International Journal of Sales, Retailing & Marketing

Contents

Vol. 1 No. 1
2012

EDITORS

EDITORIAL BOARD

www.ijsrm.com

ISSN 2045-810X

International Journal of Sales, Retailing and Marketing is published by:

Access Press UK
1 Hilllside Gardens
Darwen, Lancashire, BB3 2NJ
United Kingdom

Subscription Fees

2012 subscriptions are available in a number of major currencies.
Exchange rates and prices will be held throughout 2012.

Subscription fees per volume are:

$US 300
£Stg 150
$Aus 370
€ 210
SFr 345
¥ 33,740

Individual journal editions can be purchased at the following prices:

10 Journals @ £15 per journal
20 Journals @ £10 per journal
50 Journals @ £7 per journal

Subscription information is available from the Publishers at:

Access Press UK
1 Hilllside Gardens
Darwen
Lancashire
BB3 2NJ UK
+447815737243

Reproduction Rights

Circle International

Contents:

Editorial

It is a great pleasure for us to introduce a first number of the new International Journal of Sales, Retailing and Marketing. The journal will focus on challenging and complex area of retailing, sales and marketing in general. Due to the increased competition in those fields and changing patterns of consumption, this area is bound to receive a lot of scientific and scholar attention in the future. There is a lot of space for investigating and for offering implications and strategic decisions to retailers and to all those who are involved in this business.

The first issue of the journal is dedicated to demystifying atmospherics as a silent person in retailing which can serve as an effective promotional tool. Additionally, the reader will find out how packaging design can influence decision-making and the marketing strategy as well. Special attention is given to the most important characteristics of salespersons in attracting and retaining customers. Finally, the use of mobile technology as opportunity for business and retail marketers is of specific interest and also found its place in the first number.

The articles cover the core theories, empirical researches, essential research tools expanding the existing knowledge base about topics in retailing and we hope that they will be read and cited in the future investigations and relieves dealing with this area.

Until then we are working diligently to have the journal indexed in the respected data bases.

We wish you an enjoyable reading!

Editors

MOBILE USERS: CHOOSING TO ENGAGE

Kathy Wachter, Young Hoon Kim & Mincheol Kim

Abstract
Use of mobile technology presents opportunities for business and retail marketers. Mobile users choose when, how, and where they engage. This study investigates mobile users' engagement behavior with their mobile devices. A model of user engagement behavior is developed within the framework of modified theory of reasoned action to assess engagement factors. These factors are further analyzed in context of perceived value, satisfaction, and intention to continue to engage with their mobile devices. Results indicate that proposed model has merit in assessing mobile users engagement behavior related to engaging features and engaging functions in choosing to engage with mobile technology.

Keywords: *User engagement, mobile technology, marketing, retailing.*

1. Introduction

Communication in the consumer marketplace has evolved from the written word on paper and landline telephones to web networks and wireless technology. It provides us with the power and freedom to access information, communication, and entertainment regardless of time, place, or space which we have always dreamed of – ubiquitous technology. Mobile technology enables forms of communication evolving from monitors and screens accessed in a set location to your hand. A study by the Pew Internet & American Life Project reported that as of May 2010 almost 60% of American adults (18 and older) were wireless mobile users (Smith, 2010). Cell phones and laptops were cited as their primary mobile device for wireless internet use. PortioResearch (2011) projects the mobile market growth worldwide to grow from 5.3 billion in 2010 to almost 7.4 billion by 2015. The largest increases in growth will come from the Asia Pacific (10.3%) and emerging markets in Africa/Middle East (10.4%). These percentages are almost 2.5 times projected North America (4.4) and Western (2.0) and Eastern Europe (2.7) combined. Revenues will also grow from USD one trillion to USD 1.7 trillion by 2015. Mobile use and services will see continued growth while industries such as semiconductors and software/hardware will see negative growth.

Dr. Kathy Wachter is Associate Professor at Department of Marketing, University of Mississippi, U.S.A. (email: kwachter@bus.olemiss.edu).

Dr. Young Hoon Kim is Assistant Professor at School of Merchandising & Hospitality Management, University of North Texas (email: Younghoon.Kim@unt.edu).

Dr. Mincheol Kim, Ph. D. is Associate Professor at Department of Management Information Systems, Jeju National University, The Republic of Korea (email: mck1292@jejunu.ac.kr).

Today, the millennial generation and those thereafter will consider mobile technology a basic necessity with their lifestyle. Mobile's pervasiveness will empower users' lifestyle and choices. As such how, users' engage with mobile technology will reflect how well marketers and businesses strategies encourage or discourage users' mobile engagement behavior. Knowing how they interact and use mobile technology can assist strategic marketing decisions. However, there is little research on mobile users' behavior, specifically their motivation to use and engage, along with their perceived value and satisfaction with their engagement and intention to continue using mobile technology within a conceptual model. Therefore, this research seeks to understand what drives users' mobile engagement behavior through identifying usage factors that promote users' mobile engagement. These identified user engagement factors and relationships can assist marketers in their decisions of how to strategically and profitably reach the millennial generation and those that follow. To achieve those objectives, this paper attempts to answer to the following questions:

- What are the important factors that contribute to users' engagement with mobile activities?
- How can the relationships among user engagement factors be explained in a conceptual model?

To answer these questions and develop a conceptual model, the following steps are implemented:

1. Introduction,
2. Literature review to propose a model with hypotheses,
3. Propose a model in a structure of the modified theory of reasoned action (TRA),
4. Research methodology,
5. Results,
6. Conclusions.

2. Literature Review

2.1 Mobile technology

As we become more mobile use driven, services and features will adapt offers that fit with user lifestyle and needs. Social, entertainment, sharing and gaming activities among others, will serve to fill the need and time driven user. These users are not driven by usability that is already there but their attitudes and feelings within the experience of using mobile technology (O'Brien and Toms, 2010). Radwanick (2011) reports that mobile activities utilizing web and content based applications. With better broadband connections and data plans, traffic and users will increase. It is also indicated that growth rates up to 30% are projected by 2015 versus current levels for broadband and mobile application services (Radwanick, 2011). Networks will also grow as technology improvements are made (e.g. WiMAX-speed, LTE-bandwidth).

These developments in mobile technology devices and marketing will enable businesses to strategically position themselves as services providers in an anywhere, any place, any space, and any context. This reality gives business many opportunities to deliver value and satisfaction to users as they continue to engage with their mobile devices. Delivering value and satisfaction in engaging user experiences will/can drive future intention to form long term relationship loyalty and equity value with their mobile devices. How well businesses engage users with an experience that is unique and enjoyable can be an added value and competitive advantage (Lindgaard, 2004; Pine and Gilmore, 1999).

2.2 Engagement Motivation

Mobile technology offers users engaged communication in any environment whether user, social, or media response driven. Creating and building new engagement relationships with mobile users shifts the power in the relationship to the engaged user. Mobile integrates information across formerly distinct separate channels (e.g., Web, internet, and business) to offer individualized, involved, and engaged experiences. User engagement behaviors (activities & situations), engagement level control (user and mobile device) can build continuing engagement (chosen use of their time and involvement level) to create high value, personal, and engaged user experiences (Kowatsch and Maass, 2010; Nash, 2009).

Engagement orientation is efficacy driven behavior. Mobile engagement can be defined as the user interaction with their mobile experience that gives them value and satisfaction (Kowatsch and Maass, 2010; O'Brien and Toms, 2010). Technology engagement influences their cognitive and affective user experience behaviors in real time (Varnali and Toker, 2010). User efficacy and chosen activity determines level of involvement and user willingness to engage with mobile devices (Zumda 2010; Varnali and Toker, 2010). Users who enjoy using their mobile device maintain their engagement behaviors for longer time periods. These engagement experiences can build overall value, satisfaction, and long term loyalty with continued engagement. Users have their own reasons for using and engaging with mobile technology. Their motivation and engagement with mobile devices can lead to their attitudes which eventually will influence users overall value, continued engagement, and intention to continue engaging with future mobile activities.

2.3 Perceived value

Engaging with mobile technology devices and the time users spend on activities rests with the user's perception of the value that is offered with these user activities. There are many reasons to use and engage in mobile devices all day and every day and those activities that offer value based on engagement context. User motivation to engage and their level of involvement using mobile devices may be linked to the value they have had with their mobile device. Convenience and context have been shown to influence user perceived value using mobile technology (Varnali and Toker, 2010; Kim *et al.,* 2007).

User values and reasons they engage can serve a variety of needs. A study by Smutkupt *et al.*, (2010) highlighted valued needs with mobile services. Their study focused on time, spontaneity, entertainment, efficiency, and location aspects in mobile mediated environments. Consumers' mobile engagement should have value to them leading to better relationships and ultimately increased satisfaction with mobile engagement. Friedrich *et al*., (2009) also concluded that consumers' continuous and deeper engagement with their mobile devices would strengthen the value. Therefore, the first hypothesis is:

H1: Perceived value can be predicted by users' motivation to engage in mobile activities.

2.4 Satisfaction

Satisfying mobile engagement has value to users. Their purchase of a mobile device and continued engagement involves overall usage satisfaction. Pura (2005) suggests that mobile technology can deliver satisfaction when mobile user contexts are fun and exciting/enjoyable to them. Continued engagement satisfaction may depend on users' value perception and intention to continue chosen activities in the future. Continued engagement behavior with mobile devices occurs when the activities are relevant to intended reason(s) for engaging (e.g., connection, content, interactivity, and context) (Philstrom, 2007; Chae *et al.,* 2002). Overall satisfaction is important for successful user engagement with mobile technology as it influences user consumption activity choices. Features and services offered impact users continued intention to engage with mobile technology (Bitner, 1990).

H2: Mobile users' engagement satisfaction can be predicted by users' perceived value.

2.5 Intention

Mobile user engagement is driven by the benefits to the user when the choice is made to use features offered with their mobile devices (Rao and Troshani, 2007). Millennial generations and generations thereafter will view mobile technology basic to their lifestyle connecting to peers, family, world, and community events. Mobile technology's role is to enable engagement regardless of place or time and on their own terms. Mobile devices will coordinate and organize their schedules, be the information and communication tool with others, enable transactions with efficiency, effectiveness, immediacy, saving time. Intentions to engage with mobile technology can serve utilitarian purposes as well as emotional needs. A strong intention to use mobile can add value, satisfaction, and build better engagement relationships with users (Revels *et al.,* 2010). Fulfilling these intentions can increase the likelihood that engaged mobile users will recommend to others, spend more time, and be more likely to continue their user engagement in mobile technology (Lee and Kim, 2010). Mobile users continued intention to use/engage with mobile technology will be influenced by their overall satisfaction. Therefore it is hypothesized that

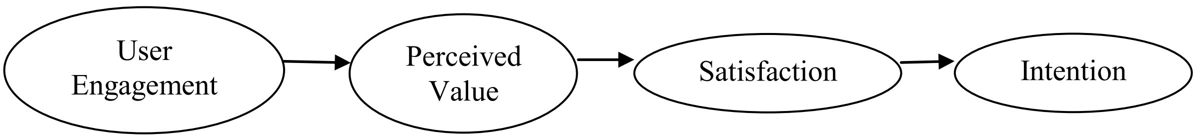
H3: Mobile users' engagement intention can be predicted by their satisfaction.

3. Conceptual and Theoretical Framework

3.1 Proposed conceptual framework for the mobile engagement model

After reviewing previous and empirical studies, the proposed engagement model was suggested to explain the relationship among variables. The variables were identified and constructed through the literature review concerning engagement motivation behaviors and placed within the structure of the proposed model. These variables were examined to test hypotheses and achieve the objectives of this study. Figure 1 demonstrates the structural/conceptual framework for this study.

FIGURE 1. The Proposed Mobile User Engagement Model for this Study

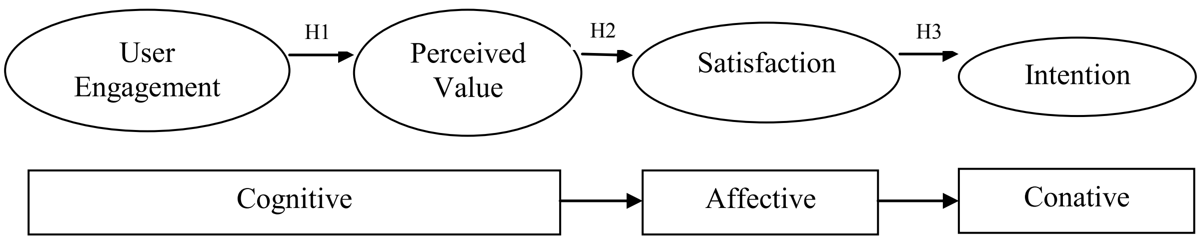


3.2 A theoretical overview of the proposed mobile engagement model

There are many theories and models that can be applied to examine users' behavior of mobile technology services. Information System (IS) or mobile users' acceptance research has been predominantly influenced by consumers' behavior model including the Technology Acceptance Model (TAM) (Davis *et al.,* 1989), the Theory of Reasoned Action (TRA) (Fishbein and Azjen, 1975), the Theory of Planned Behavior (TPB) (Azjen, 1991), and UTAUT (Venkatesh *et al.,* 2003). Based on various objectives of studies, different application of factors (e.g., perceived value, attitude intention, and behavior), and researchers' interests, they have been modified and re-examined to understand consumers' behavior, especially on technology use and acceptance. And these modifications and/or attempts have been applied in many studies (Fang *et al.*, 2005/2006; Koufaris, 2002; Patterson and Spreng, 1997; Venkatesh *et al.,* 2003) which have explained consumers' behavior with technology.

Loudon and Bitta (1988) indicated that attitude is a vital component in the success of marketing to understand consumers' behavior. Wilkie (1994) suggested that human behavior is constructed by mental, emotional, and physical dimensions: cognitive, affective, and conative. This structure of attitude has been applied in many studies as the modified theory of reasoned action to understand consumers' behavior (Choi *et al.,* 2004; Kim *et al.,* 2010; Kim *et al.,* 2011; Shiffman and Kanuk, 1987). Figure 2 illustrates the process of the three components.

FIGURE 2. The Summary of Proposed Mobile Engagement Model with Hypotheses.



The purposes of this study are: 1) to identify mobile users' engagement with mobile technology and 2) examine the relationships among four components with four dimensions: those activities that support mobile users' motivation engagement, mobile users' perceived value, satisfaction, and intention to continue user engagement with mobile technology. It is strongly believed that this study will contribute to mobile engagement research investigating and examining mobile users' behavior which will aid in developing competitive marketing strategies. The results would provide mobile companies and businesses utilizing mobile engagement with an effective marketing plan which can positively affect their brand value, equity, and sales.

4. Methodology

4.1 Instrument Development

After review of previous studies, a questionnaire was designed to measure participants' motivation to engage in mobile activities, perceived value, satisfaction, and intention to continue their engagement with mobile technology. The first draft was reviewed by three researchers in area of management of information systems and marketing. The pretest was administered to ninety one undergraduate students in all majors. Some of their feedback and suggestions were incorporated into the final questionnaire design. For instance, the question, "What are your three primary reasons to use/engage in mobile technology? (Please rank them with 1, 2, and 3)" was changed to "Please choose the THREE mobile activities you use/engage in most often (Please rank them: 1-most, 2-second, and 3-third, and write the letter of the activity in the spaces provided: *Voice and text message are considered as basic service mobile offers)." Initial sample value of Cronbach α for reliability measurement was from 0.84 to 0.91. The Cronbach α values for the three identified constructs were as follows: perceived value (α = 0.80), satisfaction (α = 0.72), and intention (α = 0.54) respectively. Although intention's value (α = 0.54) is less than 0.70 which is generally recommended (Nunnally, 1978), the items were used with experts' revision on wording.

The final survey questionnaire consisted of twelve items to measure users' motivation to engage with mobile activities. Items asked why they chose to use/engage in mobile technology: Please rate the importance of the following reasons when you are using/engaging in mobile technology. (Check the best answer for each reason: Not At All Important: NAAI & Extremely Important: EI). Statements related to the motivation and mobile technology user behaviors were based on uses and gratification research and motivation research (Kowatsch and Maass, 2010; Revels *et al.,* 2010; Yoon and Uysal, 2005). To assess their perceived value in using their mobile devices three items (strongly disagree to strongly agree) were asked. Mobile users' satisfaction with their mobile technology consisted of three items (very dissatisfied to very satisfied). Scales for perceived value and satisfaction were adopted and modified from the previous studies (Bitner, 1990; Cronin *et al.,* 2000; Friedrich *et al.,* 2009; Kim, Chan, and Gupta, 2007; Petrick, 2002; Varnali and Toker, 2010). Finally, two items, "How likely are you going to continue to use/engage in mobile technology?" and "How likely are you going to recommend your use/engagement in mobile technology to someone" were asked scaling from "very unlikely" (1) to "very likely" (5). The measurement scale is modified from Cronin and Taylor's study (1992). The intention construct statements utilized statements from TPB and UTAUT (Azjen, 1991; Davis *et al.,* 1989; Lee and Kim, 2010).

4.2 Sample and Data Collection

The sample was drawn from undergraduate students, older than 18 years, at a southeastern university in the U.S. As this generation is among the first to live in the technology oriented environment and consider mobile devices as essential to their lifestyle, this sample would be those who utilize these devices to communicate and complete activities as part of their lifestyle –they are engaged and comfortable using the technology to manage their daily activities. To ensure anonymity participation was totally voluntary with no penalty for not participating. A brief explanation about mobile devices and how individuals use them in their daily activities was used to introduce the topic. Surveys were then distributed and collected. This process continued for a two-day period in several classes.

4.3 Data Analysis

The analysis was conducted with SPSS 19.0 and AMOS 6.0. Structural equation modeling (SEM) was utilized to test the hypotheses in the proposed model. Three steps were applied for this study: 1) exploratory factor analysis (EFA) was employed to reduce items and find new factors, 2) the fit of model construction was tested using confirmatory factor analysis (CFA), and 3) each coefficient was examined to measure significance level.

5. Results

5.1 Descriptive statistics

A total of 604 surveys were collected. Of the 604 surveys collected 30 surveys were removed due to incomplete portions/sections, multiple responses to the same question, or the same response to all items. A final survey sample of 574 was used to assess proposed constructs. Since participation was totally voluntary there was no attempt to assess those who chose not to respond to the initial request.

Participant characteristics were as follows: 48.8 % males and 50.9% females paralleling 2010 census data (49.2% male, 50.8% female; U.S. Census Bureau, 2010). The majority of respondents were evenly split between 20 and 21 years of age (33.8% each) with 5.4% and 5.2% stating 19 and 23 years. These ranges align with the majority of mobile user research by Smith (2010) indicating 18 to 29 years were the majority of mobile users. A variety of disciplines are represented: Accountancy & Business (63%), Liberal Arts (17%), Applied Sciences (16.6%) have the highest proportion based on major classification. Spending on mobile devices the majority (33.9%) spend between $100 and $200 per month. The heaviest users 28.05% spent four or more hours per day engaged with their devices. Family household income reports 29.6% come from families with $140,000 or more annually.

5.2. Exploratory Factor Analysis (EFA)

Table 1 shows the results of the factor analysis for users' motivation to engage in mobile activities. Factor 1 labeled as engaging functions. It included five attributes and had a reliability level of 0.832. Factor 2 labeled engaging features including four attributes with a reliability estimate of 0.737. Factor 3, consisting of three attributes, labeled as engaging operations, had a reliability level of 0.663.

TABLE 1. Exploratory Factor Analysis for Mobile User Engagement.

Questions	F1: Engaging Functions	F2: Engaging Features	F3: Engaging Operation
It offers a variety of ways to communicate with others (e.g., voice, face-to-face, or text message).	.749		
It can be used anywhere and anyplace (i.e., accessibility).	.742		
Its compatibility (i.e., my friend uses it and mostly, I can use the same applications and program).	.702		
It offers many applications.	.665		
Overall, there are many things to do (e.g., email, applications, weather, and scheduling).	.597		
There are always deals and lower prices (e.g., purchasing products and services).		.794	
The quality of information and content is high.		.663	
It offers easy/intuitive mobile operation and control.		.623	
The price is reasonable.		.614	
Privacy with mobile size and being able to connect to the internet in public areas.			.648
It is faster than other technology devices.			.641
It offers choices that I can control (i.e., it is my phone and I am the only one using it).			.625
Cronbach's alpha	0.832	0.737	0.663

The factor analysis of mobile users' perceived value, satisfaction, and intention to continue using their mobile devices are shown in Table 2. Exploratory factor analysis indicates that the Cronbach α for each factor range from: perceived value (α = 0.798), satisfaction (α = 0.727), and intention (α = 0.617) which is acceptable for further analysis (Moss *et al.,* 1998).

TABLE 2. EFA Perceived Value, Satisfaction, and Continue Intention.

Questions	Perceived Value	Satisfaction	Continue Intention
Using mobile technology is an enjoyable experience.	.875		
The overall value of my experience using mobile technology is outstanding.	.863		
Mobile technology represents good use of my time and money.	.801		
Overall, how satisfied are you with using/engaging in mobile technology?		.845	
Based on your total bill payments, how satisfied are you with your use/engagement in mobile technology?		.799	
Based on your total time spent, how satisfied are you with your use/engagement in mobile technology?		.774	
How likely are you going to continue to use/engage in mobile technology?			.856
How likely are you going to recommend your use /engagement in mobile technology to someone?			.856
Cronbach's alpha	0.798	0.727	0.617

Preliminary exploratory factor analysis (EFA) was employed to identify and assess mobile users' engagement tendencies. Further analysis is necessary to determine if the initially identified factors would fit with the proposed model. Confirmatory factor analysis (CFA) was used to determine if the user engaging factors of the proposed model fits the observed set of data.

5.3 Confirmatory Factor Analysis (CFA)

For the CFA, the standardized loadings and the squared multiple correlations (SMC) for the measurement variables and the user engagement constructs were examined as evidence of convergent validity. Fornell and Larker's study (1981) was used to assess whether the measurement variables are representative of the related construct composite reliability (CCR) and average variance extracted (AVE). Factor 3: engaging operation was removed from further analysis because it did not meet the required score (Moss *et al.,* 1998). After the results of CFA, the following two hypotheses were addressed for H1:

- H1a: Perceived value can be predicted by engagement motivation (engaging functions) to use in mobile activities.
- H1b: Perceived value can be predicted by engagement motivation (engaging features) to use in mobile activities.

Table 3 shows results for CFA indicate an excellent level of model fit (χ^2 = 94.289, *df* = 44, p-value = 0.000, GFI = 0.972, AGFI = 0.951, CFI = 0.980, and RMSEA = 0.045).

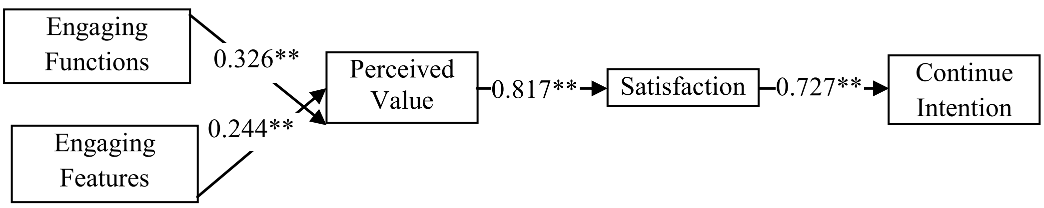
TABLE 3. Confirmatory Factor Analysis Results.

Scale items	AVE	CCR	Standardized loadings	t-values	SMCs
Engaging Functions					
It offers a variety of ways to communicate with others (e.g., voice, face-to-face, or text message).	.513	.808	.700	14.981	.490
It can be used anywhere and anyplace (i.e., accessibility).			.725	-	.525
Its compatibility (i.e., my friend uses it and mostly, I can use the same applications and program).			.776	16.309	.602
It can be used anywhere and anyplace (i.e., accessibility).			.693	14.839	.480
Engaging Features					
The quality of information and content is high.	.647	.785	.808	15.240	.652
It offers easy/intuitive mobile operation and control.			.833	-	.693
Perceived Value					
Using mobile technology is an enjoyable experience.	.721	.837	.779	16.533	.607
The overall value of my experience using mobile technology is outstanding.			.850	-	.723
Satisfaction					
Overall, how satisfied are you with using/engaging in mobile technology?	.598	.747	.752	13.141	.566
Based on your total time spent, how satisfied are you with your use/engagement in mobile technology?			.651	-	.424
Continue Intention					
How likely are you going to continue to use/engage in mobile technology?	.565	.722	.647	10.431	.419
How likely are you going to recommend your use /engagement in mobile technology to someone?			.720	-	.519
Model fit statistics: $\chi2$ = 94.289, df = 44, p-value = 0.000, GFI = 0.972, AGFI = 0.951, CFI = 0.980, and RMSEA = 0.045					

5.4 Structural Equation Modeling (SEM) Analysis and Hypotheses Testing Results

The proposed model fit results indicate strong predictive ability with χ^2 = 119.550, *df* = 49, p-value = 0.000, GFI = 0.965, AGFI = 0.945, CFI = 0.972, and RMSEA = 0.050. In this study, H1a (β = 0.326), H1b (β = 0.244), H2 (β = 0.817), and H3 (β = 0.727) were significantly supported ($p < 0.01$). Figure 3 describes the constructs of all structural paths represented by standardized regression weights.

FIGURE 3. Structural Equation Model (SEM)



Model fit statistics: $\chi2$ = 119.550, df = 49, p-value = 0.000, GFI = 0.965, AGFI = 0.945, CFI = 0.972, and RMSEA = 0.050
** Significant at *p < 0.01.*

6. Conclusions

This study develops and proposes a model to understand mobile users' engagement tendencies using their mobile devices. Mobile's engaging features and functions were identified and supported as their primary motivation to use their mobile devices as features and function are perceived to give them value and satisfaction now and with future mobile engagement.

Strategically, those businesses utilizing mobile marketing strategies need to ensure their mobile user engagement capabilities utilize features and functions that influence value and satisfaction when mobile users choose to engage. For retailers this can be a two pronged strategy with time saving capability. As an example, in the store environment user's who engage while visiting the store can use their mobile devices to locate products, find added product details, pricing information, as well as any promotional strategies offered. Rather than have mobile users leave the store for lower prices (either the competition or the option for order and delivery to home), retailers can offer immediacy of purchase with in-stock merchandise saving time, effort (leaving and travel to another location), while delivering immediacy of purchase which should deliver greater satisfaction to the mobile user influencing their intention when choosing to engage with the retailer in the future. Having associates equipped with mobile devices enables engagement capability with the millennial generation finds more efficient and effective than face to face. Doing so gives the retailer better utilization of human capital resources, allows unique approaches, need immediacy response thereby reducing the hassle and effort for both the engaged mobile user and associate. Allowing charge/billing capability with mobile devices ensures receipt and tracking information if issues arise associated with the product. In turn, having this information can potentially reduce the return abuse and fraud situations that are affecting retailer's bottom line performance.

Mobile users' engagement tendencies should encourage business marketers strategic planning to incorporate users' features and user functions with integration across all mobile platforms to create unique, seamless encounters. Channel integration across all platforms, place and space to create customized and personalized one to one encounters whether in or out of place serves brand building sales, equity, value, satisfaction. Application integration across all location-based services, devices, and platforms can drive further user engagement. Understanding more deeply how mobile users' engagement behavior fits their lifestyle can assist business strategies that further user's relationships with them. Chang (2010) supports more research on user's behaviors beyond technology adoption. This research identifies two aspects of user engagement, engaging features and engaging functions within the context of value, satisfaction, and continued engagement. Future research can address mobile user's engagement with specific activities and their views on the ideal level of engagement with chosen businesses. How will mobile users' engagement relationship be structured such that an ideal exchange engagement relationship occurs to deliver equity and value with a chosen retailer or business? Mobile users and their devices will most likely continue engagement with chosen activities that deliver value and satisfaction to them. Applications that utilize mobile platforms are time saving uses and provide opportunities for marketing opportunities when their features and functions serve mobile users engagement tendencies. Engaging features and engaging functions identified with this study can be a platform to further expand mobile user engagement choices. Offering users intuitive operation and control choices, delivering current content, along with choices to communicate with users (friends, family, associates), accessibility inside or outside the business, and allowing the application to work across a variety of platforms will build continued mobile user engagement for the business. The millennial generation involvement and use with mobile devices will be part of the supply chain as businesses seek continued growth and profitability in the 21st century.

References

Azjen, I. (1991), "The theory of planned behavior", *Organizational Behavior and Human Decision Processes,* volume 50, number 2, 179–211.

Anckar, B., and Incau, D. (2003), "Value Creation in Mobile Commerce: Findings from a consumer survey", *Journal of Information Technology Theory and Application,* volume 4, number 1, 43-64.

Bitner, M. (1990), "Evaluating Service Encounter: The effects of physical surroundings and employee responses", *Journal of Marketing,* volume 54, 69-82.

Bureau of the Census (2010), 2010 Census of Population, available at: http://www.census.gov/prod/cen2010/briefs/c2010br-03.pdf p. 2. [accessed 11 September 2011].

Chae, M., Kim, J., Kim, H., and Ryu, H. (2002), "Information quality for mobile internet services: A theoretical model with empirical validation", *Electronic Markets,* volume 12, number 1, 38-46.

Chang, P.C. (2010), "Drivers and moderators of consumer behavior in the multiple use of mobile phones", *International Journal of Mobile Communications,* volume 8, number 1, 88-95.

Choi, K.-S., Cho, W.-H., Lee, S., Lee, H., and Kim, C. (2004), "The relationships among quality, value, satisfaction and behavioral intention in health care provide choice: A South Korea study", *Journal of Business Research,* volume 57, number 8, 913-921.

Cronin Jr, J. J., Brady, M. K., and Hult, G. T. M. (2000), "Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments", *Journal of Retailing,* volume 76, number 2, 193.

Cronin, J. J., Jr., and Taylor, S. A. (1992), "Measuring service quality: A reexamination and extension", *The Journal of Marketing,* volume 56, number 3, 55-68.

Davis, F. D., Bagozzi, R. P., and Warshaw, P. R. (1989), "User acceptance of computer technology: A comparison of two theoretical models", *Management Science,* volume 35, number 8, 982-1003.

Fang, X., Chan, S., Brzezinski, J., and Xu, S. (2005/06), "Moderating effects of task type on wireless technology acceptance", *Journal of Management Information Systems,* volume 22, number 3, 123-157.

Fishbein, M., and Azjen, I. (1975), *Beliefs, attitude, intention and behavior: An introduction to theory and research,* Addison-Wesley, Reading, MA.

Fornell, C., and Larcker, D. (1981), "Evaluating structural equation models with unobservable and measurement error", *Journal of Marketing Research,* volume 18, number 1, 39-50.

Friedrich, R., Grone, F., Holblin, K. and Peterson, M. (2009), "The March of Mobile Marketing: New Chances for Consumer companies, New Opportunities for Mobile Operators," *Journal of Advertising Research,* volume 49, number 1, 54-61.

Kim, H., Chan, H., and Gupta, S. (2007), "Value-based adoption of mobile Internet: An empirical investigation", *Decision Support Systems,* volume 43, number 1, 111-116.

Kim, Y. H., Kim, M., and Goh, B. K. (2011), "An examination of food tourist's behavior: Using the modified theory of reasoned action", *Tourism Management,* volume 32, number 5, 1159-1165.

Kim, Y., Kim, M., Ruetzler, T., and Taylor, J. (2010), "An examination of festival attendees' behavior using SEM", *International Journal of Event and Festival Management,* volume 1, number 1, 86- 95.

Koufaris, M. (2002), "Applying the technology acceptance model and flow theory to online consumer behavior", *Information Systems Research,* volume 13, number 2, 205-223.

Kowatsch, T., and Maass, W. (2010), "In-Store consumer Behavior: How Mobile Recommendation Agents Influence Usage Intentions, Product Purchases, and Store Preferences", *Computers in Human Behavior,* volume 26, 697-704.

Lee, H., and Kim, J. (2010), "Investigating Dimensionality of Multichannel Retailer's Cross-Channel Integration Practices and Effectiveness: Shopping Orientation and Loyalty Intention", *Journal of Marketing Channels,* volume 17, 281-232.

Lindgaard, G. (2004), "Adventurers versus nit-pickers on affective computing", *Interacting with Computers",* volume 16, 723-728.

Loudon, D., and Bitta, A. (1993), *Consumer Behaviour*, 4th ed, McGraw Hill, New York, NY.

Moss, S., Prosser, H., and Costello, H. (1998), "Reliability and Validity of the PAS-ADD Checklist for Detecting Psychiatric disorders in Adults with Intellectual Disability," *Journal of Intellectual Disability Research,* volume 42, 173-183.

Nash, K.S. (2009), "Follow the Money", available at: http://www.cio.com 1 December, [accessed 9 July 2010, 26-32].

Nunnally, J. (1978), *Psychometric theory,* 2nd ed, McGraw Hill, New York, NY.

O'Brien, H.L. and Toms, E.G. (2010), "The Development and Evaluation of a Survey to Measure User Engagement", *Journal of the American Society for Information Science and Technology,* volume 61, number 1, 50-69.

Patterson, P. G., & Spreng, R. A. (1997), "Modeling the relationship between perceived value, satisfaction, and repurchase intentions in a business-to-business, services context: An empirical examination", *International Journal of Service Industry Management,* volume 8, number 5, 414-434.

Petrick, J. F. (2002), "Development of a multi-dimensional scale for measuring the perceived value of a service", *Journal of Leisure Research*, volume 34, number 2, 119-134.

Philstrom, M. (2007), "Committed to content Provider or Mobile Channel? Determinants of continuous mobile multimedia service use", *Journal of Information Technology Theory and Application,* volume 9, number 1, 1-24.

Pine, B.J. II, and Gilmore, J.H. (1999), *The experience economy*, Harvard Business School Press, Boston, MA.

Portio Research (2011), "Portio Research Mobile Factbook 2011", available at: www.portioresearch.com [accessed 17 July 2011, 1-31].

Pura, M. (2005), "Linking Perceived Value and Loyalty in Location-based Services", *Managing Service Quality,* volume 15, number 6, 509-539.

Radwanick, S. (2011), "*Mobile Year in Review 2010",* available at: http://www.comscore.com [accessed 14 July 2011, 1-32].

Rao, S., and Troshani, I. (2007), "A Conceptual Framework and Propositions for the Acceptance of Mobile Services", *Journal of Theoretical and Applied Electronic Commerce Research,* volume 2, number 2, 61-73.

Revels, J., Tojib, D., and Tsarenko, Y. (2010), "Understanding Consumer Intention to Use Mobile Services", *Australasian Marketing Journal,* volume 18, 74-80.

Shiffman, L., and Kanuk, L. (1987), *Consumer Behavior*, 3rd ed, Prentice Hall, NJ.

Smith, A. (2010), "Mobile Access 2010," *Pew Internet & American Life Project,* available at: http://pewinternet.org/reports/2010/mobile-access-2010.aspx [accessed 14 July 2011, 1-32].

Smutkupt, P., Krairit, D., and Esichaikul, V. (2010), "Mobile Marketing: Implications for Marketing Strategies", *International Journal of Mobile Marketing,* volume 5, number 2, 126-139.

Varnali, K., and Toker, A. (2010), "Mobile Marketing Research: The-State-of-the-Art", *International Journal of Information Management,* volume 30, 144-151.

Venkatesh, V., Morris, M. G., Davis, G. B., and Davis, F. D. (2003), "User acceptance of information technology: Toward a unified view", *MIS Quarterly,* volume 27, number 3, 425–478.

Wilkie, W. (1994), *Consumer Behaviour*, 3rd ed, John Wiley and Sons, Inc., New York, NY.

Yoon, Y., and Uysal, M. (2005), "An Examination of the Effects of Motivatin and Satisfaction on Destination Loyalty: A Structural Model", *Tourism Management,* volume 26, 45-56.

Zumda, N. (2010), "Yes, There is an App for that, too: How *Mobile* is Changing Shopping", *Advertising Age,* volume 81, number 9, 8.

CHARACTERISTICS OF EFFICIENT SALESPERSONS IN FMCG RETAIL CHAINS IN CROATIA

Mirela Maričić

Abstract
The retail trade in Croatia is one of the most developed, most competitive and dynamic economic sectors in the country. The main characteristics of the FMGC retail market in Croatia are concentration, internationalisation and consolidation. In that slow growth market with intense competition customer satisfaction and customer loyalty are increasingly becoming important factors. Retailers try to respond more efficiently and more effectively to the needs of customers and reach higher level of customer satisfaction and loyalty by managing relationship with customers and offering them superior range and quality of service. Some previous researches showed that the level and quality of personal service have a significant impact on customer satisfaction and loyalty. The goal of this paper is to explore which are the most important characteristics of salespersons for customers in FMCG retail chains in Croatia. The results showed that the most important characteristics of salespersons are appearance and cleanliness of salespersons, communicative skills and culture of communicating. The results have also showed that customers are the most satisfied with those characteristics of salespersons. From the overall results of the research the best practices for salespersons can be identified what will enable managers and other decision makers to further improve personal service to their customers and gain competitive advantage.

Key words: *retail, customer satisfaction, customer loyalty, personal service, salesperson's characteristics, Croatia*

1. Introduction

Through customer service retailers can differentiate its offering and build long-term competitive advantage. So, many retailers which are competing in similar market niches are compelled to assess the quality of the services they provide in order to attract and retain their customers. Customer service as a set of activities and programs undertaken by retailers make the shopping experience more convenient and rewarding for customers which increase the value for customers. Salespersons can play an important role in customer perceptions of service quality. Because of that retailers have invested considerable resources into programs for increasing employee selling skills. This paper seeks to identify main characteristics of efficient salespersons in FMGC retail chains in Croatia. There is significant empirical evidence that personal service is one of the most important elements of customer satisfaction and it has a positive impact on customer satisfaction. The focus of the research will be to find out the most important characteristics of salespersons for customers and their impact on customer satisfaction in FMCG retail chains in Croatia. Results will enable managers to improve personal services to their customers and gain competitive advantage. Also, the results will help HRM managers and other decision makers as well as scholars to identify best practices in customer service design regarding FMCG retail shops.

Mirela Maričić, MBA teaches at Retail High School Split in Croatia (email: mirelamaricic@yahoo.com).

Background

In response to an increasingly competitive marketplace, a growing number of companies are actively using customer satisfaction measures in developing, monitoring and evaluating product and service offerings (Sui-Hua Yu, 2007). So, marketing researchers consider customer satisfaction an essential objective of corporate marketing strategies because it leads to repurchase behavior, improves the corporate image, increases word-of-mouth advertising, sales, profitability and stock value, reduces complaint behavior, marketing and warranty costs and business risk (Frank & Enkawa, 2009) and many service companies spend as much as half of their research budget on the measurement of satisfaction (Wilson, 2002). The past twenty years have seen an abundance of studies on perceived service quality, customer satisfaction and customer loyalty (Yieh *et.al.*, 2007) because companies which have superior service quality have been found to be market leaders in terms of sales and long-term customer loyalty and retention (Gilbert and Veloutsou, 2006). In slow growth retail market with intense competition customer satisfaction and customer loyalty are increasingly becoming important factors (Kristensen *et. al.*, 2001). Still, there are important issues related to these subjects because most service industries such as retail too, provide customers with intangible service in combination with tangible products. Retailers try to respond more efficiently and more effectively to the needs of customers and reach higher level of customer satisfaction and loyalty by managing relationship with customers and offering them superior range and quality of service. Retailers has a hybrid offer so products and services have equal shares (Kotler *et. al.*, 2006). Building customer satisfaction and loyalty by providing better customer service is difficult and it takes considerable time and effort but good service is a valuable strategic asset. Once a retailer has earned a service reputation, he can sustain this advantage for a long time because it is hard for competitors to develop a comparable reputation. Eighty-one percent of retailers indicate that improving customer service is the most important retailing issue (Levyu and Weitzu, 1995). Differentiation through the services can be achieved in three ways: through people, physical environment and processes. They are often called additional "three P" in service marketing (Kotler *et. al.*, 2006). Many services are performed by people so, these people can make great difference in the level of customer satisfaction and enable companies to differ from each other because they have a more capable, more reliable, more qualified and more committed staff from other companies. That is particularly related to the staff that is in direct contact with customers.

For the past twenty years, trade in Croatia has been one of the most developed, most competitive and fastest growing economic branches. The past decade of the local trade has been marked by large investment, consumption and turnover growth, consumer boom, development of the modern trade network and market share concentration. Retail trade as the sale of goods to final consumers for personal consumption or use in households, in the past decade has been facing challenges, such as globalization, stronger competition in the local market, introduction of new technology, new forms of retail trade, e-commerce. The retail trade is statistically monitored as a part of the distributive trade. Distributive trade is defined as a set of all types of trading activities, from supplying goods from the producer to distributing them to the final consumer. It comprises wholesale trade on one's own account, wholesale on a fee or a contract basis, retail trade and repair of motor vehicles and motorcycles (Statistical Yearbook, 2010). Distributive trade still holds a significant place in Croatian economy as in this business 35% of economic agents operate and its share of GDP amounted to 9.5% in 2009 (CCE, 2010). A dominant role in the structure of the total achieved distributive trade turnover is wholesale and intermediation trade with 43.13% share, followed by retail with 38.12%, trade in motor vehicles and motorcycles trade with a 9.18%, while non-commercial activities generated 9.57% of total turnover. Distributive trade is the second largest employer in Croatia after the processing industry, as well as the biggest generator of new jobs. In 2009, it employed about 18% of workforce and retail trade had the largest numbers of employed 55.08%. The retail trade in Croatia is one of the most developed, most competitive and dynamic economic sectors in the country. The main characteristics are concentration, internationalisation and consolidation. The share of the top 10 traders was some 16.6% seven years ago, while in 2009, 15 traders maintained 75.3% of the market. Regarding the market structure based on the size types, the structure in Croatia has been stable for several years now. The largest share of 32% in the retail market in Croatia is still held by small shops. On the other hand, hypermarkets and supermarkets are steadily increasing their retail market share; their share in 2009 was 21%. The share of supermarkets in 2009 was 28%, cash & carry 5% and discount shops 5%, as well as other sales channels 8%. So, the retail network in Croatia is still fragmented, being dominated by small shops. The latest development trend is moving in the direction of construction of modern shopping centres that provide various shopping services and entertainment in one place. According to consumers' preferences while choosing the place for food products buying, shows that consumers generally choose supermarkets 47%, small shops 23%, hypermarkets 15%, discounts 2%, and the others choose other retail formats. So, the supermarkets are chosen for investigate which are the most important characteristics of salespersons for customers in FMCG retail chains in Croatia.

All of these movements caused changes in the consumers' habits and behaviour. Customers are more rational but they are becoming more and more demanding. They want higher value for their money and higher quality of personal and non-personal services. They have less time to locate merchandise or wait to buy it. The results of research in the Austrian food retail market that aimed to establish a new customer satisfaction index but also takes account retail sector specific showed that the highest weights have presentation of goods, cleanliness of the shop, make-up of shop and friendliness of staff (Hackel *et. al.* 2000). Previous research on the Croatian FMCG retail market showed that the most important elements on which customers pay attention when they go shopping are cleanliness of shop, freshness and quality of goods, the kindness of the staff, presentation of goods, price marking of goods, level of prices (Palić *et. al.* 2010). The research results also indicate the existence of a strong statistically significant relationship between the kindness of the staff and the availability of staff for information and advice, as the two variables of the level and quality of personal services in a store environment and overall satisfaction. Also, results showed that the level of personal service significantly affects customer loyalty. So, FMCG retailers have to seek how to respond more efficiently and more effectively to their customer needs. In the age of customer satisfaction and loyalty, retailers need to managing relationship with their customers by treating them as kings and offering them superior assortment and personal and non-personal services. Also, salespersons who are in daily contact with customers must be in all their dealings with customers adhere to the golden rule: treat your customers as you want them to treat you, as well as diamond rule: treat your customers as they desire to be treated (Vranešević, 2000). There is significant empirical evidence that customer-contact employees' work satisfaction has a positive impact on customer satisfaction (Homburg and Stock, 2005). So, the internal customers must be elevated to high status – if not to that of a king, as external customers, then at least to that of a prince (Bhote, 1996).

Retail and other service industries remain labor-intensive and they still rely on people to perform their basic activities. Because of that humane resource management is particularly important in retailing. The salespersons are retailer's most effective communication vehicle- and the most expensive (Levyu and Weitzu, 1995). To improve their performance retailers are investing considerable resource to develop their employees selling skills. At the same time, there are only a few previous studies of salesperson characteristics important for customers. Furthermore, when the importance of salesperson characteristics has been studied, the research has mainly been conducted in the industrial environment. Little attention has been paid to retail selling in general, and even less has been directed to the selling of fast moving consumer goods in particular. There are a few previous researce of salespersons characteristics important for customers of durable goods and for customers at department store. The study of salespersons characteristics important for customers of durable goods showed that the most important characteristics of salespersons are: trustworthiness, quick service, product competence, patient buying assistance, personable style, enthusiastic solutions, friendly relationship (Hawes *et. al.*, 1993). According to the research of 2500 customers at one department store as desirable characteristics of salespersons were found: the culture of dealing with customers, speed and agility, competence, assistance with the selection, confidence, interest, appearance and cleanliness (Šulak, 1998). According to the same source the greatest chance of improving salespersons performance is just in the improvement of the interpersonal communication between buyer and salespersons. So, it is very important to know what customers are expected from salespersons in particularly store. This is the study to provide an analysis of what customers want from salespeople in FMCG shops.

2. Research methodology

Primary data were collected through qualitative and quantitative research. The sample included customers in five FMCG retail chains that are among top 15 in Croatia by market share. The questionnaire encompassed the most important salespersons characteristics that have been identified from literature and from in-depth interviews. The research has been conducted between October 2009 and January 2010 on 150 customers in Dalmatia region. Qualitative results collected from in-depth interviews through "content-analysis" and quantitative research results have been processed in SPSS statistical software.

3. Research results

During in-depth interviews customers had to make a list of the most important characteristics which they are expected from salespersons in chain where they mostly buy. The most often mentioned characteristics of the top salespersons are shown in Table 1. In order to gain a deeper insight into the desirable and undesirable characteristics of sales personnel customers had to describe the most pleasant and unpleasant experiences related to the salespersons. The most pleasant experience is linked with an interest and willingness to help, competence, honesty and good mood, and an unpleasant experience with a lack of interest, inappropriate behavior: public criticism of other customers, dishonesty, incompetence, and not paying attention to the customer. Also, the results of in-depth interviews are shown that the most customers think that it is very important how salespersons behave and how they treat them. The level and quality of personal services in a store environment will be the main reason for customers to change their habit to buy at this store if not on the appropriate level. Overall impression of salespersons in retail chain where they buy the most was positive and majority of customers were very satisfied.

Table 1. *The list of important salespersons characteristics for customers*

communicative skills
interested
good mood
culture of communicating
appearance and cleanliness of salespersons
competence
trust
speed and agility
willingness to help
honesty

Characteristics of efficient salespersons in FMCG retail chains in Croatia that were identified from literature and in-depth interviews were included in the questionnaire. The importance of each of the retail salesperson characteristics was measured on a 5-point scale. The scale was anchored by "the least important"(scored as 1) and "very important" (scored as 5). The most important characteristics of salespersons in FMCG retail chains in Croatia are shown in Table 2. The most important characteristics of salespersons are appearance and cleanliness of salespersons, communicative skills and culture of communicating. The results of the satisfaction indicated that customers are the most satisfied with those characteristics of salespersons. Table 3 shows the rank of satisfaction with the characteristics of salespersons in FMCG retail market in Croatia. Customers are the most satisfied with appearance and cleanliness of salespersons, their communicative skills and culture of communicating.

Table 2. *The rank of importance with salespersons characteristics*

Retail chain A	Retail chain B	Retail chain C	Retail chain D	Retail chain E	Overall
interested	*communicative skills*	*trust*	*appearance and cleanliness*	*culture of communicating*	*appearance and cleanliness*
trust	*competence*	*appearance and cleanliness*	*culture of communicating*	*communicative skills*	*communicative skills*
appearance and cleanliness	*appearance and cleanliness*	*culture of communicating*	*communicative skills*	*willingness to help*	*culture of communicating*
communicative skills	*speed and agility*	*interested*	*honesty*	*appearance and cleanliness*	*trust*
honesty	*willingness to help*	*willingness to help*	*interested*	*competence*	*interested*
willingness to help	*culture of communicating*	*communicative skills*	*speed and agility*	*honesty*	*willingness to help*
culture of communicating	*good mood*	*competence*	*good mood*	*trust*	*competence*
speed and agility	*trust*	*good mood*	*competence*	*speed and agility*	*honesty*
competence	*interested*	*speed and agility*	*trust*	*interested*	*speed and agility*
good mood	*honesty*	*honesty*	*willingness to help*	*good mood*	*good mood*

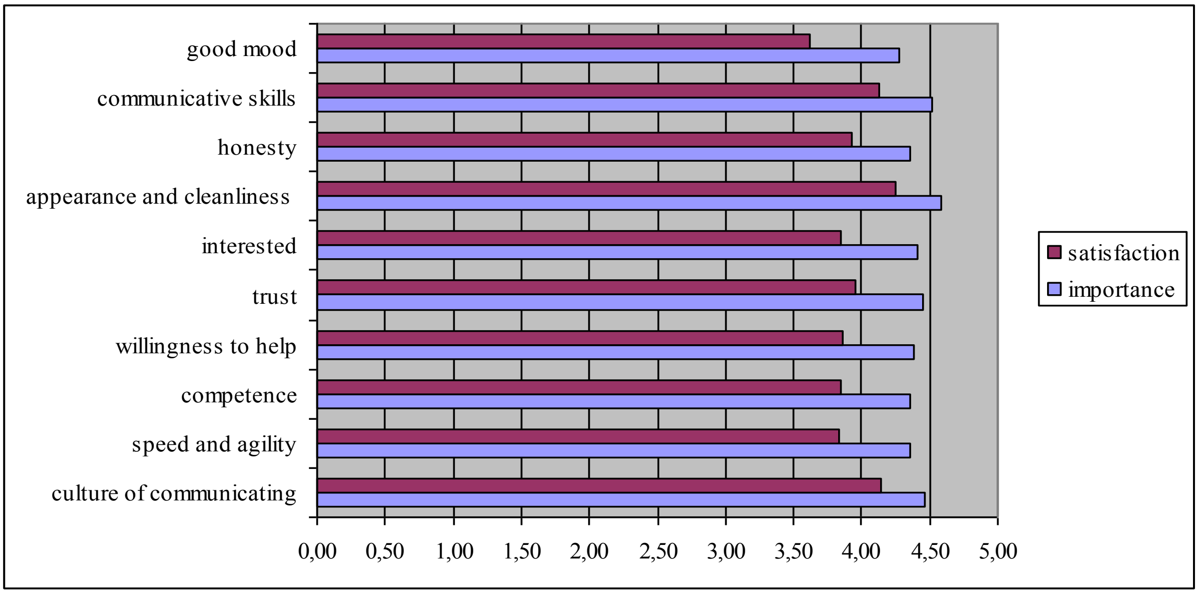
Table 3. *The rank of satisfaction with salespersons characteristics*

Retail chain A	Retail chain B	Retail chain C	Retail chain D	Retail chain E	Overall
communicative skills	*appearance and cleanliness*	*culture of communicating*	*appearance and cleanliness*	*culture of communicating*	*appearance and cleanliness*
appearance and cleanliness	*culture of communicating*	*appearance and cleanliness*	*communicative skills*	*speed and agility*	*culture of communicating*
willingness to help	*competence*	*interested*	*culture of communicating*	*communicative skills*	*communicative skills*

trust	***communicative skills***	***willingness to help***	***honesty***	***competence***	***trust***
interested	***trust***	***trust***	***good mood***	***appearance and cleanliness***	***honesty***
competence	***honesty***	***communicative skills***	***interested***	***honesty***	***willingness to help***
honesty	***willingness to help***	***speed and agility***	***trust***	***trust***	***competence***
culture of communicating	***interested***	***honesty***	***speed and agility***	***willingness to help***	***interested***
good mood	***speed and agility***	***competence***	***willingness to help***	***good mood***	***speed and agility***
speed and agility	***good mood***	***good mood***	***competence***	***interested***	***good mood***

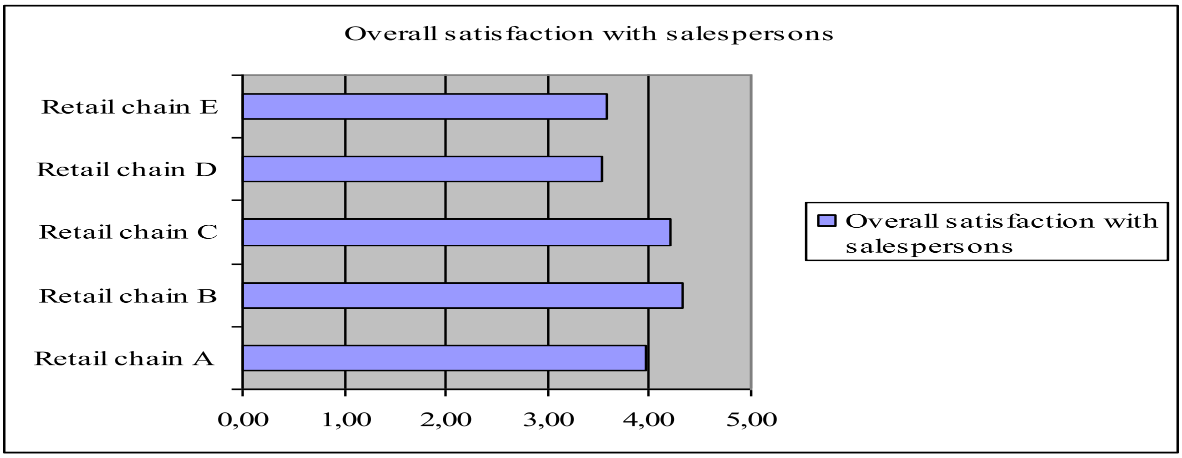
After comparing importance and customer satisfaction with salespersons characteristics in selected FMCG retail chains in Croatia it can be concluded that retailers have to improve the speed and agility of their salespersons, their competence and trust to customers. If it is taken into account that customers are the least satisfied with good mood of salespersons, their speed and agility as well as with their interest and competence retailers have to improve their salespersons mood and interest. Importance vs. customer satisfaction with salespersons characteristics in selected retail chains in Croatia are shown in Chart 1(average grade on scale 1-5, 5 being highest grade).

Chart 1. *Importance vs. customer satisfaction with salespersons characteristics in selected retail chains in Croatia (average grade on scale 1-5, 5 being highest grade)*



The results of overall satisfaction with characteristics of salespersons are shown in Chart 2. Overall satisfaction with characteristics of salespersons is 3,95. According to the results customers are satisfied with salespersons in retail chain where they buy the most but also there are possibilities of further raising of the level and quality of personal service.

Chart 2. *Overall satisfaction with salespersons*



In order to determine the strength of relationship between characteristics of salespersons and overall customer satisfaction with salespersons in selected FMCG retail chains in Croatia the bi-variant Pearson correlation method for analysis of data has been used because this method is the most appropriate when the ordinal scales of assessment are used in questionnaires. The resulting correlation coefficients are presented in Table 4. The results of the values of correlation coefficients for the characteristics of salespersons and overall customer satisfaction with salespersons show that strong and statistically significant relationship exists between overall satisfaction and characteristics: appearance and cleanliness, trust, honesty and willingness to help

Table 4. *The correlation coefficients of the overall satisfaction with salespersons and characteristics of salespersons*

Factors	Pearson Correlation
the overall satisfaction with salespersons and appearance and cleanliness	**0,93****
the overall satisfaction with salespersons and trust	**0,91****
the overall satisfaction with salespersons and honesty	**0,89****
the overall satisfaction with salespersons and willingness to help	**0,82***

*p<0.01, **p<0.05

To determine the impact of service levels in the retail chain to customer loyalty customers had to evaluate whether and how levels of service quality affected their loyalty. Of the 150 respondents 131 of them (87.33%) answered with yes, of course and yes.

4. Conclusion

This research represents an initial attempt to identify and examine the characteristics of retail salespersons which customers consider important as they shop for FMC goods. Almost all of the previous research examining customer views of salesperson characteristics has been conducted within the industrial sector. Little attention has been paid to retail selling in general, and even less has been directed to the selling of FMC goods in particular. Taking into account limits and boundaries of the research it seems that there are several quite interesting findings to be drawn for FMCG retailers from the conducted empirical research. The research identified the most important characteristics of salespersons for customers in FMCG retail shops which can be great for store or HR managers. These characteristics may represent useful bases to supplement the performance evaluation of the retailer's current salespeople. While other quantitative criteria such as sales volume are more central in the evaluation, these characteristics also represent relevant dimensions. This would be especially true for the evaluation of the long-term performance of the sales force within a retail firm that is truly making a conscious effort to pursue the customer satisfaction and loyalty. Although the FMCG stores customers pay more attention to the level of prices and product selection they are also expecting the salespersons to meet their expectations. At least they expected clean staff with appropriate communication culture. Because customer satisfaction and loyalty are increasingly becoming important factors in slow growth retail market the research also identified characteristics of salespersons that have statistically significant impact on overall customer satisfaction with salespersons. These characteristics may contribute to increasing customer satisfaction with salespersons and overall customer satisfaction which is especially important for future gaining competitive advantage.

For HR managers the characteristics of efficient salespersons in FMCG retail chains that were identified from this research may serve as valuable recruitment and selection tools that lower the probability of hiring a "bad" salesperson. Also, these characteristics may represent useful bases for training programs of salespersons in order to improve their performance.

Finaly, this study provides deep insight into the personal service quality from the eye of the customers of FMCG retail chains so the identification of the best practice can be captured and used by practitioners.

Literature:

Bhote, K. R. (1996), *Beyond Customer Satisfaction to Customer Loyalty*, AMA Membership Publications Division, New York, NY.

Croatian Chamber of Commerce - CCE (2010), *Distributive trade*, Zagreb, available at: http://www2.hgk.hr/en/depts/trade/distributivna_trgovina_2010_web.pdf, (accessed 10. January 2012).

Deloitte (2010), "*Emerging from the downturn: Global Powers Of Retailing 2010*", available at: http://www.deloitte.com/assets/DcomGlobal/Local%20Assets/Documents/Consumer%20Business/dtt_globalpowersofretailing2010.pdf, (accessed 10. November 2011).

Frank, B., Enkawa, T. (2009), "Economic influences on perceived value, quality expectation and customer satisfaction", *International Journal of Consumer Studies*, Vol. 33., pp. 72-82.

GfK (2009): "Hrvati sve češće kupuju u hipermarketima", available at: http://www.seebiz.eu/hr/tvrtke/trgovina/gfk-hrvati-sve-cesce-kupuju-u-hipermarketima,39929.html, (accessed 10. November 2011).

Gilbert, G. R., Veloutsou, C. (2006), "A cross-industry comparison of customer satisfaction", *Journal of Service Marketing*, Vol. 20., No. 5., pp. 298-308.

Gilbert, G.R., Veloutsou, C., Goode, M.M.H. and Mountinho, L. (2004), "Measuring customer satisfaction in the fast food industry: a cross national approach", *Journal of Services Marketing*, Vol. 18., No. 5, pp. 371-383.

Hackel, P., Scharitzer, Zuba, R. (2000), „Customer satisfaction in the Austrian food retail market", *Total Quality Management*, Vol. 11., No. 7., pp. 999-1006.

Hawes, J. M., Rao, C. P., Baker T. L. (1993), „Retail Salesperson Attributes and the Role of

Dependability in the Selection of Durable Groods“, *Journal of Personal Selling & Sales Management*, Vol. 13, No.4, pp. 61-71.

Henning-Thurau, T., Klee, A. (1997), „The Impact of Customer Satisfaction and Relationship Quality on Customer Retention: A Critical Reassessment and Model Development“, *Psychology & Marketing*, Vol.14, No.8, pp. 737-764.

Homburg, C., Stock, R. M. (2005), “Exploring the Conditions Under Which Salespersons Work Satisfaction Can Lead to Customer Satisfaction“, *Psychology & Marketing*, Vol. 22, No.5, pp. 393-420.

Krishnan B. C., Netemeyer R. G., Boles J. S. (2003), „Self-Efficacy, Competitiveness, And Effort As Antecedents Of Salesperson Performance“, *Journal of Personal Selling & Sales Management*, Vol. 22, No. 4, pp. 285-295.

Kotler, P., Wong, V., Saunders, J., Armstrong, G. (2006), *Osnove marketinga*, Mate d.o.o., Zagreb.

Kotler, P. (1994), *Marketing Management: Analysis, Planning and Control,* Prentice Hall International series in marketing, Prentice Hall, New Jersey.

Kristensen, K., Dahlgaard, J.J., Kanji, G.K. (1992), “On measurement of customer satisfaction”, *Total Quality Management*, Vol. 3., No. 2, pp. 123-138.

Leisen, B., Vance, C. (2001), “Cross-national assessment of service quality in the telecommunication industry: evidence from the USA and Germany”, *Managing Service Quality*, Vol. 11 No. 5, pp. 307-317.

Levy, M., Weitz, B., A., *Retailing Management*, II izdanje, Irwin, Inc., USA, 1995.

Maričić, M. (2010), *Činitelji zadovoljstva klijenata u trgovačkim lancima,* magistarski rad, Ekonomski fakultet Zagreb, Zagreb.

McColl-Kennedy, J. and Schneider, U. (2000), “Measuring customer satisfaction: why, what, and how”, *Total Quality Management*, Vol. 11., No. 7, pp. 883-899.

Palić, M., Maričić, M., Kovač, I. (2011): „Impact of personal service on customer satisfaction in FMCG retail in Croatia“, *International Journal of Management Cases*, Vol. 13, No. 3, pp. 8-18.

Porter, M. E. (2009), *Konkurentska prednost*, Masmedia, Zagreb.

Robbins, S. P., Coulter, M. (2005), *Management*, 8th edition, Prentice Hall, USA.

Statistical Yearbook 2010, *Croatian bureau of statistics*, Zagreb, 2010.

Sui-Hua, Yu (2007), “An Empirical Investigation on the Economic Consequences of Customer Sarisfaction”, *Total Quality Management & Business Excellence*, Vol. 18., No. 5., pp. 555-569.

Šulak, F., *Promotivne aktivnosti*, Školska knjiga, Zagreb, 1998.

Vranešević, T. (2000), *Upravljanje zadovoljstvom klijenata*, Golden marketing, Zagreb.

Wiersema, F. (1998), *Customer Intimacy*, Harper Collings Publishers, London.

Wilson, A. (2002), “Attitudes towards customer satisfaction measurement in the retail sector“, *International Journal of Market Research*, Vol. 44., Quarter 2., pp. 213-222.

Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1996), “The behavioural consequences of service quality”, *Journal of Marketing*, Vol. 60, April, pp. 31-46.

ATMOSPHERICS: A SILENT SALES PERSON IN ORGANIZED RETAILING

B. Krishna Reddy & Jakka Suresh Reddy

Abstract
In today's competitive environment, retaining customers and to increase the market share became a challenge task for every service organization including retail sector. To pace the competition, organized retailers are using atmospherics as an effective silent promotional tool. Atmospherics act as a hidden sales person in attracting the customers to a retail store. The pleasant environment may create positive feeling in the minds of the customer and helps increasing revenue. This paper made an attempt to know the pulses of customers regarding the store atmospherics, because atmospherics may influence the shopping behaviour. For this a study has been conducted in three malls, located in Hyderabad (India). The study is focused on lighting, colors, music, fragrance, etc factors and its role in developing the market space. The data has been collected from 1200 customers, who visited the malls. Various statistical tools have been used for data analysis.

Keywords: *Atmospherics, customers purchasing behavior, Factor Analysis, Mall attractiveness, Hidden sales promotional tool.*

Introduction:

A well designed store is like a good story, with beginning, middle, and end. The story of the store begins at the entrance, which creates expectations and offers promises. The middle of the story comes from inside the retail store. It starts off slow and builds to a crescendo. Lighting, colors, scent, signage, displays, and aisles create a strong positive store image, and guides customers down a path of discovery. Finally, the cash wrap or checkout counter is the story's climactic finale.

Retailing is a very dynamic business. Attracting new customers and retaining the old customers became a challenging task. Connecting with customers is essential to the success of any retail business. The atmospherics of the store will contribute to those connections. Kotler (1973) defines store atmospherics as: '……the conscious designing of space to create certain effects in buyers. More specifically atmospherics is the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability'.

Retail atmospherics is a term used to describe the manipulation of elements such as color, light levels, sounds, scents, and design within your store to influence the buying habits of your customers. It is a powerful communication weapon provides dual role of attracting customers, and inducing customer's purchase decision. Atmospherics changes to a store environments will influence the customers mood or feeling for that retailer. The atmospherics of the store can establish a positive feeling of excitement, curiosity and comfort. Ultimately atmospherics affects the customers purchasing behaviour. Atmospherics creates a definite Unique Selling Proposition (USP) and reinforces the marketing communication of the retail outlet and influence the service quality experience.

Dr B. Krishna Reddy is a Professor and Head of Department of Business Management at Osmania University in India (email: drbkrishnareddy@yahoo.com).

Dr Jakka Suresh Reddy is Associate Professor and Head of Department of Business Management at Vivekananda College of Comp. Sciences in India (email: jsureshreddy@gmail.com)

Main dimensions of retail atmosphere:

- Visual (sight): colour, brightness, size and shapes
- Aural (sound): volume and Pitch
- Olfactory (smell): scent and freshness
- Tactile (touch): softness, smoothness, and temperature.

Good lighting is used to highlight merchandise, sculpt space, and capture a mood or feeling that enhances the store's image. Having the appropriate lighting has been shown positively influence customer shopping behaviour. A good lighting system helps to create a sense of excitement in the store. Another key use of lighting is – popping the merchandise- focusing spotlights on special feature areas and items.

The creative use of colour can enhance a retailer's image and help to create a mood. Warm colours (red and yellow) produce excitement; where as cool colours (blue and green) have a calming effect. (see Table 1).

Table1: *Effects of colours in a retail store*

Colour	Psychological effect	Temperature effect	Distance effect
Violet	Aggressive & tiring	Cold	Very close
Blue	Restful	Cold	Further away
Brown	Exciting	Neutral	Claustrophobic
Green	Very restful	Cold-neutral	Further away
Yellow	Exciting	Very warm	Close
Orange	Exciting	Very warm	Very close
Red	Very stimulating	Warm	Close

Source: Hayne (1981)

Retailers can also use music to affect customers' behaviour. Music can control the pace of store traffic, create an image, and attract or direct consumer's attention. Many buying decisions are based on emotions, and smell has a large impact on our emotions, such as happiness, hunger, disgust, and nostalgia – the same feelings marketers want to trap. Scent, in conjunction with music, has a positive impact on impulse buying behaviour and customer satisfaction. Stores using scents may improve customer's subjective shopping experience by making them feel that they are spending less time examining merchandise or waiting for sales help or to checkout.

Objective of the study: The study is an attempt to observe the relationship between the atmospherics and customers shopping behaviour, and to know the influence of atmospherics on shopping behaviour.

Sources of Data: To increase our understanding of shopping behavior, it was decided to conduct an exploratory study to identify the relationship between atmospherics and customers purchasing behaviour. It involved conducting a field survey in three selected malls. The customers were administered a structured questionnaire to collect the primary data.

Sample: A sample size of 1200 customers was selected from three retail malls from Hyderabad city namely, Hyderabad Central, Panja gutta; City Centre, Road no: 1, Banjara hills; and MPM mall, Abids. Sample is drawn from each mall 400 customers were selected with systematic random sampling.

Data Analysis:

From the Table 2, we can understood the picture of interior atmosphere at Hyderabad central mall.56.1 percent of the customers with flooring, 61.1 percent of the customers with lighting, 50.8 percent of the customers with A/C comfort, 70.1 percent of the customers with store cleanliness, 24 percent of the customers with music, 23.5 percent of the customers with fragrance, 69.1 percent of the customers with space availability and 65 percent of the customers with ambience are satisfied. 21.8

Table 2: *atmosphere of Hyderabad Central mall*

	Hyderabad Central			
	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied
Flooring	77	187	133	3
Lighting	79	165	142	14
A/c Comfort	57	146	110	87
Store Cleanliness	33	247	90	30
Music	14	82	170	134
Fragrance	16	78	168	138
Space Availability	63	213	124	0
Ambience	20	240	136	4

Source: Primary data

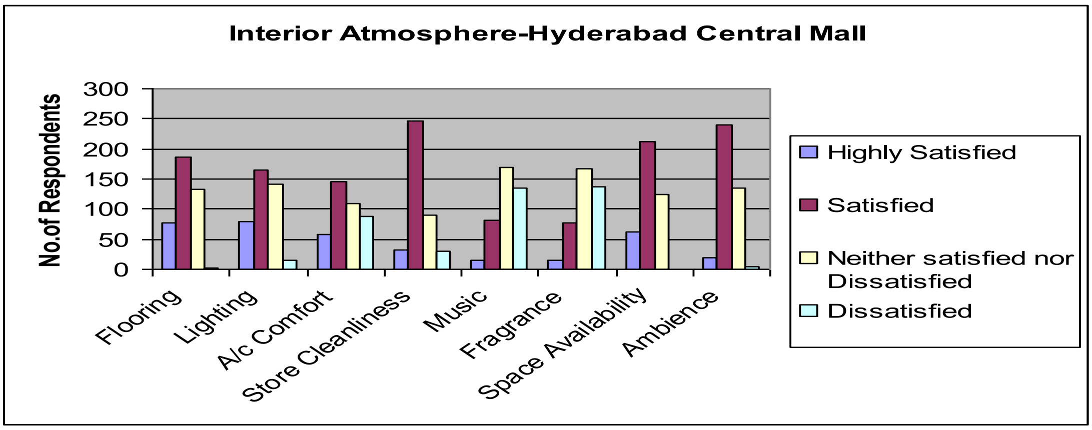
Table 3: *Atmosphere of City center Mall*

	City Center Mall			
	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied
Flooring	75	193	126	6
Lighting	68	139	179	14
A/c Comfort	53	176	92	79
Store Cleanliness	30	221	120	29
Music	12	114	155	119
Fragrance	12	130	125	133
Space Availability	58	219	123	0
Ambience	17	246	132	5

Source: Primary data

percent of the customers with A/C comfort, 32.8 percent of the customers with music and 34.5 percent of the customers with fragrance are dissatisfied (see the Fig 1).

Fig1: Interior Atmosphere at Hyderabad Central Mall



From the Table 3, in City Center Mall only 67.1 percent of the customers satisfied with flooring, 51.8 percent of the customers with lighting, 57.3 percent of the customers with A/C comfort, 62.8 percent of the customers with store cleanliness, 31.5 percent of the customers with music and 35.5 percent of the customers with fragrance, 69.3 percent of the customers with space availability and 65.8 percent of the customers with ambience are satisfied. In contrast, 19.8 percent of the customers with A/C comfort, 29.8 percent of the customers with music and 33.3 percent of the customers with fragrance are dissatisfied (see the figure 2).

Fig 2: Interior Atmosphere at City Center Mall

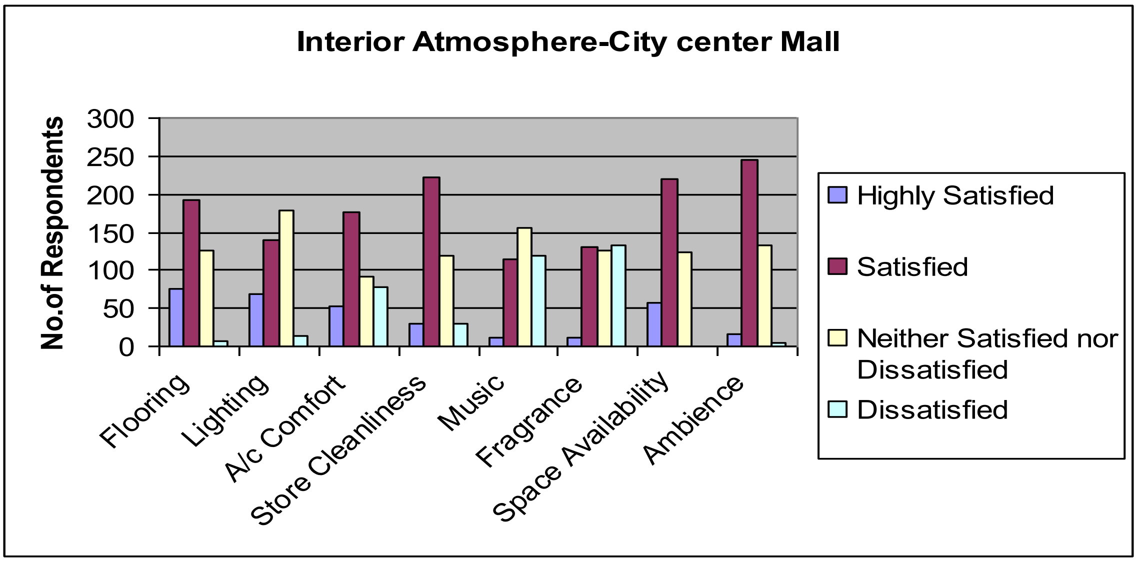


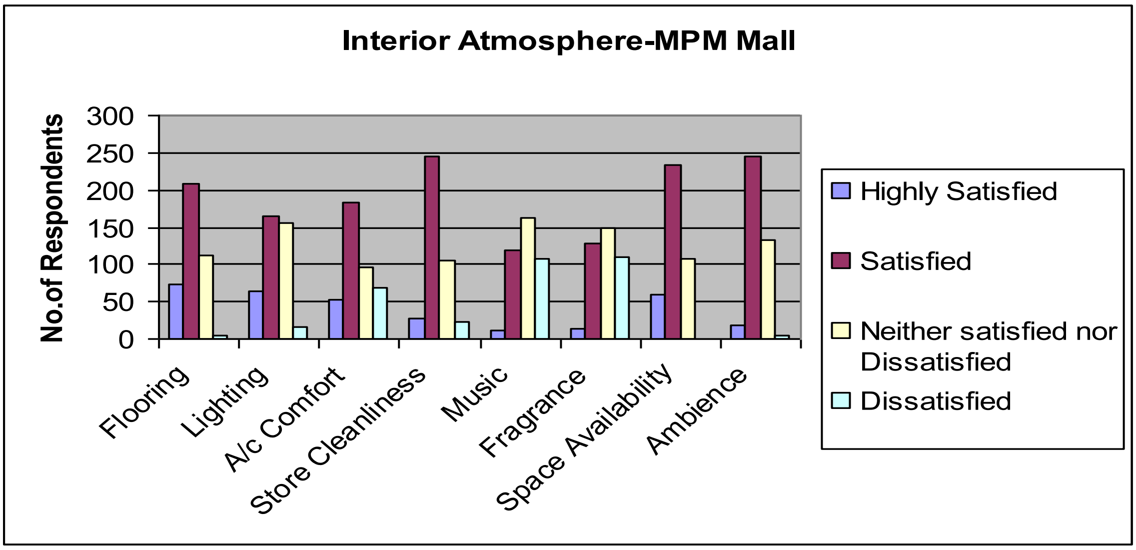
Table 4: *Atmosphere of MPM Mall*

	MPM Mall			
	Highly Satisfied	Satisfied	Neither Satisfied nor dissatisfied	Dissatisfied
Flooring	74	209	112	5
Lighting	63	165	155	17
A/c Comfort	52	184	96	68
Store Cleanliness	27	244	105	24
Music	11	119	163	107
Fragrance	13	129	149	109
Space Availability	60	233	107	0
Ambience	18	245	133	4

Source: Primary data

From the Table 4, only 70.8 percent of the customers satisfied with flooring, 57.1 percent of the customers with lighting, 59 percent of the customers with A/C comfort, 67.8 percent of the customers with store cleanliness, 32.6 percent of the customers with music and 35.6 percent of the customers with fragrance, 73.3 percent of the customers with space availability and 65.8 percent of the customers with ambience are satisfied at MPM Mall. In contrast, 17 percent of the customers with A/C comfort, 26.8 percent of the customers with music and 27.3 percent of the customers with fragrance are dissatisfied (see the Fig 3).

Fig 3 Interior Atmosphere at MPM Mall



Factor Analysis:

Interior atmosphere of a store is one of the important aspects through which customer satisfied. Therefore, retailing firms take care on designing the mall. The results of factor analysis show emergence of two factors as explained below. The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity (homogeneity of variance).

From the Table 7, The KMO measure of sampling adequacy is 0.842, indicating that the present data are suitable for Factor analysis. Similarly Bartlett's test of sphericity is significant ($p<0.001$), indicating sufficient correlation exists between the variables to proceed with the analysis.

Respondents were asked to rate the satisfaction of eight attributes related to mall interior atmosphere. A five point scale ranging from highly satisfied to highly dissatisfied. These data were analyzed through principal component analysis.

A two factor solution resulted with the factors being labeled as mall attractiveness and mall Appearance. Mall attractiveness includes flooring, A/C comfort, music, fragrance, space available and ambience of the mall. Mall appearance includes lighting and cleanliness (see Table 8).

Table 7: Reliability Test

Kaiser-Meyer-Olkin of Sampling Adequacy		0.842
Bartlett's test of sphericity	Approx.Chi-square	4785.234
	df	28
	Sig.	0.000

Table 8: Factor Analysis Table

Factor I **MALL ATTRACTIVENESS**	*Factor II* **MALL APPEARANCE**
Flooring	Lighting
A/C comfort	Store cleanliness
Music	
Fragrance	
Space availability	
Ambience	

Findings:

From the study the following important aspects are been identified. They are:

1) From the study it is observed that more than 56 percent of the respondents are satisfied with mall flooring. 70.8 percent of the customers at MPM Mall, 67.1 percent of the customers at City center and 56.1 percent of the customers at Hyderabad central are satisfied.
2) From the study it is identified that more than 50 percent of the respondents are satisfied with lighting arrangements in the malls. 61.1 percent of the customers at Hyderabad central, 57.1 percent of the customers at MPM Mall and 51.8 percent of the customers at City center are satisfied.
3) From the study it is identified that more than 50 percent of the respondents are satisfied with A/C arrangements in the malls. 59 percent of the customers at MPM Mall, 57.3 percent of the customers at City center and 50.8 percent of the customers at Hyderabad central are satisfied.
4) From the study it has been identified that more than 60 percent of the respondents are satisfied with store cleanliness in the malls.70.1 percent of the customers at Hyderabad central, 67.8 percent of the customers at MPM Mall and 62.8 percent of the customers at City center are satisfied
5) From the study it is observed that 32.6 percent of the respondents are satisfied with Music in the MPM mall; 31.6 percent of the respondents are satisfied with Music in the City center and 24 percent of the respondents at Hyderabad central. Nearly 30 percent of the respondents are dissatisfied with music in all three malls.
6) From the data it is identified that 35.5 percent of the respondents are satisfied with fragrance in the city center and MPM Malls.23.5 percent of the respondents are satisfied at Hyderabad central. Nearly 30 percent of the respondents are dissatisfied with fragrance in all the three malls.
7) From the data it has been identified that 73.3 percent of the respondents are satisfied with the availability of space in the MPM Mall. 69 percent of the respondents are satisfied at Hyderabad central and City center malls.
8) The study found that more than 65 percent of the respondents are satisfied with the ambience of malls.

Conclusion:

Retailers use various forms of atmospherics-lighting, fragrance, music, ambience, etc to influence shopping behaviour. All these atmospherics can create a calming environment for task-oriented shoppers or an exciting environment for recreational shoppers. However, retailers need to concentrate on providing good atmospherics to attract new customers, and they have to adopt atmospherics as a promotional strategy.

References:

1) B.Krishna Reddy & J.Suresh Reddy (2010), “Buying behaviour in organized retailing: A study of demographic factors” Mustang Journal of Business and Ethics, Vol 1, pp121-132.
2) Michael Levy, Barton A Weitz & Ajay Pandit (2009), “Retailing Management, 6th Edition”, TMH..
3) Andrew J Newman & Peter Cullen, “Retailing: Envoronment & Operations”, Thomson learning Inc., 2007.
4) Arindam Banerjee & P.K.Sinha, “ Deciding where to buy”, International journal of Retail and Distribution Management, Volume 32, No 10, 2004.

Appendix data:

Table 5: *Mall vs. atmosphere of the mall*

	Hyderabad Central					City center					MPM Mall				
	HS	S	NSND	D	HD	HS	S	NSND	D	HD	HS	S	NSND	D	HD
Flooring	77	187	133	3	0	75	193	126	6	0	74	209	112	5	0
Lighting	79	165	142	14	0	68	139	179	14	0	63	165	155	17	0
A/C comfort	57	146	110	87	0	53	176	92	79	0	52	184	96	68	0
Store Cleanliness	33	247	90	30	0	30	221	120	29	0	27	244	105	24	0
Music	14	82	170	131	3	12	114	155	116	3	11	119	163	105	2
Fragrance	16	78	168	138	0	12	130	125	132	1	13	129	149	109	0
Space available	63	213	124	0	0	58	219	123	0	0	60	233	107	0	0
Ambience	20	240	136	4	0	17	246	132	5	0	18	245	133	4	0

(Note: HS : Highly satisfied, S : Satisfied, NSND: Neither satisfied nor dissatisfied, D: Dissatisfied, HD: Highly dissatisfied)

Table 6: Eigen *values for Mall vs. Interior atmosphere of the mall*

S.No.	**Attributes**	**Total Eigen Value**	**% of Variation**	**Cumulative %**
1	Flooring	4.235	52.942	52.942
2	Lighting	1.071	13.388	66.330
3	A/C comfort	0.781	9.758	76.089
4	Store Cleanliness	0.616	7.698	83.786
5	Music	0.495	6.188	89.974
6	Fragrance	0.327	4.092	94.066
7	Space available	0.306	3.819	97.886
8	Ambience	0.169	2.114	100.00

Source: Primary Data

INFLUENCE OF PACKAGING DESIGN ON PURCHASE DECISION MAKING: COMPARING BOTTLED WATER BRANDS ON B&H MARKET

Maja Arslanagić, Almir Peštek & Adla Bečirović

Abstract
Consumer decision-making is changing and evolving process. This paper firstly describes decision-making process and its theories. Then, it builds up on main findings on packaging, its elements (textual information, symbols and illustrations, colour and size/shape) and its overall importance for marketing strategy and tactics. In its research part it is exploring the influence of packaging design on purchase decision making. It has been conducted in B&H, by comparing bottled water brands. Research shows that brand identity elements (such as logo), packaging design and visual elements of packaging as motivators are important elements of consumer decision-making process.

Keywords: *consumer behaviour, decision-making process, packaging design, brand*

INTRODUCTION

Consumer decision-making process has been a well documented and researched area in marketing, management and psychology context. However, many aspects of decision-making process are remaining unknown. Researches keep finding proofs that decision-making process is changing and evolving. Today, there are many interesting areas and streams of that evolution.

On the other side, several researchers have examined the connections between packaging and buying decisions (Nickels & Jolson, 1976; Masten, 1988; Stewart, 1996; Young, 2004; Clement, 2007). Clement (2007) has nicely put a phrase that packaging has developed from the silent salesman to a brand builder (Pilditch, 1973; Underwood, 2003). Consumers choose what they see and packaging represents an integral part of it, especially when it comes to retail market, fast moving consumer goods industry and routine purchases. This is why this research wanted to find additional evidences on how product packaging is influencing consumer decision-making process.
Conceptually, this paper firstly briefly presents decision-making process and its theories. Then, it builds up on main findings on packaging and its importance and influence on decision-making. Finally, field research has been conducted on Bosnian and Herzegovinian market in order to try to detect influence of packaging on decision-making between two selected bottled water brands.

Maja Arslanagić, M.A. is a teaching assistant at School of Economics and Business Sarajevo, University of Sarajevo, Bosnia and Herzegovina.
(email: maja.arslanagic@efsa.unsa.ba)
Almir Peštek, Ph.D. is Assistant Professor at School of Economics and Business Sarajevo (email: almir.pestek@efsa.unsa.ba)
Adla Bečirović, School of Economics and Business Sarajevo

PURCHASE DECISION-MAKING PROCESS

Focus of this paper is put on consumer decision-making in retail market. Special attention through the research has been put on fast moving consumer goods industry. Certain specificities regarding this focus could be spotted. According to Granot *et al.* (2010) research on consumer decision making in a retail context has two primary approaches: the shopping, selection and decision processes and in-store retail atmospherics. The first one includes constructs representing consumer characteristics (demographical, emotional etc.) and the second one examines outside elements such as fragrance, music, brightness, texture, colour, temperature and smoothness and their impact on consumer perceptions.

Decision-making process itself differs situation to situation. Consumer will act differently in each stage of the process when deciding on buying different type of product. In the end, this process does not necessarily need to end with a real purchase. It can be interrupted in any phase.

It is also important to stress that consumer needs to decide on at least five more sub-decisions (Rakić & Rakić, 2007): decision on a brand, decision on a supplier, decision on quantity, decision on timing and decision on a way of payment is being made.

Models of consumer decision-making of end consumers

There are many different models of consumer decision-making process known in literature by now. We selected the most influencing ones since ‘60ies and they will be presented in this text as follows: Nicosia model, Howard-Sheth model, Engel-Kollat-Blackwell model and Sheth-Newman-Gross model, together with possible implications on the purpose of this research.

Nicosia model (1966) – Its focus is on the relationship between organization and its potential consumers. Organization is communicating with consumers through marketing activities and messages and consumers are communicating with organization through their response (purchase/absence of purchase). Nicosia’s model has four basic areas: attitude of consumers (based on the exposure to the organization’s message), research and product assessment, purchase act, feedback (in a form of consumers’ experience).

Howard-Sheth model (1969) – This model recognizes three different levels of learning (decision-making phases): extensive, limited and routine level. Extensive level is used when knowledge and opinions of consumers regarding a specific brand are very limited or when they don’t exist. Consumer is actively searching for information regarding a number of alternatives (and alternative brands). Limited level is applied when knowledge and opinions are just partially formed and when consumers are not ready to asses differences between brands to form their preferences. They make their decision based on partially formed opinions. In the end, there is a routine behaviour, that happens when consumers already have knowledge and opinion about the brand and its’ alternatives.

Engel-Kollat-Blackwell model (1968) – There is four phases of EKB model: decision making phases, informational inputs, information process and variables that are influencing decision making process. A central part of the model is consisted of five basic phases of decision-making: problem recognition, search for alternatives, alternatives assessment, and post-purchase behaviour.

According to this model, purchase process starts when a consumer recognizes a need or a problem that can be caused by different internal or external stimulants. Process continues with process only if consumer senses that it is important enough to continue realizing it and if it is in objective possibility to satisfy it. One of the tasks of marketing experts is to identify circumstances that encouraging a certain need. Next step is information search by a consumer. Key sources of information for consumers are in the same time of crucial interest for marketing and sales experts. They can be divided on personal, commercial, public and experimental sources (Rakić & Rakić, 2007). Today, Internet has a great influence on pre-purchase research. Third step in a process is alternative assessment. They are often cognitively oriented. Consumer is forming a judgment of a product mainly on a conscious and meaningful base. Consumer is trying to satisfy the need and to have a certain benefits from product. Consumer sees each product as a set of characteristics with different competences to deliver benefits that will satisfy the need. After assessing the alternatives, consumer is making a decision. Often, it can be influenced by attitudes of the others, unexpected situational factors and perceived risk. Final phase of a decision-making process is after purchase behaviour. Consumers will sense a certain level of satisfaction or dissatisfaction and depending on its level, their future actions are determined.

Sheth-Newman-Gross model (1991) – Consumption values model was developed in order to explain why consumers make certain decisions. It is based on three basic assertions: consumer choice is a function of small number of values in consumption; specific consumption values have different contributions in any decision-making situation and different values in consumption are independent. It recognizes five consumption values: functional, social, emotional, cognitive and conditional.

IMPORTANCE OF PRODUCT PACKAGING

There is no need to argue on the importance of product packaging. It is an essential part of any product today. However, packaging design is fluctuating dimension today. This is because it is a subject to a complex set of influences from the business environment. According to Ruth (2009) main influences are: new technology, materials development, logistic requirements, environmental issues, consumer preferences and marketing aspects.

Product packaging has two basic functions: protective/distributive and communicative (Tihi *et al.*, 2006). This paper is focused on the second one, which is basically informative and persuasive. Product should be easy to spot on shelves. Packaging should also offer all necessary information about it (content, duration, possible consequences of usage etc.) Sometimes, it is pretty negligible. In example, if a consumer buys a computer, it is very likely that it will not pay too much attention on the packaging. More probably, consumer will try to 'get rid of it' as soon as possible. Otherwise, when buying fast moving consumer goods, consumers will often select products by its packaging and some of them are attached to the products through all of its lifetime. This is because the actual package can contribute to the product's benefits and in some cases be vital for the use of the product. In some areas the package is the same as the product (George, 2005).

Recently, a lot of authors discussed a role of packaging in decision-making process and they all agreed that its widened and that it became more important. For example, Amupero & Vila (2006) are discussing the need to understand consumer perceptions in order to correctly design product packing and to achieve the desired position in the minds of consumers. In their analysis they support that packaging is, without doubt, specifically related to the strategic decisions of the marketing mix and, therefore, to positioning decisions and consumer behaviours.

Similarly, managers are increasingly recognising that packaging can create differentiation and identity, above all in relatively homogenous perishable consumer goods (Underwood *et al.,* 2001; Underwood, 2003; Ampuero & Vila, 2006). As it is regarded here primarily as a mean of communication, it can also be presented as any visually formed message, any information or symbol that is transferred by a visual medium from sender to receiver of the message (Jurečić, 2004).

There are four main elements that can affect consumer purchase decisions (Silayoi & Speece, 2007). They can be separated into two categories; visual and informational elements. The visual elements consist of graphics and size/shape of packaging. Informational elements relate to product information and information about the technologies used in the package. These elements could also be marked as textual information, symbols and illustrations, colour and size/shape.

Textual information – Packaging text should be clear, simple, understandable and true. Usually, a form for textual information is already given (Jurečić, 2004). One of the main tasks while forming textual elements on packaging is ranking them. It should be clearly ranked what is the most important, what is less and what is the least important information. Pilling up the elements is not advisable because it is making things harder for consumers.

Symbols and illustrations – There are two elements of graphic information that could be applied on packaging: illustrations and symbols. Illustrations are attracting attention and making message receiver to stop and take a look. One illustration is worth a dozen of written words.

Symbols in packaging can communicate convenience, environmental consciousness, ethnicity, family, health consciousness, national and/or regional authenticity, nostalgia, prestige, value and variations in quality, among others (Underwood, 2003). For this research, it is important that highly noticeable factor such as graphics and colour becomes more important in choice of a low involvement product (Grossman and Wisenblit, 1999). The significance of graphics is explained by the images created on the package. Graphics includes image layout, colour combinations, typography, and product photography, and the total presentation communicates an image (Silayoi & Speece, 2007).

Colour as an information – colours are important mean of communication, because they can be used for emphasising important elements of the packaging. It is found that colours can differently affect a consumer, making different impressions, wishes and opinions. Based on the colour, consumer can find out a lot about a product or a certain other issue, therefore it is also one of the important informational means (Keller, 1972).

Packaging size and shape – Size and shape also emerges as a crucial dimension. One way in which consumers appear to use these things is as a simplifying visual heuristic to make volume judgments. Generally, they perceive more elongated packages to be larger, even when they frequently purchase these packages and have experience using them. Disconfirmation of package size after consumption may not lead consumers to revise their volume judgment sufficiently in the long term, especially if the discrepancy is not very large (Raghubir and Krishna, 1999). Different packaging sizes potentially appeal to consumers (Silayoi & Speece, 2007).

Recent innovation, presented by Rundh (2009) is the use of web design where customers can see the suggested package on the computer presented, for example, on a shelf in the store or as a point-of-sale aid in the store.

INFLUENCE OF PACKAGING DESIGN ON PURCHASE DECISION-MAKING PROCESS

Product appearance and its wrapping can influence consumers in ways they sometimes are not aware of. It can offer a promise that product will satisfy consumer wants and needs, attract customer attention, create product identity and much more. The package's overall features can underline the uniqueness and originality of the product (Silayoi & Speece, 2007).

However, one of the question that is still not well defined is what makes 'that' one product different from the others in the pack and what makes us want to pick it up and buy it. Is it a calculated decision or a subconscious impulse (Hill, 2011)?

Based on abovementioned it could be seen that packaging influences purchase decision-making process in different ways. Clement (2007) reveals that consumers exhibit a muddled search strategy where packaging design influences the decision process in several phases. Sherman & Tuten (2011) researched importance of wine bottles labels in purchase and recognized its increasing power.

In the design process, marketers and package designers must take account of consumers' past experiences, needs and wants; understand how packaging design elements get consumers to notice the package and notice messages on the package; and, broadly, evaluate packaging design and labelling for their effectiveness in the communications effort. (Silayoi & Speece, 2007)

Bosnar, Gmaz & Pibernik (2005) conducted a research on influence of product design on decision making process in Croatia. Their research is examining which packaging factors are having the strongest influence on making the decision on buying fast moving consumer goods (two brands of milk).

METHODOLOGY

This research has been conducted following current practice and comparing two different brands of fast moving consumer goods products. Selection of the product category was an important part of setting up the research frame. A first criterion was that research should be conducted in category where different brands of the same product have approximately same quality and price. As quality and price always appear as the two most important attributes in consumer selection as they are two main determinants of consumer perceived value of the product. Price directly influences sacrifice side of perceived value, and quality is a part of the benefits definition (Zeithaml, 1988). Second criterion is frequency of use and popularity of industry. We aimed on products that could be used daily and on industry that is growing. Therefore, a natural, bottled water industry was selected. Two brands were chosen: Jana and Olimpija.

Data were collected through a questionnaire that was consisted out of 16 questions. Combination of multiple-choice questions and questions on consumer attitudes was used. For attitudes assessment, five point Likert scale was used. A total of 200 filled questionnaires were collected.

Research hypothesis

For the purpose of the research, and based on the reviewed literature, three hypotheses are defined:

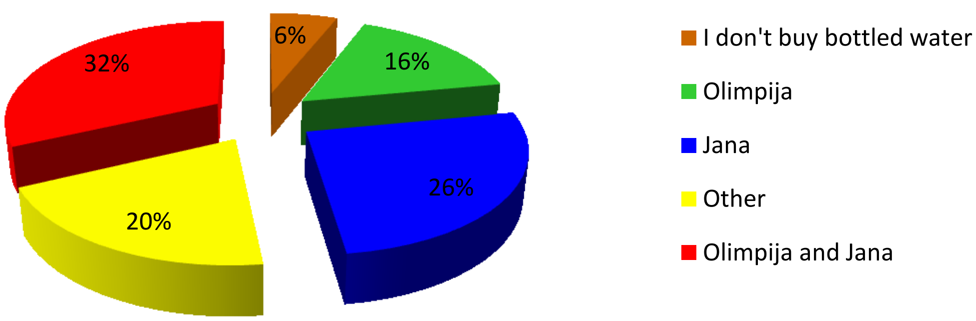
H1: If two different brands of bottled water are of approximately same price and quality, brand identity shown through packaging will influence consumer purchase decision.
H2: If two different brands of bottled water are of approximately same price and quality, packaging design will influence consumer purchase decision.

H3: Visual information appearing on bottled water packaging are motivating consumer for brand selection and purchase.

RESULTS

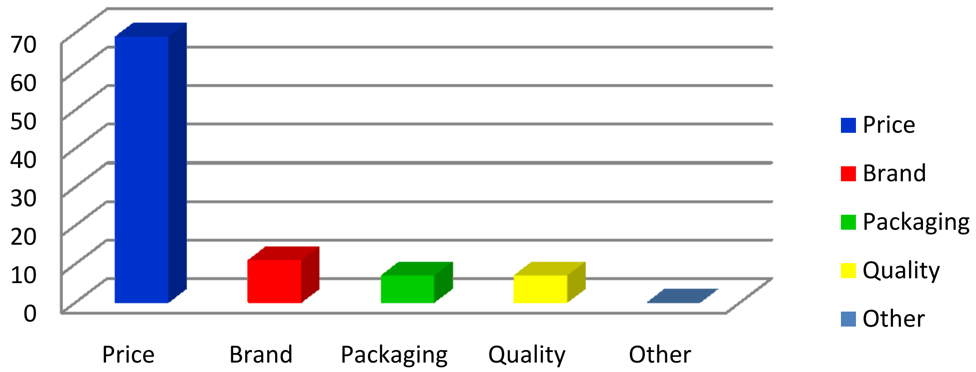
Before testing hypothesis, samples' descriptive data were analysed. There were 55% women and 45% men in the respondents group. Regarding the age structure, 67% respondents were of age 16-30. Therefore, we can conclude that a sample is consisted out of younger population, belonging to the customer segment active in purchasing bottled water.
Answers on a question „What brand of bottled water do you purchase?" are presented on Graph 1. Respondents showed that they favour Jana over Olimpija, but also that they are buying both brands.

Graph 1. Which bottled water brand are you commonly buying?



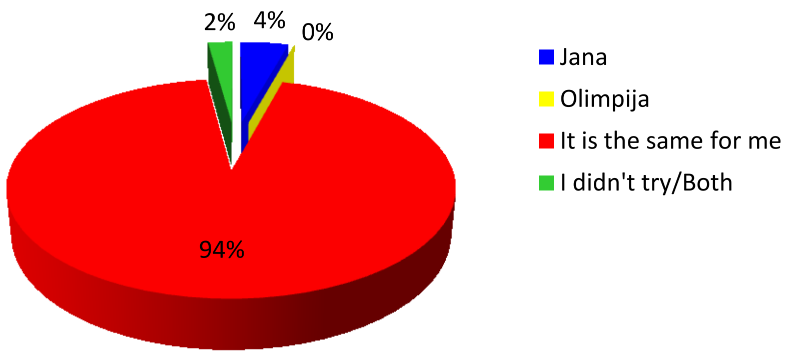
Graph 2 is showing the importance of the selected attributes when purchasing bottled water. 2/3 of respondents put the price on the first place. Interesting thing to observe was that, when it comes to bottled water, brand comes before the importance of quality. Also, it is important to notice that quality and packaging are sharing the same stake in importance.

Graph 2. When purchasing bottled water, the most important attribute for me is:



Quality as an attribute was also separately assessed and results are showed on Graph 3. 94% of respondents does not think that there is a difference in quality of two bottled water brands.

Graph 3. I think that _______ is of better quality.



When it comes to testing hypotheses of the research set of different variables were observed. When it comes to brand identity, it is measured by posing one of the basic elements of communicating corporate identity to a consumer – company logo, to other selected elements: illustration, hologram and symbol. As it is shown on Table 1, highest average score was allotted to logo. This result is supporting H1 and implying that consumers are sensitive on brand that is built by a company and on one of its most frequently used elements – logo.

Table 1. Which identity element placed on packaging consumers spott first?

Identity element	**Average score**
Illustration	3,989362
Hologram	3,510638
Logo	4,5
Symbol	3,914894

Regarding the importance of packaging design, several packaging attributes were assessed: information about product, practicality, looks, country of origin. These elements were selected by authors as they are shown to be most popular with the consumers. All products are obliged by law to explicitly show information about the product (its composition, date of production, expiration date, producer, distributor etc.) Also, very important element for consumers is the information about calories and energy value of the product. Practicality, as an attribute is applied to all types of products (from ones that are to be used for a longer period, to ones that are to be consumed). Looks, as in terms of physical appearance, are becoming more and more important. It is interesting that they are also becoming a decision factor for purchasing food and drinks product categories. Country of origin is an element causing a lot of discussion. Many authors are observing the issue of consumer ethnocentrism and this information, as a packaging element is influencing consumer decision too. This research showed that BH consumers are choosing packaging and looks to be most important elements when purchasing bottled water. This is supporting research Hypothesis 2, as practicality and looks are elements of packaging design.

Table 2. Which of the selected attributes is most important for consumer?

Atribute	Percentage
Information about product	13,80%
Practicality	46,80%
Looks good	22,40%
Country of origin	17,00%

As observed in literature review, visual information are representing important element of packaging design. However, could they be a purchase motif? Table 3. Is showing consumer responses when asked which of the elements (textual, pictures or colour) are motivating them the most for purchasing bottled water. Highest score is evidenced with textual information. These information are in line with H3, so we can conclude that textual information, as part of visual identity of product packaging, could be a determining factor for choosing between two bottled water brands.

Table 3. Which of the below stated visual elements are motivating you the most for purchasing bottled water?

Visual element	Average score
Textual information	4,35
Pictures, symbols, illustrations	3,73
Colour of the packaging	2,69

PRACTICAL IMPLICATIONS

Product appearance and its packaging are strongly affecting customers, although they are often not aware of it. Today, packaging is primarily designed to attract customers and facilitate their decision making process, in the favour of that very brand. This research analysed consumer behaviour when purchasing bottled water brands B&H markets. They were asked about attitudes towards two specific bottled water brands and elements of packaging were assessed and compared.

Several implications for managers in bottled water business, and implicitly for companies involved in fast moving consumer goods industry, could be derived from this research. Price represents the most important attribute for consumer when deciding about bottled water purchase. Surprising information is that brand came before quality as a second most important attribute. This allows comparing packaging elements of two brands as they are important to consumers as same as bottled water quality.

When thinking of the element of bottle packaging, brand logo is an element consumer is regarding as most important. It should have a central place on the bottle as it is a highest valued signal for consumer. Alongside with this information, textual information should be elaborated in details as they are the most important visual element for consumer decision.

Interesting thing found by this research is that practicality of the packaging represents the most important attribute for purchase. This is implying that bottled water packaging should be adjusted to consumer needs and wants. Interesting thing would be to describe consumer priorities. For example: is a sport cap on a bottle important for consumer?

Further researches on this topic should necessary to broaden it by employing additional elements of quantitative analysis to get more relevant results. An instrument for comparing product brands should be developed and tested. Also, this research is focused on a single industry, and a good insight could be made by making a comparison of consumer attitudes in other industries.

REFERENCES

Ampuero, O. & Vila, N. (2006). Consumer perceptions of product packaging. *Journal of Consumer Marketing.* 23(2), 100-112.

Bosnar, D., Gmaz, S. & Pibernik, J. (2005). *Utjecaj dizajna ambalaže na donošenje odluke o kupovini.* [The role of packaging design in purchase decision-making] Zagreb: Grafički fakultet Sveučilišta u Zagrebu.

Clement, J. (2007). Visual influence on in-store buying decisions: an eye-track experiment on the visual influence of packaging design. *Journal of Marketing Management*. 9(10), 917-928.

Engel, J.F., Kollat, D.T. & Blackwell, R.D. (1968). *Consumer Behavior.* New York: Holt, Rinehart and Winston.

George, J. (2005). On paper, a world of opportunity. *Packaging World Magazine,* April, 36.

Granot, E., Greene, H. & Brashear, T.G. (2010). Female consumers: Decision-making in brand-driven retail. *Journal of Business Research.* 63(8), 801-808.

Grossman, R.P. and Wisenblit, J.Z. (1999). What we know about consumers' colour choices. *Journal of Marketing Practice: Applied Marketing Science*, 5(3), 78-88.

Hill, A. (2011). Standing out in the Crowd. *Packaging; Branding. Global Cosmetic Industry,* September 2011.

Howard, J.A. & Sheth, J.N. (1969). *The theory of buyer behavior*. New York: Wiley.

Jurečić, D. (2004). *Evaluacija elemenata vizualne informacije na grafičkoj opremi ambalaže.* [Evaluation of elements of visual information on graphical equipment of packaging]. Master thesis, Varaždin: Faculty of organization and informatios in Varaždin.

Keller, G. (1972). *Uloga boja u dizajnu ambalaže i prodaji proizvoda*. [The role of the color in packaging design and product sale] Zagreb: Savjetovanje ambalaža i marketing.

Masten, L. D. (1988). Packaging's proper role is to sell the product. *Marketing News*, 22(2), 16.

Nicosia, F.M. (1966). *Consumer decision processes: marketing and advertising implications*. California: School of Business Administration California.

Nickels, W. G. & Jolson, M. A. (1976). Packaging - the fifth 'P' in the marketing mix. *S.A.M. Advanced Management Journal*. 41(1), 13-21.

Pilditch, J. (1973). *The silent salesman,* 2nd Ed. London: Business Books Limited.

Raghubir, P. and Krishna, A. (1999). Vital dimensions in volume perception: can the eye fool the stomach? *Journal of Marketing Research*, 36(3), 313-26.

Rakić, B. & Rakić, M. (2007). *Ponašanje potrošača* [Consumer Behavior]. 3rd Ed. Beograd: Megatrend univerzitet.

Rundh, B. (2009). Packaging design: creating competitive advantage with product packaging. *British Food Journal,* 111(9), 988-1002.

Sheth, J.N., Newman, B.I., Gross, B.L. (1991). Why we buy what we buy: a theory of consumption values. Journal of Business Research. 22(2), 159-170.

Sherman, S. & Tuten, T. (2011). Message on a bottle: the wine label's influence. *International Journal of Wine Business Research*. 23 (3), 221-234.

Senecal, S., Kalczynski, P.J. & Nantel, J. (2005). Consumers' decision-making process and their online shopping behavior: a clickstream analysis. *Journal of Business Research.* 58(11), 1599-1608.

Silayoi, P. & Speece, M. (2007). The importance of packaging attributes: a conjoint analysis approach. *European Journal of Marketing*, 41(11/12), 1495-1517

Stewart, B. (1996). *Packaging design strategy*. Leatherhead: Pira International.

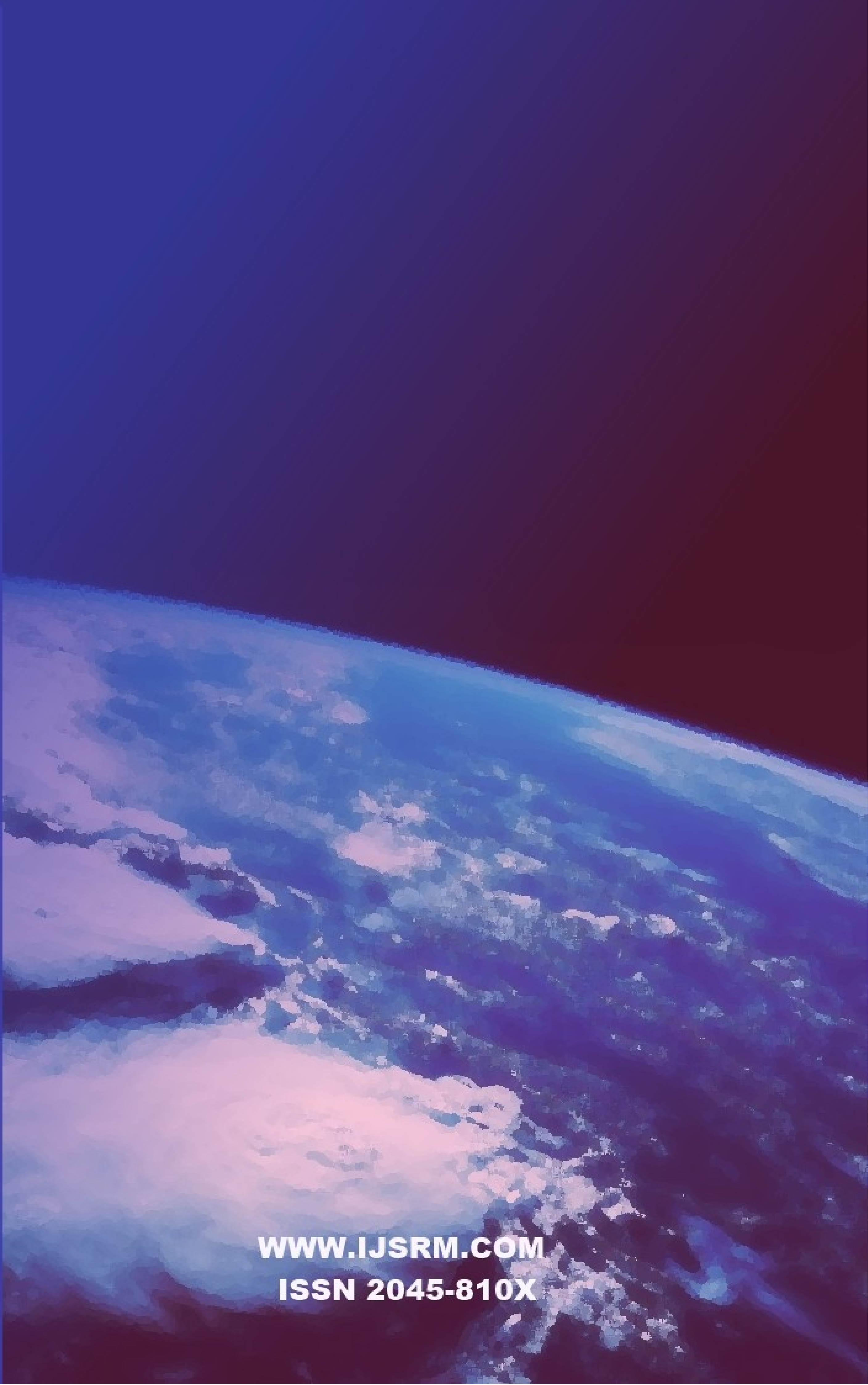
Tihi, B. *et al.* (Eds.) (2006). *Marketing* (3. Changed and revised ed.). Sarajevo: Ekonomski fakultet.

Underwood, R.L., Klein, N.M. & Burke, R.R. (2001). Packaging communication: attentional effects of product imagery. *Journal of Product & Brand Management*. Vol. 10 No. 7, pp. 403-22.

Underwood, R.L. (2003). The communicative power of product packaging: creating brand identity via lived and mediated experience. *Journal of Marketing Theory and Practice*. Winter, 62-76.

Young, S. (2004). Breaking down the barriers to packaging innovation. *Design Management Review*. 15, No. 1, pp. 68-73.

Zeithaml, V. (1988). Consumer perception of price, quality, and value: A means-end model and synthesis of evidence. *Journal of Marketing, 52, July, 2-22.*



WWW.IJSRM.COM
ISSN 2045-810X