaches basically sum up all the investments in the company. Asset-based business valuations can be done on a going concern or on a liquidation basis.

A going concern asset-based approach lists the business net balance sheet value of its assets and subtracts the value of its liabilities. That means the investment needed to rebuild the company is calculated. This approach might neglect intangible values not shown in the balance sheet at all (e.g. customers, production know how, R&D know how).

A liquidation asset-based approach determines the net cash that would be received if all assets were sold and all liabilities paid off. This approach should be only used if the company will be closed and all assets will be sold.

The market-value approaches attempt to establish the value of a company by comparing it to similar businesses that have recently sold. Obviously, this method is only going to work well if there are a sufficient number of similar businesses to compare. This is the case for instance in the Real Estate Business.

Earning-based approaches usually base on discounted cash-flows (DCF). Among them the most common ones are:

- Enterprise discounted cash flow

- Adjusted present value

- Capital cash flow

- Equity cash flow

Besides the cash-flow based models there's the economic profit-approach too, which is profit-oriented instead of cash-oriented.

Enterprise discounted cash-flow, adjusted present value and capital cash flow calculate the enterprise value, whereas equity cash flow leads to equity value. Equity cash flow suits very well for financial institutions.

The enterprise discounted cash flow is especially valuable when extended to a multi business company (Koller et al 2005). Therefore it will be applied in this paper.

The enterprise value applying this approach can be calculated as follows:

$$Value\ of\ the\ company = \sum_{t=1}^{T} FCF_t * \frac{1}{(1+WACC)^t}$$

Included in the formula are three main components FCF, WACC and t.

FCF means Free Cash Flow and can be calculated as shown in table 2.

The Free Cash Flow represents the amount of money that can be spent to increase cash, to pay (after-tax) interest and to pay dividends. It is the amount of money available for lenders and investors.

t represents the life span of the company. In most cases it is considered to be infinitely (T = infinity).

Usually free cash flows will be planned explicitly for a planning period (e.g. 10 years) and one free cash flow will be assumed for the time after the planning period. The discounted value of the free cash flows beyond the planning period is called Terminal Value.

WACC stands for Weighted Average Cost of Capital. As the numerator FCF in the fraction above also the denominator WACC is calculated on an after tax basis in this model. WACC represent the total cost of capital after tax. They are determined as follows:

Table 2: Calculation of Free Cash Flow

	Earning before interest and taxes (EBIT)
-	Adjusted taxes
=	Net Operating Profit Less Adjusted Taxes (NOPLAT)
+	Depreciation
+	Additions to provisions
=	Gross Cash Flow (GCF)
-	Gross Investment (Investment in working capital and fixed assets)
=	Free Cash Flow (FCF)

E = Market value of the company's equity

D = Market value of the company's debt

cE = cost of equity

cD = cost of debt

t = company's tax rate

FCF, t and WACC have to be planned to valuate companies in Emerging Markets as well. After the discussion of the specifics and specific risks of Emerging Markets approaches to calculate these key parameters will be described.

Emerging Markets

What are emerging markets? The term was coined; the literature seems to agree, in the early 1980s by Antoine van Agtmael, then working for the World Bank's International Financial Corporation (Kotkin 2007). It has been used for a long time for the Asian Tigers and is now being used as a synonym for the BRIC countries (Brazil, Russian, India, and China) often.

Originally Emerging markets have been defined in terms of economics and levels of wealth. The World Bank classifies countries according to their gross national income per capita. The groups (with GNI per capita for 2008) are: low income, $975 or less; lower middle income, $976 - $3,855; upper middle income, $3,856 - $11,905; and high income, $11,906 or more (Worldbank 2009).

Besides the GNI per capita Emerging Markets are characterised by (Emerging Economy Report 2009) "regions of the world that are experiencing rapid informationalization under conditions of limited or partial industrialization."

In literature there is no consensus on how to define an Emerging Market and which criteria to use to circumscribe it (Strietzel 2005). Standard and Poor's (2007), Pereiro (2002), Arnold and Quelch (1998) and Cavusgil et al (2002) all describe Emerging Markets in a different way.

For this paper no definition will be given but they countries been taken from the MSCI Barra and Standard &Poor's Emerging Markets Indices (MSCI Barra 2010, Standard and Poor's 2007):

Although a generally accepted definition could not be found, there is a high congruence between the two index definitions. MSCI Barra counts Argentina to be a frontier market, one step away from being an Emerging Market.

Emerging Markets typically involve higher degrees of risks. As mentioned before there are country risks (political and economic ones), currency exchange risks (translation exposure, transaction exposure, economic exposure) and inflation risks and there's also a relevance of taxation issues (tax rates, double taxation agreements), of financial reporting standards (different standards leading to different values for assets and liabilities) and for groups also of transfer pricing.

Valuing companies in Emerging Markets

For the valuation of companies in Emerging Markets the enterprise discounted cash flow model is applied (see above). Therefore approaches have to be found to deal with country risks, currency risks, inflation risks, taxation issues, financial reporting issues and transfer pricing issues in terms of Free Cash Flow, Weighted Average Cost of Capital and life span of the company concerned.

Table 3: Emerging Markets

MSCI Emerging Markets (EM) Index	S&P Emerging Markets (IFCI) Index
	Argentina
Brazil	Brazil
Chile	Chile
China	China
Colombia	
Czech Republic	Czech Republic
Egypt	Egypt
Hungary	Hungary
India	India
Indonesia	Indonesia
Israel	Israel
Korea	Korea
Malaysia	Malaysia
Mexico	Mexico
Morocco	Morocco
Peru	Peru
Philippines	Philippines
Poland	Poland
Russia	Russia
South Africa	South Africa
Taiwan	Taiwan
Thailand	Thailand
Turkey	Turkey

Exhibit 1: Factors influencing the company's value

$$Value\ of\ the\ company = \sum_{t=1}^{T} FCF_t * \frac{1}{(1+WACC)^t}$$
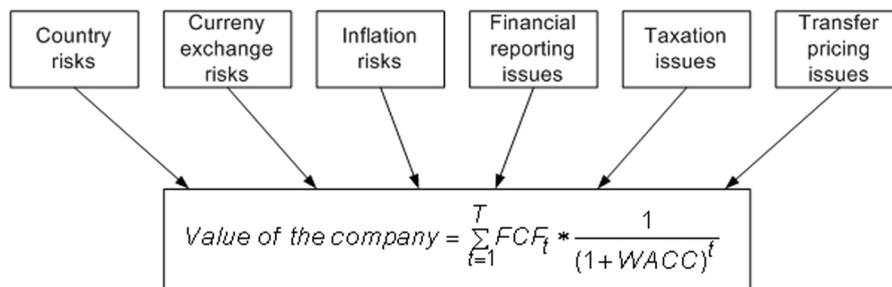
Country risks can be political and economic risks. They affect all companies operating within a specific country. Among the political risks are profit transfer risks, money transfer risks, inconvertibility of the currency, corruption, war, political instability, legal instability, macroeconomic fluctuations, bureaucracy and a tendency to buy local products (Copeland et al 2002, Schmeisser et al 2009. Damodaran 2009. Madura and Fox 2007, Padberg and Padberg 2006). Political risk is the risk that a government will unexpectedly change the roles of the game under which companies in that country operate. Economic risk is the likelihood that drastic changes will happen that would adversely affect profits of a particular company. Economic risk consists of both internal and external factors. Internal factors include monetary stability, type of currency exchange system (fixed versus floating), government spending policies and the country's resource base. External economic risks consist of uncontrollable events such as supply shocks, currency fluctuations, trade deficits, natural disasters, and the health of the overall global economy. How well a nation responds to the impact of external economic shocks will vary from country to country (Price 2005). Country risks are rated by several institutions (e.g. "Country Credit Rating" of Institutional Investor - http://www.institutionalinvestor.com).

Country risks can be included either in the free cash flow (numerator) or in the cost of capital (denominator). If Capital Pricing Model is applied only a premium for systematic risk should be included in the cost of capital. From a global investor's perspective most country risks can be diversified (Damodaran 2003). Country risks hence should be included in the free cash flow. Madura and Fox (2007) recommend incorporating forms of country risks in a capital budgeting analysis to estimate how cash flows would be affected by each form of risk. Copeland et al (2002) suggest including country risks in probability-weighted scenarios. Britzelmaier and Coenen (2008) show a model how to use Monte Carlo – simulation for balance simulation.

Currency exchange risks include translation exposure, transaction exposure and economic exposure. Exchange rates between currencies can change no matter if we're talking about free floating currencies or fixed exchange rates. When a company conducts transactions in different currencies, it exposes itself to risk. Besides the transaction risk that can be hedged against using forward currency contracts there is the translation risk arising from accounting and reporting perspectives. It is very difficult to predict exchange rates. Forward rates might help but usually they aren't available for long terms. If there are no actual forward rates one can use synthetic ones (Koller et al 2005).

Pereiro (2002) shows an approach to integrate the International Fisher Effect and gives a relationship between future exchange rates and present exchange and interest rates:

$$FWD_t = SPOT_0 \cdot \frac{\left(1 + r_{0:t}^{Home}\right)^t}{\left(1 + r_{0:t}^{EM}\right)^t}$$

with
FWD_t = Expected exchange rate of Home Currency in relation to foreign currency at time t
$SPOT_0$ = Expected exchange rate of Home Currency in relation to foreign currency at time t
$r_{0:t}^{Home}$ = Spot interest rate of Home currency for period 0 to t
$r_{0:t}^{EM}$ = Spot interest rate of foreign currency for period 0 to t

Bruner (2004) shows a similar model based on the divergence of inflation rates. Currency exchange risks affect the cost of capital.

Related to currency risks are inflations risks. Emerging Markets often show high inflation rates (Copeland et al 2002). Hence it is difficult to analyse historical and well as forecasting (Koller et al 2005). High inflations rates cause higher cash flows without any increase in volume or price. Real cash flow growth can only be achieved if the cash flow growth rate exceeds the inflation rate. Koller et al (2005) recommend combining real and nominal approaches in financial modelling.

The nominal growth of a cash flow results from real growth and current inflation rate. One can show the link using the Fisher equation (Schultze 2001):

$$\left(1 + r_{real}\right) = \frac{\left(1 + r_{nom}\right)}{\left(1 + Inf\right)} \quad \text{respectively} \quad CF_{real} = \frac{CF_{nom}}{\left(1 + Inf\right)^t}$$

with
CF_{real} = real cash flow
CF_{nom} = nominal cash flow

Inflation risks should be included in the cost of capital (Pereiro 2002). Auxiliary calculations linking real and nominal values should be executed to fulfil all needs (Koller et al 2005).

Currency exchange risks and inflation risks influence the cost of capital as shown above. To calculate the weighted average cost of capital of a company the cost of equity and the cost of debt have to be determined.

Additional risks have to be taken into account in Emerging Markets. To calculate the cost of equity one can use CAPM based approaches or non CAPM based approaches. A non CAPM approach is the multifactor model that builds a premium for each risk to be included on top of the cost of equity (Humphery-Jenner 2008). This approach is very similar to the risk component approach being used in Switzerland (Helbling 1995). Practitioners like that approach very much but from an academic perspective it has to be rejected because the needed data usually will not be available (Humphery-Jenner 2008).

Other non CAPM approaches are the Estrada Model (Estrada 2000) and the Erb/Harvey/Viskanta Model (Erb, Harvey and Viskanta 1995). Based on problems with CAPM in Emerging Markets (Harvey 1995; Estrada 2000), models have been developed to calculate the cost of equity.

The Estrada Model is based on a downside risk as risk measure. Estrada calculated the cost of equity for 28 Emerging Markets. The model can easily be implemented and might lead to better results then a CAPM based one.

Erb, Harvey and Viskanta (1995) develop a model based on the country specific credit risk and volatility. They analysed expected returns and volatility in 135 different countries and found that country credit risk is a proxy for the ex-ante risk exposure of, particularly, segmented developing countries. They fit a time-series cross-sectional regression using data on the 47 countries which have equity markets. These regressions predicted both expected returns and volatility using credit risk as a single explanatory variable. They then used the credit rating data on the other 88 countries to project hurdle rates and volatility into the future (Erb et al 1996).

Among the CAPM based approaches they most important ones for Emerging Markets are:

• Global CAPM

• Local CAPM

• Adjusted Local CAPM

• Adjusted Hybrid CAPM

The Global CAPM (e.g. O'Brien 2005) is based on a global market return, a global risk free interest rate and a local beta of the company computed against the global market index:

$$c_E = c_{fG} + \beta_{LG} \cdot (c_{MG} - c_{fG}) \quad \text{with} \quad c_{fG} = \text{Global risk free rate}$$

β_{LG} = Local company beta computed against the global market index

c_{MG} = Global market return

The idea is that the unsystematic risk can be diversified. Because of country risks and market difficulties the Global CAPM should not be applied in Emerging Markets (Pereiro 2002).

In the Local CAPM country risk can be conceptualised as an aggregate of country-idiosyncratic risk components (Pereiro 2002). In segmented markets one can use local CAPM based on a local market return, a local risk free interest, a local company beta against the local market index and a country risk premium (Pereiro 2002):

$$c_E = c_{fL} + \beta_{LL} \cdot (c_{ML} - c_{fL}) \quad \text{with} \quad c_{fL} = \text{Global risk free rate}$$
$$c_{fL} = c_{fG} + CR$$

β_{LL} = Local company beta computed against the local market index

c_{ML} = Local market return

CR = Country Risk Premium

Local CAPM is the counterpart to Global CAPM. It only fits for companies not being able or willing to invest abroad.

Global CAPM and Local CAPM are not suitable for most companies therefore. Erb, Harvey and Viskanta (1995) found out that country risks are the reason for about 40% of market's volatility; the remaining 60% explain the share market risk. The Adjusted Local CAPM (Pereiro 2002) corrects the systematic risk premium by the coefficient of determination of the regression between the volatility of returns of the local company and the variation of country risk:

$$c_E = c_{fG} + CR + \beta_{LL} \cdot (c_{ML} - c_{fL}) \cdot (1 - R_i^2)$$

with R_i^2 = Coefficient of determination of the regression between the volatility of returns of the local company and the variation of country risk

In opposition to the Local CAPM hence the country risk premium will not be counted twice.

It is difficult to get long-term market premiums and betas in Emerging Markets (Pereiro 2002). Because of that the Adjusted Hybrid CAPM has been developed (Godfrey and Espinosa 1996). It

includes local and global risk parameters. A global market return is aligned to the Emerging Market by a country beta:

$$c_E = c_{IG} + CR + \beta_{LG} \cdot \beta_{GG} (c_{MG} - c_{IG}) \cdot (1 - R_i^2)$$

$$\beta_{LG} = \frac{Cov(c_{EM}; c_{global})}{Var(c_{global})}$$

with β_{GG} = Average beta of comparable companies quoting in the global market

$Cov(c_{EM}; c_{global})$ = Covariance between the return of a local market index and the global market index

$Var(c_{global})$ = Variance of the return of the global market index

The beta can be computed using the Hamada equation (Lessard 1996). The model is easy to apply but it has not yet been proven that there is a relation between global and local beta.

Depending on availability and quality of information and integration/segmentation of the Emerging Market the models shown in table 4 can be recommended.

To determine the cost of debt and the capital structure is much easier then to calculate the cost of equity. Problems can arise when forecasting the tax shield or when dealing with currency exchange risks.

Taxation issues play an important role in forecasting the free cash flows. Double tax treaties have to be respected. Deductibility of foreign taxes in the domicile country of the company is as important as local accounting standards.

Different accounting and financial reporting standards often hinder comparability of different companies. Since cash flows are not influenced by accounting issues (scopes for valuation, accounting options) different accounting standards are not a big matter for valuation. If the company uses profit oriented performance indicators adjustments have to take place (see for adjustments between German commercial code, US-GAAP and IFRS for instance Britzelmaier 2009a).

Regard has to be paid on transfer prices as well. Transfer Prices can cause distortions in terms of profit and cash flow. If prices between group companies are too high a valuation of a single subsidiary becomes impossible. For company valuation realistic transfer prices should be used.

Table 4: Models to determine cost of equity

	High quality and availability of information	Poor quality and availability of information
Emerging Market is integrated	Global CAPM	Global CAPM (Benchmark)
Emerging Market is segmented	Local CAPM Adjusted Local CAPM Estrada-Model	Adjusted Hybrid CAPM Erb/Harvey/Viskanta-Model

Conclusion and Outlook

The paper shows the main aspects of company valuation in Emerging Markets. Based on the findings a company in an Emerging Market can be valuated using the enterprise discounted cash flow model.

Despite the focus on the enterprise discounted cash flow model ("the textbook formula") the approaches described in this paper can be applied for all other DCF methods. Cash Flows and cost of capital then have to be adjusted (see e.g. Ernst et al 2008; Copeland et al 2002; Britzelmaier 2009).

Up to now there's no model fitting all needs to determine the cost of capital. Further research could investigate the main parameters influencing the cost of equity in Emerging Markets and improve existing models or develop new ones.

In practice the big issue might be to find out and valuate all relevant risks first. These risks have to be integrated in a valuation model either in the cash flow or in the cost of capital. One has to pay particular attention not to include them twice.

Tomorrow will tell if the success story of the Emerging Markets will continue.

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