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Contents

Editorial

The current issue of the International Journal of Sales, Retail and Marketing is once more dedicated to the best research papers from the area of retailing, sales and marketing that have been presented on our annual 11th CIRCLE international conference that took place between April 23rd and 26th, 2014. We are proud to present 11 new original research papers concentrated mainly in the area of retailing and sales from different authors from all around Europe.

In this, truly international issue there are papers form three different countries such as Germany, Poland, United Kingdom, Croatia, Cyprus and other. The profile of contributors to the Journal ranges from well-known established professors to young and promising doctoral students whose time is yet to come.

Thank you for taking interest in publishing and reading The International Journal of Sales, Retailing and Marketing. We hope it will be a valuable help in your professional and academic advancement.

Editor,

Professor Mirko Palić, Ph.D.

EVIDENCES FOR SUSTAINABILITY MANAGEMENT IN THE CHEMICAL INDUSTRY – AN INTERNATIONAL COMPARISON

Bernd Britzelmaier & Lina Salerno

Introduction

During the last years, companies as well as academic research have set increasing focus on corporate sustainability. In order to coordinate and measure all social and environmental activities, companies need a sound sustainability management which furthermore facilitates an integration and implementation into the conventional business management. This paper looks for evidences of sustainability management in the chemical industry. It provides a current status of academic research as well as revealing insights and comparisons from the corporate sustainability management of international chemical companies. Although good approaches have been found, the examined corporations have to improve their efforts to ensure that sustainability is fully embedded in the entire organization.

Sustainability Management – A Definition

Sustainability management is based on the idea of Triple Bottom Line (TBL), one of the most frequently applied CSR concept in politics and companies (Cf. Hauff & Kleine, 2009, p.115). The TBL goes beyond a pure financial approach of an enduring preservation of business and is built upon the three E's – Economy, Ecology and Environment (Cf. Balik & Frühwald, 2006, p.29).

Bernd Britzelmaier, Pforzheim University,
e-mail: bernd.britzelmaier@hs-pforzheim.de
Lina Salerno, Pforzheim University,
e-mail: lina.salerno@gmail.com

Economic sustainability aims to ensure long-term corporate success while fulfilling social responsibility (Cf. Elkington, 1999, p.73). In contrast to the classical economic view where monetary objectives, like profitability, market shares, economic growth, or an increase in company value, invariably have priority, the task of economic sustainability is to shape the social and environmental management (Cf. Wilkens, 2007, p.8). Describing the responsibility towards nature, the ecological dimension strives to be resource-conserving when dealing with nature and to preserve protected natural resources, such as the atmosphere, for future generations (Cf. Hauff & Kleine, 2009, pp.17). On a company level social sustainability comprises topics like gender equality, occupational safety, training and development of employees, child labor, as well as diversity (Cf. Bauer, 2008; Cf. Schaltegger et al., 2007, p.16). Thus, corporations seek to reduce unwanted effects and at the same time encourage positive social impacts (Cf. Wilkens, 2007, p.14).

Gminder et al. (2002, p.97) as well as Greiling & Ther (2010, p.44) see the aim of sustainability in preserving and creating value in all three dimensions. Elkington (1999, pp.70) by contrast, recommends that companies find the ideal balance between ecological harmony, social responsibility and economic growth potential.

For Schaltegger, Windolph, and Harms sustainability management means to mold systematically all business activities in an economically efficient way, in order to prevent environmental impacts and achieve desirable social effects (Cf. Schaltegger et al., 2010, p.23). Hence, companies establish not only strategic competitive advantages but ensure long-term survivability (Cf. Hummel, 2008, p. 81; Cf. Jänicke, 2011, p.1). Wall and Leitner confirm in their studies that taking into account environmental and social aspects in managerial decisions indeed give a competitive edge. Nevertheless, they point out that setting the focus on sustainability can have a short-term negative impact on the economic success. (Cf. Wall & Leitner, 2012, p.257) As financial resources are restricted, another task of sustainability management is that companies ascertain a maximum of benefit from their sustainability investments (Cf. Kraus & Britzelmaier, 2012a, p.253). In order to achieve substantial changes of processes, products, and services, it is important that sustainability management does not take place in parallel to the conventionally, financial-oriented management, but that it is integrated in all levels and areas of the company (Cf. Schaltegger et al., 2010, p.48; Cf. Ernst & Young & GreenBiz, 2013, p.13).

Current State of Sustainability Management

Sustainability topics with a high practical orientation result often from the context of business operation, stakeholder expectations together with public interest (Cf. Schaltegger et al., 2010, p.42; Cf. Schock, 2008, p.75; Cf. Ernst & Young & GreenBiz, 2012, p.4). Meanwhile executives are aware of a new era of sustainability which extends beyond classical environmental topics like climate change and carbon footprints. Issues related to water, waste, or biodiversity become the focus of attention (Cf. Lacy et al., 2010, p.23). Especially in energy intensive industries, for example chemicals, energy and water consumptions are being tracked and programs reducing or using these resources more efficiently are established (Cf. Ernst & Young & GreenBiz, 2012, pp.18). Results from various studies confirm that resource related activities outpace reputation measures (Lacy et al/ UN Global Compact, 2010; Ernst & Young/ GreenBiz, 2012; Bonini, 2011). In Germany companies have enhanced their sustainability activities to the social dimension. Among the most relevant field of actions are training and development of employees, occupational safety and health or diversity (Cf. Schaltegger et al., 2010, p.43; Kienbaum, 2010, p. 13; Deloitte, 2009, p. 12). These domains are key elements for competitiveness and innovation. They serve to meet different customer requirements as well as they attract new employees. As a consequence, incorporating sustainability exceeds pure business considerations (Cf. Bonini, 2011, p.8).

Many studies have shown that the importance of integrating ecological and social aspects into the management of companies has increased significantly. Behind this trend hide drivers like cutting costs or stakeholder engagement (Cf. Mahammadzadeh, 2011; Cf. Adams & McNicholas, 2007, p.385). In contrast, companies rather dislike governmental regulations, because especially environmental requirements can have a serious impact on corporations' sustainability programs and initiatives (Cf. Ernst & Young & GreenBiz, 2012, p.5; Cf. McKinsey, 2010, p.8). Nevertheless, companies will benefit from sustainable business practices and products by entering new markets, developing new business models or reducing costs. That is why 93% of the 766 Global Compact member CEOs believe that sustainability will contribute significantly to the company's success (Cf. Lacy et al., 2010, p.10).

With regard to the institutionalization of corporate sustainability a new era is emerging where sustainability is no longer a nice to have feature on a rudimentary, voluntary basis but fully integrated into the strategy, organization, operations, and the core business of a company (Cf. Ernst & Young & GreenBiz, 2012, p.4; Cf. Lacy et al., 2010, p.11). The survey *The 2012 Sustainability Leaders* reveals how companies approach and express a firm's commitment to sustainable values by combining vision/ strategy with integration/ performance and engagement/ communication (Cf. A GlobeScan & SustainAbility Survey, 2012, p.16). Only if sustainable initiatives run through this three-step approach, is it granted that sustainability is fully integrated in the main business. However, McKinsey's survey discloses that 36% of the examined companies have a strategic approach to sustainability including an explicit set of initiatives (Cf. Bonini, 2011, p.12). Unfortunately just a few investigations (Cf. Schaltegger et al., 2010, pp. 48; Cf. Angermüller & Schwerk, 2004, pp.6) give insights on how corporate sustainability is integrated into the core business for example by tying sustainability with the range of goods, laying efforts on a sustainably supply chain or on a sustainable production and processes. The latter is for sure a difficult task for companies because it spans over various suppliers, across borders and is constantly growing (Cf. Hoffmann et al., 2011, p.29). At the same time a sustainable supply chain implies advantages. For instance reputation risks can be avoided and the elimination of social and environmental grievances entails a raise in the delivery quality (Cf. Braun et al., 2010, p.9).

Obviously, to meet the challenge resulting from the three sustainability dimensions, companies have to install different management tools and concepts. In the following paragraph only a brief introduction is provided, taking into account that there is a variety of other tools which are not considered in this paper. Binhack and her colleagues found that common instruments which serve the ecological dimension comprise efficiency and cost-reduction programs, environmental management systems, as well as resource-saving processes (Cf. Binhack et al., 2006, p.9). Social tools include gender equity programs, personnel training, health care, social programs or labor standards (Cf. Binhack et al., 2006, p.9). But companies also care about local communities and society at large, by making donations and company sponsored volunteering (Leonardo Academy, 2008, p.9). As Ernst & Young/ GreenBiz illustrate, many companies are geared with their measures towards enhancing employee attraction and retention, strengthening customer relations, improving operational efficiency, increasing innovation as well as strengthening community ties (Cf. Ernst & Young & GreenBiz, 2012, p.17).

On their way to embed sustainability into the core business strategy CEOs face various internal barriers (Cf. Lacy et al., 2010, p.34). The biggest hurdles, on which 49% of the company bosses agreed on, consists of the high complexity of implementing strategy across functions followed by competing strategy priorities (48%) (Cf. Lacy et al., 2010, p.34). Guaranteeing a coherent, companywide approach along continually growing, complex supply chains is not an easy task (Cf. Lacy et al., 2010, p.34). In addition, mergers and acquisitions impede the enforcement of these strategies because they make it difficult to reconcile different cultures and processes (Cf. Lacy et al., 2010, p.35). With regard to competing strategy priorities most CEOs admitted that the turbulent market conditions force them to take decisions which are not in accordance with their long-term strategy but alleviate current pressures (Cf. Lacy et al., 2010, p.34). Thus, 45% of the managers set more focus on short-term financial strains and the survival of their businesses (Cf. KPMG, 2011a, p.35). Another significant gap between performance and sustainability strategies lies in the need to invest more in extended training of executives in order to embed sustainability into procedures and plans. While 86% of CEOs feel this urge only 60% already realize it. Therefore, it is necessary to close this gap because employees in the end are significant drivers for the accomplishment of sustainability initiatives (Cf. Lacy et al., 2010, pp.35).

Analysis of the Sustainability Management in the Chemical Industry

Research Methodology

This study's objective is to find evidences for sustainability management in the chemical industry, with the aid of publicly available information (sustainability reports, annual reports and information provided on the company's home-pages). The research is based on a list of criteria which covers different aspects of four areas namely Reporting, Ecology, Environment and Economy. Suitable criteria have been taken from various studies, for example from Quick and Knocinski (2006, pp.641-644), Kirchhoff (2009, p.14, p.20), Herzig and Schaltegger (2009, p.35), Ceres (2012, pp. 9), Gebauer et al. (2011, pp.11), and the GRI Guidelines. Furthermore, specific criteria were developed in order to tailor the list of criteria for the chemical industry and to provide as accurately as possible a picture of the sustainability management in this sector. The resulting scoring model looks out for possible differences in sustainability management dependent on the country of origin and the company size. The scoring model is based on the 3 sustainability dimensions and the maximum score is 100 points. 30 point can be reached for each of the 3 sustainability dimensions, 10 points can be scored for the quality of the sustainability reporting. Table 1 shows the scoring model in detail:

Table 1: Scoring model

Ranking	
Reporting	**1,43**
Sustainability Report	1,0
Annual Report with integrated Sustainability Report	1,0
Information on Homepage	1,0
Sustainability Reporting on a regular basis (at least 3 years)	1,0
Sustainability Reporting following the GRI Guidelines	1,0
Achieved GRI Level (A, B, C)	1,0
Including external check note	1,0
Total Reporting	**10,0**
Ecology	**2,5**
Ecological Performance	
Targets to reduce Greenhouse Gas Emission (CO2 Reduction Targets)	1,0
Programs to reduce Greenhouse Gas Emission	1,0
Programs to reduce other Emissions	1,0
Use of Renewable Energy	1,0
Programs and Targets to increase Renewable Energy Use	1,0
Reduction of Energy Consumption	1,0

Reduction of Water Consumption	1,0
Reduction of Waste	1,0
Waste Management	1,0
Suppliers and Subcontractors	
Requirements on Suppliers' Environmental Performance	1,0
Training suppliers in Environmental Issues	1,0
Programs and Targets for Environmental Improvement of Suppliers	1,0
Total Ecology	**30,0**
Environment	**2,14**
Responsibility for Employees	
Gender Equality	
Share of Women in the Board	1,0
Women in Executive Positions	1,0
Programs to increase the Percentage of Women in Executive Positions	1,0
Diversity	
Programs to promote Integration (Diversity)	1,0
Advanced Training/ Health/ Occupational Safety	
Programs for Advanced Training	1,0
Programs to improve Work-Life Balance	1,0
Health Care Programs	1,0
Occupational Safety Programs	1,0
Suppliers and Subcontractors	
Compliance to Workplace-Standards	1,0
Responsibility for Society	
Supporting Access to Education	1,0
Supporting Children and Adolescents	1,0
Support in Environmental and Natural Disasters	1,0
Donations for Humanitarian Projects	1,0
Supporting Employees' Citizens' Engagement	1,0
Total Environment	**30,0**
Economy	**1,8**
Sustainability Structures	
Sustainability Management Approach	
Sustainability Mission Statement/ Sustainability Guidelines/ Sustainability Principles	1,0
Materiality Analysis of CSR issues	1,0
Environmental Management System (ISO 14001)	1,0
Company Suggestion System (Idea Management, Employee Dialogue, Employee Surveys)	1,0
Quality Management System (including ISO 9001)	1,0
REACH	1,0

Responsible Care Management System	1,0
Sustainability Audits (Environmental, Safety and Security Audits, Ecological Audit, Supplier Audit)	1,0
Early Warning/ Risk Management/ Risk Analysis (Taking into account Aspects of Sustainability)	1,0
Realization	
CSR Programs and Targets	1,0
Establishing CSR in the Mission Statement	1,0
Establishing CSR on Board Level	1,0
Sustainability Targets as Component of the Compensation paid to Members of the Board of Executive Directors	1,0
Incorporation of Sustainability in the Organizational Structure (Department/ Executive Department)	1,0
Integrating CSR into the Core Business (Products/ Services)	1,0
Integrating CSR into the Value Chain	1,0
Product Stewardship	1,0
Total Economy	**30,0**
Overall Result	**100,0**

The ranking highlights best practices among the 25 major international chemical companies, all listed in the respective country's main stock market index.

Ranking

Reporting

This section contains an analysis of format and scope of released sustainability information. The majority of 68% of the reviewed companies announce sustainability reports, 32% published annual reports with an integrated sustainability report. Most of the firms already have experience in reporting their sustainability engagement. 92% report on sustainability on a regular basis.

In the ranking a maximum of 10 points could be achieved in this category of seven criteria. The average score amounts to 6.44 points. While the leading companies reached 8.57 points (BASF, Bayer, Koninklijke DSM, Uralkali), Gedeon Richter ranked last with a score of 2.86 points. The best performers convinced because their reports were checked by a third party and by the Global Reporting Initiative.

Ecology

In this category twelve criteria were evaluated. Among others the emission of greenhouse gases (GHG), targets and programs to reduce them, as well as programs to reduce other emissions were analyzed. The examination of renewable energy use but also the energy, water and waste consumption form part of the analysis.

The majority of the companies track their GHG emission. 84% have set targets and programs to reduce their GHG emission. Most of the programs focus on an increase in efficiency or on investments in R&D to slow and stop the rate of emitted greenhouse gases. The number of companies which have programs to reduce other emissions is significantly lower. Only 56% of the enterprises reported about its measures and projects related to the decrease of other atmospheric emissions. Again the companies concentrate on investment and structural improvements. 16 enterprises use renewable energies, like wind, solar and biomass power. Bayer confirms the use of renewable materials as long as it makes economic, environmental and technical sense (Cf. Bayer, 2012, p.55). With regard to programs and targets which increase the utilization of renewable energies the analysis shows, that 24% of the companies publish relevant information. The results indicate an attempt of the industry to find and use alternative energy sources. Due to the energy efficiency of the industry these efforts are still in its infancy and renewable energy forms a rather small share of the energy mix. The analysis of energy consumption reveals that 40% of the companies could diminish their energy wastage, while the same percentage of companies recorded an increase. The distribution of share regarding the water consumption is slightly better: 52% spend less water in the reporting period, compared to 28% who spend more. These results reflect more or less the outcomes of the CSC and Chemical Week Magazine (2011, p.9). In fact, 80% of the examined companies track their water consumption and therefore provide evidence that water is a precious resource. On the contrary, only a bare majority (52%) endeavors not to waste this resource and to handle it responsibly. It remains to be seen if in future years a clear trend can be observed.

In the sustainability management ranking a maximum of 30 points could be reached in this category. On an average the companies scored 16.65 points. AkzoNobel was the best performing company with 25.00 points. Once again Gedeon Richter lags far behind (0.00 points). Table 2 shows the best performing corporations in this section.

Table 2: Best Performing Companies – Ecology

Top 3 - Ecology	Country	Score	Rank
AkzoNobel	NED	25.00	1
Bayer	GER	23.75	2
Henkel	GER	22.50	3
Sasol	RSA	22.50	3

AkzoNobel is outstanding due to a complete reporting of all ecological performance indicators. Moreover, the corporation was able to reduce its energy and water consumption, as well as the amount of waste. Merely in the field of suppliers and subcontractors the company could have shown more effort regarding training suppliers in environmental issues or installing programs and setting targets for the ecological improvement of its suppliers. It is exactly this area where Henkel is outperforming. Nevertheless, Henkel could have provided information about the use of renewable energies. Even though the usage of renewables is ineligible for the company, for instance because of higher costs, insecurity in supply or other reasons, the evidence of a sustainable energy management should exist.

In terms of country specific propensity companies from Germany (27.3%), Japan (27.3%) and the Netherlands (18.2%) dominate this section. The fact that Japanese companies perform well is based on an increased awareness of climate change since the Kyoto Protocol was framed in Japan in 1997 as well as on legal requirements (Cf. Schock, 2008, p.76). Furthermore, the results match with Fukukawa and Moon (2004, p.52) proving that the ecological dimension of sustainability is well institutionalized in Japanese corporations.

Environment

The focus in this section was set on three pillars, namely responsibility for employees (e.g. gender equality, advanced training, work-life balance, health care, and occupational safety), responsibility for suppliers and contractors (including compliance to workplace standards) and responsibility for society (e.g. access to education, support in environmental and natural disasters, donations for humanitarian projects).

The analysis of gender equality has shown that there are still differences between men and women regarding the allocation of gender in leading positions. The composition of boards reveals that in 44% no woman is represented. In another 54% of the cases the number of women in boards fluctuates between one and three (average 1.1). The percentage of women in executive positions varies between 4% (Toray) and 31% (Henkel). Different definitions of executive positions within the sample impede the comparability of results. Perhaps the participation rate of female top managers is also increased by measures to combine family and career, which are offered by 76% of the companies. The most common mentioned programs to improve work-life balance are flexible working arrangements, part time work, home-office, as well as childcare facilities. Lifelong learning is essential to master changing labor conditions during the entire work life and increases competitiveness and employability (Cf. Commission of the European Communities, 2006, p.2). All the reviewed companies have recognized this fact and have therefore installed programs for advanced training. The offering ranges from mentoring programs and language classes to leadership development programs, as well as management seminars. Online tools and resources, including e-learning, complete the training opportunities. The goal is to acquire leadership skills, intercultural competences, or economic knowledge, which is especially needed for the company. Air Liquide, AkzoNobel, BASF, Lanxess and some others possess as a matter of fact their own training academies. In the field of health care employees can participate in medical check-ups, preventive programs to guard against workplace-related risks (e.g. stress management), and profit from fitness and sports courses. Out of the sample, 84% offer the just mentioned or similar health care programs. Although, all companies heed occupational safety, some of them had to report accidents with fatalities. The majority of chemical companies claim that their suppliers and contractors comply with workplace standards and therefore provide a supplier code of conduct (80%). The enterprises especially take care of aspects like occupational safety, compliance with human rights and labor laws, prohibition of child labor, as well as antidiscrimination and anticorruption. Certainly, the number of companies with such standards is high, because one or another enterprise already made negative headlines. Besides avoiding tremendous reputation damages, the insights from Braun et al. (2010, p.9) seem plausible, because they point out an improvement of product quality together with a reduction of suppliers contingency risks. The analysis of the companies‘ social commitment indicates, that 92% of the industry champion for humanitarian and educational projects. Supporting children and adolescents is also popular among the corporations (88%). Companies foster their employees in citizens’ engagement (60%), for example by granting them paid time off from work or paying part of the costs needed for projects.

The section Environment comprises fourteen attributes in the ranking. Again, a maximum of 30 points could be obtained. The assessed companies average 20.43 points. Two German companies top the list, namely Bayer (26.43) and Lanxess (25.71) followed by Japanese Sumitomo Chemical (24.29) (see Table 3). As in the two sections before, Gedeon Richter takes the last place together with Yara International.

Table 3: Best Performing Companies – Environment

Top 3 - Environment	Country	Score	Rank
Bayer	GER	26.43	1
Lanxess	GER	25.71	2
Sumitomo Chemical	JPN	24.29	3

To improve its performance in the section Environment, all companies of the Top 3 have to work on the topic gender equality. Compared to the other analyzed corporations in the chemical industry, the leading companies lack in having a female board member. The share of women in executive positions is in need of improvement, too. This applies especially to Sumitomo Chemical and even more for Lanxess, which did not disclose any data to the criterion.

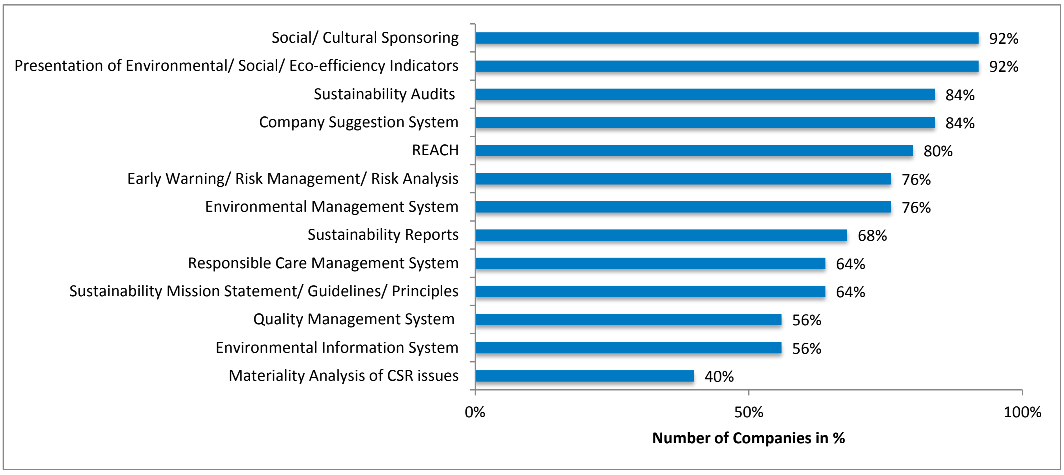
Especially German and Japanese corporations concentrate their activities on this section each 30%). The results from Schaltegger et al. (2010, p.43), Kienbaum (2010, p.13) and Deloitte (2009, p.12) can be validated for German representatives. The analysis has shown that German companies perform strongly in the category "Responsibility for Employees". A reason can be found in the shortage of skilled labor and in the consequential war of talents. Thus, the companies have to think about features to attract employees. Japanese corporations stressed their "Responsibility for Society". This is certainly due to the aftermaths of the Great East Earthquake and the nuclear disaster which took place in 2011. It remains to be seen if these trends continue in future years.

Economy

This part of the analysis is divided into two sections. It looks at the corporations' sustainability management approach (e.g. sustainability mission statement, materiality analysis of CSR issues, environmental management systems, REACH, Sustainability audits) as well as its realization (CSR programs and targets, establishing CSR on board level, integrating CSR into the core business, product stewardship).

The most popular sustainability management methods in the chemical industry are, as shown in Figure 1, Social/ Cultural Sponsoring and the Presentation of Environmental/ Social/ Eco-efficiency Indicators. Hence, the result deviates from Schaltegger et al.'s study (2010, p.63) where Quality Management System was in the lead. The companies follow a simple principle: Do good and talk about it, which might be one reason why Social/ Cultural Sponsoring is at the top of the ranking. Sustainability Audits and Company Suggestion System come off well in the current study and confirm, with their actual ranking, the result from Schaltegger et al. Especially Sustainability Audits did well, because the analysis of this criterion additionally included the evaluation of suppliers. The majority of the companies assess their contractors and suppliers with the assistance of KPIs which comprise aspects of the three sustainability dimensions. At this point it must also be remarked that only a few companies report about ending business relations in case of bad performance. The coverage of this topic by the remaining corporations would be desirable. Furthermore, industry specific management methods like REACH and Responsible Care Management Systems, as well as materiality analysis, were considered for the first time, which were not taken into account in Schaltegger et al.'s research. Although REACH only applies for the EU, 80% of the reviewed companies are affected by the regulation. Therefore, it can be assumed that the firms have processes that help to fulfill all required aspects of REACH. The importance of Responsible Care Management System has been unchanged over the last years. The study from Hileman et al. (2006, p.33) revealed that 62% of the companies in the sample managed sustainability with a RC Management System, in the current research 64% of the companies do so.

Figure 1: The most stated Sustainability Management Methods in the Chemical Industry



Sustainability is a matter for top management (Cf. Hülsen & Weisel, 2011, p.125). This is not only true for German corporations, but also for the group of companies analyzed in this study. Indeed, sustainable behavior starts in the mind of every single employee but the author supposes that the integration of CSR is only successful, if it is anchored at board level. This assumption is confirmed by the work in hand, showing that in 68% of the reviewed organizations at least one board member is responsible for CSR topics. The importance of sustainability is also reflected in the compensation of board members. Six companies (24%) link the remuneration of the board to the achieved CSR targets. Thus the outcomes from Kienbaum (2010, p.14) are reflected in an international context as well. The result shows on the one hand, that companies still face a challenge to convert sustainability goals into managerial control parameters. On the other hand, it cannot be inferred that companies establish sustainability only for credibility reasons at board level and that there exists no further responsibility. In 92% of the examined cases sustainability is incorporated in the organizational structure. For example the firms have CSR committees and councils, sustainability officers, as well as sustainable development departments. The analyzed enterprises exhibit predominantly an integration of CSR into the core business (84%). Thereby the results from this study is in accord with the outcomes from Angermüller and Schwerk (2004, pp.6) as well as with Schaltegger et al. (2010, p.49). By contrast it was more difficult to evaluate to what extent the firms integrated sustainability into their value chain. According to the author's perception 76% of the sample did so. A positive example of this is BASF with its "1+3" project. In China suppliers who participate in the project commit themselves to pass on the BASF sustainability standards to at least three cooperation partners in the supply chain. (Cf. BASF, 2013, p.92) As the study of CSC and Chemical Week Magazine (2010, p.9) has shown, more and more companies care about product stewardship. This outcome can be confirmed by the result of 76% companies under review. The focus is set on life cycle assessments and safety passports for the different products.

In the sustainability management ranking this category included 17 criteria. The evaluated companies could once again achieve a total of 30 points. Among the leading corporations (see Table 4), Bayer is ranked first (28.24) followed by BASF, Syngenta and Solvay (all 26.47 points). The average in this section equals 21.60 points.

Table 4: Best Performing Companies – Ecology

Leading Companiey - Economy	Country	Score	Rank
Bayer	GER	28.24	1
BASF	GER	26.47	2
Solvay	BEL	26.47	2
Syngenta	SUI	26.47	2

Bayer is outperforming in this section. Space for improvements can be determined merely in the board members' compensation. If Bayer, and also BASF, succeed in linking sustainability targets to the boards' remuneration another important step in the integration of sustainability into the entire organization would be made. Solvay and Syngenta have already taken this step. Looking at Syngenta's performance it strikes one that the company does not provide information about REACH or Responsible Care. It seems that the company is not affected by these two programs due to its business activities. At this point of the study the list of criteria and therefore also the scoring model reach their limit. In the actual integrated report, BASF provides no proof for a quality management system. However, the company possesses a very good quality management system. The evidence can be found in the last year's integrated report. Thus, BASF would have achieved also the first place in this section.

Looking at the Top 10 companies in the section Economy German enterprises perform once again well (30%). But also the two Dutch (20%) can be found among the leading nations. A possible explanation can be found in the fact that European companies operate in advanced business markets with a higher focus on CSR (Cf. Schock, 2008, p.67).

Overall Result

The sustainability management ranking complements the results gained from the analyzed list of criteria, by scoring the CSR management performance of the chemical industry. All in all, out of the possible 100 points the leading company (Bayer) made 86.99 points. The average sustainability management performance in the chemical industry amounts to 65.12 points. Table 5 shows the best performing companies of the entire scoring model.

Table 5: Best Performing Companies – Overall Result

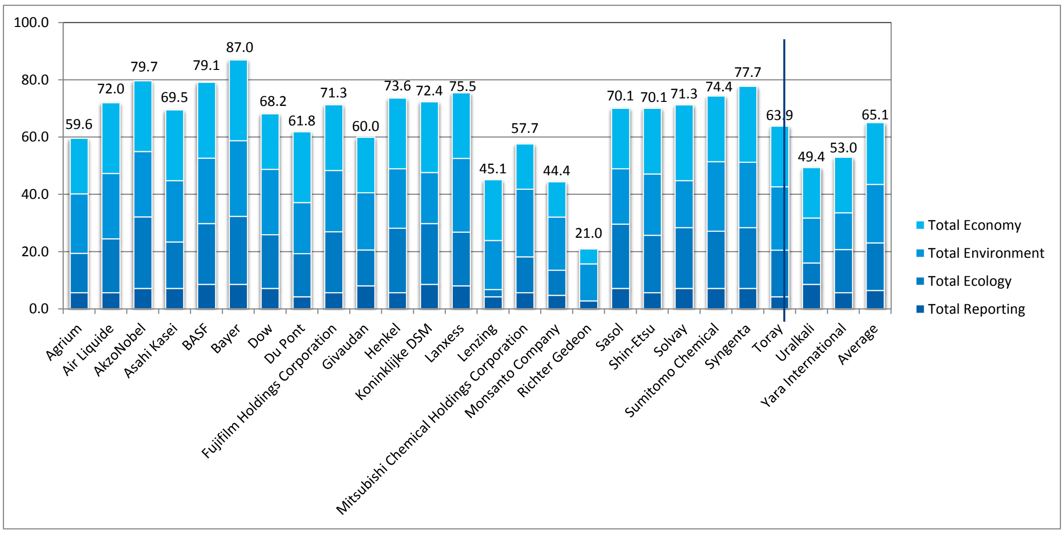
Top 5 - Overall Result	Score	Rank	Country	Number of Employees	Company Size
Bayer	86.99	1	GER	111,800	L
AkzoNobel	79.71	2	NED	55,272	M
BASF	79.15	3	GER	113,262	L
Syngenta	77.72	4	SUI	27,262	S
Lanxess	75.50	5	GER	17,177	S

Glancing at the Top 5 companies, it turns out that both large (L) and small companies (S) have a good sustainability management performance. It is not surprising that large corporations rank among the top performers, because they attract attention due to their size and their impact on their surroundings. However, enterprises with a smaller number of employees are avant-garde in their sustainability management performance, since they might face minor expectations.

The ranking results have revealed that sustainability management in German corporation is well-marked in the international comparison. While Dutch companies find themselves among the best performing organizations in all three dimensions, enterprises from Japan are especially strong in the field of ecology and environment. The United States were represented with three firms. In general, they achieved average ranks. Thus, a clear emphasis of one dimension is indiscernible. The sustainability management at Swiss Syngenta is well-developed along all three dimensions. Although, a valid statement for all Swiss companies in the chemical industry is not possible, because the second representative, Givaudan, ranked in the last third. All in all, the overall result reflects the outcomes of Oekom Research's *Corporate Responsibility Review 2013* (2013, p.7): While European companies take the lead, US corporations lag far behind.

Figure 2 provides an aggregated view of the overall sustainability management performance.

Figure 3: Overall Performance of the Chemical Industry



The results of this study have shown that in the entire industry at least to some extent sustainability management is practiced. Perhaps companies which achieved a lower score also possess an excellent sustainability management. Nevertheless, based on the published information a more precise judgment is not possible.

Key Findings

The study has found a variety of instruments and sustainability structures in the companies of the chemical industry. This fact is good proof that the analyzed corporations appreciate an integrated sustainability management along all the sustainability dimensions.

One of these instruments is sustainability reporting. The companies predominantly make use of CSR reports. They benefit not only from a several years' reporting experience but also from the circumstance that external assurance increases their credibility.

The chemical industry is energy-intensive and burdens the environment due to the emission of greenhouse and other hazardous gases. Sustainability management instruments and measures could be found both in the area of emissions, and also concerning topics like energy and water consumption, as well as waste management. Based on the environmental pollution strengthened efforts are desirable.

In the field of social commitment and corporate citizenship, the authors see a need for improvement especially with regard to the issue of gender equality. In future years the companies should increase their share of women in executive positions, in order to guarantee credibly the requirements from politics and society. The authors welcome the offered possibilities for advanced training, which ensure a lifelong learning. However, the reviewed corporations not only bear responsibility for their employees. Social dedication is also addressed to education projects for children and adolescents. Furthermore, a huge contribution is made for humanitarian projects all around the world.
The reviewed companies succeed in a large part to anchor sustainability into their organizations. The study has shown that many corporations have integrated corporate social responsibility in the organizational structure, in the core business and along the entire value chain. This effort is acknowledged by a membership in sustainability indices. Moreover, the majority joins the UN Global Compact, to share their sustainability experience with other companies.

Conclusion

This paper gives a comprehensive overview of corporate sustainability and sustainability management in theory and business practice.

The chemical companies under review have predominantly taken action in all three sustainability dimensions. However a backlog to fully integrate sustainability into an organization seems to exist. At this point the involvement of finance departments or linking the compensation of board members to the achievement of sustainability targets serve as good examples. In addition, methods to measure sustainability must be refined and their use must be increased in order to reliably determine the impact of sustainability management and its contribution to the business' success.

Sustainability is obviously a process of perpetual improvement (Cf. Kraus & Britzelmaier, 2012a, p.249). Companies doing poorly in the current analysis can orient themselves by emulating the role models in the chemical industry. However, top performing corporations have also to continuously develop their sustainability management. Benchmarking represents an ideal opportunity to acquire approaches for implementing sustainability measures and to learn how major challenges related to sustainability can be tackled. A variety of concepts, technical capabilities and ideas already exists. Chemical companies now have to accelerate and to expand their efforts and actions.

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CRM IN A GERMAN MULTICHANNEL RETAILING COMPANY: INVESTIGATING AND EVALUATING THE SALES PEOPLES´ ROLE

Elena Patten & Tahir Rashid

Introduction

2013 is the 20th birth-year of the World Wide Web, probably the most important technological invention since Gutenberg's letterpress. It has enormous impact on people's lives. In Germany, where bricks and mortar sales have stagnated over the last few years, the integration of the Internet as an additional communication and distribution channel has become one of the predominant issues for retail companies. This paper aims to present the research topic and to show the need for research in the proposed area of multichannel retailing in Germany. The empirical case study will later be conducted in a German multichannel retail company that recently launched an online store as an integrated channel.

The paper is dived in three main parts:

In part 1 the methodology of the conducted systematic literature review is presented. It describes how the key words were selected, which resources were used and how the literature was classified, analysed and synthesized.

Part 2 describes the field of research, by drawing a picture of the development and current trends of multichannel retailing in Germany. It demonstrates how multichannel retailing has changed the customers´ purchasing behaviour.

Furthermore it exposes a linkage between multichannel retailing with customer relationship management (CRM).

In Part 3 the gaps in literature for the proposed research topic and the research objective are presented.

Key words: *Customer Relationship Management, Multichannel Management, Retailing, Sales Force*

Methodology of systematic literature review

The purpose of conducting the literature review is to bring the reader up-to-date with the current literature on multichannel management and CRM as well as to establish the basis for the proposed research and to show that there is need for further investigations (Cronin, 2008). Therefore, the proposed outcome is to identify the gaps in literature and to formulate the research questions and objectives. The first step was to identify the most important databases for getting up-to-date, relevant and rigorous source materials on the marketing topic investigated by this paper. Therefore it was important to focus on marketing literature. For this systematic review, the following sources were selected:

ONLINE DATABASES:

Elena Patten, University of Gloucestershire, UK
Dr. Tahir Rashid, University of Salford, UK

EBSCO Information Services offers more than 375 full-text and secondary research databases. It also provides e-books, e-journals and print journals. Ethos UK is a service of British library and offers theses from several disciplines such as marketing and retailing.

LIBRARIES:

Württembergische Landesbibliothek (Landesbib BW) offers over 3.8 million books, over 12,000 magazines and access to 265 online databases.

Library of Mannheim University (Uni Mannheim) offers 1.95 million books and 32,000 magazines.

INTERNET SEARCH PROVIDERS:

Google scholar provides a database of scholarly literature across many disciplines and sources, including theses, books, abstracts and articles.

After having identified some important databases, the next step was to define the relevant key searching terms. It was important to narrow the topic in order to find out how much of the available literature was relevant to the topic. Therefore, keying in general search terms ran the risk of generating a considerable amount of data, making a review infeasible. The key search terms needed to be so specific that the amount of information generated was manageable. The relevant key searching terms for this paper were defined as: Customer decision making, customer journey, CRM, customer touch points, multichannel retailing, sale process and sales force. During the actual searching process, each of the sources was searched for each of the key search terms.

	Customer decision making	CRM	Customer journey	Customer touch points	Multichannel retailing	Sales force	Sale process
Google scholar	✔	✔	✔	✔	✔	✔	✔
EBSCO	✔	✔	✔	✔	✔	✔	✔
Ethos UK	✔	✔	✔	✔	✔	✔	✔
Uni Mannheim	✔	✔	✔	✔	✔	✔	✔
Landesbib BW	✔	✔	✔	✔	✔	✔	✔

2.1: Key searching terms/ database matrix

After having conducted the search, the articles were read and critiqued according to the following questions: How far is each article appropriate? How up-to-date is the article? How far does the evidence or examples used in materials prove the point that the author claims? Is there a line of reasoning through to its logical conclusion? Are there hidden bias or hidden assumptions? Do the evidence and argument really support the conclusions?

After critically reading and evaluating each article, it was grouped according to the criteria 'relevance' and 'rigour'(Transfield, 2003):

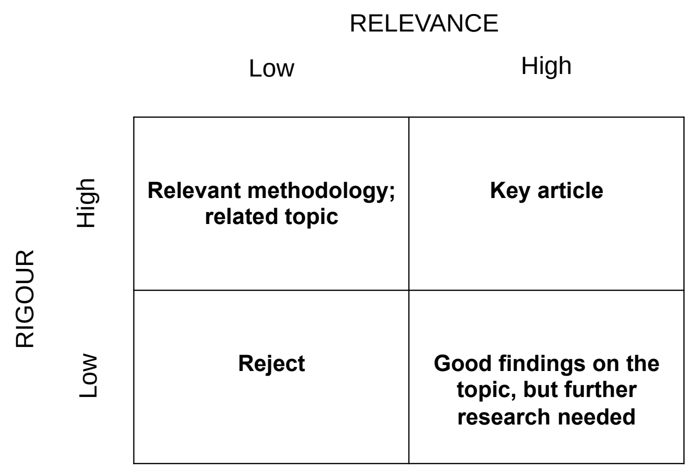

Figure 1: Adapted from Transfield et al. (2003)

Further review was focused on 'key articles', which were highly rigorous and highly relevant at the same time. These key articles were filtered down to just articles by key authors frequently quoted in other research papers of a discipline, papers in high-class journals (e.g. Journal of Marketing and Journal of Retailing) and from the most up-to-date research.

After having analysed each article, they were structured according to their themes and sub-themes.

The next part of the systematic literature review was putting it down in writing. It was important to present the findings in a clear and consistent way so as to clearly define the lines of argument and reasoning. There was also need to highlight the key findings and conclusions, analyse and synthesize them.

The last step of the systematic literature review involved developing the research questions and objectives from the review´s findings.

Multichannel retailing in Germany

There is no doubt that the Internet has revolutionized the retail industry (Zhang et al., 2010, Neslin et al., 2006).

Since 1993, when the initial phase of e-commerce started, many different online and multichannel formats emerged in the market: During this initial phase, 'pure online players', such as Amazon and eBay, launched their online shops. In the next phase, 'shopping comparison' websites—e.g., Expedia and Shopping.com—appeared in the market. These players allowed customers to compare products on a single page, and to read recommendations and critiques written by previous users. The 'optimization and scale up' phase, which started from 2005, offered new system solutions and service providers (MyBuys, Loomia). Since 2008, the focus has been on membership online shops and community webpages where customers find new tools—like moving product pictures—to provide a better shopping experience. Most bricks & mortar retailers launched their online shops since 2008 as an addition to their offline channels (Heinemann, 2013).

The most important online shops in Germany, in terms of sales and store-visits, come from the initial e- commerce phase. eBay (on average 18,819 million visitors in Germany per month) and Amazon (18,103 million visitors) are top of the class (Auktionskopf, 2012).

In 2012, the sales growth of all online stores in Germany increased to 29.5 billion Euros. This only accounts for 7% of the overall retail sales in Germany, but a share of 20% is expected to be attained by 2020 (Mahrdt et al., 2013, Heinemann et al., 2012).

This increase in online shop sales is contradictory to the stagnating sales in the retail segment in Germany (Mahrdt et al., 2013). To extend the scope of business and increase market share, the integration of the Internet as an additional communication and distribution channel has become one of the predominant issues for brick & mortar retail companies (Zhang et al., 2010, Neslin and Shankar, 2009).

As a consequence, distribution channel systems have become increasingly complex (Vinhas et al., 2010). And not only just multichannel systems are complex, there are various academic perspectives and definitions on the term "multichannel retailing" as well:

Source	Year	Definition
Berman, B. (1996). *Marketing Channels*, New York: John Wiley & Sons	1996	In multichannel retailing the same good or service is sold through different channel arrangements.
Pelton, L., Strutton, D., Lumpkin, J. (2002). *Marketing Channels- A Relationship Management Approach, 2nd edition,* Chicago: Irwin/McGraw-Hill	2002	Multichannel retailing occurs when a single firm uses 2 or more marketing channels to reach one or more market segments.
Montoya- Weiss, M., Voss, G., Grewal, D. (2003). Determinants of online channel use and overall satisfaction with a relational multichannel service provider. *Journal of the Academy of Marketing Science, 54 (4),* 36-51	2003	In multichannel retailing, service providers try to reach customers using a mix of channel formats with the objective to satisfy customers and maximize profits.
Rangaswamy, A. and Bruggen, G. (2005). Opportunities and Challenges in Multichannel Marketing. *Journal of Interactive Marketing, 19 (2),* 5-11	2005	Mutichannel retailing enables firms to build lasting customer relationships by simultaneously offering their customers and prospects information, products, services and support (or any combination) through two or more synchronized channels.
Neslin, S., Grewal, D., Leghorn, R., Shankar, V., Teerlin, M., Thomas, J., Verhoef, P. (2006). Challenges and Opportunities i*n Multichannel Customer Management. Journal of Service Research, 9 (2),* 95-112	2006	Multichannel retailing is "the design, deployment, and evaluation of channels to enhance customer value through effective customer acquisition, tetention and development"
Wirtz, B. (2008). *Multi-Channel-Marketing: Grundlagen, Instrumente-Prozesse,* Wiesbaden: Deutscher Fachverlag	2008	Multichannel retailing is the process of planning, executing, and controlling of all Marketing activities in a multichannel system. Aim is the long-term satisfaction of customer needs and the realisation of company success.
Levy, M., Weitz, A. (2009). *Retailing Management*, 7th Edition, New York, NY: The McGraw-Hill/Irwin Companies, Inc.	2009	Multichannel retailing is the set of activities involved in selling merchandise or services through more than one channel.
Zhang, J. Farris, P., Irvin, J., Kushwaha, T., Steenburgh, T. Weitz, B. (2010): Crafting Integrated Multichannel Retailing Strategies. *Journal of Interactive Marketing, 24,* 168-180	2010	Multichannel retailing is the ability to sell to consumers through multiples types of retail channels.
Kumar, V. (2010). A Customer Lifetime Value-Based Approach to Marketing in the Multi Channel, Multimedia Retailing Environment. *Journal of Interactive Marketing, 24 (2)*, 71-85	2010	Multichannel retailing is the variety of channels that customers use to interact with the firm.
Vanheems, R., Kelly, S., Stevenson, K. (2013). The Internet, the Modern Death of a Salesman: Multichannel Retailing´s Impact on the Salesperson´s Role. *International Journal of Intergrated Marketing Communications,* 5(2), p.91	2013	Multichannel retailing means creating a quality interaction between various channels.

Table 0.1: Definitions of Multichannel Management

The initial perception of multichannel retailing was of a system that administrated two or more parallel channels (Berman, 1996, Pelton, 2002). The existing definitions of multichannel retailing mostly neglect the fact of channel integration within an organization. Neslin et al. (2006) were the first researchers to develop a multichannel framework which integrated different channels across different purchase phases, namely 'search', 'purchase', and 'after sales' (Neslin et al., 2006). According to Berman and Tehlen (2004), integration means: (1) having a number of linkages among all channels. For example, a customer should be able to order a product online as well as pick it up in-store; (2) Integrated promotions across channels. Therefore, promotions need to be planned horizontally, not vertically; (3) Product consistency across channels. Too little overlap across channels would result in an inconsistent image. It is particularly important to overlap key items between online and in-store; and (4) An information system that effectively shares customer, pricing, and inventory data across channels, and is easily accessible for every employee who is in direct contact with the customer (Berman and Thelen, 2004).

Channel integration should further provide a 'seamless' customer experience between stores and online shops; customers should be able to easily switch channels during their interaction with the retailer (Goersch, 2002, Seck, 2013).

As a synthesis of the previously presented definitions, we define multichannel retailing as *the ability of firms to seamlessly interact with customers through two or more integrated channels.*

In the context of channel integration, it is crucial to understand the customer's shopping process that has an important impact on designing a customer-centric, well-integrated multichannel.

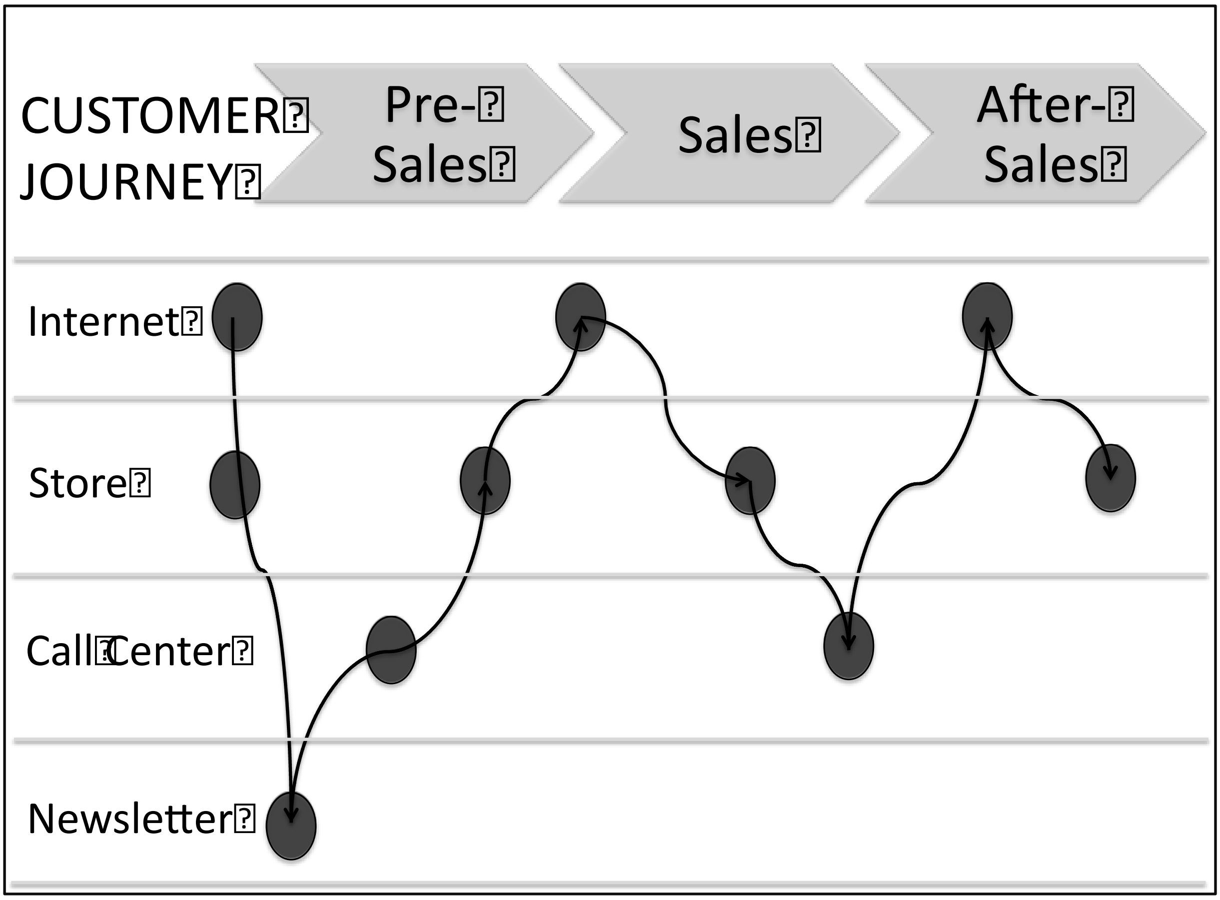

Image 0.2: Customer journey (Mahrdt et al., 2013)

The chart of an exemplary customer journey — the manner in which the customer recognises a product, searches relevant information, takes decisions about purchasing it and receiving after-sales services—broadly shows the different ways in which a customer can conduct customer journey through a multichannel-structured company (Mahrdt et al., 2013). In the relevant literature, the points at which the customer interacts with the company along the journey, are called ‘customer touch points’, ‘contact points’, ‘trigger points’, or ‘moments of truth’ (Payne and Frow, 2005, Neslin et al., 2006, Shankar, 2011). Customers use customer touch points (CTPs) to gather information about products or services, to compare prices, to utilize services or simply to purchase products (Burke, 2002). In a previous study conducted in 2011, the customer purchase behaviour along different touch points was investigated in pre-sales, sales and after-sales phases. The research was conducted in two multichannel retail formats: A tourism agency and an electronic retail store. The researcher analysed which contact points would be realized along the journey, which functions they would have, and how important each touch point would be for the customer. The study revealed the importance of sales people mainly in the sales and after-sales phases (Steinmann, 2011). The overall customer’s purchase behaviour has dramatically changed in the context of e-commerce (Mahrdt et al., 2013, Neslin et al., 2006): The combination of different retail channels has become the predominant purchasing pattern for customers. The so-called “research-shopper phenomenon” is described as a common tendency among customers to use one channel for search and another for purchase (Verhoef et al., 2007). Shankar (2011) and Heinemann (2013) call the switch between different channels ‘ropo’, which basically has two meanings: (1) ‘Research online and purchase offline’ means that Internet users research online before making any purchase decision. They compare prices online, obtain information from the producer’s webpage or read comments of other users of the same product. This purchase pattern has an important impact on the overall purchase process: In the past, consumers first decided about the vendor and then decided about the product that they wanted to buy from this vendor. Then, they went to the store to get information about different products in the assortment of this vendor. Most probably, they also frequented other vendors in order to compare the offer and afterwards made their purchase decision. Nowadays, customers primarily decide about the product and then choose an adequate vendor. When the customers—after the initial phase of product decision— frequent a retail store, they have already collected several information about product features, its price, online availability and opinions from other users (Heinemann, 2013, Shankar, 2011). Thus, the ‘point of decision’ is nowadays often relocated to the Internet, while the store is only perceived as the ‘point of sale’ (Heinemann, 2013). Customers increasingly trust the opinions of other product users than the recommendations made by in-store sales people or advertisements. When customers enter a retail store, they already possess high knowledge about products and feature. Hence, customers nowadays have high expectations regarding product availability, immediate accessibility to information, and products and service delivery (Heinemann, 2013, Shankar, 2011). Or, (2) they can also ‘research offline and purchase online’. In this context, the store can be seen as a ‘showroom’, where customers can physically touch their product, interact with sales people, gather information and enjoy a shopping experience. A recent survey reveals that over 50% of non-food online customers use stores as the pre-purchase channel. Customers try a product in-store, especially when high ‘mispurchase risks’ are associated with buying the product (Heinemann, 2013, Shankar, 2011).

The reasons for such opportunistic channel hopping are various: Customers often find cheaper prices online. Furthermore, they value the transparency as they can compare products across different vendors, and, at the same time, get insights from other product users. Another important reason for online shoppers is convenience: Some customers do not need to leave their houses as online stores remain open

24/7, and products are directly delivered to their homes (Heinemann, 2013, Shankar, 2011).

Dimension	Store	Internet
Entertainment	medium/ high	medium/ high
Social Interaction	high	low
Personal Security	high	low/ medium
Data Security	medium/ high	low/ medium
Order Placement Options	low	high
Delivery Time	short	medium
Product Choice	low-high	medium/ high
Information Availability	high	high
Duration of Shopping	long	short
Delivery Costs	low	low-high

Table 0.3: Reasons for channel choice (Heinemann, 2008)

According to the chart, offline shopping has two major competitive advantages, compared with shopping online: Social interaction and personal security. *Social interaction:* Customers still appreciate a personal atmosphere at a bricks & mortar store as well as the chance to talk and interact with real human beings such as sales people. According to Maslows ‘hierarchy of needs’, social interaction is the third level of human needs and thus a predominantly important desire to satisfy (Maslow, 1954). *Personal security:* It means that the customer feels safer when they are able to try a product, touch it physically, and check it before making the purchase decision. According to Maslows ‘hierarchy of needs’, personal security is the second level of human needs and therefore as well an important desire to satisfy (Maslow, 1954). For this reason Michael Porter (2001) recommended companies to distinguish themselves through their respective strategies in order to leverage on the advantages of each channel: “The winners will be those that view the Internet as a complement to traditional ways of competing” (Porter, 2001, p.63). The right strategy for multichannel retailers has become a recent discussion among practitioners and academics (Berman and Thelen, 2004, Avery et al., 2012, Emrich, 2011, Seck, 2013, Zhang et al., 2010, Wolk and Ebling, 2010). In 2005, Payne and Frow published “a strategic framework for customer relationship management”, that was presented in the Journal of Marketing. In this paper the authors were the first who linked multichannel integration with CRM. They argued that multichannel integration was one of the key cross-functional processes in the CRM strategy development. Payne and Frow defined managing integrated channels as “the ability to uphold the same high standards across multiple, different channels” (Payne and Frow, 2005, p. 172). Since then, CRM in multichannel retailing has become a topic of primary interest in the academic world (Neslin et al., 2006, Payne and Frow, 2004, Verhoef et al., 2007). It is therefore important to provide an insight into the relevant literature in the field of customer relationship management.

CRM in multichannel retailing

The concept of customer relationship management (CRM) emerged within relationship marketing during the mid-90s in the information technology (IT) vendor and practitioner communities (Payne and Frow, 2005). Since then, the term CRM and its meaning are being debated in the relevant literature:

Source	Year	Definition
Peppers, D., Rogers, M. (1993) The One to One future AND (1997) Enterprise One to One AND Dorf, B. (1999) Is your company ready for One to One Marketing. *Harvard Business Review, 77.* 151-160, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	1993	CRM can be viewed as an application of one-to-one marketing and relationship marketing, responding to an individual customer on the basis of what the customer says and what else is known about that customer.
Kutner, S., Cripps, J. (1997). Managing the Customer Portfolio of Healthcare Enterprises. *The Healthcare Forum Journal, 4,* 52-54	1997	CRM is a data driven Marketing.
Hobby, J. (1999). Looking After the One Who Matters. *Accountancy Age, Octobre 28,* 28-30, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	1999	CRM is a management approach that enables organizations to identify, attract, and increase retention of profitable customers by managing relationships with them.
Couldwell, C. (1999). Loyalty Bonuses. *Marketing Week, Februrary 18,* 14, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	1999	CRM involves using existing customer information to improve company profitability and customer service.
Gosney, J., Boehm, T. (2000). *Customer Relationship Management Essentials.* Indianapolis, IN: Prima Publishing, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	2000	CRM includes numerous aspects, but the basic theme is for the company to become more customer centric. Methods are primarily Web- based tools and Internet presence.
Swift, R. (2000). *Accelerating Customer Relationships- Using CRM and Relationships Technologies.* Upper Saddle River, NJ: Prentice Hall, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	2000	CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communication to improve customer acquisition, customer retention, customer loyalty, and customer profitability.
Buttle, F. (2001). The CRM Value Chain. *Marketing Business,* 52-55, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	2001	CRM is about the development and maintenance of longterm, mutually benefical relationships with strategically significant customers.
Day, G.S. , Van den Bulte, C. (2002). *Superiority in Customer Relationship Management: Consequences for Competitive Advantage and Performance.* Marketing Science Institute at the Wharton School. Philadelphia, PA: Marketing Science Institute	2002	CRM is a cross- functional process for achieving a continuing dialogue with customers, across all their contact and access points, with personalized treatment of the most valuable customers, to increase customer retention and the effectiveness of Marketing activities.
Singh, D., Agrawal, D.P. (2003). CRM Practises in Indian Industries. *International Journal of Customer Relationship Management, 5,* 241-257, as cited in Payne, A. and Frow, P. (2005). A Strategic Framework for Customer Relationship Management. Journal of Marketing, 69, 167-176	2003	CRM is an enterprisewide initiative that belongs in all areas of an organisation.
Langerark, F. and Verhoef, C.P. (2003) Strategically embedding CRM. *Business Strategy Review, 14.* 73-80	2003	CRM theory and practice integrates three aspects of Marketing management including customer orientation, relationship marketing and database management.
Jayachandran, S., Sharma, S., Kaufman, P., Raman, P. (2005). The role of relational information process and technology use in customer relationship management. *Journal of Marketing, 69 (4),* 177-192	2005	CRM can be described as a continuous process to gather and use relevant information that increases understanding of how to profitably manage a seller´s organisation´s relationships with its current and potential customers.

Table 0.4: Definitions of CRM

In the beginning of the 90s, CRM was an application to collect customer data (Kutner and Cripps, 1997). At that time, companies used newly invented IT tools to increase their knowledge about customers and their buying patterns (Payne and Frow, 2005). But, there was a lack of understanding of how to use such large amounts of data. Therefore, conversion and management of data as well as management of customer relationships effectively became an important topic for academicians and practitioners (Reinartz et al., 2004).

In their 'strategic framework for customer relationship management' Payne & Frow argued that CRM was a strategic bridge between information technology and marketing strategy (Payne and Frow, 2005). This perspective switched the definition of CRM as an application to collect data to a comprehensive and long-term strategy that remains focused on the customer.

Kumar (2010) also stresses "customer centricity" as the fundamental view for CRM. According to the author, the road to customer centricity lies in the interaction orientation. The opposite of the customer-centric approach is the product-centric approach. In this approach, a company focuses on developing appropriate products. The choice of approach reflects significant differences in a company's outlook towards its overall business activities (Kumar, 2010).

As a synthesis of the previously presented definitions, we define customer relationship management (CRM) as *a cross-functional process in a customer-centric organization, which implies a continuing dialogue with the customers across their touch points.*

However, the definition of CRM is not just dependent on a company's orientation towards customers or products, it is also dependent on what a researcher or manager believes about the appropriate level of CRM (Reinartz et al., 2004). But what is an 'appropriate level' of CRM, given that more than half of all CRM projects are assessed as having produced unsatisfactory results (Dignan, 2002)? Payne and Frow (2004) argued that CRM is aimed at maximizing customer value, corporate profitability and consequently shareholders' value. (Payne and Frow, 2004). Day (2002) expressed doubts about the overall success of a company's CRM activities if they do not fit into the overall competitive strategy of the company. Therefore, the appropriate level of CRM is dependent on the aims and the strategy of the company. There is no one-size-fits-all solution for CRM. But, is it actually possible, from a managerial perspective, to implement and execute the customer orientation top-down?

Researchers argue that human factors in an organization are often ignored and neglected, when it comes to CRM (Langerak and Verhoef, 2003).

Customer relationship orientation is, in fact, rooted in a firm's culture and it guides the organization's attitude towards both CRM and the implementation of the necessary processes (Day, 2000, Jayachandran et al., 2005).

Therefore, successful CRM practise requires a strong organizational focus on employees: Customer- oriented companies should acknowledge and reward the contribution of their employees to customer-orientation. The most influential rewards were explored to be incentives, measures, appropriate organizational structures, and accountabilities (Plakoyiannaki et al., 2008, Day and Van den Bulte, 2002).

In a retail organization sales people play a particularly important and critical role when it comes to customer orientation (Shepherd, 1999). This is because they serve as the primary contact between the company and its customers. It is therefore important to understand how and what is learned amongst salespeople and how it can be augmented (Bell et al., 2010, Kothandaraman et al., 2011).

Gaps in Literature

The presented investigation in the fields of Multichannel Management and CRM reveals several issues for further investigations:

Key words	Findings	Sources	Year	Gap
Multichannel Management, Retail	Mutichannel management as a predominant topic in practise and theory.	Heinemann, G., Schleusner, M. and Zaharia, S. (2012). *Modernes Multi-Channeling im Fashion Handel. Konzepte, Erfolgsfaktoren, Praxisbeispiele.* Frankfurt am Main: Deutscher Fachverlag, p.43	2012	No fully integrated multichannel retailers in Germany yet.
		Mahrdt, N., Lessing, M. Wagner, W. Geissler, H. (2013). Herausforderung Multi-Channel- Neue Wege zum Markterfolg. Gemini Report, Bad Homburg	2013	
		Neslin, S., Grewal, D., Leghorn, R., Shankar, V., Teerlin, M., Thomas, J., Verhoef, P. (2006). Challenges and Opportunities in Multichannel Customer Management. Journal of Service Research, 9 (2), 95-112	2006	Lack of knowledge regarding the right multichannel strategy
		Neslin, S., and Shankar, V. (2009). Key Issues in Multichannel Customer Management: Current Knowledge and Future Directions. Journal of Interactive Marketing, 23, 70-82	2009	
		Zhang, J. Farris, P., Irvin, J., Kushwaha, T., Steenburgh, T. Weitz, B. (2010): Crafting Integrated Multichannel Retailing Strategies. Journal of Interactive Marketing, 24, 168-180	2010	
CRM, Multichannel Management, Retail	Customers´ purchasing behavior has changed in the context of e-comerce.	Verhoef, P., Neslin, S., & Vroomen, B. (2007). Multichannel Customer Management: Understanding the Research Shopper Phenomenon. International Journal of Research in Marketing, 24(2), 129-148.	2007	Sales peoples´ understanding regarding their customers´ changing purchase behavior has not been investigated yet.
CRM, Sales force, Retail	Sales people play a predominant role in the investigation of service processes as service deliverers.	O´Reilly, K., Paper, D. (2012). CRM and retail service quality: front-line employee perspectives. International Journal of Retail & Distribution Management, 40 (11), 865-881	2012	Sales people are under-researched as a group in the customer-company interaction phenomenon.

Table 0.5: Gaps in literature

Multichannel management has become a predominant topic over the last 10 years: In Germany, however, no Multichannel retailer can be considered as fully integrated. (Heinemann et al., 2012, Shankar, 2011, Neslin et al., 2006, Zhang et al., 2010).

Therefore, an important issue for retail companies as well as researchers is the integration of each channel in order to provide a seamless shopping experience to the customers (Heinemann et al., 2012, Mahrdt et al., 2013).

Sales people play a fundamental role in regard to the customer´s shopping experience. 'Nevertheless, considering the importance of frontline employees who are interacting with customers, it is interesting to note that frontline employees are under-researched as a group in the customer-company interaction phenomenon' (O'Reilly and Paper, 2012). To date, no research has been conducted on the sales people's role as service deliverer in a multichannel retail company.

Hence, the presented gaps in science lead to the following research objective and corresponding research questions:

Understanding the *"new role"* of sales people in the multichannel customer/ company interaction phenomenon.

To what extend has the role of sales people changed with the changing purchase behaviour of multichannel customers?

How much is a sales person aware of the expectations a multichannel customer has in regard to him as primary contact between the company and its customers?

Conclusion

Multichannel management has become one of the most important topics in the field of retail management among practitioners and researchers. There is no doubt that the possibility to switch between different channels (mainly the internet and the store) has changed the customers' purchasing behaviour. It has become a trend among customers to choose one retail channel to search and use another one for purchase. In the past, a consumer first decided about the vendor and then decided about the product he/she wanted to buy from this vendor. Nowadays, the customer primarily decides about the product and then chooses an adequate vendor: Hence, the "point of decision" is often relocated to the Internet, while the store is only perceived as the "point of sale".

The customers´ changing purchase behaviour leads directly to the question of what is the right strategy for a retailer, which has been operating as a bricks & mortar company, but wants to extend its scope as a multichannel retailer by launching an online store. Researchers argue that companies should be able to uphold the same high standards across different channels and provide a seamless shopping experience.

In this context, CRM has become a topic of primary interest in the field of multichannel management. The definition of CRM *as a cross-functional process in a customer centric organization* highlights the organizational focus on sales people as the primary contact between the retailer and its customers.

From the previously presented literature in the fields of multichannel retailing and CRM, it is quite surprising, that so far there has not been conducted research on the role of sales people in a multichannel retail company. The need for research is therefore required as the full potential of multichannel retailing has not been tapped yet and there are still several key issues open for investigation.

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MASS CUSTOMISATION IN THE PROCESS OF CUSTOMER RELATIONSHIP CREATION

Edyta Rudawska & Ewa Frąckiewicz

Abstract

Mass marketing and differentiated marketing are no longer effective strategies in competitive markets. Nowadays more and more customers expect offers, which are adjusted to their individual needs and wants. Therefore the effectiveness of created relationships with them is determined by the ability of implementation of mass customisation (MC) strategy. The concept of mass customisation can be understood as developing, producing, marketing and delivering affordable goods and services with enough variety and customisation and with reasonable costs. In modern marketing concept this customisation and personification of activities aimed at fulfilling customer needs is the key foundation in the process of creating relationships, in both behavioural and affective dimension.

The aim of the paper is to indicate the dependence between the concept of mass customisation and the creation of customer relationships. The authors will assess the four strategies of mass customisation (collaborative, adaptive, cosmetic and transparent) in the context of creating relations with customer in different dimensions (behavioural and affective) and thanks to it they will indicate conditions of effective use of the idea of mass customisation in the process of creating successful relations. In the research secondary sources of information were used. They include available results of marketing research, scientific studies and the subject literature. As the result of conducted analysis the existence of the impact of mass customisation activities on relationships with customers had been proved. The authors also managed to develop the assumptions of the concept presenting relationship between the type of mass customisation strategy and the dimensions of the relationship. This paper offers a fresh approach to the study of relationship marketing and mass customisation.

Key words: *marketing, mass customisation, customer relationships*

Paper category*: Literature review*

The concept of mass customisation

The changing market situation, fierce competition, the increasing phenomenon of imitation by competitors, unpredictable and turbulent business surroundings and fast development of information and communication technologies make companies adopt strategies that allow a closer reaction to the customer needs and efficiency at the same time. Firms are faced by the trends associated with individualisation in all areas of market activity (Piller, Muller, 2004). It especially regards customer service. Customers are nowadays more and more aware of quality and functionality. They demand reliable products of high quality and low price at the same time,

Prof. Edyta Rudawska, Faculty of Economics and Management, Marketing Department, University of Szczecin, Mickiewicza 66, 71-101 Szczecin, Poland (e-mail: edyta@rudawska.pl)
Prof. Ewa Frąckiewicz, Faculty of Economics and Management, Marketing Department, University of Szczecin. (e-mail: ewa.frackiewicz@wneiz.pl)

adjusted exactly to their specific needs. When buying the product purchasers are nowadays attempting to express their personality by means of individual product choice. The consumer is no longer an anonymous buyer. Rahimic (2011) indicates that the consequence of the changes and challenges of the environment is the need for so called “hybrid strategies”. The most popular one is mass customisation. The notion mass customisation was first introduced by Stanley Davis in 1987 when describing the shoe industry. Also Joseph Pine had an important impact on the development of the concept by publishing in 1993 the book entitled “Mass customisation”. Since that time the concept had been widely discussed and researched by marketing and management specialists. Davis describes mass customisation as a process by which firms apply technology and management methods to provide product variety and customisation through flexibility and quick responsiveness (Kotha, 2011). According to Piller, mass customisation is a production of goods and services for relatively large markets, influenced by the needs of each individual consumer, with expenditure that closely matches the costs of mass production of standardised goods (Rahimic, 2011).

Mass customisation capability may provide distinctive competencies along all four of the basic competitive priorities that are central to operations-based competitive advantages: cost, quality, flexibility and delivery (Kumar, 2004).

Mass customisation has different faces, therefore company’s target becomes finding an answer for key question: *What kind of adjustment customers expect?* Basing on offer creation process and subordinating each stage of production to strategy of standardisation and adjustment, Lampel and Mintzberg (1996) single out: pure standardisation, segmented standardisation customised standardisation, tailored customisation and pure customisation, when the offer is created from scratch according to the wishes of the customer. Gilmore and Pine (1999) on the other hand refer to two different universal dimensions of the MC, particularly important in the period of products liken and moving competition into the symbolic zone. Product/communication matrix singles out four types of MC:

Collaborative – It is the most complex solution, in which the company emphasizes dialog with the client. It consists in joint elaboration project of product corresponding to individual expectations of a buyer. It is relevant that the client has a problem with specifically defining his expectations and it is interactive communication, which allows “discovering” desired features of the perfect offer.

Adaptive – This strategy is opposite to collaborative strategy. It allows easily adjusting prepared and standardised products to client’s needs without the necessity of direct contact with the company. In most cases this strategy transfers tasks related to designing, production and delivery from company to the client.

Cosmetic – The enterprise which uses cosmetic approach of MC offers standard product, used in standard way, which satisfies almost every client. The only thing that is adjusted is the way it is offered, for example package with buyers name on it or the way it is delivered.

Transparent – Unlike the collaborative strategy, where the adjustment is made by active dialog and clients participation, in this case company’s action is based on the observation of the buyer, gathering knowledge about him, searching for his future preferences and adjusting the product outside client’s awareness. Important is, that the customer is not interested in participation in the offer creation process, but only wants the product to fulfil his expectations.

Authors of this classification emphasize that in practice only the combination of these types is used and, of course, the key is to use every means necessary to confirm unique value for the client. Finding the accurate combination allows us to reduce the cost of implementation and the production process itself.

Realisation of the MC strategy is determined by few conditions. First of all, proper demand creating market conditions have to appear and allow the access to proper technology, which gives the possibility to produce and reach the clients. The company's offer must have the ability to fit into client's individual needs, whereas the company should have the abilities and competence allowing it to seize the appearing opportunities. It is to be expected, that along with the economic development towards the knowledge economy, more and more offers will be subject to the mass customisation (table I). Customising goods and services will come next in processes having place in individual chains of supply and sales managed in simultaneous way and real-time. Receiving the product compatible with individual needs and demands may not be luxury good anymore.

Real time mass customisation is possible thanks to greater than ever possibilities of gathering and processing data. Because of the data's inhomogeneous character, it becomes necessary to use sophisticated *data mining* techniques. The purpose of *data mining* is to create intelligent data processes supporting decision-making process through solving the DRIP (*data rich information poor)* problem. The ability to use the mass customisation strategy is therefore conditioned by having proper set of marketing data and operating software. Tien (2006) uses the expression *decision informatics*, which he defines as supply of knowledge and information for making wise choices.

Table I The development of mass customisation concept

Stage of the USA economy development	**Goods**		**Services**	
	Type	**Level of customisation**	**Type**	**Level of customisation**
end of 1700's	minimal	customisation	minimal	customisation
end of 1800's	few	mass production	few	standardisation
end of 1900's	many	partial customisation	many	partial customisation
early 2000's	many	partial mass customisation	many	partial mass customisation
half of 2000's	infinite	real-time mass customisation	infinite	real-time mass customisation

Source: Tien, J.M. (2006), *Data Mining Requirements for Customized Goods and Services*, „International Journal of Information Technology & Decision Making", vol. 5, no. 4, p. 689.

Information and communication technology vs. mass customisation capability

A significant growth of information sources, as well as their content, leads to a thesis that success of a company that uses mass customisation strategy is determined by its ability to efficiently use the *information and communication technologies (ICT)*. ICT allows the company to gather large amounts of data in a relatively fast and cheap way, as well as to process data, coordinate actions and to communicate inside and outside the company. Therefore ICT contributes to creating new possibilities simultaneously providing high quality, flexibility and productivity. Peng, Liu and Heim (2011) single out four types of information technology that can affect company's implementation of the MC strategy in different ways. These are:

Product configurator IT which refers broadly to tools made available to customers and salespeople to let them participate in activities related to co-design of a product, and to guide customers through the process of designing a product (Piller, 2004),

New product development IT which includes tools for CAD and CAE, rapid prototyping, component and supplier management, and design for manufacturability,

Manufacturing IT defined as systems that control plant's production system,

Supplier collaboration IT using Internet-based coordination and transaction processing witch suppliers.

From the client's point of view the Internet plays a special role in the process of creating a product according to his individual wants and needs. Some of its essential qualities, except for independence of location or interactivity, are possibilities of offer individualisation and ways of communication, which is automatic and remote exchange of information between manufacturer and the client (Doyle, 2003) (McDonald, Christopher, Knox, Payne, 2000). Through Internet it is possible to form a product according to individual needs without necessity of two sides being present in one place and time. Internet user, having properly configured hardware and software (for example plug-ins guaranteeing the app to work properly), can use software located on manufacturer's server or in "the cloud".

Visual creators are an example of such tools. They allow configuring final product online using available options. This kind of individual adjustment on a large scale was originally implemented by Dell (Dewan, Jing, Seidmann, 2000). Using proper form, the client can choose components in his opinion relevant for the final product (Arora, et al, 2008) thus having bigger chance to fulfil his needs and preferences, therefore co-creating a unique product. It is the need of being a standing out individualist that becomes an important factor in choosing the product (Urlich, et al, 2003).

Handling online solutions offered to the client is relatively simple and intuitive, therefore allowing the company to succeed in the MC strategy. Supplied tools "relieve" the client from the necessity of having vast knowledge of different products, also shorten designing stage, decrease the risk of mistakes and errors, even being a source of user's pleasure and entertainment.

At the same time complete freedom on the product creation stage creates the information noise thus making the choice difficult to make and in the extreme cases causes resignation from interest in the offer. Furthermore, client not knowing the production process may not be aware of the necessity of considering its significant factors. As a result it becomes necessary to conduct constant consultations, therefore devoting additional amounts of time both by the seller and the client. It means that the cost of additional work would have to be included in final price, which is definitely not desirable effect.

The key success factors of mass customisation influencing the possibility of creating effective relations with customers

The concept of relationships has become the key aspect of company's activities in the market especially in marketing. Marketing is nowadays defined as "*an organizational function and a set of processes aimed at creating, communicating and providing customers with value as well as managing customer relationships in a way that is favourable to the company and other interested subjects*" (Keefe, 2004). Creating relationships presents a considerable challenge both in theory and practice of company management. The review of the literature on marketing leads to the conclusion that lasting relationships are determined mostly by customer satisfaction due to provided value. It reduces uncertainty and risk stemming from using services or products provided by a given company. It encourages both the customer and the company to increase investments in the relationship by close cooperation. High level of satisfaction also stops customers from taking advantage of short-term incentives offered by competitors as customers expect long-term benefits from maintaining the relationship with a given entity.

Mass customisation increases flexibility of an organization and results in more effective sale through increased product attractiveness. Moreover, thanks to the fact that it allows satisfying individual customer needs and expectations mass customisation positively influences long-term relations with customers. As Rahimic (2011) indicates effective relations can be created only with highly satisfied customers – fascinated ones. And this fascination exists only when tailored goods are offered. At the same time he states that if mass customisation is to be an effective tool for creating relations with customers some conditions have to be fulfilled. The first one deals with the proper management of information and communication process with customer. Creating customer relationships through mass customisation requires a continuing dialogue with the use of new communication technology. The company has to gather and select the right amount of information about the customer in order to run mass customisation strategy in an effective way as individualisation requires more information on consumers. However, as customers are not always aware of what they want it is not an easy process. Effective mass customisation requires a constant communication with customers. It should be aimed at informing customer about customisation possibility in the first stage, before the good is delivered. After that building trust and commitment is essential. Any return of information from the customer is of great importance in this process.

The second one refers to flexible manufacturing systems, that allow producing a certain product based on the information from the customer. Technological inventions and solutions of the last decades have created new opportunities for the manufacturing system, which is now perceived as a key success factor for a company. The flexibility of manufacturing systems is essential in order to ensure the speed of reaction to changes of delivery time, scope and product variety as well as change of machinery to manufacture, which are needed to create a new variety of a product.

The third one is connected with well-developed logistics system and network of distributors that ensures providing the customer with the highest value in the delivery process. Nowadays companies need to be able to cooperate not only with customers but with suppliers as well in the process of mass customisation. This kind of cooperation expands the level of individualisation, speeds up the process (certain tasks can be performed simultaneously) and increases the quality and decreases costs (one specialised supplier can produce components faster, better and more cost effectively).

The role of mass customisation in the process of building relations with customers

As mentioned above customer inclusion in the process of value creation leads to individual, direct or indirect contacts between the customer and the producer/service provider. This situation creates quite a big opportunity for building lasting and beneficial relations between the two parties. Customer positive experience of co-creation leads to satisfaction and word-of-mouth and thanks to it leads to gains for the company.

Relations with customers can be created in two dimensions: behavioural and affective. The first one takes into account the buying behaviour of a customer and an affective aspect, shows customer's attitude towards the company. A brief review of the emerging literature suggests the existence of the correlation between these two dimensions. Customers' buying behaviour is determined by their attitude towards the company. This means that the higher the level of relationships with customers the company reaches in the affective dimension the stronger the relationships in the behavioural dimension. Affective dimension of the relationships relates to the customer's attitude towards the company, acceptance of its actions and above all to the emotional bond between the two parties.

The studies on consumer behaviour show that a degree of satisfaction with the services provided by the company, the level of customer trust as well as the nature of relational bond is taken as the foundation of relations. They enable the creation of strong, emotional relations with the company. The level of satisfaction, understood as emotional state created as a result of interactions between the customer and the company, determines stability and the nature of the relationship (Kheng, Mahamad, Ramayah, Mosahab, 2010; Tuu, Olsen, 2010). Thus, the process of creating customer relations in effective way necessities a proper management of the emotions. Customer satisfaction, trust and relational bonds influence not only customers' buying behaviour (behavioural aspect of relations) but also affective dimension of the relations.

As had been stated earlier mass customisation creates opportunities for decrease in costs and in creation of a flexible organization, which results in turning to the individual customer. The individualisation strategy and increase in product attractiveness allow the company building long-term relations with customers in an **affective dimension**. Several empirical studies revealed that customers who participate in the design process show higher level of satisfaction (Chang, Chen, Huang, 2009; Liu, Shah, Schroeder, 2012). Because customised products are at least partially designed by customers, they are expected to meet their needs more precisely, delivering more value – utilitarian, hedonic (Holbrook, Hirschman, 1982) and symbolic (Hirschman, Holbrook, 1982). Other research run by Merle, Chandon, Roux, Alizon (2010) are consistent with previous studies but at the same time add some new conclusions. Mass customisation influences customer trust and satisfaction through delivering uniqueness value (value acquired from the opportunity to assert personal uniqueness using the customised product) and creative achievement value (acquired from feeling of accomplishment related to the creative task of making something new).

Creating relations in an affective dimension makes it possible to strengthen relations in **behavioural dimension**. Mass customisation strategy creates an important barrier against switching the supplier and gives opportunities for repeat purchases. Thus, the relationship option of mass customisation describes the possibility to increase customer loyalty. Once the customer has purchased an individualised product, the next purchase becomes simplified and the knowledge acquired by the supplier during the product configuration motivates the customer to stick by the previous supplier and do the *repeat purchases* (Stojanova, Gecevska, Anisic, Mancev, 2013; Piller, Muller, 2004). For example, online mass customisation companies offer a service where a customer creates a user profile and is able to save previous orders and a combination of preferences. Thanks to it future orders become simpler for the customer and at the same time the supplier can create a database about its customers. Piller and Muller (2004) indicate that even if a competitor possesses the same mass customisation skills and offers a lower price, a switching customer would have to go again through the procedure of supplying information for product customisation. Once again he faces the uncertainty as far as the quality of the product is concerned. This way mass customisation strengthens customer relations with the offer provider. Marketing research results regarding the influence of mass customisation on behavioural dimension of the relations also indicate that thanks to this strategy customers are *willing to pay a premium* for customisation. Costs for the customer is the premium a customer has to pay for the individualised product compared to a standard offering. Research run by Piller and Muller (2004) in the shoe industry shows that the majority of male (46%) and female (42%) respondents would accept a premium of 10 to 30 per cent of the average price of a formal shoe. Also 12% of men and 18% of women would pay a price even more than 30% higher. Another research conducted in the watch industry confirms earlier results (Franke, Piller, 2004). The study proofs a 100 per cent value increment for self-designed watches compared to standard watches in the same segment.

It is also proofed that the willingness to pay higher price is determined by the levels of customisation. Generally, it can be practiced on three levels:

Style – i.e. selecting colour, styles;

Fit and comfort – i.e. tailoring a product according to a body, room or other physical object measurement;

Functionality – i.e. selecting speed, power, the choice of an insole or cushioning.

Adidas, which offers a whole set of customisation options, that is choice of colour, possibility to put a name on the shoe, as well as comfort / fit, and functionality customisation is able to charge premiums of up to 50 per cent on the retail price. On the contrary, Nike, which offers just style customisation based on aesthetic design, like selection of colours and styles is able to get only 10 per cent price premium.

Table II presents the results of deliberations on the relationships between the type of mass customisation strategies and the type of relationships with the customer. Collaborative strategy seems to be the most important one, since it ensures creation of relationships on both behavioural and affective level. However, it requires a number of conditions on both the company and the customer. The least opportunity is offered by transparent strategy, however it should be stressed that the type of product and the importance it represents to the customer determines it. In each type of mass customisation strategy it is required that the company is aware of the benefits that it gives and as a consequence of skills of gathering useful information about the client. Due to the mass audience of targeted offers the use of IT is undoubtedly necessary for this purpose.

Table II. Mass customisation vs. type of relations and level of offer individualisation

Strategy	**Behavioural relations**	**Affective relations**	**Conditions**		**Level of offer individualisation**
			On the company side	**On the customer side**	
Collaborative	+++	+++	Two-way communication channels A quick response Trust Full exchange of information/readiness to knowledge sharing	Willingness to participate in the dialogue Engagement Trust Willingness to share information, insights, observations	Very high level of individualisation
Adaptive	++	+	Well-functioning platform	Intuitive platform	Average level of individualisation

			Knowledge about customers	Customers' knowledge about products Ability to use IT	
Cosmetic	++	+	A simple product Low cost adaptation A large number of customers	Value coming from comfort of purchasing commodity product A form of entertainment, fun	Low level of individualisation
Transparent	+	-	Wide and deep knowledge about the customer Ability to anticipate future customer needs and expectations Very high company involvement	Product not important for the customer, perplexing Minimal customer involvement	Average level of individualisation

Conclusion

Rapid changes arising from the increase of competition and customer demands observed in many markets make that the ability of delivering product at the right price is no longer the chance for company development. The ability of delivering an individualised, unique offer is nowadays the source for competitive advantage. The use of mass customisation for this purpose allows creating relationships mutually beneficial for both sides of transactions: the company - by sustaining and acquiring new customers; the customer - by meeting or even exceeding their expectations.

As it has been shown in the paper the level of created relations depends on the type of mass customisation strategy used. The realisation of mass customisation strategy is determined by many factors, which are related to product, price and quality as well as others related to company assets and the customer himself. In the case of the customer the conditions for mass customisation realisation are: the type of the product and the degree of complexity and the importance of the offer and its subjectively assessed value. As a consequence customer engagement in the buying process and the amount of time that he is ready to sacrifice for searching the right solution and the time needed to match the offer or create the offer according to his preferences are the most important. Thus the role of IT as a necessary tool for the efficient implementation of MC in the process of building relationships with customers will undoubtedly increase for these reasons.

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ONLINE FASHION PURCHASE: HOW THE BARRIERS AND ENABLERS ARE INFLUENCING THE CONSUMER'S DECISION-MAKING PROCESSES.

Louise Reid & Heather F. Ross

Abstract
Sales on the high-street are declining and increasingly consumers are turning to the internet to purchase fashion products, creating a change in consumer behaviour. During the decision-making process, consumers have an expanding multiplicity of information available to assist in their product choices. However, relying on the representation of a garment on a computer screen, rather than inspecting it prior to purchase, can cause distortions in perceptions during the investigative stages of the decision-making process. This increases the risk taken by the consumer and can result in a rise in returns of unwanted products, leading to dissatisfaction for consumers and higher costs for providers.
The research involved a pilot study, utilising a qualitative methodology, to investigate issues surrounding the purchase of fashion items. Two focus groups were conducted, comprising of five respondents in each, both male and female, aged between 18-35 years old.
The results showed the main criteria for garment selection were visual appearance, price and fit. However, variations in sizing between brands was highlighted as a concern, as was the time-lag between ordering and receiving an item, especially if the online portrayal of the garment was at variance with the dispatched product. Furthermore, the returns policy of individual brands was reported to be a deciding a factor, especially the level of process complexity and financial costs involved, although the use of click and collect ports or a free returns policy was praised by respondents.
This research demonstrated the need for accurate pre-purchase information through the growing channel of online sales. Allowing the consumer to have a clear understanding of products reduces the possibility of post-purchase dissonance. It also acknowledged that a convenient returns policy encourages consumers to take the risk of purchasing, even if there had been no opportunity to examine the garment prior to the decision to buy.

Keywords*: Fashion, consumer decision-making process, marketing strategy, online purchases*

Introduction

The fashion sector, in the United Kingdom (UK), is experiencing a revolution in the way consumers access, select and purchase apparel related items. The use of the internet has transformed the way they interact with brands, with the increase in penetration of domestic broadband enabling an easier, faster and more secure buying experience (Cave, 2010). The extent of the growth in online purchases was

Louise Reid, The University of Manchester, School of Materials, Oxford Road, Manchester, M13 9PL, United Kingdom.
(e-mail: louise.reid@postgrad.manchester.ac.uk)
Heather F. Ross, The University of Edinburgh, Business School, 29 Buccleuch Place, Edinburgh, EH8 9JS.
(e-mail: H.F.Ross-2@sms.ed.ac.uk)

demonstrated by Mintel (2013), who found that approximately 30 million consumers (nearly three fifths of UK adults) had bought clothes online in the 12 months up to their survey.

The growth in online transaction is in stark contrast to the situation that the high street finds itself in, with concerns being raised over the increasing level of empty outlets on the high street. This, Mansey and Croft (2013) claimed, has resulted in approximately 35 stores in Britain closing each week and has left an estimated vacancy rate of one in seven outlets. However, whilst the declining high street and growing electronic engagement is an unavoidable fact for the fashion sector, the variety of physical channels still accounts for 88% of sales transactions.

Traditional strategies are becoming obsolete in the race to connect with the consumer through innovative marketing methods (Franks *et al.,* 2011). Therefore, individual brands need to consider how to harness the marketing potential of a range of selling modes through an omni-channel strategy, to maximum the benefit of each method and improve their consumer's shopping experience.

In their research to identify the elements that facilitate positive interactions between a consumer and online fashion items, McCormick and Livett (2012) concluded that the inclusion of both functional and aesthetic information was crucial in the design of web communications. These elements should be designed to assist their decision-making processes. However, whilst retailers aim for a seamless in-store and online experience for their consumers, inconsistency in their provision can cause dissatisfaction from consumers, which allows competitors to gain market share (Klena, 2013). Hence, to succeed in a competitive and saturated market, understanding how the consumer interacts with all points of contact across a brand's virtual and physical interface is essential (Franks *et al.,* 2011). Thus, consideration should be given to the changing behaviour of consumers as they embrace this evolving market for fashion products.

Literature review

Physical versus online channels

As retail sales figures for the UK market continue to improve, with an overall increase of 7.1% on the previous year, seasonally adjusted (SA) figures for internet transactions have shown growth of 11.8% (Stabe, 2014). Dividing these figures by product category, The Office of National Statistics (ONS) found that non-food retailers had seen a sharper rise in sales (14.8%) than those from the food sector (12.6%) (Table 1.), with the categories of department stores and textiles, clothing and footwear stores both reporting strong growth of 35.1% and 9.1% respectively (ONS, 2014).

Table 1. Summary of Internet Statistics for December 2013

Category	Year on year growth % (Value SA Dec 2013)	Proportion of total sales made online (NSA)
All retailing (excl. automotive fuel)	11.8	11.8
All food	**12.6**	3.5
All non-food	**14.8**	9.5
Department stores	**35.1**	**11.5**
Textile, clothing and footwear stores	**9.1**	**10.9**
Household goods stores	-0.9	6.3
Other stores	15.1	8.2
Non-store retailing	**9.2**	71.7

Adapted from ONS (2014)

In support of these figures, department stores John Lewis and House of Fraser have both posted positive results of sales increases of 7% and 7.3% respectively (Brownsell, 2014). However, if these figures are considered in more depth, there is a divergence in the levels of growth being achieved by separate selling channels, with John Lewis reporting that like-for-like in-store sales were up by 1.2%, compared to online sales which have increased by 23%. Additionally, Mintel (2013) reported that fashion (clothing and footwear) has exceeded all other product categories in online sales growth, adding that it is also 'the most popular category bought from mobile devices while on the move'. Thus, fashion related products are at the forefront in the evolution of the virtual selling environment.

Signs that brands were preparing for this anticipated change in consumer behaviour came in 2011 when Deloitte noted that physical store portfolios were in decline (Deloitte, 2011). Moreover, they reported that, whilst there has been a contraction of 4% in physical capacity across all product sectors, specialist clothing retailers had declined by twice this figure, with an 8% reduction (ibid). This indicated that the physical store environment for selling clothes has been diminishing at a faster rate than other sectors. The rise in empty retail outlets has signalled the falling popularity of the traditional high street (The Telegraph, 2012) and, according to Allen and Robinson (2014), this situation is likely to get more acute as 80% of high street leases are due to expire by 2020.

However, the ONS (2014) data revealed that, even with the aforementioned growth of online sales and decline in the high street, purchases via the internet currently only account for 11.8% of all retail sales (Table 1.), indicating that 88% of sales are facilitated by other channels. Further data released by the ONS (2014) claimed that, in 2013, 'Non-seasonally adjusted data show that the proportion of sales made online decreased by 0.2 percentage points…of all retail sales (excluding automotive fuel)'. This could suggest that, whilst sales in specific sectors (including fashion) are continuing to escalate, others may be plateauing in their online growth (ibid).

Therefore, the move towards online transactions, whilst continuing to develop for particular product categories, is not necessarily the universal, unconstrained, probability that it was previously speculated to be. Consequently, e-commerce should be seen as one of a range of selling methods creating an omni-channel environment, which Key Note (2013) reports as ranging from '…the high street, supermarkets, shopping centres, retail parks and mail order to catalogues and the Internet'.

Supporting the concept of omni-channel selling, which is undeniably evident in the fashion sector, is Mintel (2013) who states that:

Shopping for clothes is a truly cross-channel experience and while people are increasingly purchasing clothes online, they also use the internet to just browse and still visit stores. Online and in-store therefore reinforce and complement each other….[and that]… *retailers need to focus more on creating a fluid shopping experience where consumers can begin the journey online and terminate it in-store or vice versa.*

However, the development of omni-channel provision is generating challenges for fashion brands trying to create satisfied and repeat purchasers. Thus, understanding the changing behaviour of individuals who are interacting with a brand's offering is fundamental to business planning.

Consumer behaviour

Consumer behaviour is defined by Solomon (2013, p.31) as "…the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services ideas, or experiences to satisfy needs and desires". Understanding the relevance of these processes includes the study of behavioural patterns and analysis of motivations that influence choice in the consumption of products and services. Blackwell *et al.,* (2006, p.4) simplifies this by claiming it is a study of "…why people buy" and divides the process into obtaining, consuming and disposing of items.

Focusing on the first element, the consumer decision-making process is a framework for understanding the stages consumers go through when obtaining an item. There are five stages, which involve 1. problem recognition (current state versus desired state); 2. information search (pre-purchase search, internal from previous experience or external from promotional sources); 3. evaluation of the alternatives (assessing perceptions of risk between options); 4. product choice (purchase) and 5; outcomes (satisfaction or post-purchase dissonance) (Schiffman and Kanuk, 2010: Solomon, 2013).

The first time a consumer goes through the process of purchasing a product or service, from a fashion brand, the more extensive the time and effort needed due to the complexity of activity involved in the pre-purchase analysis (stages 1-3). This is because purchase decisions can entail perceived risks, which, according to Solomon and Rabolt (2009), are particularly relevant to the fashion sector and online buying because the garment cannot be tried on prior to purchase.

If the consumer subsequently faces a similar set of needs, the decision-making process becomes progressively shortened, due to the knowledge gained from the prior experience. Knowledge based on a positive experience will encourage repeat purchases, with the level of effort required reducing as the process becomes routine. Conversely, a negative experience can result in a reluctance to actively pursue that offering as a possible option, due to post-purchase dissonance caused by dissatisfaction. Not only can this result in higher costs for providers in the form of a rise in the return of unwanted products, it can, according to Chylinski and Chu (2010), lead to consumer cynicism, resulting in the need for managers to develop intervention strategies. Thus, to overcome perceived risks, it is essential that brand's identify the barriers and enablers to online purchases.

Barriers versus enablers

When investigating the benefits to online transactions, Ku (2012) found that consumers purchasing online '…enjoy multiple forms of convenience, which include less shopping time, flexibility with regard to when they shop, less physical effort, and easier response to advertisement or promotions'. This convenience factor was reiterated by Mintel (2011) who claim that it is a motivation for seven out of ten consumers.

In addition to convenience, online communications also have the capacity to provide more product information than that which is available via conventional physical modes of retailing. Assessing the online content used by fashion retailers in m-communications, Magrath and McCormick (2013, p.115) identified five design elements, which encompassed '…practical product information, practical services information, trend information, style advice and social media content'. Reinforcing the need for wide ranging information, the Chief Executive Officer (CEO) of ASOS, Nick Robertson, claimed 'Fashion is unlike a lot of commodities that get sold over the internet', believing that customers need further guidance, for example, being able to see how clothes hang (Cave, 2010). Accordingly, brands are innovating by using multimedia advances, with Burberry embracing technology by showing their new season range on iPads and on audio-visual screens in stores (Kollewe, 2012).

However, with this product representation, comes legal obligations. In order to meet UK laws and regulations, the Citizens Advice Bureau (CAB) state that clothes and shoes '…should be of satisfactory quality, fit for purpose…and match any description…given about them' (CAB, 2014). However, these factors can be highly subjective, with the only legal obligation being to display the fibre content (Europa, 2009), and difficult to assess from information presented remotely via a computer screen. Supporting this, Mintel (2012) found that 'the inability to physically touch and try on garments to appraise size, fit and quality', was a major cause of dissatisfaction with products bought online. This was reiterated by Vicky Brock, Chief executive of an analytical software company, who claimed (when Interviewed by Askeland, 2013) that a third of women's clothing, purchased online, is returned; Butler (2013) suggested the figure is, in fact, as high as 40%. This, Brock claimed, was because, 'Most returns come from the thing not being as they expect it to be'. She continued by saying:

Either it looks nothing like it did in the picture, or it has been described wrong, or when it comes its quality doesn't match the customer's expectation. Those things are difficult for the retailer to detect but they annoy the customer.

Furthermore, Mintel (2013) found that their research respondents identified inconsistency with sizing, waiting for deliveries and the irritation of returning goods as major concerns for consumers.

This has resulted in consumers restricting their purchases to 'a little clutch of tried and tested shops' (McCartney, 2010), or ordering clothing in multiple sizes and then returning garments (The Herald, 2011). With two thirds of major retailers offering free return postage, this is not only a problem for stock inventory and control, it also directly affects costs and profit margins (ibid).

In an effort to counteract these issues, there is a growing trend of consumers engaging with the omni-channel concept through showrooming (Mintel, 2013), which involves investigating a garment in-store prior to ordering online (Klena, 2013). Conversely, there is increasing use of Click and Collect (Rubin, 2013), which allows customers to buy online and collect in-store for inspection and immediate return if it is not as expected. Further adding to convenience, there is an increasing network of CollectPlus, which are local pickup and return points for online orders (Mintel, 2013).

Therefore, in the development of an omni-channel marketing strategy, designed to create a satisfying experience for their consumers, it is imperative that fashion brands identify the enablers that help to drive their market and to overcome any potential barriers that can damage the exchange. Thus, this research investigates how the contemporary consumer's behaviour is changing to embrace the enablers, in contrast to the impact barriers have in the creation of purchase dissatisfaction.

Methodology

Research purpose

The research involved a pilot study to investigate issues surrounding the purchase of fashion items. This aims to inform the current industry of the barriers to online purchase within the investigative stages of the consumer's decision-making process and identify key issues to develop a quantitative survey in subsequent stages of this research project.

The research takes an interpretivist perspective where knowledge is produced through human interpretation. This affords an understanding of consumers' current behaviour, which exists through a socially constructed reality (Duberley *et al.,* 2012).

Sampling and recruitment

A non-probability, purposive sample of both males and females aged between 23 and 35 years was achieved within this study. This sample considered research by Mintel (2013) that identified 25-34 year olds as the main buyers of fashion online. They also noted evidence of a shift in the behaviour of the 16-24 year old segment, claiming that they are more likely to have bought clothes online than in store (ibid). Therefore, consumers between the ages of 16-34 years old are emerging as a main focus for brands pursuing an online marketing strategy.

The sample was obtained by posting selection criteria (purchaser of fashion clothing, within the age group and located in the central belt of Scotland) on a social media site which is widely used by this target group (Mintel, 2013). Two groups of five respondents (3 females, 2 males; 2 males, 3 females) were obtained, as an uneven number prevents a group divide and is small enough to encourage effective participation from each respondent (Langford and McDonagh, 2003). The respondents were invited to a central location in Edinburgh and focus groups were conducted within a private meeting room. Prior to commencing the focus group, informed consent was achieved from participants and it was confirmed that respondents were within the target age group and shopped on the UK high street.

Data Collection

The study involved two semi-structured, exploratory focus group discussions. The focus group schedule was organised using ten set open-question relating to each stage of the buyer's decision process model to guide respondents through a hypothetical shopping process. Standard probing was used to clarify respondents interpretation of phases presented. This in-direct approach allowed purchasing issues to emerge and reduces potential bias from direct questions (Legard *et al.,* 2003). Additionally, this semi-structured format aimed to make the process replicable for future research. This method was deemed appropriate as individuals respond to each other's comments inducing conversation (Langford and McDonagh, 2003) and the peer influences involved is consistent with influences in the shopping process (Blackwell *et al.,* 2006). Furthermore, the interaction of respondents reduces the moderators input, to question introduction and clarification to reduce bias and enhance the credibility and dependability of results (Finch and Lewis, 2003).

Each focus group lasted between 25 and 40 minutes and was voice recorded using a sony ICD-PX820 voice recorder to enhance accuracy in transcription.

Data analysis

The analytical technique adopted was a data matrix and was constructed through the process outlined by Nadin and Cassell (2004). A structured method was selected to provide a clear audit trail of the analytical process and ensure the entire transcript was utilised so no salient points were missed. The technique involved setting up an initial template of codes, which was developed through immersion in the transcript data. This produced priori themes, which were then used to code sections of text and new codes were inserted as necessary. Eighteen codes (issues) were identified and these were then arranges into five core themes (key issues mentioned in the data). The results were then combined to provide a consensus of both groups (see Appendix 1).

Key issues were defined as those mentioned by more than half of respondents. Explanation of each issue was then provided in the 'why' column to capture specific respondent comments.

Results and Discussion

The study aimed to explore the current issues surrounding the purchase of fashion items, to understand how consumers shop within this category and what influences their decision-making process. The research results presented respondents channel preference and subsequent characteristics of their purchasing process, identifies selection criteria adopted during the investigative elements of their decision-making process, which subsequently introduces barriers and enablers to shopping online. To illustrate the relevance of these findings for future research, the results and discussion section has been integrated. Selected direct quotes from respondents to illustrate the main points in the group discussion, are presented within the text, in italics and quotation marks.

Channel preference

Mintel (2013) suggests consumers shop between channels in the current omni-channel shopping environment, which was consistent with the results of this study. Although, this did not exist as a defined process, alternative channels were utilised when respondents preferred channel failed to deliver. Respondents presented distinct preference for either and online (40%) or in-store (60%) shopping environment. However, the majority (80%) did suggest they would consider other channels in specific instances: *"I would try in-store and buy in-store, I would never try in-store and order online. Unless I was like not sure and then think three hours later I am going to get it"*. This illustrated the online platform was used for convenience (after garment fit was assessed) rather than as part of an integrated cross-channel purchasing process. Additionally, online purchase was used as a contingency when stores did not have respondents selected product available: *"if I try something on and you need another size I would get them to order it to the shop"*. This indicates that online platforms, are used due to wider product availability.

Hence, the cross-channel process is used by those shopping predominantly in store for convenience and subsequent consideration of an item explored during their shopping experience. This may explain why online sales only account for 11.8% of all retail sales (ONS, 2014) as 60% of respondents preferred the in-store experience but limited product availability meant the online platform was used as a contingency.

Purchasing process

However, the consequence of in-store preference means respondents are liable to switch retailers rather than switch purchasing platforms. McCartney (2010) suggested consumer restrict purchase to a limited number of stores although the results of this study indicated the majority (90%) of respondent's purchase through a range of stores and are not loyal to specific brands: *"I just go by what I like, if I go into River Island and there is something I like and its fine, then I get it. If I go into Newlook and there is something that I like. It doesn't bother me what brand".* Therefore within respondents decision making process (Schiffman and Kanuk, 2010: Solomon, 2013) when one store does not meet their need (stage 1) the search for information (stage 2) and evaluation of alternatives (stage 3) continues within other stores resulting in lost opportunities for retailers. Furthermore, products are purchased on impulse (60%) even when a specific need for a product existed: "*I needed a new coat so I had planned it but I didn't know I was going to get it then. I got two, yeah, saw two that I liked".* Shopping for clothing is therefore a spontaneous, irrational process making product availability, convenience and the smooth transition across channels within each retailer paramount to encourage consumers to shop within a brand. Facilitating brand and consumer relationship building is therefore key for retailers to build loyalty.

Selection criteria for purchase

In order to achieve a smooth transition between channels and retain sales, retailers must understand the selection criteria upon which consumers choose products to reduce the risk associated with online purchase (Solomon and Rabolt, 2009). This presented the third theme within this study. The predominant selection criteria presented by respondents were visual appearance (90%) and garment fit (90%). Visual appearance related predominantly to the importance of aesthetic properties of the product (i.e. style and colour) and the preference to physically appraise the product prior to purchase: *"you can see it and if you are* *in-store, you can feel it".* Fit revolved around the need to try a garment on for individuals: *"I don't tend to buy online, because....I want to know it's going to fit me".* Pre-purchase visual appraisal and fit assessment was therefore preferred by respondents which agrees with Mintel (2012) suggestion that fit and the ability to interact with the product facilitates selection. Furthermore, the importance of both criteria explains the respondents' (60%) preference for the in-store experience.

The third selection criterion was price (50%) where respondents viewed purchasing online superior. A suitable price indicated the best offer for respondents and encouraged online purchase due to ease of price comparison: *"I generally (purchase) whatever's the cheapest...I generally shop online".* This agrees with Ku (2012), who suggested that reduced shopping time and enhanced flexibility encourages online purchase. Benefits are therefore prevalent across channels and if online limitations of garment fit and visual appearance are addressed, online sales could increase.

Barriers to online purchase

The barriers to online purchase presented a core theme and all barriers were mentioned by more than 60% of respondents. Each barrier presented arose from negative past experiences, which agreed with Chylinski and Chu (2010)'s research.

Returns-policy: financial cost

The first barrier for 70% of respondents was the high financial costs associated with the return postage when a garment was unsuitable. This was due to no perceived benefit from an unsuitable garment: *"I just don't see the point in getting something and paying for it for nothing and I am not getting anything out of it".* Furthermore, this prevented purchase online as a respondent illustrates: *"I would never buy anything online if you have to pay to return stuff".* The financial costs in retailer's current returns policies therefore present the first purchase barrier.

Delivery and returns policy complexity

Mintel (2013) suggests returns are a major concern for consumers which agrees with the study findings. Delivery and returns policy complexity was equally important to (70%) respondents: *"if you get it delivered and you are not in they go drop it off at the Gyle and it takes you 40 minutes to get there….and it shuts at 6 o'clock and you don't finish work until 5"* and *"returns can sometimes be difficult….because you have to go away up to the post office usually to return them".* Current provision is therefore inconvenient for respondents due to postal, courier or collection times and delivery/return procedures.

A convenient delivery and returns policy is therefore paramount to encourage online purchase and overcome limitations of pre-purchase evaluation: *"Littlewoods because it's free order to the house and free collection..... You can order like hundreds of pounds worth of clothes, stand in your house, try it all on and send it all back".* The experience Littlewoods provides imitates the store experience and reduces online risk. Moreover, this makes the process of fit/sizing inconsistencies assessment less inconvenient due to the free service which respondents indicated was a key selection criterion.

Sizing variation between brands

Sizing variation between brands was the next issue identified as being important to 60% of respondents. This related to the lack of predictability of sizing online and the prevalent inconsistencies with size determination between retailers. This encouraged respondents to purchase predominantly in store: *"I always try it on in-store because not everywhere has got the same sizes"* and illustrates difficulties in sizing predictability, which agreed with Mintel (2012)'s suggestion that sizing and subsequently fit is a key source of dissatisfaction and prevents online purchase. This may exist due to a lack of consumer understanding of online information which was also prevalent in the next theme.

Accuracy of visual pre-purchase information

A lack of predictability was further developed within the accuracy of visual pre-purchase information theme. The accuracy of visual pre-purchase information presented the next barrier to purchasing online for 60% of respondents due to the difference between images and physical garment appearance which Vicky Brock (when interviewed by Askeland, 2013) agrees is a key limitation when shopping online. This research found: *"I bought a dress once that I thought was all chiffon but turned out it was just the sleeves and the body was like the really tight fit and I didn't realise that from seeing it online because it was a navy blue colour that didnae actually show you very well".* This illustrates the limitations of the current provision of online information for consumers, because visual interpretation can be subjective. It is evident therefore this information is either difficult for individuals to understand or locate on the retailers website. It also supports the Chief Executive Officer (CEO) of ASOS, Nick Robertson's suggestion that consumers require further product guidance with online platforms (Cave, 2010). Moreover, this lack of understanding is creating post-purchase dissonance and the lack of product predictability is preventing respondents from taking purchase risks with online platforms.

Time lag between ordering and receiving an item

Mintel (2013) suggested that waiting for deliveries was a limitation for online purchase was consistent with the results of this study. Therefore, the final barrier is related to the time-lag between ordering and receiving an item which discouraged (60%) respondents from purchasing online: *"Yeah if you buy a dress you think, I will wear this on Friday. It comes, you don't like it, it's not the same material…..it doesn't fit you and you have to go back to the shop and you are back to square one".* This demonstrates the problem of the time-lag and additionally heightens the problem of other barriers (i.e. sizing, delivery issues, and accuracy of pre-purchase information) and indicates the importance of visual appearance and fit as both determine product suitability for the consumer.

Enablers to online purchase

Quicker and easier

To overcome some of these barriers, respondents presented enablers in the final theme that related predominantly to delivery and return processes and convenience for the respondents. Both Ku (2012) and Mintel (2011) suggest convenience is a key enabler to online purchase which agrees with the findings of this study. 60% of respondents felt that shopping online was convenient due to the speed of product and as previously mentioned price evaluation: *"It's a lot easier to look (online) and again you can do it whenever you want. You don't have to do it when society dictates...online you have got more [choice]".* The ability to shop twenty-four hours a day, find product easily with more choice, the supporting outfit ideas and the availability of discount codes from an access perspective encouraged online purchase. Moreover, this coincided with Magrath and McCormick (2013), who suggested that practical product, trend information and style advice were key enablers. The convenience of shopping online and the speed of product selection therefore encouraged online purchase and introduced underlying selection criteria for respondents.

Free returns

In relation to delivery and return enablers, free postage was presented as a key factor to encourage online purchase, which is offered by only two thirds of major retailers (The Herald, 2011). The availability of free returns was praised by 60% of respondents and overcame the financial cost of returns barrier to online purchase whilst aiding convenience for the customer when a product was not suitable: *"Some things they give you online like a pre-*

stamped envelope for returning it back. That's quite helpful. All you have to do is drop it off at the post office". This made the post office trip, which was a former inconvenience (see barriers to purchase), bearable for respondents and persuaded them to take the online purchase risk. To encourage respondents to shop in online platforms a free returns policy is therefore advisable.

Click and collect and collect plus

Rubin (2013) suggestion that there is an increasing use of Click and Collect services was consistent with this study. This was praised by 50% respondents within this study and included ordering both in-store or online to collect in-store: "*like in Newlook how you can actually...try something on and you need another size I would get them to order it to the shop".* These options solved issues related to delivery complexity (being available for collections of deliveries) and the cost of returns is removed through immediate return in stores when a garment is unsuitable. Thus, reducing inconvenience for consumers.

Further adding to convenience, there is an increasing network of CollectPlus, which are local pickup and return points for online orders (Mintel, 2013). This service was illustrated as an enabler by respondents as the availability of click and collect, and collect plus, encouraged respondents (50%) to purchase online from home (collect plus) and collect locally: *"that's why on very I do collect plus. So I collect it from a collect plus store and if I don't like it I take it back there and they return it and then you are not paying any delivery".* This enabler therefore reduces the financial implications of delivery and returns and returns policy complexity of online purchase, which works towards resolving these barriers.

The interrelationship of selection criteria, barriers and enablers is illustrated in Appendix 2. This details the interrelationship of the study's findings and a hypothesis that will be tested within subsequent quantitative stages of this research project.

Conclusion

This research investigated the issues surrounding the purchase of fashion items with a view of understanding how the contemporary consumer's behaviour is changing, and how enablers to online purchase are appeasing the impact of current barriers and facilitating growth of the online platform.

The findings of this study revealed that individual consumers display a distinct preference for either an online or in-store shopping environment, although are prepared to participate in cross-channel activity when their preferred channel fails to deliver. The cross-channel experience therefore presents a contingency for respondents.

However, the research showed that whilst there was a lack of in-store brand loyalty, consumers are constant in their choice of favoured purchasing platform. Furthermore, they buy on impulse even when a need exists. This indicates the need for a smooth transition between channels and stronger focus on the consumer experience in online purchasing to facilitate relationship building between a brand and the customer.

The majority of respondents preferred an in-store experience due to the ability to appraise the product prior to purchase, as their key selection criteria related to visual appearance of the garment and fit. This indicates that there are still major benefits to this platform and helps to explain why it still accounts for 88% of transactions. In contrast, price sensitive consumers preferred an online platform due to the convenience associated with price comparison.

A key consideration for online providers is the financial cost of returns and delivery and returns complexity, as respondents were more likely to take the risk associated with other barriers when delivery was free and/or direct to their home. Moreover, the majority of respondents were willing to participate in a cross-channel experience when these key barriers were addressed and other difficulties (sizing inconsistency, visual representation and time lag) and selection criteria (visual appearance and fit) were minimised. This is reflected within the final theme of enablers, as solutions to both the financial cost of returns and delivery and returns complexity are presented by respondents. Where these issues have been addressed, online platforms are more likely to be adopted.

To facilitate a positive online experience, retailers should address the difficulties of sizing variation between brands, accuracy of visual pre-purchase information, and the time-lag between ordering and receiving an item. Thus, the selection criteria of visual appearance and fit limitations can be addressed. If consumers are clear about what products they are expecting, and feel confident in knowing the garment will fit their body, this will encourage greater purchase across channels within a specific brand. This can be achieved through clearer information on retailers' websites in relation to product properties. Therefore, in their strategic business planning, fashion brands should focus on the consumer experience of profitable market segments and evaluate how the barriers and enablers of online engagement influences their decision-making processes.

Limitations and further research

The purpose of this pilot study was to identify the core issues associated with the purchase of fashion items and identification of key barriers and enablers to online purchase. As a qualitative study, the results are not expected to be representative of the full population. Thus, the results of this study will be integrated into a quantitative questionnaire to understand the key interrelationships between selection criteria, barriers and enablers to online purchase and generalisation of these findings.

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Appendix

DATA MATRIX: KEY THEMES BY GROUP AND COMBINED MOST IMPORTANT

Group	Issues/criteria mentioned (No of respondents)	Responses combined (Group A and B)	Most important (Mentioned by more than half of respondents)	Why (respondents said it was important)
THEME 1: CHANNEL PREFERENCE				
A	Shop occasionally between channels (4) Shop predominantly in-store (4) Shop predominantly online (1)	Shop occasionally between channels (8) Shop predominantly in-store (6) Shop predominantly online (4)	Shop occasionally between channels (8) Shop predominantly in-store (6)	Convenience, lack of choice in store and ease of access. Need to try it on and assess visual appearance
B	Shop occasionally between channels (4) Shop predominantly online (3) Shop predominantly in-store (2)			
THEME 2: PURCHASING PROCESS				
A	Purchase through a range of stores (4) Impulse purchasing (3)	Purchase through a range of stores (9) Impulse purchasing (6)	Purchase through a range of stores (9) Impulse purchasing (6)	Shopping is a spontaneous activity Buy products when they see them even when a need exists (irrational process)
B	Purchase through a range of stores (5) Impulse purchasing (3)			
THEME 3: PRODUCT SELECTION CRITERIA				
A	Visual Appearance (5) Fit (4) Price (3) Quality (1)	Visual appearance (9) Fit (9) Price (5) Quality (4)	Visual appearance (9) Fit (9) Price (5)	Understand product features and aesthetics Need to try it on Wants the best deal
B	Fit (5) Visual appearance (4) Quality (3) Price (2)			
THEME 4: BARRIERS TO ONLINE PURCHASE				
A	Returns-policy: financial cost (5) Sizing variation between brands (3) Delivery and returns-policy: process complexity (3) Accuracy of visual pre-purchase information (3) Time-lag between ordering and receiving an item (2)	Returns-policy: financial cost (7) Delivery and returns policy complexity (7) Sizing variation between brands (6) Accuracy of visual pre-purchase information (6) Time-lag between ordering and receiving an item (6)	Returns-policy: financial cost (7) Delivery and returns policy complexity (7) Sizing variation between brands (6) Accuracy of visual pre-purchase information (6) Time-lag between ordering and receiving an item (6)	High cost of returns Inconvenience of delivery/ returns procedures Lack of sizing predictability Image and garment discrepancies Takes too long to receive an item and respondents shop on impulse
B	Time-lag between ordering and receiving an item (4) Delivery and returns-policy: process complexity (4) Sizing variation between brands (3) Accuracy of visual pre-purchase information (3) Returns-policy: financial cost (2)			
THEME 5: ENABLERS TO ONLINE PURCHASE				
A	Click and collect and collect plus (4) Quicker and easier (3) Free returns (4) Sizing confidence and predictability (1)	Quicker and easier (6) Free returns (6) Click and collect and collect plus (5) Sizing confidence and predictability (2)	Quicker and easier (6) Free returns (6) Click and collect and collect plus (5)	Can shop anytime, find products easily and discount codes are available Reduced financial cost Addresses collection times, enhances convenience and reduces postage cost.
B	Quicker and easier (3) Click and collect and collect plus (1) Free returns (2) Sizing confidence and predictability (1)			

THE INTERRELATIONSHIP OF RESULTS AND HYPOTHESIS FOR THE NEXT STAGE

SELECTION CRITERIA	BARRIER	ENABLER	CORE ISSUES FOR RETAILERS

VISUAL APPEARANCE	ACCURACY OF VISUAL PRE-PURCHASE INFORMATION TIME LAG BETWEEN ORDERING AND RECEIVING AN ITEM	NO ENABLER IDENTIFIED	CORE BARRIER TO PURCHASE
GARMENT FIT	SIZING VARIATION BETWEEN BRANDS TIME LAG BETWEEN ORDERING AND RECEIVING AN ITEM	NO ENABLER IDENTIFIED	CORE BARRIER TO PURCHASE
PRICE	RETURNS-POLICY: FINANCIAL COST	FREE RETURNS QUICKER AND EASIER	STILL AN ISSUE OF CONVENIENCE IN DELIVERY
CONVENIENCE (UNDERLYING CRITERION)	DELIVERY AND RETURNS-POLICY COMPLEXITY	CLICK AND COLLECT AND COLLECT PLUS QUICKER AND EASIER	STILL AN ISSUE OF CONVENIENCE FOR SOME

KNOWLEDGE SHARING IN AUTOMOTIVE REPAIR: THE MAJOR PREDICTORS

Patric Finkbeiner

Abstract

The automotive service sector has not undergone scientific research. For industry and marketing practitioners it is essential to understand why repair shop mechanics use and apply social media in their daily working routines. For the automotive industry the automotive aftermarket is a lucrative source of income regarding the sales of spare parts and the according services. The repair shops that repair the cars on the independent aftermarket and represent the typical European idea of the micro and small enterprises are an essential part of the German repair ecosystem. The knowledge bound in these small workshops is so far bound to the mechanic. Reaching out to social media many are already referring to platforms and forums for gathering professional repair information.

This paper focuses on two previous qualitative studies that have been undertaken in the course of a PhD thesis. Predictors for knowledge sharing have been identified by conducting an overt participant observation. The participant observation was followed by semi-structured in-depth interviews with professionals of the field. Evaluating the interviews a framework was established in order to visualize the variables. Variables were operationalized and adapted from literature leading to twelve major factors for the prediction of knowledge sharing behaviour. This paper presents the outcomes of a pre-study, undertaken with an online community of semi- and professional repair mechanics and introduces the major variables obtained by exploratory factor analysis.

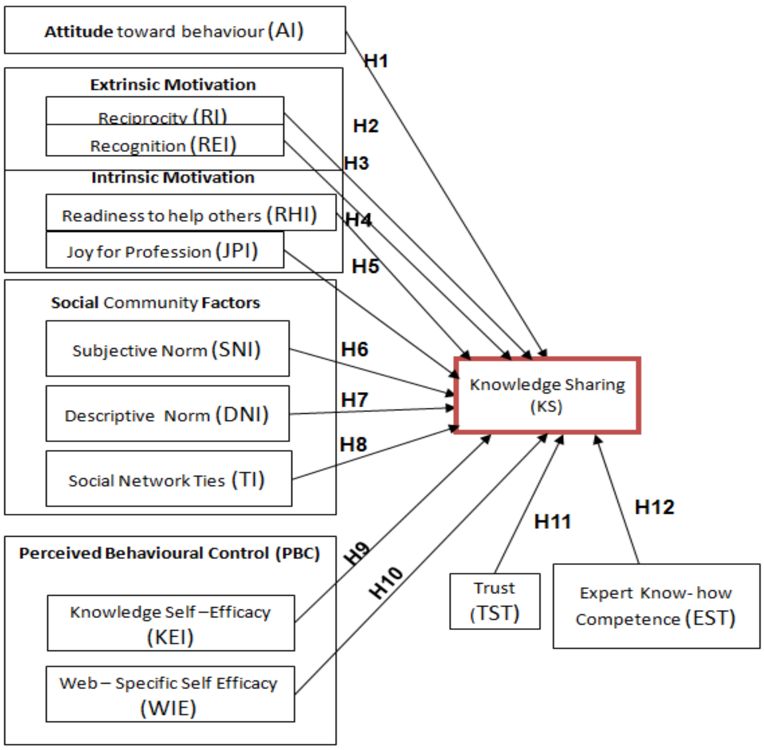
The automotive industry is undergoing rapid change when it comes to taking advantage of the countless choices and use cases the internet offers today. Established ideas like care sharing that using online connectivity for booking, tracking and servicing their pool vehicles via smart phone apps, are extended by the not so far away vision of automated driving. The internet eases the driver's or the service consumes life by manifold service offers. Today boundary point between service offers and hardware are mostly smart phones. Software is not anymore just a random program but an "app", an application that can be downloaded in virtual stores accessible from smart phones, tablets, and amongst others vehicles GPS systems. Machina research states that by 2020 £380bn – "20% of the value of new connected vehicles - will be able to be attributed to "connected life"" (Hudson 2013). So, while the end customers of the automotive repair sector actively get immersed in a social media life the service providers are not exclusively interconnected on a special "service platform". These mechanics, if they do not find a solution to their repair refer to openly accessible online repair forums. However in these forums one finds a wide range of people; and most often not the professional who has learned and experienced repair issues in a professional environment. The idea of providing an exclusive virtual platform exists within the original equipment manufacturers' workshop landscapes. Different virtual OEM service programs make the mechanics register and obtain software support for repair, while the only communication tools are often costly online hotlines. While the OEM mostly delivers to own repair shops on the "dependent aftermarket" there are companies that provide general information on different OEMs products for the "independent aftermarket". What are triggers that make the professional repair mechanic in Germany access and contribute to repair issues online?

Research in the context

Many researchers have tackled the question of why people get involved into social media (Al-Khaldi & Wallace 1999; Hall 2001; van den Hooff & Bart 2004; Chiu et al. 2006; Steinfield et al. 2008; Holste & Fields 2010; Turner et al. 2010; Zeiller & Schauer 2011; Chai et al. 2011; Finkbeiner & Dean 2012; Finkbeiner 2013)

In the course of the qualitative phase consisting of results of a on spot participant observation (Finkbeiner & Dean 2012) main variables have been further processed by conducting a structured content analysis (Mayring 2008; 2011). A code system was constructed and validated by a group of PhD students in a one day workshop. The obtained variables were compared and aligned with the participant observation and the literature review (Finkbeiner 2013) leading to a framework with twelve variables predicting knowledge sharing intention in a virtual context.

Fig. 1: Research Framework with variables



The factors and their origin in the context

This paper only discusses the independent factors validity and consistency. For this research approach Ajzen & Fishbein's (1975; 2005; Fishbein, M, & Ajzen 2010; Ajzen 2011) Theory of Planned Behaviour (TPB) provide the factors attitude, subjective and descriptive norms. Adapting the attitude items from Taylor & Todds' (1995) the items for subjective and descriptive norms were both adapted from Ajzen and Fishbein's previous research (2010). Gathered under the headline social community factors amongst the SNI and DNI, the predictor Social Network Ties was taken from Chen &

Chen (2009) and adapted to the context of virtual repair knowledge sharing.

The factors reciprocity (RI) and recognition (REI) are gathered under the umbrella term "extrinsic motivation" both have been found to provide expectations of the user towards his colleagues in the terms of getting knowledge back for sharing it and to be acknowledged for providing the others with content and generating own content so called user generated content (UGC) (Finkbeiner 2013, p.7). Reciprocity as well as recognition were taken and adapted from the research from Jeon et al. (2011). Reciprocity "the mutual give and take" has been investigated to be a major predictor for knowledge sharing (Ipe 2003, p.396) so is recognition or the enhancement of eager peoples reputation among peers (de Vries 2006).

Intrinsic motivation to share knowledge online has been found to be made up of readiness to help others (RHI) and the joy for ones profession (JPI). The readiness to help others often was mentioned to be an enabler for knowledge sharing, as well as the mechanics who enjoy fixing cars and trying new ways of repair, thus the freedom to repair a car in their special "enjoyable" way. Also going to work with enthusiasm is supposed to predict knowledge sharing. The items for readiness to help other (RHI) colleagues was self created based on (Wasko & Faraj (2000; 2005) and ; Lin 2007). Also other than the RHI items "joy for profession" was newly created in dependence on (Ajzen 2006; Fishbein, M., Ajzen 2010)

The factors web specific self-efficacy (WEI) and knowledge self-efficacy (KSI) display Bandura's (1977; 1989; 1994) concept of self-efficacy as part of social cognitive theory. Knowledge creation self-efficacy in this context focuses on the mechanics self assessment regarding his ability to collect his knowledge and post it online efficiently and usable for others. Web-specific self-efficacy is the self- assessment of a person to use functions provided by social media for posting knowledge. The items of both factors have been adapted from Chen & Chen (2009)

The factor trust (TST) as predictor of knowledge sharing is operationalized according to Usoro et al. (2007) in order to understand whether the trust in the content provided by virtual knowledge platforms enables knowledge sharing behaviour amongst the German repair mechanics.

The expert competence (EST) mechanics have acquired over years of experience on the subject is another self- created factor that was found to have influence on knowledge sharing behaviour in the qualitative interviews.

Table: Variables and their Source

Abbreviation	Explanation	Source
AI	Attitude	Taylor & Todd(1995)
RI	Reciprocity	Jeon, Kin & Koh (2011)
REI	Recognition	Jeon, Kin & Koh (2011)
RHI	Readiness to Help	Lin (2007)
JPI	Joy for Profession	OWN items
SNI	Subjective Norms	Ajzen & Fishbein (2010)
DNI	Descriptive Norms	Ajzen & Fishbein (2010)
TI	Social Network Ties	Chen & Chen (2009)
KEI	Knowledge Self Efficacy	Chen & Chen (2009)
WEI	Web Self Efficacy	Chen & Chen (2009)
EST	Expert Knowhow	OWN items
TST	Trust	Usoro (2007)

Most of the factors and their items have originated in English academic literature. They have been translated into German under scrutiny trying to be as precise as possible regarding content and meaning. Being of academic language and often used for managerial target audiences, the aim of the researcher was that the target audience understands the sentences and can adequately answer them. This caused doubts; as each factor consisted of 4 items and that there were only nuances of difference in the meaning, it was not clear how the participants would react.

Scale

For this research a 7 point Likert scale was applied ranging from strongly agree (1) to strongly disagree (7). A neutral position was chosen for the middle. This was also done for in Germany the scale of school grades range from 1- 6 while one is the best and 6 is a fail. Therefore "strongly agree" was considered to have a positive notion and thus as more simply to remember (Backhaus et al. 2011).

Administration and target audience

The survey was delivered online via email to members of an openly accessible online platform. The platform is clearly targeting only people interested in repairing cars, but does not make a difference between repair professionals and laymen in the context of automotive repair business. The platform was founded in 2011 and had, by the time of administering this survey, 1.323 members. Causing awareness of the upcoming survey previous communication towards the virtual community members was undertaken via an online newsletter. The survey was kept online from a Thursday and stayed into the field for 18 days ending on a Sunday in spring 2013. The newsletter was updated and endowed with a link directly to the survey tool. Furthermore all 1.323 community members were approached with a kind cover letter asking them for their support by following the attached link to the survey. There were no incentives provided to the community members. The cover letter however clearly stated that, with participating and sharing their experience via the survey, the participants could contribute to new product innovation and a better understanding of the use of social software in the workshop environment, what again could ease the daily work routines and have a positive result on the work load of the automotive mechanics.

On the last Monday before taking the survey out of the field a reminder email was sent to all participants resulting in a single day return rate of 32 percent.

Analysing the data

There were 323 people accessing the survey during the field time while 213 usable responses were generated. That means that the response rate summed up to 16 percent. Most of the peaks of delivered survey could be observed on Mondays. This was the reason why the reminder was sent out on a Monday as well. Most surveys were observed to be worked on around the time of the common lunch break. The age distribution was more interesting. While the researcher had anticipated a young average of mid twenties to mid thirties the average age was 46 year. The participant's age rage was from 20 to 74 years. The most prominent age groups were those of 40-44 and 50-54 with both 16 percent (49) and the 45-49 with 23 percent (60).

Over 50 percent (107) worked in a free workshop while 21 percent (45) made part of a workshop chain or franchise. The workshop size revealed that 23 percent of the workshops have 6 to ten employees while 33 percent have 2 employees and other 33 percent 3 to five employees. This suggests the SME nature of the automotive repair business in Germany with an tendency to microenterprise which "*is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million."* (European Commission 2003). There is no workshop that is not connected to the internet. However it is differed between the actual office space in the workshop where administration takes place (rather white collar) and the blue collar repair area with lifting ramps and tools for fixing the vehicles. All repair shops had internet in either office or repair. 82.4 percent had internet in both areas, while 17 percent allowed access to internet only in the office area. Of these 82.4 percent approximately 40 percent had internet accessible at all repair spots within the workshop, 18 percent at some repair spot and 27 percent offered one central computer in the repair area.

Quantitative analysis

At the beginning of the quantitative part of the research the factor analysis is the right tool to investigate the correlative relationships and put them into autonomous groups. It is to notice that the explorative factor analysis was conducted with the 213 samples obtained from the survey.

Considering the internal consistency of the homogeneity of the scales Cronbach's Alpha for all 12 variables ranged from good to acceptable according to Kline (2000, p.13) and George & Mallery (2003). Thus all factors were considered adequately for explorative factor analysis.

A principal component factor analysis was undertaken including a varimax rotation and Kaiser Normalization. Differing between confirmatory and explorative factor analysis for this approach it was decided to conduct a exploratory factor analysis in order to "gather information about [...] the interrelationships among a set of variables" (Norotama 2012, p.181). As this is a pre-test phase it is at the early stage of the research and variables have to be reduced for easier understanding and overview towards the main investigation. Outcome of the Factor analysis was a mix of the administered factors. There were 8 main factor categories. As supposed factor analysis was applied to not only for the interrelationships of the variables but also for dimension reduction. The first calculated factor loadings are difficult to be interpreted. In order to gain interpretable factor constellations a varimax rotation was chosen to reach a simple structure with single factor loadings. The factors were all autonomous constructs that were found to influence automotive repair professional's behaviour towards virtual knowledge sharing in social media. The outcomes of the EFA were 5 main variables which explained over 71 percent of the variance. While the items of the factors reciprocity (RI) and Readiness to help others (RHI) were loading on one factor the dimension reduction brought out robust loadings amongst the factors of recognition (REI), descriptive norms and social network ties (TI). The knowledge (KEI) and web-specific self-efficacy (WEI) loaded on one factor as well.

Table: Rotated Component Matrix

Rotated Component Matrix[a]

	Factor				
	1	2	3	4	5
RI2	,815				
RI3	,741				
RHI3	,719				
RHI4	,680				
RHI2	,678				
RI4	,617				
RHI1	,594				
REI2		,839			
REI1		,807			
REI3		,707			
REI4		,595			
DNI2			,845		
DNI1			,788		
DNI3			,761		
DNI4			,728		
TI4				,813	

TI1				,791	
TI3				,739	
TI2				,531	
KEI2					,810
WEI2					,734
WEI3					,640

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Other factors were either destructive to the framework or did not convey robustness to the initial framework. Also it was observed that an initial variance explanation of 69 percent could be enhanced by eliminating disturbances within the data.

Result of EFA

The results of the EFA and dimension reduction were five general factors. The first factor was a mix of RHI and RI, readiness to help others and reciprocity. Examining the factors items of the two constructs the common idea became obvious in the way that being helpful and supporting the colleagues in moments of need was understood as the concept of reciprocity as helping others in the context of the workshop environment does not mean selfless giving of knowledge but is strongly connected to the idea of receiving help in return once required. Thus REI and RHI were consolidated in the factor: mutual helpfulness (MH). Looking at the content of the single items the factors were reviewed for common sense it was proceeded similarly with KEI and WEI both were summed up under the term “web-self efficacy” (WSE).

As outcome the dimension reduction had resulted in 4 main aggregated predictors: mutual helpfulness, recognition, descriptive norms and social network ties

Conclusion

The conclusion of this paper points out the importance of factor analysis and dimension reduction for obtaining a model that focuses on the primary variables in the context of the research question.

The process of conducting a pre-test for testing the variables has shown to be valuable for the preparation of a questionnaire and practising data collection in a small sample size. Valuable conclusions have been drawn from the delivery of the questionnaire. Main days of traffic on the survey among the target audience were Mondays. Also the delivery of a reminder email is indispensable and resulted in an additional raise of participation of over 32 percent. It has not been worked with incentives and still participation was of 24 percent (323 clicked questionnaires).

The factor analysis led the way from 12 initial variables to 5 final and robust constructs with an explained variance of 71.67 percent. Two of these constructs were made up of a mix of factors. WE for example was made up of WEI and KEI. Both conveyed Bandura's (1977; 1989; 1994) concept of self-efficacy. Those were now aggregated under the term Web-self efficacy according to the items content.

Also reciprocity and readiness to help others showed a mixed picture providing the factor with the highest loadings. The aggregation under the term “mutual helpfulness” (MH) showed that either the translation from English into German was to similar for both RI and RHI, or the concepts of norms of reciprocity (Bock et al. 2005; Chiu et al. 2006; Lin & Bhattacherjee 2009; Lin et al. 2009) and that of Lin’s (2007) “enjoyment in helping others”. In fact Lin (2007) tested both “reciprocal benefit” and “enjoyment in helping others”, however on a target audience of larger Taiwanese organizations not in the sector of blue collar work. Helping must be understood as reciprocated behaviour. Therefore this pre-study posits to put both under one umbrella term, mutual helpfulness.

Four initial factors were aggregated into 2 new factors (WSE and MH). This resulted into 5 constructs. Factor analysis for dimension reduction was successful and forms the basis for further investigations and regression analysis in the following framework.

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THE ROLE OF OWN BRANDS IN ASSORTMENT STRATEGIES IMPLEMENTED BY CONSUMER ELECTRONIC RETAIL CHAINS

Katarzyna Bilińska-Reformat & Izabela Sztangret

Abstract

Electronic Retail Chains are searching for competitive advantage. They modify their assortment strategies by launching own brands. Using own brands is a well known practice in FMCG retail Chains but it is a relatively new way of attracting consumers buying electronics. In the time of crisis the main requirement of the customers is to get the offer at low price and of medium or high quality. Thanks to implementation of own brands, Electronic Retail chains try to meet these expectations. Observing activity of these entities we can state, that the share of own brands offered in their assortments is growing.

Keywords: *electronics retail chains, customer behaviour, own brands*

Introduction

The notion of own brands is most often associated with grocery store chains and brands found in chains of such retailers as Auchan, Carrefour, Tesco or Real Quality.

Own brands are products, but sometimes also services, produced by one manufacturer and sold under the label of another shop. Own brands are widespread in numerous industries from grocery, through cosmetics, for example in Rossman chain, such as ISANA or RIVAL de Loop, and finishing with online services[1]. Own brands were frequently perceived as products of lower quality and thus cheaper than regional, national or international brands. Nowadays the situation has been slowly changing and these products start to be perceived as products of „premium" class. At the same time they compete with quality products. Private Label Manufacturer's Association (PLMA) recognises 4 categories of private brand producers[2]:

Large national brands that want to take advantage of production capacity while also offering supplies on the scale of market chains.

Small producers that specialise in single production lines. They are often owned by corporations that also produce well-known brand products.

Major wholesalers and retailers that are capable of providing supplies of own brands.

Regional production plants that produce own brands for the demand of individual markets.

Katarzyna Bilińska-Reformat
Ph. D. University of Economics in Katowice, Poland
Email: kasiabr@ue.katowice.pl
Izabela Sztangret
Ph. D. University of Economics in Katowice, Poland
Email: izabela.sztangret@ue.katowice.pl

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Own brands are used as an important marketing tool (associated with the strategy of assortment shaping), the concept of which was developed by retailers. Nowadays officially, such a method of sale may bring significantly larger revenues than the sale of products of well-established brands.

While analysing assortments of chains trading in usable electronics, we can notice that they become a more and more important element of assortment strategies.

The purpose *of the article is to identify the factors that determine customers' purchase behaviour on electronic retail markets and to identify the role of own brands in assortment strategies. The paper will contain the example of practices in the sphere of assortment strategies applied by electronic retail chains operating on Polish market.*

As it is supposed, *cheaper offer which is guaranteed by own electronic brands encourages the customers' future purchases.*

*In the article the **method** of customer interview is used. The major purpose of the study of the customers of electronic retail chains is to define the factors that determine customers' decisions on electronic markets.*

Additionally, the case study method that illustrates behaviours of electronic chains related to assortment strategies focused on own brands will be applied.

Own brands as an element of assortment policy – literature review

The list of goods that make the assortment offer of a commercial company constitutes a fundamental marketing tool for influencing the market[3]. It ought to be added that commercial chains (electronic retail chains) while shaping their assortments, take into consideration the needs of target segments. Activities in the sphere of assortment require creativity. The assortment of commercial chains is adjusted to purchasers' preferences and from time to time it is subject to innovations.

The issue of selection of brands that are sold is an important element of assortment strategies. More and more commercial chains decide to include in their assortment products labelled with brands created especially for this particular chain. It is largely caused by worldwide crisis[4].

Goods produced at requests of a commercial chain, labelled with the name of this chain and available only in shops that belong to the commercial chains are defined as own brands[5]. There is also another definition saying that they are goods produced on the initiative of a commercial chain or at its exclusive request, labelled with the name of distributor and available in shops that belong to, and cooperate with, the commercial chain[6].

Such products usually offer the quality that is similar to the products of well-known brands but offered at lower prices. This happens because the product price is not charged with the costs of brand establishment that are incurred by other producers. Goods labelled with own brands of the shop are often produced in the same plants as products labelled with a famous logo. Private brands constitute profitable solution for large corporations that have a remarkable share in market, while establishing a reputation among the customers[7].

We can say that brands described in the paper and defined as „own brands" or „private labels" take more and more space on the shelves of

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[5] http://markiwlasne.com.pl/definicja-marki-w%C5%82asnej-nowe-spojrzenie.html

[6] More on the subject of private brands in retail sale: S. Gupta, G. Randhowa, Retail Management, Atlantic Publisher&Dist, 2008 pp. 280-284, K. Lincoln, L. Thommasen, Private Label. Turning the Retail Brand into Your Higgest Opportunity, Kogan Page Publisher, 2009, pp. 23-30

[7] http://www.investopedia.com/terms/p/private-brand

commercial chains and they meet consumer preferences in a larger and larger degree.

The tendency to assign own brand by the distributor is very clear not only in western countries but also in Poland, and it is growing all the time.

The benefits that come from the use of own brands, particularly for small companies, definitely include their growth. It is the result of chain advertising that is possible through placing the shop name on every product. In this way, every time the consumers use the product, they are reminded where it was bought. Other benefits can be presented in the form of the following list:

Control over the product price as well as its production and marketing

Implementation of own marketing plans

Creation of product image that brings larger attachment of the customer to the shop.

It ought to be remembered that ordinary products of private labels are sold in more than one country and this brings the necessity to meet the international standards concerning the product quality. In case of usable electronics this mainly concerns the fulfilment of all technical standards and also regulations related to environment protection, as well as possessing appropriate certificates. It should be added that development of own brands takes place with double intensity in the period of recession.

Characteristic features of the market of usable electronics[8]

The market of usable electronics in selected European countries

Germany

The value of German market of electronic appliances for household use and telecommunication equipment in the second quarter of 2013 amounted to EUR 12.3 billion. This means decrease by 3.4% in comparison with the same period in the previous year. However a diversified demand on particular products was observed. On the one hand increase was observed in the sale of mobile phones, and in a smaller degree of small and large household appliances, and on the other hand, the decrease was observed in the sector of radio and television equipment (TV sets and audio equipment). As it has been aforementioned, among appliances of usable electronics, the sale of mobile phones has been growing the fastest. It is mostly influenced by a large demand on smartphones. Thanks to them mostly, this segment has been growing at two-digit rate, for example in the second quarter of the year the sale of these appliances was as much as 16.5% higher than in the same period in the previous year[9]. The value of this segment amounted in the analysed period of time to EUR 2.1 billion. Despite high saturation of the market with smartphones, further growth in their sale is predicted. The reasons for this situation are constant increase in attractiveness of appliances already available in the market, for example through development of functions (applications) in appliances available in market, and launching new products that have been unknown in market so far, such as for example smartwatches or combination of a traditional watch and a smartphone.

In the first half of the current year, growth in sale in the sector of computer devices was also reported. In the discussed period, the value of this market amounted to EUR 8.6 billion which meant the increase by 1.2% in comparison with the same period of the previous year. The sale of tablets contributed to this most, however attention should be paid to the fact that the rate of growth in the sale of these products slightly

[8] As with almost all other sectors, the electronics industry was deeply affected by the economic crisis of 2008–09, Timothy J. Sturgeon Momoko Kawakami, Global Value Chains in the Electronics Industry Was the Crisis a Window of Opportunity for Developing Countries?, Policy Research Working Paper 5417, The World Bank September 2010 WPS5417

[9] http://www.een.org.pl/index.php/handel-zagraniczny---spis/articles/rynek-elektroniki-uzytkowej-i-urzadzen-telefonicznych.html

decreased with reference to the previous periods. This happened mostly because smaller appliances available at moderate prices occurred in market.

On the other hand, the sale of radio and television equipment in German market has been recently characterised by a strong falling tendency. In the first half of 2013 the value of market shrunk even by 26% in comparison with the same period in the previous year and amounted to EUR 1.8 billion.

The reasons for such a large decrease in demand are mostly perceived in the fact that nowadays, as opposed to 2012, there are no external stimuli inspiring to make a decision to buy this type of appliances. We must remember that in 2012 Eurocup Football Championship in Europe and Olympic Games in London were held. This type of large sport events always influence positively the increase the sale of TV sets. What is more, switching off the analogue TV signal in Germany was an additional factor that brought a large sale of these appliances.

It is assessed that radio and television market has not exhausted its potential yet. The sale of aforementioned smart TV sets with access to the Internet and audio sets for home cinema looks particularly promising. However, we have to remember that it is still going to be the market of high degree of saturation and this means that the producers should particularly emphasise the adjustment of the offer to customers' expectations and improvement in service.

Great Britain

The value of telecommunication appliances sold in Great Britain in 2012 amounted to the equivalent of EUR 4 billion.[10] Similarly to other markets, also in Great Britain smartphones that replace traditional mobile phones are the major product influencing the increase in the sale of the whole segment. In 2013 already 53% of mobile phones in Great Britain were smartphones.

In the sector of computer devices, the value of sale in the first half of 2013 amounted to EUR 5.6 billion. It ought to be added that the sale of tablets has been growing the fastest. In 2012, nearly 10 million British people were using these appliances to connect with the Internet and forecasts predict further growth in the number of their users. Miniaturisation of tablets opens new possibilities for producers of these devices. They are more and more frequently used by children. It is estimated that in 2012 every tenth British person at the age between 5 and 15 was using a minitablet. This tendency will certainly be intensified. Similarly to other west-European countries, also in Great Britain decline is reported in the market of radio and television appliances. The decrease is a result of market saturation with these products and slow implementation of innovations. A large fall in the sale occurred particularly in 2013, after the exchange of TV sets by British people in 2012. Similarly to Germany, sport events and change from transmission of programmes in analogue technology to digital technology in London and nearby places were the most significant stimuli for the demand in 2012. Smart TV sets are the most important products in this sector. It is estimated that already 7% of households have this type of appliance and 77% of them connected the TV set to the Internet.

France

According to statistical institute INSEE (Institut National de la Statistique et des Études Économiques), the value of French market of usable electronics in 2012 amounted to EUR 15.9 billion, and of telecommunication appliances to EUR 12.9 billion. According to data, decreases were observed in the market of electronics.

In the first half of 2013 the only segment of French market that reported increase was the market of telecommunication appliances and portable computers. The reason for that was the

10 http://www.gfk.com/temax/western-europe/Pages/united-kingdom.aspx

increase in the sale of smartphones and accessories, practically in all price ranges and development of the market of 4G telephony.

According to GfK TEMAX® France[11] the total sale of personal computers and tablets in the first half of 2013 increased in France by 28%, while the market of tablets increased only by 125%, the market of PCs decreased by 21% and of notebooks by 1%. The average price of tablets in France decreased in the first half of 2013 to EUR 125. However this does not change the fact that PCs still have around 65% share in computer market in this country.

A declining tendency is reported in the French market of fixed-line telephony and cameras. For example, in the first half of 2013 the sale of compact cameras decreased by around 10%. On the other hand the sale of cameras of *bridge* type, equipped with zoom lens of larger range of focal length remains on constant, relatively high level. Stability is also observed in the market of French digital reflex cameras.

Market of usable electronics in Poland

As a result of the crisis in 2011 there occurred a decline in the value of the market of radio and television, household appliances and electronic equipment in Poland. It ought to be added that in 2008 the dynamics of this market was expressed two-digitally. In the years 2009 and 2010, the market reported remarkable change. The aggravation of bank credit policy was without any doubts the cause for a decline in dynamics of sale. This concerns both the consumer credits and mortgage loans. In the case of consumer credits decline in demand on all categories of radio and television, as well as household appliances was observed (consumers have to renounce shopping as they do not have access to external financing). On the other hand, the slowdown of credit actions in the sphere of mortgage loans influenced decrease in demand on household appliances, particularly the large ones.

The crisis had negative impact on the consumers who in a larger degree verified the need to purchase a particular product, paid more attention to prices and were less susceptible to making impulse purchase. They also took time to make a decision about the purchase. However, on the other hand, the customers often bought radio and television equipment, as well as household appliances as a compensation for the lack of larger purchases or holiday trips. In 2010 the Polish president plane crash that remarkably influenced decline in turnover in trade for several weeks was also an additional factor that had negative impact on the results[12].

2011 brought improvement in the sale that was mainly associated with low initial basis and improving consumer spirit. The increase was not significant and amounted to 0.8% which gave the market value on the level of PLN 23.7 billion. This was also caused by bad news from the world at the end of the year, and by increase in VAT rate that shifted purchases to the last months of 2010. Switching off the analogue television signal that resulted in purchase of new TV sets or decoders was, among others, a positive impulse for this trade.

Almost 70% of the market value is generated by store chains. It should be stated that it is one of the most consolidated markets in which ten largest retailers generate two thirds of the sale value. Tab. 1 shows commercial chains of usable electronics together with the number of shops.

[11] http://www.gfk.com/temax/western-europe/Pages/france.aspx

[12] This is about the plane crash with Polish President on board of 10th April 2010

Tab. 1 Usable electronics chains in Poland

No.	Name of chain store	Number of stores
1.	Astro Polska	34
2.	Avans	225
3.	Bonus AGD/RTV	41
4.	Domar Bydgoszcz	42
5.	Electro World	7
6.	Fotojoker	89
7.	i Spot	13
8.	Media Markt	46
9.	Media Ekspert	212
10.	Mix Elektronics	151
11.	Model 1	8
12.	Multi Polska	34
13.	Neonet	335
14.	Okay RTV AGD	18
15.	Panasonic	8
16.	Partner AGD RTV	676
17.	RTV Euro AGD	137
18.	Saturn	18
19.	Sonex RTV AGD	6
20.	Sony	23

Source: own case study based on: http://www.lista.e-sieci.pl/12,Polskie,Sieci,Handlowe.html

As it results from the table, a lot of chains operate in market of usable electronics, which brings large market competition. Additionally, usable electronics is sold via online channel that accounts for over 16% of the total sale. It comprises both the sale of commercial platforms, including the largest Allegro auction service as well as Internet shops together with those run by the largest chains. The other share belongs to hypermarkets, supermarkets and discount shops, independent shops as well as market places. Compare tab. 2.

Tab.2 Value of retail market by sales channels

L.P	Share in sale in 2011	Sale percentage
1.	Usable electronics chain stores	69,9
	Internet	16,2
	Independent shops, market places	10,4
	Hypermarkets, supermarkets, discount shops	3,4

Source: Own case study based on PMR Report entitled: „Handel detaliczny artykułami RTV, AGD i sprzętem elektronicznym w Polsce 2012. Analiza rynku i prognozy rozwoju na lata 2012-2014" [*Retail trade of radio, television, household and electronic equipment in Poland in 2012. Market analysis and development forecasts for 2012 – 2014*]

It ought to be said that majority of traditional shops operating in radio, television and household business, including large chain stores, already conduct online sale. In 2011 joining this channel of sale by Media Markt and Saturn was an important event. Large popularity of hire purchase is a characteristic feature of this segment. The market of radio, television and household appliances is also distinguished by high competitiveness that makes the sellers reduce profit margins for the purpose of offering a more attractive offer to purchasers. [13]

On the grounds of analysis of selected European markets and the Polish market of usable electronics we can state that economic crisis and slow pace of implemented innovations are the reasons for decline in sale. Usable electronics chain stores make attempts to make their offers more attractive through introduction of private labels that are the expression of product / assortment innovations in these chains.

Own brands of usable electronics in selected commercial chains

Best Buy[14]

Best Buy American store with usable electronics supports development of own brands. This shop owes even elimination of its direct competitor, Circuit City Stores Inc. to this venture. Currently, the store sells hundreds products of usable electronics under 5 major brads: Insignia and Dynex TV sets, Rocketfish video cables, Geek Squad pendrives and Init. brand accessories. The strategy conducted by the store is based on withdrawal of other cheaper brands from the sale in the chain for the purpose of elimination of competitors. LCD Vizio Inc. TV sets that are sold in Wal-Mart and Costco Wholesale Corp. can be examples here. While being one of bestsellers and being capable of competing in the sphere of quantity only with Sony Corp. brand and Samsung Electronics Co.Ltd, Vizio brand representatives could not launch their product to Best Buy store. They heard that protection of own brands is the reason for that.

Electronics is becoming a difficult market for launching own brands. Growing trust of customers towards symbols of well-known brands such as for example Apple is the reason here. Their technological advancement makes customers perceive such products as mobile phones through the prism of their brands – symbols. This brings the necessity of large investments in research and technological improvement while thinking about launching own brands. Best Buy is achieving the effect of meeting customers' demands while applying questionnaires conducted among the purchasers[15]. Thus, the customers contribute to creation of own brands.

Electronic News spread the information that Best Buy Co. Inc, the largest seller of usable electronics in the North America, that had over 800 traditional stores, revealed a general scope of activity related to creation and development of own brands. It is the element of customers' involvement in the process of creation.

Best Buy management claims that customers help them define gaps and possibilities. They are also supported in that by top skill engineers who previously worked for such brands as Apple, Compaq, 3M, etc. Best Buy test prototypes of new products in their own laboratories. Mp3 player Insignia in rubber case that makes it easier for the user to hold it while exercising is the example of own developed product. Research also showed that many customers did not manage to handle other mp3 players while downloading CDs therefore Best Buy created the software that is friendlier in use. Insignia and Geek Squad are two of 5 own brands of the company and each has its own niches. Geek Squad is also the service offering repair services for the appliances. It is interesting that the same equipment is also sold in Canadian Best Buy stores and also in newly opened store in Shanghai. Additionally the company does not exclude creation of own brands dedicated for Chinese market.

Media Markt and Saturn

[13] http://bizrun.pl/marketing/co-sie-sprzedaje-w-polskim-internecie-raport/#sthash.7GL3F6P7.dpuf
[14] http://en.wikipedia.org/wiki/Best_Buy
[15] Aston, Adam (April 24, 2012). "How Best Buy Makes Money Recycling America's Electronics". GreenBiz. Retrieved August 8, 2012.

The segment of own brands is more and more popular among consumers in Poland, including the segment of usable electronics. Analyses of consumers' needs conducted in this segment made Media Markt – Saturn chains also offer own products in all price segments and thus it was decided that even four own brands were introduced[16]:

Ok. – the brand is to be classified in the lowest price segment. It gathers first of all the goods from all product categories of usable electronics and is characterised by the lowest price level. It is an economical brand dedicated to people who need simple and functional appliances available at moderate price.

KOENIC- is a brand of household appliances of high quality. It includes the products from the category of small and large household appliances of the highest quality, comparable with renowned world producers.

PEAQ – ought to be associated by customers first of all with the brand of usable electronics offering appliances of intriguing design, latest technologies and high quality. A wide range of products including headphones, Hi-Fi appliances, TV sets and notebooks is offered.

ISY- is to be the brand mainly in the sector of accessories. It offers various types of accessories necessary for functioning of electronic devices, such as cables, plugs, USB ports, HDMI cables or connectors.

The products exist in all most popular equipment categories and price segments. New products were first launched in German, Austrian, Dutch and Italian markets. Currently, they are available in 12 European countries. Media-Saturn Holding in Germany and newly-established daughter-company in Hong Kong manage development and production of the equipment. The whole brand concept, from the name, through design, product concepts and visualisations, to packaging and presentation in the selling place for KOENIC, PEAQ and ISY were developed by Peter Schmidt Group in Munich. Individual visual concept of packaging that reflects product positioning was prepared for each of the brands[17]. Distinguishing presentation in markets ought to serve fast identification and finding products by customers.

While analysing own brands implemented by Media Markt – Saturn Holding it ought to be emphasised that this potential has also been noticed by British chain store TESCO, that in this way wants to acquire its competitors' customers while introducing electronic products under the name TECHNIKA in its offer[18].

Offered products include TV sets (available in various sizes), DVD players, loudspeaker sets, home cinemas, audio – alarm clocks, CD players with the radio, or various accessories such as cables, data carriers, etc. The specified products are characterised first of all by low price at high quality of production comparable with products of worldwide brands. This type of approach will certainly encourage potential customers to buy them, and it will also encourage the stores to introduce newer and newer products.

Economic slowdown that is still observed contributes to development of the market of own brands. Customers look for savings in household budgets and more and more willingly look for cheaper products. Brand is of undisputed importance on the market of usable electronics; however, the price is also a significant determinant that is considered while making the choice. Thus products of own brands are usually more attractive than well-known brands with respect to price so they correspond with the need of more reasonable purchases.

Research methodology

The goal of presented studies was to indicate whether having own brand in the assortment is important for customers of Media Markt, and to determine the importance of this factor in

[16] http://finanse.wp.pl/kat,1033691,title,Media-Markt-i-Saturn-maja-az-cztery-marki-wlasne,wid,16084612,wiadomosc.html?ticaid=1124dc

[17] http://www.mediamarkt.pl/made-4-mm,b-941

[18] http://www.tesco.pl/technika/

making purchasing decisions. The Authors emphasise that conducted studies have the character of pilot research and thus their scope was limited to customers of one commercial chain, Media Markt. Therefore the so-called convenience sampling was applied. This empirical research is basically based on primary data collected from various customers. The 100 respondents have been selected with convenience sampling technique. The sample consists of customers of Media Markt Retail Chain with different age group, education and occupations. 50 females and 50 males took part in the study. All the respondents came from Silesian voivodeship (which definitely constitutes a cognitive limitation for the study). Studied people were recruited from two age groups: 25 to 35 and 36 to 55 years old. The data has been collected from the selected sample through structured interview questionnaire consisting of 15 questions. The questions concerned factors influencing the purchase of products of usable electronics. They also included the question about the presence of own brand in the chain. It ought to be added that the Authors were following the research tool suggested by consulting enterprise Prospecto that conducted a similar study in 2007.

The study was performed between October and December 2013. It results from conducted research that chain attractiveness is related to the factors presented in tab. 3 that shows results of the studies. Compare tab. 3

Tab. 3. Factors determining attractiveness of commercial chain

	Factors	Number of indications	Females	Males
1.	broad assortment	**67**	**37**	**30**
2.	promotions	**61**	**30**	**31**
3.	high quality of offered products	**59**	**20**	**39**
4.	low prices	**52**	**30**	**22**
5.	friendliness of the staff	40	30	10
6.	possibility to pay by credit card	45	25	20
7.	availability of chain own brands	**33**	**18**	**15**
8.	store opening hours	31	15	16
9.	possibility of hire purchase	29	15	14
10.	opinions of friends	21	10	11
12.	availability of parking space	18	12	6
13.	extensive knowledge of the staff (professional advice)	18	8	10
14.	proximity of house	18	12	6
15.	advertising	8	5	3

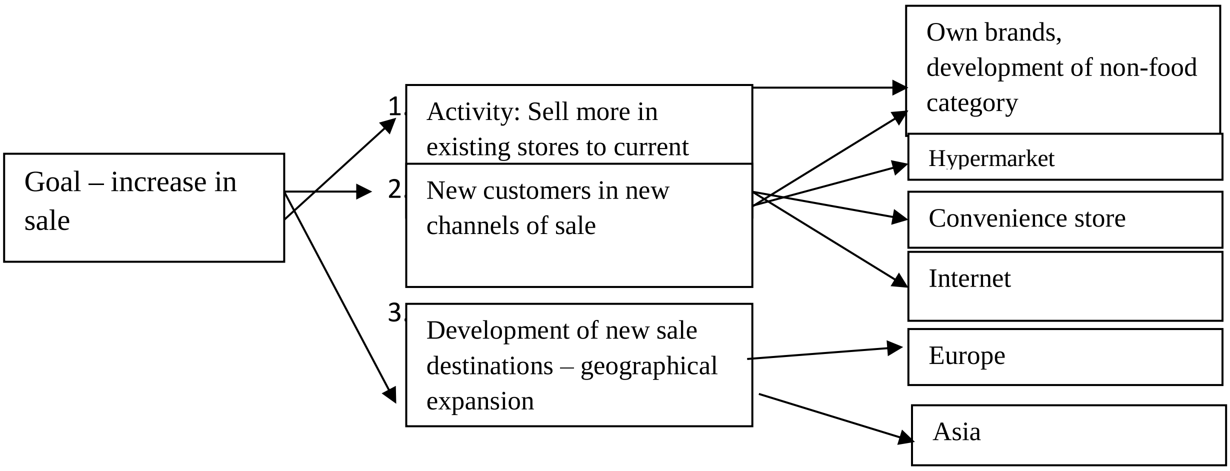
In the case of stores with technical equipment (radio, television, household and computer equipment) such factors as wide assortment (67% of indications), promotion (61% of indications), high quality of products (59% of indications) and low prices (52% of indications) are definitely of the key importance in selection of a store. The aforementioned factors are important for over half of the respondents. It results from the conducted studies that the issues related to assortment, prices and promotions are really important. With respect to the brand as an element of marketing strategies we ought to observe that 33 respondents recognised this element as important while making decisions about purchase.

Examples of activities of chains of usable electronics concerning development of own brands, analysed in the article are practical activities of these chains in the sphere of satisfaction of customers' needs.

Summary and Conclusions

Development targets are the major issue in shaping operation strategy of commercial chains. The goal of commercial chains is development (growth) on competitive market, in other words, achievement of long-term success. Implementation of this goal is practically expressed by formation of own, unique strategic profile. Beneath, there is a figure of the approach to Tesco growth strategy.

Fig. 1 Tesco growth strategy



Source: Tesco: Supermarket Excellence, July 2004, Coriolis Research ss.10-11

As it results from the graph, development of own brands including brands of usable electronics (Technika in the case of Tesco) constitutes a significant element of development strategy.

Summing up, we have to add that the subject area undertaken in this paper is only an introduction to a broader discussion on studies related to own brands used by Electronic Retail Chains. The number of people purchasing own brand in this market has been growing. Similarly, the number of retail chains that offer own brands is increasing. This brings increase in competition among these chains. Therefore, knowing what factors influence the choice of particular brands and customers' expectations should allow for establishment of competitive marketing strategy in assortment area, particularly the brand strategies.

The results of this study support the thesis regarding the directional linkages between own brands and their customers.

From academic point of view, the research examines some relevant questions in the field of considered knowledge. Among them it is important to point out the role of involvement of the customer in contacts with electronic retail chains caused by own brands.

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LUXURY FASHION HOTELS: EXPLORING THE RELATIONSHIP BETWEEN *HÔTELLERIE* AND LUXURY FASHION BRANDS

Alice Dallabona

Abstract

The aim of this paper is to examine the growing and multifaceted phenomenon that sees international luxury fashion brands associating their names to ventures in the hospitality industry.

In the last few years, many international luxury fashion labels have started to expand more and more consistently into hôtellerie, creating new spaces where people can live the brand and experience a lifestyle that reflects the philosophy of the label. These spaces represent, for luxury fashion labels, a new platform for conveying their brand identity in 3D, through a complex mise-en-scène that includes a variety of elements.

Through the examination of multiple case studies, this paper explores the different modalities, logics and strategies employed by international luxury fashion labels that ventured into the hospitality industry and identifies two different paradigms. Whereas many luxury fashion labels have associated their names, in a variety of ways, to ventures into hôtellerie, only in a limited number of cases we see fashion houses consistently expand in this sector by employing brand extension to create true hotel brands.

Those two paradigms are explored in order to identify situations of dialogue and contradiction, examining also the advantages and benefits that they can offer to the different parties involved in the venture. Moreover, the risks and problematic aspects that such strategies entail are discussed.

Furthermore, the phenomenon of the luxury fashion hotel is explored in regard to the shift from fashion to lifestyle brands currently affecting the luxury fashion industry and is examined in relation to the widespread business practice of broadening the customer base of international luxury fashion houses into the masstige segment.

Keywords: *luxury fashion, hôtellerie, brand extension, lifestyle, 3D branding.*

Introduction

In the last few years, many international luxury fashion labels have started to expand more and more consistently into *hôtellerie, creating new spaces where people can live the brand and experience a* lifestyle that reflects the philosophy of the label. These spaces represent, for luxury fashion labels, a new platform for conveying their brand identity in 3D, through a complex mise-en-scène that includes a variety of elements.

The issue of how spaces and services can be used to convey brand identity has received significant attention in business literature, under a variety of labels like experiential marketing (Atwal and Williams 2009, Holbrook and

Alice Dallabona
School of Design, University of Leeds, Leeds, LS2 9JT, United Kingdom
Tel: +44 (0)113 34 33700
e-mail: A.Dallabona@leeds.ac.uk

Hirschman 1982, Pine and Gilmore 1998 and 1999, Schmitt 1999, LaSalle and Britton 2002, Caru' and Cova 2003, Ponsonby-Mccabe and Boyle 2006 and, from a semiotic point of view, Boero 2009), sensory branding (Hulten et al. 2009, Lindstrom 2005, Krishna 2009), brandscape (Gottdiener 1998, Klingmann 2010, Ponsonby-Mccabe and Boyle 2006, Riewoldt 2002, Sherry 1998, Thompson and Arsel 2004) and servicescapes (Bitner 1992, Aubert-Gamet and Cova 1999, Sherry 1998). Moreover, the relationship between consumption spaces and architecture in terms of brand identity has been examined by Borden (2000), Brauer (2002), Kent (2003), Kent and Stone (2007a and 2007b), Kent and Kirby (2009), Kirby and Kent (2010) and Manlow and Nobbs (2013).

The relationship between fashion and architecture has grown increasingly close since the 1990s, when 'global retail conglomerates investing heavily in fashion brands' forged a 'new dialogue between retail architects and fashion designers as part of branding strategies that aimed to create globally resonant brands with consistent positioning and differentiated appeal' (Anderson et al. 2010: 5).

More and more fashion labels have enlisted acclaimed architects to create flagship stores that could showcase and enhance a brands' image (Bingham 2005, Hanisch 2006, Tungate 2005), in a collaboration that implies benefit for both parties. If fashion brands acquire additional visibility and prestige through association with renowned architects as 'their involvement helps to secure coverage of the flagship in the “quality” press and among the cognoscenti – which in turn engenders interest in the company among lucrative target customer groups' (Moore and Doherty 2001: 291), on the other hand the latter can achieve the status of 'starchitects' (Knox 2012) and acquire even more notoriety and prestige, as well as lucrative commissions, on the back of it.

In this perspective, the hotels associated with the luxury fashion brands examined here can be considered as *spazi parlanti* (i.e. talking spaces). This term was coined by Italian scholar Patrizia Musso (2002 and 2005) in order to describe retail spaces that successfully convey the identity of the brands associated with them, contributing to the creation of a complex mise-en-scène that ultimately 'speaks' of the brand (Musso 2002: 1, Musso 2005: 60-61).

Musso reflects on the opportunities that spaces can offer to brands and argues that these are fully realised only when such spaces are coherent with a brand identity, as *per se* the fact that brands are present in a physical location is not enough to make a place a *spazio parlante*. Many shops and flagship stores, especially in the luxury fashion sector, are aesthetically pleasant and spectacular but ultimately fail to 'speak' of the brand because they are not designed after exhaustive studies concerning either the brand's characteristics or its clientele, often being merely a function of the taste of the architect that designed them (Musso 2005: 61).

Places of fashion

Nowadays many luxury fashion labels have associated their names, in a variety of ways, to ventures into *hôtellerie.*

French designer Sonia Rykiel has curated, in 1982, the refurbishment of Hotel de Crillon in Paris and, in 1985, she designed the restaurant of Hotel Lutetia. Again in Paris, Christian Lacroix created the look of two different hotels, Hotel le Bellechasse and Hotel Le Petit Moulin. Karl Lagerfeld curated in 1994 the refurbishment of Schlosshotel Vier Jahreszeiten in Berlin and, in 2012, he was asked to make over the Hotel Metropole in Monaco. John Rocha created the interior design of The Morrison Hotel in Dublin in 1999 whereas the Charlton House hotel (Somerset, UK), which opened in 1996, once belonged to Roger Saul, the founder of Mulberry. In 1992 Ralph Lauren curated the refurbishment of Round Hill hotel (Jamaica). Recently, Philip Treacy curated the interior design of the G hotel in Galway (Ireland) and in

2003 Azzedine Alaia designed the 3 Rooms hotels in Paris and Milan. In 2005 Vera Wang designed a bridal suite at Hotel Halekulani in Honolulu (USA) and, similarly, Diane Von Furstemberg designed a suite in 2010 for Claridge's, in London. Moreover, in 2011 Martin Margiela decorated the Maison Champs Elysees hotel in Paris.

Many international luxury fashion designers and brands have ventured in the hospitality business, but they have not done so as numerously and consistently as their Italian counterparts. Moreover, the cases mentioned above do not respond to a brand extension logic.

In this sense, two different paradigms can be identified, one that consists in occasional and sporadic collaborations over projects in the hospitality business, and a paradigms that consists, on the other hand, in *consistently expanding into hôtellerie by employing brand extension to create true hotel brands. Italian luxury fashion labels have been more active in this area, possibly because they were already particularly active on the brand extension front.*

There are six hotel brands associated with Italian luxury fashion labels. Versace launched a Palazzo Versace hotel in Australia's Golden Coast in 2000 and then opened one in Dubai in 2011. Bulgari Hotels and Resorts feature developments in Milan, Bali and London (opened respectively in 2004, 2006 and 2012). Moreover, in 2005, the Byblos Art Villa Amista was launched. The chain Armani Hotels debuted in 2010 in Dubai and in 2012 a second hotel in Milan followed. Currently, two Missoni hotels have opened in Europe and in the Middle East (Edinburgh in 2009 and Kuwait in 2011) but more are currently under development. Furthermore, in 2010 the Maison Moschino hotel was launched in Milan.

Hotels associated with Italian fashion labels also seem to be the most renowned and appreciated, consistently featuring at the top of lists of best fashion hotels worldwide. For example, in 2012 fashion magazine Elle UK*'s top five best fashion hotels were all related to Italian* luxury fashion labels. Hotel Missoni Edinburgh was voted as the best fashion hotel, Bulgari Hotel Milan was awarded the second place (the London hotel featured in the fifth place), followed by Maison *Moschino and Continentale Florence, belonging to the Lungarno group (Ferragamo family).*

There are no comparable hotel brands associated with other international fashion labels. The only exceptions in this respect are Casa Camper and Cheval Blanc. The former is the hotel opened in Barcelona by shoemaker Camper, but this is not a luxury brand, similar in this respect to the Miss Sixty hotel opened in the seaside town of Riccione (Italy) by Italian fashion brand Miss Sixty. Cheval Blanc hotels are the extensions of luxury conglomerate LVHM into the hospitality industry. The first hotel was opened in 2006 in Courcheval (France) and another opened in 2013 in Randheli (Maldives), but these are not related to the identity of the many brands belonging to the group.

Considering this issue in a broader perspective, and not only in terms of brand extension, there are several examples of the ties between the Italian luxury fashion industry and the realm of hospitality which respond to the first paradigm identified earlier. Italian luxury fashion labels have also ventured into the hospitality industry through occasional and sporadic collaborations, like in the case of Bottega Veneta. Bottega Veneta, which curated suites at St. Regis Hotel in Florence and Rome and, more recently, also at Park Hyatt Chicago.

Moreover, Italian luxury fashion brands have also expanded into *hôtellerie with the aim of* diversifying the companies' portfolio (or the one of their owners or designers). For this reason they do not focus their corporate communication on their association with fashion brands. For example in 1990 Krizia opened the K Club in Bermuda and, more recently, Alberta Ferretti has launched two hotels, Castello Montegridolfo and Carducci76, in Emila-Romagna (Italy). In 1994 Renzo Rosso, the founder of Diesel, opened the Pelican Hotel in Miami (USA), whereas the label's former creative director Wilbert Das opened UXUA Casa Hotel in *Trancoso (Brazil). Moreover, the Ferragamo family started its venture within the hospitality* business in 1995 under the name Lungarno Hotels and currently the group owns six hotels *in Florence, two in Tuscany and one in Rome.*

In this scenario the case of the Touring Hotel in Carpi (Italy) represents an exception. The hotel was opened in 1959 by the father of Anna Molinari, the founder of the luxury fashion label Blumarine. The Blumarine brand was founded in 1977 and only subsequently the hotel became associated with the fashion label.

Brand extension in the hospitality industry

In regard to brand extensions into the hospitality industry, the rationale for creating hotels associated with luxury fashion labels is that such a strategy 'provide a way to take advantage of brand name recognition and image to enter new markets' (Aaker and Keller *1990: 27) by capitalising on the brand image of the parent brand (Keller 1993: 15, Kim and Lavack 1996: 24, Pitta and Katsanis 1995: 51, Dawar and Anderson 1994: 119). This strategy involves significant benefits both if luxury fashion brands develop and maintain direct control over the venture into hôtellerie, like in the case of Armani, and if they are developed through licensing, like in the case of the Hotel Missoni brand, which is developed and managed by the* Rezidor Group, a hospitality management company based in Brussels that has a portfolio of more than 400 hotels worldwide.

Licensing is widely employed when fashion brands extend into the hospitality industry because such a strategy allows them to benefit from quick access to relevant expertise in the area where the company wants to expand (Quelch 1985: 187-188), which is particularly useful in this case as fashion labels are extending into areas that are distant from the core where they operate.

Brand extension is very appealing to luxury fashion brands because it can increase turnover and, more importantly, profit (Cappellari 2008: 73) in terms of royalties but also in terms of hotel supplies like in the case of the Missoni Hotel brand, that provides linens, towels, cutlery etc. through their Missoni Home line (Pambianco News 2012).

Similarly to flagship stores, high-end hotels associated with luxury fashion brands reinforce 'the prestige of the brand through its up-market location' at the same time serving 'as a promotional device to showcase the brand in a coherent and closely managed setting' whilst also encouraging 'brand awareness and interest' (Moore 2000: 272-3). Like flagship stores, hotels can guarantee media coverage to the brands but, unlike the former, when they are the result of license agreements like in the case of Missoni Hotel, they do not involve any significant investments from the fashion brands.

While no company will admit to a loss-making flagship, the significant capital investment required to open a new store and the high operating costs associated with their day-to-day running, has led many commentators and analysts to predict that these stores are loss-making showcases which in the majority of cases fail to deliver a contribution to company profitability.
(Moore and Doherty 2001: 278)

Similarly to the museums opened by fashion labels to celebrate their heritage (see for example the Museo Gucci and Museo Salvatore Ferragamo in Florence, or Casa Zegna in Biella), high-end hotels associated with luxury fashion brands also also act like ambassadors for the brands attracting media exposure, acting as metaphors for the labels (Dallabona 2011: 442).

Brand extensions associated with luxury fashion labels are appealing for hospitality management companies because they can increase the ability to predict sales, especially in areas where competitors have already extended, element that might have contributed to the growing phenomenon of fashion brands extending consistently in the same sectors (Colucci et al. 2008: 131-136) like perfumes, accessories and, more recently, in the hospitality industry. Furthermore, brand extension has been associated also with a lower risk of failure (Milewicz and Herbig 1994: 39, Viot 2011: 216, Aaker and Keller 1990, Batra et al. 2010).

However, whilst brand extension is associated with certain benefits it is also characterised by significant risks, in particular the one of effecting the parent brand's prestige and of 'diluting' it. In this sense, luxury fashion labels have a lot to gain from employing brand extension but by doing so they also face certain risks.

Brand dilution 'damages the brand name through undesirable associations, weakening existing associations' (Lye et al. 2001: 55) and has been labelled by Aaker (1990) as the 'ugly' face of brand extensions. Brand dilution is associated, in particular, with brand extensions in the 'masstige' sector, which is one of the areas where high-end hotels associated with luxury fashion brands operate. In fact even though not everybody can afford to stay at those hotels they also offer a series of services that are more affordable and could appeal to a broader public than the very rich. Through their bars and restaurants for example such hotels allow people to live the brand for less.

In this respect, within the high-end hotels associated with luxury fashion brands that are a function of brand extension examined here coexist elements of horizontal brand extension, that sees fashion labels turning into lifestyle brands capable of providing products and services that can satisfy virtually all the needs of their customers, and elements of downscale vertical brand extension, that sees luxury brands associating their name to goods that are very different, in price or quality, to the high-end products that made the brands renowned in the first place, and that contribute to create and reinforce their prestige and reputation.

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MEASURING CONSUMER INNOVATIVENESS: AN EMPIRICAL RE-EVALUATION OF ROGER'S INNOVATIVENESS SCALE

Patrick Planing

ABSTRACT

Purpose *- The overall aim of this study is to develop a precise measurement scale for categorizing consumers based on their individual innovativeness.*

Design/methodology/approach *- In his classic publication "Diffusion of Innovation" Everett Rogers proposed a framework for evaluating consumer innovativeness based on their individual adoption time of an innovation. This approach is still widely employed in literature, despite the fact that it is based on agricultural research conducted more than fifty years ago. The author tested Rogers' scale with a set of contemporary product innovations and compared the results with a psychological reference scale for innovativeness.*

Findings *- This analysis demonstrates that a person's adoption time of an innovation and the related Rogers category is only a very imprecise measurement of an individual's general innovativeness. The efficiency of this scale is largely dependent on the innovation employed and how the adoption time is measured.*

Practical implications *– Measuring consumer innovativeness is a key variable for explaining individual adoption of new technologies. Based on the results of the present research it can be concluded that in most cases a psychological measurement will deliver a better scale for consumer innovativeness than a measurement based on individual adoption times.*

Originality/value *– While a number of empirical studies have proven that individual innovativeness is one of the main determinants for the acceptance of new technologies by customers, surprisingly little research has been conducted on how to actually measure individual innovativeness in real life. The present paper addresses this gap by evaluating a classical measurement scale for innovativeness under contemporary conditions.*

Keywords: *Consumer Innovativeness, Technology Acceptance, Innovation Diffusion*

INTRODUCTION

The technological developments of the past decades have left many customers increasingly overwhelmed by the rapid proliferation of technological advancements. The very existence of a consumer group, often labelled as "non-adopters" or "laggards", has given birth to a new field of research which aims at explaining individual innovation acceptance decisions. Consequently, it will be increasingly important to develop an understanding why some individuals are more resistant to change than others (MacVaugh and Schiavone, 2010, p.198). From an objective point of view, the decision as

Patrick Planing
Leeds Metropolitan University, UK
Email: P.Planing5295@student.leedsmet.ac.uk
Telephone: 0049 170 2418718

to whether or not to adopt an innovation should depend mainly on its usefulness compared to the technology it is substituting. However, customers are not always rational, objective and utility-maximising: instead, they tend to base their decisions on other more subjective beliefs about the technology in question (Fishbein and Ajzen, 2010, p.21). Different areas of technological development have shown that reasonable innovations take longer than expected to reach wide-spread acceptance despite their proven usefulness (Story et al, 2011, p.952, Rogers, 2003, pp.1–10). This paradox can be explained by consumer resistance to change purchasing behaviour. Resistance occurs in different domains which can be described as a macro-dimension (market/industry), a meso-dimension (social system) and a micro-dimension (individual) (MacVaugh and Schiavone, 2010, p.200). The present paper will focus on the micro-dimension, as such investigating how to measure consumer's propensity to adopt new products and services. This delimitation is important, since it differentiates the present research approach from the vast amount of empirical research already conducted in the area of organisational and industrial innovativeness (see Goldsmith, 2011; Tellis et al, 2009; Dobni, 2008; Lanjouw and Schankerman, 2004). In contrast, the focus on consumers as units of study is rather rare in the context of innovativeness and thus provides an interesting field for research, which will be addressed by the present paper.

Research Objectives

The overall aim of this study is to develop a precise measurement scale for categorizing consumers based on their individual innovativeness. The first key question to be answered in this regard is whether Rogers' consumer innovativeness categorisation is applicable to modern product innovations, such as mobile phones or online services. Second, it needs to be evaluated whether Rogers' scale is a reliable measurement of individual innovativeness, when compared to a reference scale based on a psychological measurement of innovativeness.

Literature Review

Measuring consumer innovativeness increasingly becomes of vital importance for the researchers and practitioners in the field of product management for a number of reasons. First, several recent empirical studies have reported a significance impact of consumer innovativeness on the purchase decision of new products and emphasize the "role individual innovativeness plays in shaping technology acceptance" (Chiu et al, 2010, p.454, see also Aldás-Manzano et al, 2009 and Königstorfer, 2008). Second, new products are introduced with an increasing frequency throughout the world. Consequently, firms need to know consumers' tendency to adopt new products and how this tendency can be measured (Chandrasekaran and Tellis, 2008). In general, knowledge of consumer behaviour, in particular their tendency to adopt a new product or service, can be regarded as the most important operational aspect of new product introduction (Alur and Schoormans, 2013, p.190).

Before measuring innovativeness, it has to be clearly defined what consumer innovativeness actually means. In general, there are two different dimensions of this term. The consumer-oriented view focuses on consumers' salient beliefs about new products, while the technology-centered view, on the other hand, focuses on technical specifications which affect an individual's perceptions and, ultimately, the use of new technology (Tong, 2010, p.742). For the purpose of the present paper a more consumer-oriented definition will be adopted. According to Chiu et al (2010, p.447) consumer innovativeness relates to "a person's tendency to be a technology pioneer and assume thought leadership ". Tellis et al (2009) define consumer innovativeness as "a consumer's propensity to adopt new products". Since the present paper focuses on the acceptance of new products, the latter definition is more appropriate for the given research context.

Contemporary scientific work in the field of consumer innovativeness is mainly rooted in the widespread success of Everett Rogers' (1962) book the "Diffusion of Innovations". It created a framework, which is known today as the diffusion paradigm (Dearing, 2009). Although Rogers based this framework on many early diffusion studies, the Ryan and Gross (1943) investigation of the diffusion of hybrid seed corn in Ohio has influenced the methodology and theoretical framework of innovation acceptance studies more than any other study until now.

In this detailed field study it became apparent that a certain diffusion process develops because potential customers do not adopt an innovation directly after it becomes available to them, but only with a - varying - time gap. These different time lags build the fundament for the categorisation of adopters as (1) innovators, (2) early adopters, (3) early majority, (4) late majority and (5) laggards (Rogers, 2003, pp.22–23). Plotting the adoption of an innovation over time on a frequency basis will result in a normal, bell-shaped curve or – if the numbers of adopters are cumulated over time - in an S-Shaped curve of adoption (Rogers, 2003, p.272). Chart 1 gives an overview of Rogers' Diffusion Process.

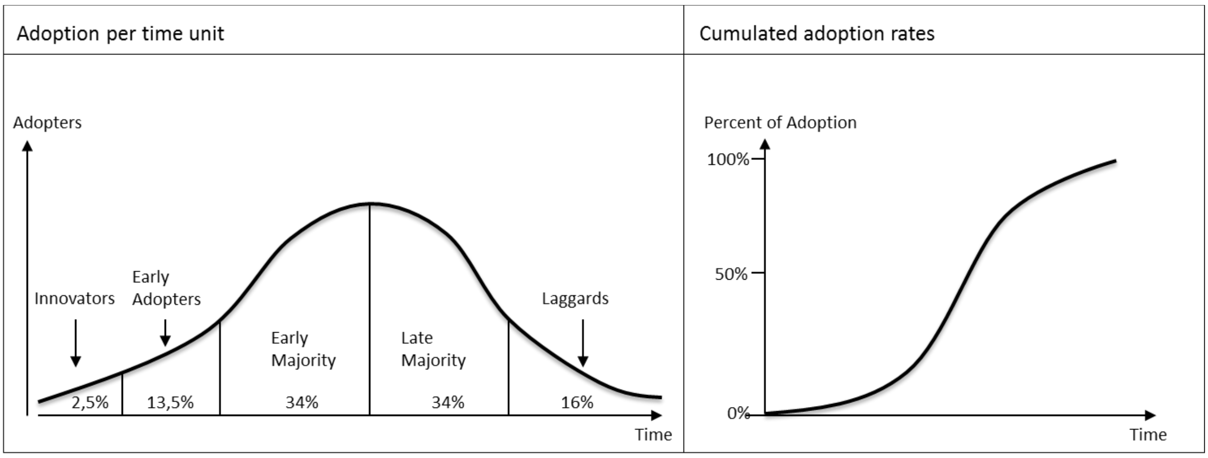

Chart 1: Rogers' Diffusion Process, Source: Own drawing based on Rogers (2003, pp.11,281)

Recognizing that adoption is based on a hierarchical mental process, scholars in many disciplines have developed divergent phase models of innovation acceptance. Even though the terminology and the categorisation of process-steps vary throughout these models, there is a common basic structure in most of them: the innovation-diffusion process is essentially an information-seeking and information-processing activity in which an individual is motivated to reduce uncertainty about the advantages and disadvantages of the innovation (Baregheh et al, 2009, p.1334). The most basic phases of this process are: (1) Knowledge, (2) Persuasion, (3) Decision, (4) Implementation and (5) Confirmation (Rogers, 2003, p.170). Chart 2 gives an overview of Roger's Adoption Process Model.

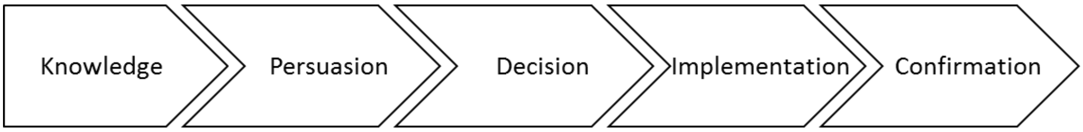

Chart 2: Rogers Adoption Process Model, Source: Own drawing based on Rogers (2003, p.170)

In the knowledge stage, the individual usually plays a relatively passive role when being exposed to new information about an innovation. However, some individuals do intentionally expose themselves to ideas that are compliant with their interests, needs and existing attitudes (Rogers, 2003, p.171). At the persuasion stage, the individual forms a favourable or unfavourable attitude towards the innovation. Attitude in this context is best described as "a *latent disposition or tendency to respond* with some degree of favorableness or unfavorableness to a psychological object" (Fishbein and Ajzen, 2010, p.76). In developing a favourable or unfavourable attitude towards an innovation, an individual may need to mentally apply the new idea to an anticipated future situation before deciding whether or not to try it (Rogers, 2003, p.175).

The simplicity of the innovation-decision phase model has raised questions since, there are no rational sharp distinctions between the phases; nor is there any empirical evidence for the existence of individual phases within this mental progress. Rogers (2003, p.195) argues that "stages may be useful as a means of simplifying a complex reality, so as to provide a basis for understanding human behaviour change". It is maybe because of these shortcomings that very little empirical work has been done in the framework of the diffusion paradigm. A recent empirical investigation employing Rogers' framework has at least raised doubts about its applicability to modern day innovations (van Rijnsoever et al, 2009).

Methodology

According to the objectives of this paper, a methodology needs to be defined which, first, tests the applicability of Rogers' scale with modern day innovations and, second, evaluates the quality of this scale regarding the measurement of individual innovativeness. In order to evaluate the applicability of the Rogers' innovativeness scale, a set of product innovations and a valid measurement of the adoption time have to be defined. For evaluating the quality of Rogers' scale, the author first needs to develop a reference scale for innovativeness.

Applying Rogers' scale to modern innovations

Roger's Innovativeness Criteria are based on the original 5-point, ordinal scale of Rogers (2003, pp.22–23), including the following items: (1) innovator, (2) early adopter, (3) early majority, (4) late majority and (5) laggard. This scale is based on the assumption that the points in time at which individuals adopt an innovation follow a normal, bell-shaped distribution (Rogers, 2003, p.80). Rogers simply divides the continuous variable into discrete categories, based on their relative distance from the mean. The following table shows the partitioning of the continuum.

Table 1 Rogers' Innovativeness Scale, Source: Rogers (2003, pp.280–281)

Adopter Category	% adopters	Area covered under normal curve
Innovators	2.5	Beyond $\bar{x}$ - 2σ
Early Adopters	13.5	Between $\bar{x}$ – σ and $\bar{x}$ – 2 σ
Early Majority	34.0	Between $\bar{x}$ and $\bar{x}$ - σ
Late Majority	34.0	Between $\bar{x}$ and $\bar{x}$ + σ
Laggards	16.0	Beyond $\bar{x}$ + σ

$\bar{x}$ (arithmetic mean), σ (standard deviation)

According to this scale, the respondent's innovativeness is dependent on two variables: the mean year of acceptance in a population and the individual's year of acceptance. In order to have a complete distribution of acceptance, an empirical investigation is obviously only feasible for innovations that are already widely diffused. In order to judge the respondent's general affinity to innovations, it is thus necessary to use innovations which are already widely diffused but are still relatively new, so that the respondents are able to recall the time of their adoption. Since it will be almost impossible to find innovations that are perfectly diffused within the population, the author will employ three different, rather popular, innovations. Each item will include a "don't know" item, in case the respondent does not remember the year of his first usage, as well as a "not yet" item in case the respondent has not yet adopted this technology. The following items will be used for judging the general innovativeness of respondents.

Item ID	Item	Source:
1	Please report the year when you first used the internet at home	***Based on*** Rogers, 2003, pp.22–23
2	Please report the year when you first bought a mobile phone	
3	Please report the year when you first bought a smart phone	

Developing a Reference Scale for innovativeness

In order to develop question items for assessing the respondent's general affinity towards technological innovations, the author decided to ask for past experiences with new technology. First, respondents should recall whether or not they feel comfortable when using new technologies and whether or not they are willing to buy new technologies. The last item then evaluates the past experiences with new technologies by asking whether the respondents believe that technology has improved their lives. The complete items are formulated as follows:

Item ID	Item
4	Overall, I feel comfortable using new technology
5	Overall, I would say I like to buy products that have new technology
6	Overall, I believe that technology is improving my life

Sampling method and survey administration

The author employed a web-based survey, using a post-completion incentive in the form of a lottery draw. Financial incentives alone are not sufficient to attract respondents unless the survey, together with details on the incentive, is successfully communicated to a large audience (Reynolds et al, 2007, pp.255–256). Thus, the author decided to capitalize on the instant communication possibilities offered by blogs and bulletin boards. These platforms are effective one-to-many communication channels in which information can be rapidly spread among a community.

After a set of popular virtual communities had been selected, the author published the cover letter, adapted to the community, in the respective bulletin board together with a link to the survey. This strategy has two main advantages. First, interested individuals can instantaneously click on the link to start the questionnaire without any time lag or change of media. Second, participants can report on their experience with the questionnaire or post questions on the survey, which are then visible for all other users of the community. These discussions increase the involvement of the community and thus increase the participation rate.

The questionnaire was administered between the 9th and the 24nd January 2012. During this period, the link to the survey was posted on 58 different German speaking blogs and bulletin boards, usually after contacting the board- or blog-owner personally. A variety of different discussion groups were targeted, ranging from bulletin boards for car drivers to communities for the elderly or professional exchange groups. In total, 471 respondents started the questionnaire, of whom 402 finished it. A first analysis in SPSS was performed to identify abnormalities in the data set. This process revealed fifteen responses that showed answering patterns or extremely inconsistent responses (continuously or alternating extreme cases). These cases were consequently deleted from the data set. In sum, 387 responses remained for data analysis.

Potential limitations of the methodology chosen

Even though the methodology for this particularly research was carefully chosen, it incorporates some important limitations which have to be acknowledged. Regarding the overall sample size, a sufficient number of valid responses was achieved in the present research. Regarding representativity, the analysis of other demographic variables revealed that females and the age group of people above 65 are underrepresented in the sample, while males and individuals between 25 and 44 tend to be overrepresented. The possible root causes for this sampling bias are based on the sampling focus on internet bulletin boards. Furthermore, it has to be acknowledged that the reliance on self-reported adoption times involves a serious risk of measurement bias, due to the difficulties of individuals to remember or potential over-/under-statements.

Key Findings

In order to visualise the results, a descriptive analysis of the responses and the corresponding classification according to Rogers' criteria is provided in the first step. The following charts show the cumulative years of adoption of respondents as well as the classification intervals, proposed by Rogers (2003, pp.280–281).

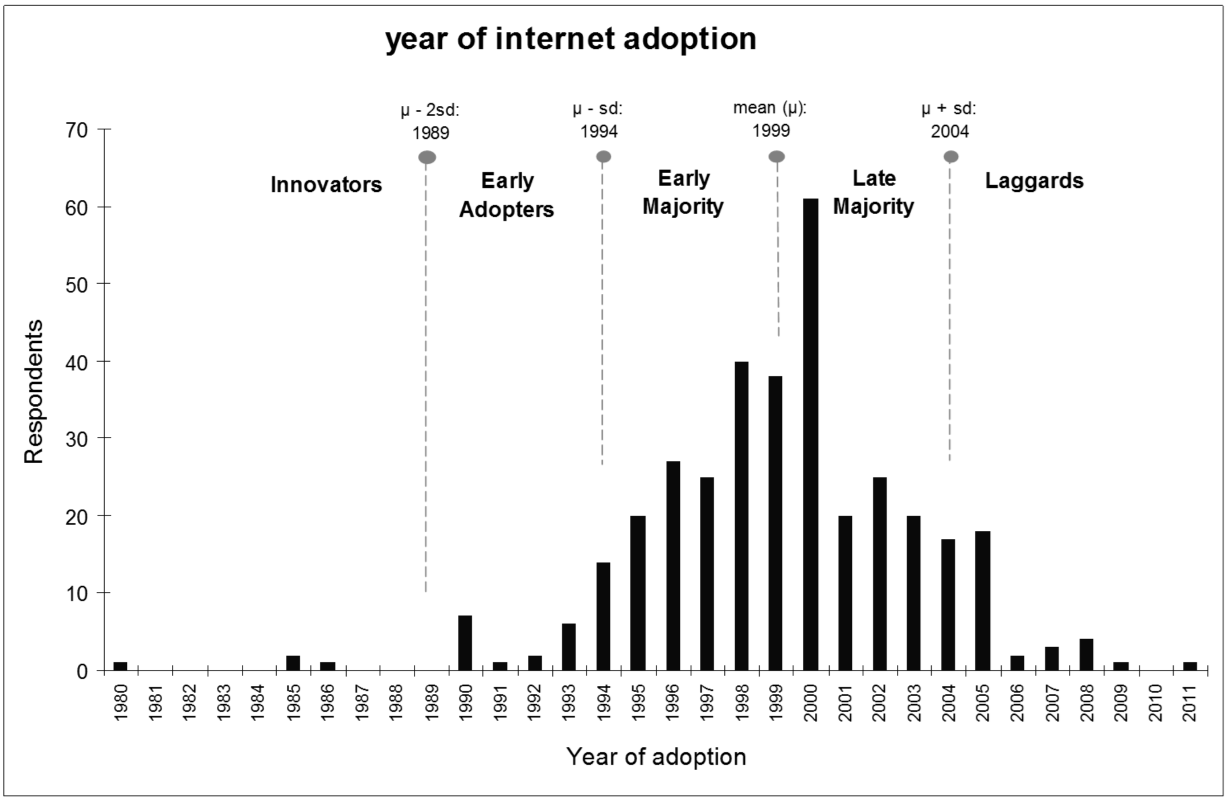

Chart 3: Year of internet adoption

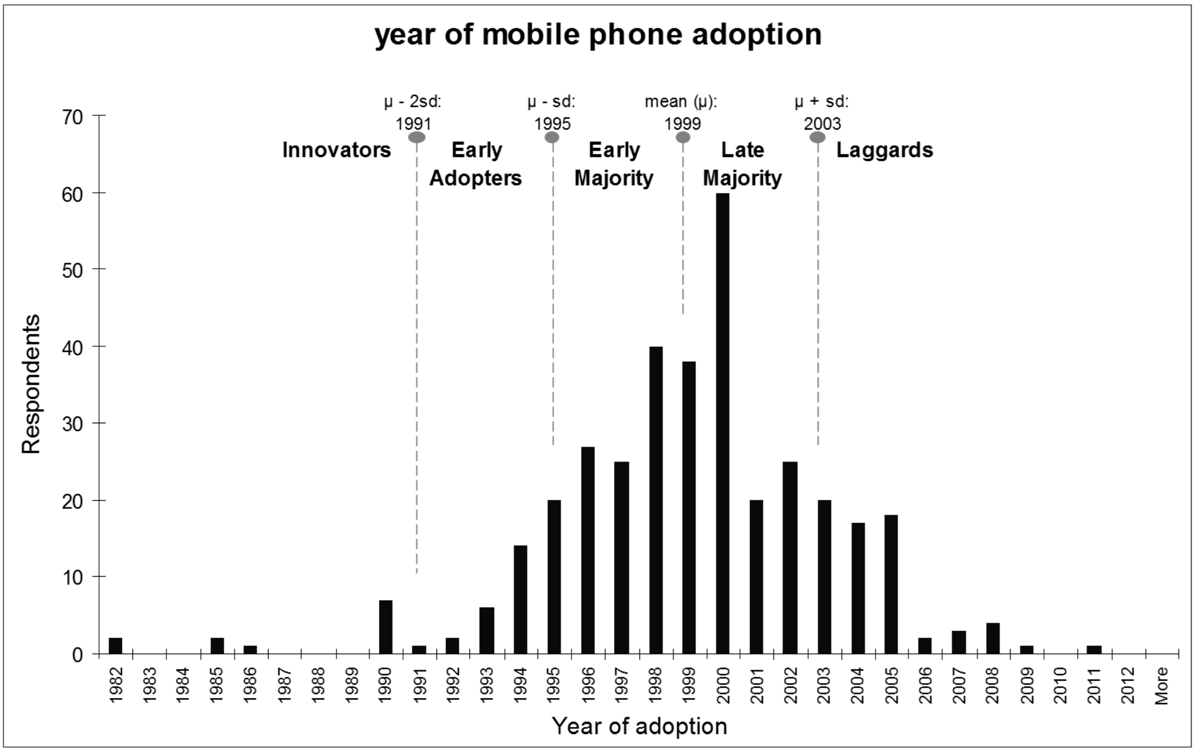

Chart 41: Year of mobile phone adoption

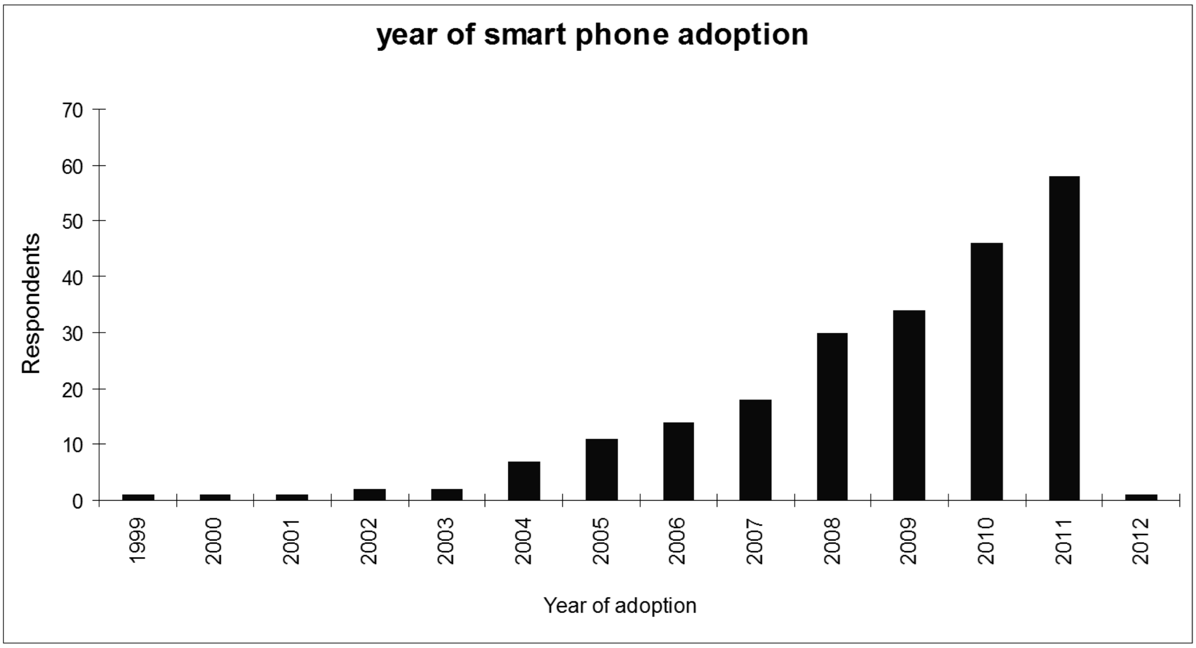

Chart 52: Year of smart phone adoption

The analysis shows that for both the internet and mobile phones, the data distributions approximately follow a bell-shaped curve, as predicted by Rogers. For the adoption year of smart phones, the data distribution follows a steep increase until 2011. The relatively low data frequency of 2012 can be explained by the fact that the questionnaire was sent out in January 2012. Since approximately 40 percent of respondents have not yet adopted smart phones, it is expected that the adoption curve will reach its peak in 2012 and will then decline in the further years. Smart phones are thus not yet diffused enough in the society to use this technology for categorising individuals on Rogers' scale of innovativeness. Consequently, the smart phone scale will be omitted from further analysis.

In the next step, the resulting data distributions of *internet* and *mobile phone* adoption will be compared to the theoretical proportions predicted by Rogers (2003, pp.280–281). Generally, the distributions approximately follow the expected values developed by Rogers. As a measurement of the goodness-of-fit between the predicted and the actual distributions, the author employed the Chi-square test. Table 2 shows the resulting Chi-Squared values.

Table 21: **Adopter categories distribution**

	Expected distribution based on Rogers	Distribution based on internet adoption		Distribution based on mobile phone adoption	
	Percent	Valid Percent	Chi-squared distribution	Valid Percent	Chi-squared distribution
Innovator	2.50%	1.68%	0.97	5.32%	11.37
Early Adopter	13.50%	8.38%	6.95	10.92%	1.75
Early Majority	34%	41.90%	6.57	40.34%	4.22
Late Majority	34%	39.94%	3.72	34.45%	0.02
Laggard	16%	8.10%	13.96	8.96%	11.05
Total	100.00%	100.00%	32.18	100.00%	28.41

In this test, the acceptance region for H_0 (No difference between the sample distribution and expected distribution) at a significance level α = .01 with 5 degrees of freedom is below 15.09. Since the cumulated Chi-Squared values for both internet and mobile phone adoption clearly exceed the acceptance region, H_0 has to be rejected. Thus, the results indicate that the sample distributions of adopter categories significantly differ from the adopter distributions predicted by Rogers. The major differences arise from the underrepresentation of individuals in the category *Laggards* in the sample distribution.

One key question to be answered by this research is whether the classification of individuals based on Rogers' scale delivers the same results as the Innovativeness scale based on the questionnaire items of the present study. In other words, this comparison is aimed at evaluating whether an individual's time of adoption of past innovations is an appropriate measurement of his or her general innovativeness. Thus, in the next step it will be investigated whether there is a direct or indirect proportional relationship between the Rogers categories and the psychological innovativeness scale. For this purpose, ascending numeric values are allocated to each of the five Rogers categories. The scale for *General Innovativeness* is based on the median of the three questionnaire item results. Since both scales are of ordinal nature and the assumption of normality is not met, the author will employ the Spearman rho statistic for the correlation analysis of this data. Table 3 gives an overview of the results of the correlation analysis.

Table 32: Spearman Rho correlation analysis between innovativeness categorisation based on Rogers and the construct *General Innovativeness*

Items		Correlation Coefficient	Sig. (2-tailed)	N
Innovativeness category based on internet adoption time	General Innovativeness	.134	.011	358
Innovativeness category based on mobile phone adoption time	General Innovativeness	.048	.370	357
Innovativeness category based on mobile phone adoption time	Innovativeness category based on internet adoption time	.476	.000	352

The analysis shows that there is a significant correlation with a small positive effect between the categorisation of individuals based on their internet adoption date and the individual's general innovativeness (measured by the questionnaire items). In contrast, the analysis reveals that there is no significant correlation between the categorisation of individuals based on their mobile phone adoption date and their general innovativeness. The correlation between the categorisation based on internet adoption time and the categorisation based on mobile phone adoption time shows a significant correlation with a medium positive effect.

Conclusions and Discussion

In conclusion, this study demonstrates that a person's adoption time of an innovation and the related Rogers category is only a very imprecise measurement of an individual's general innovativeness. While the categorisation of individuals based on their internet adoption date was found to be significantly correlated to the general innovativeness, the categorisation of individuals based on their internet adoption time shows no correlation to the general innovativeness items at all. Thus, the efficiency of this scale seems to be largely dependent on the innovation employed. Generally, a combination of different innovations would further increase the measurement quality of Rogers' scale. However, the strong correlation between the scale based on internet adoption time and the one based on mobile phone adoption time shows that categorising individuals based on the adoption time of a certain innovation can be employed as a predictor for the adoption time of future innovations. Since Rogers' scale works only for completely diffused innovations in a society, such as the internet or mobile phones, measuring general innovativeness with Likert-scales based on well-developed questionnaire items is a more appropriate measurement of innovativeness in most cases. Furthermore it has to be acknowledged that self-reported adoption dates generally suffer from a recall bias. Thus, a more accurate measurement of this variable is recommended in order to increase the efficiency of this scale.

The present research has furthermore revealed that there is a significant under-representation of the "laggards" category in the present sample. There are several possible explanations for this result. First, there could be a measurement bias. It has to be acknowledged that the adoption time was measured using self-reported responses, meaning that individuals had to remember when they first used a certain innovation. The pre-test of the survey indicated that respondents have difficulties in remembering their adoption time for certain innovations: thus, the responses reflect some degree of vagueness. Moreover, individuals might have been tempted to report that they had been using a new technology for longer than they actually had. Yet, this result could also indicate that there is a general shift within the society and that full adoption is reached faster by modern innovations than happened in the past. As discussed, Rogers' research was mainly based on studies in agriculture and education. It might be the case that the diffusion of high-tech innovation differs significantly concerning the adoption distribution over time from the early studies in this field. Certainly, more research is needed to further investigate the innovation distribution curve of other innovations and thus to test this hypothesis.

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CAUSE RELATED MARKETING IN THE HIGHER EDUCATION SECTOR: THE CASE OF THE UNIVERSITY OF NICOSIA IN CYPRUS

Marlen Demetriou& Ioanna Papasolomou

Abstract

The paper suggests that there is a need for Institutions of Tertiary Education to adopt a comprehensive corporate social responsibility (CSR) campaign which integrates employee volunteering and a cause related marketing effort in order to inspire students, staff and faculty to embrace social responsibility as a means for instilling and strengthening teamwork, establishing strong relationships with the institution's key stakeholder groups and the society in general, as well as enhancing corporate reputation. The paper sheds light on the Cause Related Marketing campaign launched by the University of Nicosia, the biggest private university in Cyprus, to support the Cyprus Anti-Cancer society's efforts to raise money for the Arodafnousa Hospice. This is the only Palliative Care Hospice in the country caring for terminally ill cancer patients. More specifically, it sheds light on two fund-raising events, the Annual Christmas Fiesta and the Spring Fiesta, which were organized during 2012-2013. The organizer of both events was the Marketing Department of the Business School of the University in cooperation with the Cyprus Anti-Cancer Society. The paper uncovers the scope and rational for participating in the two events and supporting the specific cause. It was clear that the key rational for supporting the two events was to primarily instil a strong 'volunteerism' spirit amongst its academic community: its students, faculty and staff as well as enhance its corporate reputation as an organisation that is socially responsible. There is increased awareness in the business sector of the need to respond to and meet the expectations of the society but there is a need for more research in this area, particularly in terms of employee volunteerism and its relationship with Cause Related Marketing(CRM) . The paper examines the corporate volunteering activities used during the Spring Fiesta and the impact of the CRM campaign on internal stakeholder groups.

Keywords: *Corporate Social Responsibility (CSR), Employee Volunteering, Cause Related Marketing (CRM), Higher Education, brand image and reputation.*

Corporate Social Responsibility

Most organizations strive for growth and success through the adoption of innovative strategies. In today's dynamic environment, innovation may become an extremely difficult task since the market is saturated in terms of marketing strategies. At the same time organisations face challenges and developments created by the macro-environmental factors such as market volatility, economic instability, foreign competition and customer disloyalty to name a few. In responding to these challenges organisations use a wide array of marketing

Dr Marlen Martoudi Demetriou
Associate Head of Marketing Department, School of Business, University of Nicosia, 46 Makedonitissas Ave., P.O. Box 24005 Nicosia – Cyprus.
E-mail: Demetriou.m@unic.ac.cy
Prof Ioanna Papasolomou
Head, Marketing Department, School of Business University of Nicosia. Email: Papasolomou.i@unic.ac.cy

strategies and tools such as market positioning, competitive positioning, differentiation, and many others. Emphasis is also placed on launching and supporting organisational initiatives that aim at employee and customer retention.

Several organisations adopt Societal Marketing Strategies in order to address a number of organisational goals such as creating a competitive advantage, achieving differentiation, building a strong corporate brand as well as, meeting expectations and requirements at the level of society. An organisation that embraces the societal marketing orientation recognises the importance of meeting the consumers' and society's long term interests. The societal marketing orientation holds that the marketing strategy should deliver value to customers in a way that maintains and improves the society's well-being. These corporations view societal problems as opportunities and they choose to invest in Corporate Social Responsibility Strategies (CSR) as an expression of their Societal Orientation. CSR is the concept whereby businesses integrate social and environmental concerns in their corporate operations and in their interaction with their stakeholders on a voluntary basis. There are several definitions of CSR in the literature (Carroll 1999; Dahlsrud 2006). Aguilera et al, (2007) and Mackey et al., (2007) broadly define CSR as encompassing voluntary actions by firms which aim at enhancing social or environmental conditions. Laurence and Weber (2008) support that "a corporation should be held accountable for any of its actions that affect people, their communities, and their environment". CSR efforts can help transform businesses and develop their corporate citizenship, as a tool for development and competitive economic advantage (Carter&Roger 2008). The 2011 KPMG International Survey of Corporate Responsibility Reporting supports this trend, revealing that 95% of the largest 250 companies internationally release stand-alone corporate responsibility reports in comparison to 79% in 2008 (KPMG 2012). PricewaterhouseCoopers' 2002 survey of global CEOs revealed that "70% of global chief executives believe that CSR is vital to their company's profitability (Simms 2002, p. 48)

Cause Related Marketing

CRM is one of the most popular CSR strategies which has grown in popularity in the last few years. CRM is defined as a commercial activity in which businesses and charities form a partnership with each other to market an image or product for mutual benefit (Business in the Community, 2005).

CRM has evolved into perhaps one of the trendiest forms of Corporate Social Responsibility (CSR). CSR in essence refers to the companies' recognition of their duties and responsibilities towards their stakeholder groups and the society at large and their active contribution and impact in meeting the stakeholders', community's and society's expectations and requirements. CRM is only a part of the many ways that companies can respond to these expectations and demands, enabling them to contribute to the development of the communities and societies in which they operate as well as create long-term benefits for the company and its brands. Increasingly CEOs, company directors and brand managers are recognizing that their company's prosperity is aligned to the prosperity of their community and the larger society. This realization motivates them to invest in initiatives and programmers, one of which is CRM, which have the potential to benefit the local community and the society at large. Undoubtedly community contribution and its communication, give companies a competitive edge. Communication is necessary since the general public usually has little knowledge of what individual companies do. CRM is a potent and high profile initiative that can demonstrate, communicate and leverage this message. It is a strategy that can create awareness about the company's values and bring them to the attention of its stakeholder groups.

More and more companies are investing in corporate citizenship in an effort to strengthen their corporate reputation. Corporate reputation is shaped by the perceptions; attitudes and experiences stakeholder groups have with a corporation, its products, and its behavior. Hence, positive interaction with stakeholder groups, demonstration of an ethical code of contact, and systematic application of corporate values can play a vital role in enhancing corporate reputation. There is no question that CRM is a strategy that integrates an organization's philanthropy, CSR, community involvement and investment, and building and maintaining stakeholder relationships which have the potential to fundamentally enhance corporate reputation.

Adkins (2005) posits that CRM is intrinsically related to CSR, corporate affairs, community investment and marketing. They are all an integral part of the overall matrix which makes up corporate social responsibility which in turn is part of the overall business strategy. CRM stems from social marketing which aims at using the power of marketing to tackle social issues. CRM should be viewed and treated as a strategy for addressing social problems and issues and benefiting those who are less fortunate. It should not be seen as a strategy of selling more of the company's products through linking them with a cause or charity. This approach would be exploitative and manipulative and could backfire. CRM is not philanthropy or altruism neither. The various organizations, be they corporations, charities or causes enter into the partnership in order to meet their objectives and to receive a return on their investment, which could be time, money, personnel or other resources. CRM in Adkins (2005, p.11) view is: "a commercial activity by which a business with a product, service or image to market builds a relationship with a cause or a number of causes for mutual benefit."

Cui et.al (2003) suggest that CRM is a strategy that relates corporate identity with non-profits, causes, and significant social issues through cooperative marketing and fund raising programs. Corporations that engage in CRM aim at promoting their image, product or services by aligning their Brand (company) with a good cause. The corporation aims at demonstrating to their stakeholder groups its corporate values (socially responsibility), enhancing customer loyalty and motivating purchase of its brands. CRM becomes a signal used to shape corporate identity and aims at developing favorable attitudes and perceptions towards the seller and its brands. By strengthening the parent company's reputation as a good corporate citizen the company aims at developing a favorable 'buzz' around it which ultimately extends to its products and services motivating customers to purchase them.

The management of the University of Nicosia in an effort to enhance its brand reputation as a "Socially Responsible Organization" designed and launched a CRM Strategy. The CRM strategy has been formed in partnership with the Cyprus Anti-Cancer Society in order to raise money for cancer patients and their families and at the same time build the corporate brand. The success of the CRM strategy which has raised more than €100,000 over a period of 5 years relies heavily on the commitment and dedication of the university's faculty, staff and students. At the same time the CRM strategy has produced considerable benefits for the university as well such as building corporate reputation and goodwill; having an impact on social issues such as cancer (a decease which has spread considerably in the last years in Cyprus instilling a team spirit among volunteers and uniting people on a cause as well as providing a good paradigm citizenship to the students of the University.

Community Volunteering

Given the difficulties that modern-day society has in addressing the plethora of social problems, there has been an increase in the number of individuals participating in voluntary activities, whether promoted by non-governmental organisations (NGOs), voluntary agencies, the public sector or companies (Basil et al., 2009). Do Paco and Nave (2013) claim that the contemporary economic and social context demands that corporations revise their role in terms of social responsibility in such a way that they involve their employees in “community friendly activities”, namely volunteering. The CRM strategy adopted by the University of Nicosia is an example of community volunteering. Community volunteering is defined by Kotler and Lee (2005, p. 175) as: “an initiative in which the corporation supports and encourages employees, retail partners, and/or franchise members to volunteer their time to support local community organisations and causes. Volunteer efforts may include employees volunteering their expertise, talents, ideas, and/or physical labour.” Corporate support may take a number of forms such as providing paid time off from work, matching services to help employees identify opportunities of interest, recognising service and forming teams to support causes that have been identified and targeted by the corporation.

Volunteering in the community, and the provision of corporate support to do this is regarded as one of the most genuine and satisfying form of corporate social involvement (Kotler and Lee 2005) have identified a number of forms of community volunteering:

Promoting through corporate communications the need and importance of employees to volunteer in support of the activities and events that are part of the CRM program.

Organizing volunteer teams for the specific cause.

Recognizing exemplary employee volunteers.

Providing detailed information on how to get involved in the various activities that are an integral part of the CRM program.

The University’s CRM Campaign

Approximately, five years ago, the university’s management decided to build a social partnership with the Cyprus Anti-Cancer Society. The initiative was in alliance with the university’s strategic goals which focused on strengthening the organizations ties with the local community and the society at large. The university’s Marketing Department was given the responsibility for designing, developing and implementing a number of activities as part of this CRM strategy. The strategy was aimed at: (1) informing people of the role of the Cyprus Anti-Cancer Society, (2) raising funds for the cause, (3) building and strengthening the university’s image as a socially responsible organization, and (4) developing and instilling a spirit of “volunteerism” within the university’s internal community .According to the MECC which is the Official regirsty for Cancer in Cyprus for the Cyprus Ministry of Health, on average more than 1350 new cases of cancer are reported in Cyprus every year in he last ten years. This figure is relatively high since the population of Cyprus is less than a million (2012; pg12) http://www.moh.gov.cy/MOH/MOH.nsf/0/A0B4FEC0AC7BB073C22579C7002A9683

The Annual Christmas Fiesta

Since 2008 the marketing department organizes the Annual Christmas Fiesta of the Cyprus Anticancer Society in cooperation with the Cyprus Electricity Authority. The event takes place at the head quarter offices of the authority. This is a very big event which encompasses music and specifically songs from choirs of various elementary schools of the Nicosia district, dances from dancing academies, acrobatics and shows from a number of gymnastics academies in Nicosia. During the fiesta children are given the opportunity to play with Arts and Crafts, do fishing at the indoor pool, and also engage in a number of hands and craft activities such as make biscuits and decorate cards. More than 20 local companies are endorsing the event through stands for food, tea and coffee as well as with goods that are sold at the event's bazaar.

The event is promoted through a 4 page promotional leaflet which was distributed to the local public and private schools of Nicosia to all the pupils of the schools. For this promotional leaflet the marketing department cooperated with the graphic designers of the Graphic Design department of the university in order to prepare the leaflet. It is estimated that more than 5,000 people have attended the event. In fact the number of visitors increases year by year. The Business School of the University of Nicosia is the main organizer of the event. During those 5 years the Business school managed to cooperate with other schools of the University who have offered their expertise and services for the success of the organization. Schools like the Music and Dance School, the School of Education, the Medical School, the Graphic Designing Department, the Aesthetics Department and the Culinary and Arts Department and the School Library have organized their stands during the Fiestas related to their expertise.

The Spring Fiesta

The success of the Christmas Fiesta encouraged the faculty of the Marketing Department to introduce a new event that took place in spring 2013The Spring Fiesta was an open air event in one of the most beautiful areas in the old town of Nicosia. The event encompassed the same activities as the Christmas Fiesta. At the same time sixty artists exhibited and sold their crafts. A percentage of their revenues was donated to the Anti-Cancer Society. The event was covered by local TV and radio channels. More than 10,000 visitors attended the event. and the participants (children and adults) were more than 500. For example, the staff, faculty and students of the University of Nicosia were 200 including people from the Medical School who were offering First Aid and blood pressure readings. The School of Education organized games and other activities for kids. The Department of Interior Design developed various activities using arts and crafts and recycled material. The University Library in cooperation with the European Office for the Promotion of Europe among members of the European Union organized the game "Do you Know Europe? Let us find out!". The Aesthetics Department was responsible for face painting. The faculty of the Marketing Department was responsible for the planning and coordination of the whole event whilst marketing students supported various activities and stands. The main supporter of the event was the Municipality of Nicosia who cooperated with all the Universities organizers for the success of the Event. At the same time local businesses supported the event by offering their products for free to the organizers who in turn sold them to the visitors in order to raise money for Arodaphnousa. Companies like Coca Cola Cyprus, Pizza Hut, Derliscious, Nestle Cyprus, Carlsberg, KEAN and all other corporations who donated money in order to support the event.

The event was highly successful since it raised around 25, 000 euro. All participants including the staff, faculty, and students of the University, worked hard with a lot of enthusiasm for the success of the event. The money collected from both events was around 50,000 Euro, which was given to the Arodaphnousa Hospice in order to partly cover its running expenses.

Methodology

The purpose of this study is to identify the effectiveness of the university's CRM campaign and volunteerism. For this purpose a case study methodology was used in order to gain a deep understanding of a specific phenomenon (Yin, 2009). According torganizations over a period of time . For this reason the study was primarily qualitative in nature. According to Gummesson, (2000), the case studies have emerged as an increasingly important qualitative approach in many management disciplines.

The research was planned as follows:

Use semi structured interviews with faculty and staff volunteers Five members of the university's staff were and faculty were interviewed. Specifically, a member from the Education Department, a member from the Medical School, a member from the Aesthetics Department and a member from the Graphic Designers Program and a member from the Economics and Finance Department.

Participant observation (Matthews and Ross, 2010). The researchers conducted in house observation for a period of one academic year in order to study (observe) the attitudes and behavior of the volunteers during and after the two events.

Research Analysis

Part one: In-depth Interviews

The interviews were conducted during the period June to October 2013 which was 2-5 months after the Spring Fiesta and 6-9 months after the Christmas Fiesta.

An interview guide (see appendix I) was prepared in order to help the interviewers to coordinate the discussion in a way to secure that the information collected was related to the research topic.

The first question of the Interview was aimed at examining whether the interviewees were aware and informed in relation to the CSR strategy of the University of Nicosia. When they were asked which causes/charities they believe that the university supports the majority of them identified the Anti-Cancer Society and two interviewees suggested to other causes a) the Radiomarathon (the biggest Charity foundation in Cyprus which provides help to children in Need, and the Sophia foundation which was founded with the aim to provide daily ,breakfast and lunch to over 3000 orphans and destitute children across Kenya, through our program "Adopt a child"; thereby ensuring that the children have a strong incentive to attend school. Nevertheless the branch in Cyprus, due to the Economic crisis and the bail-in which drove to unemployment 70,000 people and to devastation a lot of Families of our Society decided to help children in Cyprus rather than in Kenya. For both the charity organizations mentioned above the University of Nicosia had a close cooperation the last 3-4 years. In relation to the question of whether they believe that every organization and especially a University needs to be actively involved in CSR activities as well as the ways they can get involved all respondents expressed their view that every organization needs to be socially responsible. The interviewees strongly supported that universities have an obligation towards its students to give a good example in terms of CSR behavior. One of the interviewees has emphatically stated that " **The general public, especially in Cyprus, have always "looked up" to people in from educational institutions and have followed/copied their actions. Therefore, these institutions have the responsibility of guiding people along the correct path, such as caring for others".**

The majority of the interviewees supported the view that employee volunteerism is an excellent activity to demonstrate that an organization is socially responsible. In addition the interviewees shared the view that "donations in kind" such as delivering free of charge lessons, seminars, and doing consulting work is alsoa very good corporate activity that demonstrates good citizenship. One of the interviewees has phrased the whole concept of voluntarism in a very correct way. As she said "**Apart from the obvious reason that we need to help others I feel that by enabling UNic employees to participate in these activities the University is creating a strong, positive connection between the employees and the University, which will lead to greater dedication and loyalty from the employees"**

In relation to the question of whether the University of Nicosia must give to its employees (faculty and staff) and students the opportunity to engage in CSR activities the answer was positive from all the interviewees. The majority of them added that the university is supporting the participation of the employees in all CSR activities and even rewards them with time release. Two interviewees though share the view that despite the "goodwill" of the university in encouraging the employees to participate in its CSR activities more support is needed on behalf of the University.

When the interviewees were asked to state the number of times they have participated in CSR activities 9 out of 10 said that they have participated 4-6 times and in all cases the interviewees said that they have participated at least once in the Christmas Fiesta for the Anti-Cancer Society. One more interesting point drawn from the interviews was that all the volunteers at the Christmas Fiesta 2012 also participated in the Spring Fiesta 2013 which took place three months later. Beyond that, all interviewees strongly stated that they will always volunteer for an activity which aims at helping people with health problems and children even if this meant that the volunteering work will be done during their free time.

When interviewees were asked about the benefits that they have gained on a personal level from engaging in CSR activities the majority of them said that they feel pride and recognition as well as appreciation on behalf of the employer. They also expressed the view that knowing that they have helped charities gives them a sense of self-worth

Another key finding that emerged from the interviews was that the interviewees feel that the biggest benefit of their voluntary work is the creation of a team spirit and strong bonding with the other volunteers, and especially with their colleagues. Two of the interviewees have in fact formed close friendships with people outside their work place. The study revealed that volunteerism has the potential to unite people from different social backgrounds, professions and interests and that this is in fact one of the most valuable benefits gained.

With the exemption of one interviewee, all of them said that the management does not always formally communicate CSR campaigns to its personnel which in their opinion is wrong. They all suggested a better designed promotional campaign within the organization so as everybody learns about the CSR activities and if interested to participate. Some of the interviewees added that this enhances the image of the University internally.

When interviewees were asked if the management of the University has a formal system that enables personnel to express their suggestions in terms of CSR ideas, activities and campaigns the answer was negative. Nevertheless many of the interviewees said that they believe that the management is opened to suggestions. At the same time they recognized the need for a formal and systematic way for suggestions.

When the interviewees were asked if they believed that the University of Nicosia should promote the various CSR activities in which it is involved externally, all the interviews supported the idea that the general public needs to know the CSR activities of the university and the majority of them suggested that TV advertisements, Public Relations activities such as press conferences and news releases as well as the university's web site can be used for communication. **As placed by one interviewee**

"By doing so the University is promoting the idea that it cares for the community and would like to create a relationship between the University and the community. Of course, it is a perfect marketing strategy to promote the University".

Finally when the interviewees were asked whether they believe that an employer who is involved in CSR activities is a good employer the majority of them said that they do not see any relation. Only two of the interviewees said that they share this view. Nevertheless when the interviewers asked the interviewees to choose among two employers with similar terms of employment "A" and "B" knowing that "B" company is successfully involved in CSR programs all of them answered that they would definitely choose to work for company "B".

Part Two: Observations

In order to strengthen the findings that emerged through the interviews the researchers conducted in house observations for a period of one academic year. The aim was to study the attitudes and behavior of the volunteers during the time leading to the events as well as during the two events.

In general, the volunteers were enthusiastic and keen to participate in the two fiestas organized by the Marketing Department, In most of the cases they were referring to the events as if these were their own since they had a strong feeling of belonging to the "team". They also felt that both events were "their own" events since they were part of the "game". They were suggesting new activities to be added and they were volunteering to organize those activities themselves.

The majority of the volunteers at the Christmas Fiesta were asking the organizers to be placed in a stand with the same colleagues as the ones they cooperated in the past .This shows the special bonds formed because of their participation at the fiestas even with people who they did not know before. The researchers also observed that the volunteers felt 'recognized' and 'appreciated' after the senior level management shared a "thank you letter" with the entire staff and faculty of the university through the university's intranet.

One more activity observed was that the same volunteers proceeded in organizing private tea parties and other events on their own in order to increase the money collected for the cause. They had also volunteered to sell the "Lucky Charms" for the year 2013 produced and sold by the Anti-Cancer Society in order to re-open three rooms of the Arodaphnousa Hospice which remain closed after the Bail-in in Cyprus on March 17th 2013. The staff and faculty of the University managed to add to the total revenues for Arodaphnousa 10,000 Euro from the sale of those charms.

Conclusion

The study has revealed that volunteerism has the potential to instill a spirit of camaraderie, teamwork and belonging between volunteers. These feelings can provide the foundation for creating strong social bonds between volunteers and possibly between volunteers and the university. The data generated also supports that volunteerism is an integral part of a successful CRM strategy. Undoubtedly, the university's management has realized that employees are the key to the success for any corporate activity especially one that aims at building a strong reputation and creating strong relationships with the society at large. The study demonstrates that volunteerism and CRM should be jointly planned and managed in order to ensure that any CSR initiative will be successful.

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CONSUMER BEHAVIOUR STUDY ON INTERNATIONAL CONFERENCE TOURISM IN HUNGARY

Eva Happ

Abstract

Conference tourism connected to business tourism is one of the significant types of tourism.

The objective of this research has been to examine international conferences held in Hungary and the consumer behaviour of the conference participants. Hungary treats conference tourism as an important sector of Hungarian tourism. The Hungarian National Tourist Office regards it as one of its major activities. By learning more about the consumer behaviour of conference attendees, we can help define what kind of marketing tools could be used to gain more participants and conduct more thorough and efficient marketing activities.

For the primary research, questionnaires were used in both Hungarian and English with people attending international conferences in Hungary. In addition, unstructured interviews were conducted with organisations that organise international conferences and which are involved in international conferences as clients. The research was completed with interviews conducted with the directors of firms that organise local events. Interview subjects' opinions were sought about the results of the research questionnaire.

The most important result of the research highlighted how complex conference tourism is and the significance it has within MICE tourism, in addition to business travel, incentive tourism and exhibitions. Although this type of tourism may not seem important based on the number of its participants, it is still a significant phenomenon in the world of tourism with its economic impact and results.

Keywords: *conference tourism, MICE tourism in Hungary, consumer behaviour*

Objectives of the research

The objective of this research was to examine international conferences held in Hungary and conference participants' consumer behaviour. Hungary treats conference tourism as an important sector the Hungarian National Tourist Office regards it as one of its major propositions, as a significant segment of Hungarian tourism.

By learning more about conference attendees' consumer behaviour, the results of this research can help the market to define what kind of marketing tools could be used to gain more participants, furthermore how to conduct more thorough and efficient marketing activities.

From the organisers' point of view, exploring demands provides an opportunity to learn more about consumers to satisfy their needs. With the help of the formed consumer groups the characteristics of conference tourism segments can be explored. In terms of destination, this research may help planning the variety of services and the marketing activities.

The research area consists of the following questions:

identify the theoretical bases of conference tourism and consumer behaviour;

review these theoretical models in practice;
assess the consumer behaviour of conference attendees;
examine the possibility of clustering within conference tourism.

In Hungary no research has been conducted on this subject yet, even consumer behaviour research is limited to conference tourism participants. Therefore on the one hand this research is exploratory namely secondary data is used to explore the issue. On the other hand it is descriptive i.e. it provides a description about the consumer behaviour by questioning.

Conference tourism

Tourism is the most rapidly developing industry of the world. International tourist arrivals grew by 5% in 2013, reaching a record 1,087 million arrivals. Despite global economic challenges, international tourism results were well above expectations, with an additional 52 million international tourists travelling the world in 2013. For 2014, UNWTO forecasts 4% to 4.5% growth (UNWTO World Tourism Barometer, 01.2014).

Conference tourism connected to business tourism under the umbrella of tourism can be considered as one of the significant types of tourism.
More than 11,150 regularly occurring association events were identified by ICCA members as having taken place during 2012, over 1,000 more than identified a year previously. (ICCA, 2013)

In 2012 the number of international conferences held in Hungary showed a 16.1% decline compared to the previous year. On average 268 persons participated in the conferences. The biggest proportion of the events (41.06%) had a turnout of 101 to 250 participants
.

Table 1: Results of the Hungarian MICE market, Year 2012

MICE Tourism – Conferences	2011	2012	2012/2011
Number of conferences	602	505	-16,10
Domestic participants at conferences	24409	31128	27,50
International participants at conferences	101409	104212	2,70
Average number of participants	209	268	28,00
Average number of participating nations	13	12	-7,60
Average length of stay (days)	3,4	3,4	0,00

Source: http://www.hcb.hu/magyar/hatteranyagok/statisztika

By examining future trends it can be concluded that confidence in business travel is growing however, restraint is still a characteristic in most parts of the world. And those who can afford to travel, require higher quality, adequate value for money ratio and personalised services.
Future trends show that MICE (meeting, incentive, conference and exhibition) tourism must be considered with prominent attention. It can be concluded that more and more service providers realise that it is worth investing in this sector of tourism.

The scientific study of conference tourism

Business trips had been present since the ancient times, but the real era of conferences only began in the early 19th century. This mode of tourism was launched by Austrians in 1815 when they organized the Congress of Vienna which aimed to negotiate peace after the Napoleonic wars. Next we can mention the Congress of Verona in 1822, as an early example of how important such official gatherings were in the European political life. (DAVIDSON AND COPE, 2003). Real development began in the United States, where the history of conference tourism can be related to the meetings of American commercial and professional organizations, the number of which had been constantly increasing since the end of the 19th century. (ROGERS, 1998)

The scientific study of MICE tourism began in the mid-1980's. These investigations usually focused only on one country at a time. In the beginning, papers were only published in three countries (United States, United Kingdom, Australia) which were present on the market as developed MICE destinations, and education and research, tourism and business science was also highly developed in these countries, which provided an adequate base for studying business tourism.

No Hungarian language paper has been published about conference tourism alone. Papers dealing with conference tourism can be found within the field of event management. The first of such papers introduce the world of conferences from the perspective of event management. (FARAGÓ, KARIKÁS 1999)

Analysis of consumer behavior

While investigating consumer behavior, marketing draws on the findings of sociology, psychology and social psychology, because it focuses its analysis on human behavior. The chief aim of research is to establish how consumers behave, what they base their decisions on and how these can be influenced. Research into the analysis of consumer behavior began in the 1950's, and the first textbook in the subject was published in 1968.

According to BAUER ET AL. (2007) consumer behavior is the combination of activities practiced during the acquisition and use of goods and services (brand and shop selection) the overall goal of which is to increase customer satisfaction.

In Hungary, consumer behavior has only been analyzed in connection with the market of leisure tourism, and no research has been done in the field of business tourism, therefore this research aims to fill this gap.

In research carried out among consumers of conference tourism we can find results which describe possible options for segmentation. (SWARBROOKE, 2001).

These variables are also present in conference tourism, and during the selection of variables for cluster analysis in the empirical research, I have relied, among others, on this source.

Conference tourism has not yet been surveyed in a way that includes tourist typology. They survey of the types and satisfaction of conference tourists in Hungary only includes data about the proportion of native and foreign participants (MT.ZRT. - GFK HUNGARIA, 2007). This research was conducted among conference and congress guests in Hungary, and its results indicate significant differences between inland and foreign conference delegates.

The foreign literature published on the behavior of conference tourists mainly deals with motivation research. The majority of publications examine why potential guests attend conferences. (FORTIN, ET AL., 1976; OPPERMANN, 1994). Among the motivation factors they emphasize the attractiveness of the place, and that curiosity and prestige encourage participants to visit unknown destinations. (RUSSET, 2000).

GRANT AND WEAVER (1996) also investigated the motivation of participants. The novelty of their research lies in the fact that after processing the questionnaires they carried out cluster analysis, thereby categorizing conference tourists by motivation. In this study they asked 135 conference participants about their motivation, who had to grade on a 1-5 scale 41 factors which may have played a role in making the decision to participate in the conference. Furthermore, the questionnaire contained 16 questions related to demographic data. Three clusters were established for the analysis:

people who participate in the conference because of networking opportunities (Networking)
people who participate because the possibility of acquiring new knowledge is important for them (Educational)
people who participate in order to partake in leading the organization (Leadership)
After establishing the clusters, the groups were described using demographic variables.

Empirical research conducted on the Hungarian market of international conferences

I used a questionnaire survey to inquire about the consumer behavior of conference participants. The aim of the empirical research was to discover the characteristics of consumer behavior in the field of conference tourism. I wished to investigate what motivates the respondents primarily, what characteristics do they have and whether it is possible to establish groups of similar behavior based on clustering.
The questions of the empirical study were the following:

What are the primary reasons for engaging in conference tourism?
What is the average cost of conference tourists and how is it structured?
Does conference participation influence the propensity to return to the destination?
How much do these data match the statistic record?

Content, method and justification of the research
During the research there have been a number of methodologies used in order to analyse and evaluate conference tourism in Hungary and also to review the consumer behaviours on the market. Among the research methodologies the secondary methods were used first and then the primary research methods took place.
On the one hand, secondary information and data meant processing of literature on tourism, statistics and analyses related to the subject. On the other hand it included the studying of tourism marketing and forms of consumer behaviour, the learning about different models, and the analysis of consumer behaviour assessments conducted in tourism.
Secondary research included Hungarian, English and German literature. For processing the theoretical background, Hungarian studies and books were also used, however for the planning of the research, and for the assessment of results foreign research materials were reviewed as tourism marketing, and within that conference tourism marketing do not have adequate literature in Hungary. Therefore the used literature and case studies were taken from a number of international research databases.

For the primary research, questionnaires were used in both Hungarian and English with people attending international conferences in Hungary. In addition, unstructured interviews were conducted with such consigner organisations that organise international conferences and which are involved in international conferences as clients. The research was completed with interviews conducted with the directors of local event organising firms. During the interviews their opinions were sought about the results of the research questionnaire.

The research questionnaire was not only responded by Hungarian but also by foreign tourists who obviously play an important role on the market of Hungarian conference tourism. The objective of questioning was to get a thorough understanding and to investigate the consumer behaviour of conference tourists. From among the variables the following four were examined in more detail: frequency of participation, relative spending, assessment of “spending-structure” and exploring motivation. With the help of these variables a cluster analysis was conducted among the participants.

In the case of the interviews with organisations the information acquired from the secondary data was completed. There have been ongoing and precise descriptive data collections about the consigner organizations on both national and international level, therefore the research mainly focused on factors such as motivation, the “choice of location” as well as the “reasons behind decisions” in the first place. The interviews were completed with the representatives of those organisations that have already organised international conferences in Hungary.

The interviews with the leaders of the event organizer firms completed the results of the research questionnaire designed for the participants of the conference. The event organizer firms shared their opinions about the results of the primer study hereby their views supported the approval or rejection of the hypotheses. Such conference organiser firms were interviewed that organise several international conferences a year. Besides a similar extensive interview was conducted with the head product manager of the Hungarian Convention Bureau, who also shared his opinion about the results of the research.

The methodology included qualitative and quantitative methods. The qualitative research can be used effectively in tourism, when extensively tested methods are not available or if the researcher wants to try new methods.

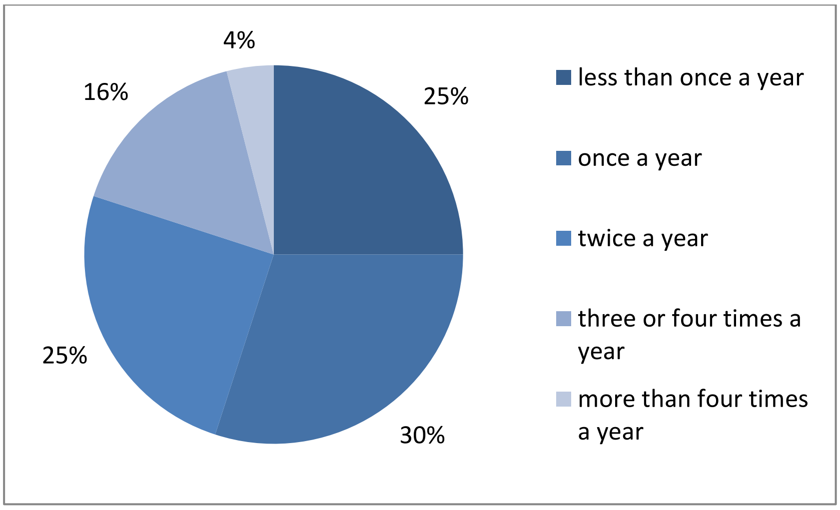
The quantitative research helped to quantify the data and to capture the general trends based on samples in the analysed market.

Results of the empirical research

A basic characteristic of the habits of conference participants can be how frequently they attend international conferences. About 55% of organizations hold a conference annually (ICCA, 2009), therefore members have the opportunity to attend at least one conference per year. I first asked the respondents *how often they attend international conferences*.

It emerged that 25% of the respondents participate in a conference less than once a year. 30% attend a conference once a year, 25% twice, 16% three or four times and 4% of respondents participate in conference tourism more than four times a year. 75% of respondents attend an international conference at least once annually.

Figure 1. Frequency of participation in a conference



Source: own research

From the organizers' perspective this means that recruiting should be carried out among those consumers who had already attended one event in the given year. Potential participants can also be reached by circulating calls on mailing lists of already finished events. Significance tests show that the background variables of nationality and conference theme do not affect the frequency of participation, however there is a significant linear correlation between income and frequency.

For the question '*what is the primary reason of your participation*' respondents had to assess and rank different motivations according their importance. The most important motivation was graded 1, while the least important was graded 7. Respondents had the option to add further motivations, but only few did so.

Table 2. The reasons of participation

Motivation	Mean	Median	Mode	Frequency of the mode	Minimum	Maximum	Standard deviation
acquiring professional knowledge	2,50	2,00	1	124	1	8	1,65
exchange of experiences	3,29	3,00	2	60	1	8	1,45
acquisition of knowledge	3,16	3,00	3	59	1	8	1,55
building relationships	3,49	3,49	1	56	1	8	1,85
educational reason	4,21	4,21	6	67	1	8	1,63
leisure	5,45	6,00	7	83	1	8	1,75
holding a presentation	4,38	4,38	4	70	1	8	2,11

Source: own research

Answers show that the most important motivation behind attending conferences is the prospect of acquiring professional knowledge. Other important reasons include the acquisition of knowledge (average: 3.16) and the exchange of experiences (average: 3.29). The professional motivations may be related to social motivations, as respondents also considered building professional and international relationships to be very important (3.49). Holding a presentation also appears as a goal beside educational reasons (4.21). Nowadays this appears as a separate motivation for conferences, especially among respondents active in the field of research and education, because it is an important component of professional development (many have mentioned the possibility of receiving credits for the conference as motivation). The score given for leisure (5.45) indicates that many participants do not consider the above mentioned possibility important, yet there are some respondents for whom it is equally important.

Making the decision to participate is influenced by many factors. On a scale of 1 to 5, respondents assessed the factors influencing their participation, where 1 represented factors that are not important at all and 5 represented factors that are very important. Respondents considered those answers important which received an average grade above 4.00, which were: the quality of presentations (4.57), discussion of new topics (4.38), the chance of meeting colleagues in a less formal setting (4.03). This means that before making their decision, respondents looked up information on the presentations and the presenters, and it is important for them that the presentations contain new pieces of knowledge. Registration fee (3.77) and travel expenses (3.62) are less important factors in decision making. This can be traced back to a basic feature of conference tourism, namely that the employer covers the participant's costs. I observed a larger standard deviation in the case of registration fee and travel expenses, therefore I carried out a significance test between the importance of these variables and participants' income. The test showed that no significant linear correlation can be demonstrated between these factors.

During my survey I also examined the participation in pre- and postprogram leisure activities. More than half of the respondents enjoy participating in these activities. This result is not in accordance with the results obtained during secondary research, according to which participation in pre- and postprogram activities is gradually decreasing, especially in the case of smaller congresses, because it is quite common that delegates depart before the official closing of the event. This is not true for participants coming from locations far away from the place of the conference, as they may even partake in three-day-long post-program events (MAGYAR TURIZMUS ZRT., 2008).

I examined nationality and participation in pre- and post-program events using a cross tab. I had to discard my presupposition that mostly foreign participants favor these events as they combine their professional trip with leisure activities, because Hungarians also enjoy such events, perhaps because the expenses are covered by their employers.

The results concerning the utilization of services during the conference also reflect that in an increasing number of cases participants receive no service in exchange for the registration fee and they have to order everything separately.

In the case of conference tourism it can frequently happen that participants return to the destination later as leisure tourists. Respondents gave the following answers to the question "*Would you return later to the place of the conference?*":
4% of the respondents often and 79% sometimes return to place where the conference was held. These values should be examined more closely, therefore I tested the level of significance between the different background variables and the propensity to return. Concerning age, gender, income and nationality I did not find a correlation with returning. There is, however, significant linear correlation between returning to the destination and whether or not the participant was accompanied by another person. In case the participant visits the conference in the company of another person, they are more likely to return later.

It is a general trend both in leisure and conference tourism that attendees postpone making the decision to travel longer and longer. This is not reflected in the answers, but organizers are gradually setting the application deadline closer and closer to the start of the conference. 95.5% of the respondents register within the registration period, 25.3% of them can be considered early birds who register within two weeks after the conference has been announced. Only 4.5% of the respondents register late, that is after the registration deadline is over.

The last question of the questionnaire, "*Are you usually accompanied by another person*" aimed to examine the traveling habits of respondents.

61% of participants travel alone, that is nobody accompanies them during their stay. However in terms of revenue, those participants (39%) are also important who attend the conference in the company of someone else. According to the significance test it can be stated that there is no correlation between the presence of a co-traveler and the variables of age, income and nationality. I observed significant linear correlation between the respondent's gender and the presence of a co-traveler, meaning that men are more likely to be accompanied by another person than women.

Segmentation of conference tourists using cluster analysis

It is vital to sort conference participants into various categories in order to establish an efficient marketing strategy for conference tourism, to get a better knowledge of the consumer groups and to be able to define the message of the conference more precisely.

Due to the unique features of demand in conference tourism it is not possible to establish consumer groups based on traditional demographic factors. That is why it was necessary to draw up segments based on different criteria.

Generally cluster analysis can be used to define homogenous groups of units of observation. (MALHOTRA, 2005). The groups are defined by the data, instead of being predefined by the researcher.

I have selected four variables that form the basis of clusters. I selected those variables among the ones used for the description of business tourism (SWARBROOKE, 2001) that represent conference tourism the best. These are: frequency, i.e. how often does the respondent participate in international conferences; knowledge, i.e. how important is it for the respondent to deepen their professional knowledge (1=very important); leisure, which shows how important leisure is as a form of motivation; spending, which indicates the average daily amount of money a participant spends during the conference.

Using cluster analysis (K-means-clustering) five consumer groups have been established.

As a result, 13.36% of respondents belong to Cluster A (experience-oriented ones), 33.56% belong to Cluster B (knowledge-oriented ones), 20.55% belong to Cluster C (conscientious ones), 20.21% belong to Cluster D (travelers) while 12.33% belong to Cluster E (spenders).

Table 3: Results of the cluster analysis

Cluster	%
A „experience-oriented”	13,36%
B „knowledge-oriented”	33,56%
C „conscientious”	20,55%
D „travelers”	20,21%
E „spenders”	12,33%
Total	**100,00%**

Source: own research

Based on the data it can be stated that these clusters are relatively distant from each other. The biggest distance (Euclidean and Squared Euclidean) exists between Clusters A and B, and A and D, while Clusters B and C, and B and D are relatively close to each other.

Based on the variables, the groups can be described as follows.

Those conference participants belong to **Cluster A,** who can be considered “experience-oriented ones.” They attend conferences relatively rarely (once or less than once a year). However, they use this journey mostly to engage in leisure activities, and knowledge as a motivation is less important for them. They spend relatively little, on average less than 20,000 Ft a day. Most of them are men, their average age is 52 years and they have relatively high income. Mostly foreign respondents belong to this group. They represent a relatively small group among respondents (13.36%).

Cluster B is the group of “knowledge-oriented ones.” They are characterized by a motivation to deepen their professional knowledge. Leisure activities are not at all important for them during the conference, they attend these conferences to gather new knowledge. They participate in conferences once or less than once a year and their average cost is relatively low, among all the groups, members of this cluster spend the least per day. The average age is 43 years in Cluster B, they have a moderate level of income, and 54% of Hungarian doctors belong to this group. Most of the respondents (33.56%) belong to this group.

Cluster C is the group of “conscientious ones.” They attend international conference once or twice a year. Only attendance is important for them, none of the motivational factors seem to be outstandingly important. They attribute average importance to professional reasons for attendance, and the possibility to engage in leisure activities is even less important for them. Their average cost is relatively low. None of the characteristic features seem to dominate their behavior. Their average age is 44 years, and their level of income is relatively high. This group can be considered a moderately large one (20.55%).

Members of **Cluster D** can be labeled as “travelers.” This label derives from the most salient defining feature of the members, namely that they participate in conferences several times per year. This high frequency of attendance is motivated by the aim to deepen their professional knowledge, because respondents consider this very important, and leisure activities as a form of motivation is not so prominent among members of this group. They spend relatively little, and concerning the amount of money spent they are in the middle range among clusters. Average age is 47 years in this cluster. This group is almost as big as Cluster C (20.21%).

Members of **Cluster E** can be considered “spenders.” Their most important feature is that their average cost is outstandingly high, it can reach 100,000 Ft/day. They travel relatively frequently, once or twice a year. They are more motivated by professional goals than by leisure activities. Their average age is 47 years, and their level of income is above average. Only 12.33% of respondents belong to this group, which makes Cluster E the smallest one.

Results of the research

The most important result of the research is that it has highlighted how complex conference tourism is and how significant role it plays within MICE tourism, in addition to business travel, incentive tourism and exhibitions. Although this type of tourism may not seem prominent considering the number of its participants, it is still a significant phenomenon in the world of tourism with its economic impact and results.

Both methods used in the empirical study and the surveys of the participants as well as the interviews with the consigner organisations and with the conference organisers have proved that there is great potential, and therefore it is worth exploring the demand side of conference tourism besides the supply side. From the point of view of marketing strategy planning it would be beneficial to get to know the above mentioned research results in order to make use of them.

One of the surprising results of the research was that it did not verify the former hypothesis that the date of decision about the participation is getting closer to the date of the conference. Based on the search results the given trend occurring in leisure tourism does not take place in conference tourism. One of the reasons for this could be that the organisers have to coordinate the event by sharing the latest possible application date. The latest date of application is in correlation with the booking, paying, cancelling deadline contracted with the service providers.

Another reason for the result can be related to the demand peculiarity of the conference participation. As participation does not occur in leisure time or on the basis of their own discretional income the participants make decisions earlier and easier about their travel.

Another important conclusion is that according to the results of the study the use of services is not independent of demographic factors. The hypothesis did not consider the demographic variables as influential factors. However, the age and the gender showed relations with the relative spending and with the use of certain services. In conference tourism these background variables did not seem influential factors, as the registration fee includes a part of the services, and the other part, which is not included (accommodation, programmes) is paid by the employers. As apart from the application fee the services are optional, hence relation can be seen between the elements when these services are used.

An interesting result of the empiric research was the identification of the correlation that the frequency of participation in the conferences depends on the discretional income. It is true that the basic services (participation fee, accommodation, catering, travel, programmes) are paid by the employers but the participants are charged with the cost of the additional services (hotel services, shopping). So the conclusion was that consumers are influenced by their discretional income in that case.

Conclusions and suggestions

Based on the assessment of the research results I have made the following recommendations for the planning of the marketing strategies in national conference tourism and for certain servicing enterprises.

Conference tourism plays an important role in the tourism of Hungary. Both the secondary and primary researches prove that the quality of services is satisfactory, the national conference industry provide excellent price-value ratio. A change is needed within the infrastructure namely the number of the conference rooms needs to be increased. Because of the lack of these - as it was found in the organisational interviews – the conferences with higher number of participants (above 5000 participants) are not held in our country by the organisations. Meanwhile the participants do not attach great importance (“it is important and still not so much”) to the services of the congress centre, so it does not influence the consumer decision significantly. The organizers verified the participants’ opinion, namely it is not the services of the conference centre that is the most important factor.

On the basis of the research it can be concluded that among the services, accommodation and meals are important for the participants, furthermore they like attending optional programmes, so the organisers must take these factors into consideration while acquiring participants. As the participants’ income scales may differ, conference location must be prepared to offer accommodations at several price levels. This can be important mainly in the case of hotel services used.

Programmes during or after the conference are also preferred by the participants. The income derived from conference tourism can be increased if the conference schedule contains optional programmes or the general duration of stay can be prolonged by providing leisure programmes. The destination must be prepared with these supply elements in order to satisfy the needs of the participants perfectly.

During the period of the event the participants of the conference can be influenced to return at another time. This can be achieved if on the one hand the organisers offer different package tours or on the other hand it should be the task of the "destination", namely of the local tourist organisations to promote leisure programme packages on the spot as the results of the research also indicate that the participants like to return to the event's location. Special attention should be paid to organising the accompanying programmes since those who travel with companions tend to return to the same location in greater numbers after the conference.

The study results of the average spending prove that Hungary should increase its income derived from conference tourism. While internationally the amount of money (without registration fee) spent by one participant at an event is US $ 2092 (420.000 Ft) on average, in Hungary this amount is between 60.000 and 100.000 Ft. However, the income is closely related to the services provided by the conference location. So it is crucial that the professional side of the supply is completed with high-standard touristic offerings.

One of the important results of the research is that clusters could be formed among the conference participants. By putting the respondents into five groups, well-defined clusters were created that show particular characteristics. This can be helpful with regards to the marketing work. On the basis of the characteristics of the potential participants, it can be easier to reach them, while the organisers can provide a better customisation of supply services to the needs of the participants.

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CHALLANGES OF MEAT DISTRIBUTION IN THE HORECA CHANNEL IN CROATIA

Marija Tomašević Lišanin, Svjetlana Klarić & Mirko Palić

Abstract

Main purpose of this paper is to explore challenges in meat products distribution on the Croatian market in a HoReCa channel. Considering the specifics of distribution of fresh and frozen food products, mainly regarding environment temperature, the distribution is more demanding than for the rest of the FMCG products. Specific goals of the paper have been focused on gaining insight and describing the current situation and trends on a meat market in a segment of hotels and restaurants. Furthermore, the goal has been to analyze potential opportunities for selling meat products on the HoReCa market and investigate the factors that this segment uses for supplier valuation. Primary data has been collected using highly structured questionnaire on a sample of experts and managers that work in sales and distribution of meat products in Croatia. Questionnaire contained 23 questions. The research results pointed out that for a successful development and further growth of HoReCa segment the long term strategy of all included stakeholders is needed. Hotels and restaurants highly value precision and punctuality in delivery of the meat products especially during the intensive touristic season that reaches its peak in Croatia during July and August. The companies operating on this market need a clear mission and vision that will be focused on obtaining a sustainable competitive advantage through meeting customer demands and increasing their satisfaction. Further growth and development of this market could directly impact overall touristic offering of Croatian tourism on a global market.

Keywords: *distribution, HoReCa channel, meat products, marketing, Croatia*

Sažetak

Cilj ovog rada predstavlja razmatranje problematike distribucije mesa i mesnih prerađevina na tržištu Republike Hrvatske u segmentu hotela i restorana, odnosno u ugostiteljskom kanalu. S obzirom na specifičnosti koje nosi svjež proizvod, vezano uz uvjete čuvanja i proizvodnje, i distribucija je znatno zahtjevnija u odnosu na standardne proizvode široke potrošnje. Ciljevi ovoga rada jesu sagledati i opisati stanje i trendove kako na tržištu mesa i mesnih prerađevina, tako i na tržištu hotela i restorana. Daljnji cilj je bio analizirati potencijale i prilike za plasman na HORECA tržištu, te istražiti kriterije po kojima to tržište odabire i vrednuje dobavljače. Kako bi se dobili rezultati koji bi pomogli u organizaciji prodaje za tržište hotela i restorana analizirani su podaci anketnog upitnika provedenog na stručnjacima/menadžerima koji se bave prodajom i distribucijom mesa i mesnih proizvoda. Ispitivanje je obavljeno pomoću anketnog upitnika sa dvadeset i tri pitanja. Na osnovu dobivenih rezultata istraživanja zaključeno je da, bez obzira što je Vlada

Marija Tomašević Lišanin, Ph.D., Faculty of Economics and Business, University of Zagreb, Trg J.F. Kennedya 6, 10000 Zagreb, Croatia. E-mail: mtomasevic@efzg.hr
Svjetlana Klarić, M.Sc., PIK Vrbovec, d.d. E-mail: svjetlana.klaric@pik-vrbovec.hr
Mirko Palić, Ph.D., Marketing Eepartment, Faculty of Economics and Business, University of Zagreb. E-mail:

Republike Hrvatske ove godine donijela nove Zakone i smanjila PDV, za daljnji rast i razvoj tržišta HORECA potrebna je dugoročna strategija svih poduzeća koja se nalaze na tom tržištu. Prije svega se to odnosi na definiranje jasne misije i vizije koje će biti usmjerene na ostvarivanje i održavanje dugoročne konkurentske prednosti. Daljnji rast i razvoj ovog tržišta direktno će utjecati na poboljšavanje ukupne konkurentske prednosti hrvatskog turizma na globalnom tržištu.

Ključne riječi: *distribucija, HORECA, meso i mesne prerađevine, Republika Hrvatska*

UVOD – TRŽIŠTE MESA U REPUBLICI HRVATSKOJ

Suvremeni trendovi u ponudi i potražnji mesa i mesnih prerađevina

Gledajući unaprijed, prema 2030. godini, trend povećane potrošnje mesa i mesnih prerađevina nastavlja se kao i kod ukupne potrošnje hrane. Prema FAO, potrošnja mesa će se kontinuirano povećavati po stopi od 1,9% godišnje. U razvijenim zemljama rast potražnje je ograničen jer je rast broja stanovnika spor a ukupna potrošnja već je visoka i iznosi 88,2 kg mesa po stanovniku. U proteklih deset godina, ukupna potrošnja mesa je u razvijenim zemljama porasla za 1,3% godišnje, dok u zemljama u razvoju ta stopa iznosi 5,6% godišnje. Procjena je da će se u sljedećih dvadeset godina trend ukupne potrošnje mesa i u zemljama u razvoju usporiti na pola, te biti isti kao i u razvijenim zemljama. Također, procjena je da će u narednih deset godina ukupna svjetska proizvodnja, sa sadašnjih 285 milijuna tona dostići 340 milijuna tona u 2020. godini. Predviđa se i porast udjela mesa peradi s 35% na 39%, te pad udjela svinjetine s 37% na 36%, i govedine s 23% na 21% u ukupnoj svjetskoj potrošnji mesa. Kina kao najmnogoljudnija zemlja na svijetu proizvodi 50% ukupne svjetske proizvodnje svinjetine, te čak 1/3 ukupne proizvodnje mesa. Od ukupne proizvodnje Kina izvozi samo 3%. Međutim, predviđanja su da su Kina i Brazil, kao glavni generatori rasta ukupne potrošnje u promatranom razdoblju od posljednjih deset godina, dosegle visoki nivo potrošnje, te će u budućnosti imati manji rast. Predviđa se da će svjetska potrošnja mesa u 2020. godini iznositi više od 326 milijuna tona; dok je 1997. godine iznosila 208 milijuna tona. Radi se, dakle o 50% -tnom porastu

1.2. Tržište mesa i mesnih prerađevina u Republici Hrvatskoj

Prema procjenama Državnog zavoda za statistiku, veličina tržišta mesa u Hrvatskoj iznosi 300.000 tona godišnje. U tom iznosu, veliki udio otpada na crno tržište, približno 35% u kategoriji svježeg mesa, i približno 50% u kategoriji trajnih kobasica. Veličina Hrvatskog tržišta svježeg mesa je 230.000 tona, a prerađevina 70.000 tona. Ovi podaci se odnose na procjenu ukupno prodanih količina mesa svih ponuđača, odnosno na trenutni iznos potražnje za mesom i mesnim prerađevinama. Ove godine, domaći proizvođači mesa dobili su mogućnost izvoza mesa svinjskog podrijetla u EU, uz činjenicu da ukupan stočarski fond nije dostatan niti za potrebe hrvatskog tržišta. Procjena ukupne samodostatnosti mesa u Republici Hrvatskoj je 74%, od toga je dostatno samo goveđe meso, dok je svinjsko dostatno 68%, a perad 85% (Bobetić, 2013).

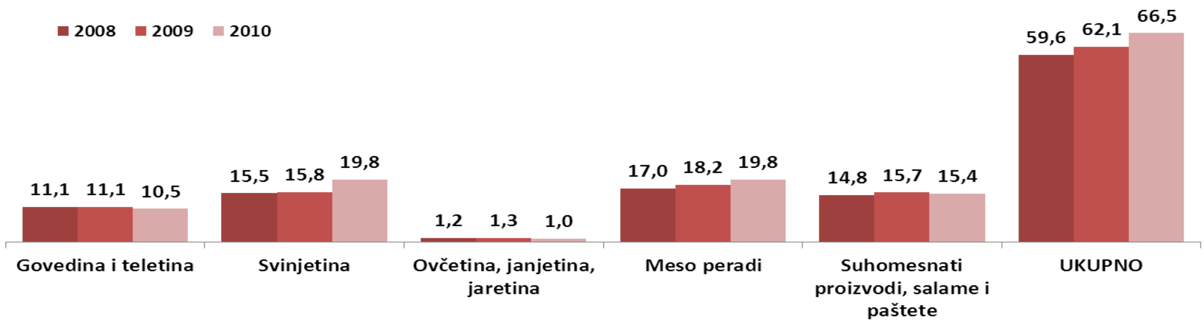
Tablica 1.: Tržište mesa Republike Hrvatske u tonama

2010	UKUPNO	CRVENO	BIJELO
PRERAĐEVINE	70.000 t	50.000 t	20.000 t
SVJEŽE MESO	230.000 t	140.000 t	90.000 t
	300.000 t	**190.000 t**	**110.000 t**

Izvor: Državni zavod za statistiku, obrada HGK sektor za poljoprivredu, prehrambenu industriju i šumarstvo, 2009.

Udio svježeg mesa na tržištu mesa u Republici Hrvatskoj iznosi 76,67%, dok je udio prerađevina 23,33%. Od ukupne potrošnje svježeg mesa 60% se odnosi na crveno meso, a 40% na bijelo meso. Od ukupne potrošnje mesnih prerađevina 71% se odnosi na prerađevine koje su proizvedene iz crvenog mesa, a 29% na prerađevine koje su proizvedene iz bijelog mesa. Hrvatska spada u skupinu srednje velikih potrošača mesa s potrošenih 66,50 kg mesa i mesnih prerađevina po stanovniku godišnje. U odnosu na Europu, gdje prosječna potrošnja po stanovniku godišnje iznosi 82,60 kg, potrošnja u Republici Hrvatskoj je manja za 16,1 kg ili za 24,21%.

Grafikon 1.: Količine prehrambenih proizvoda i pića utrošene u kućanstvima



Izvor: Državni zavod za statistiku, Statističke informacije, Zagreb, 2012., str. 26.

Potrošnja mesa u Republici Hrvatskoj slijedi svjetske trendove, gdje je prisutan pad potrošnje proizvoda od govedine i teletine (2010/2009 – 5%), i rast proizvoda od svinjećeg (+ 26%) i proizvoda od bijelog mesa. Ukupna potrošnja mesa i mesnih prerađevina u RH u 2010. godini u odnosu na 2009. godinu raste 7,4% godišnje. Budući da je meso osnovni prehrambeni proizvod, potražnja za određenom vrstom mesa izravno je uvjetovana kretanjem cijena. U Republici Hrvatskoj su cijene više nego li cijene mesa u EU.

Tablica 8.: Tjedni pregled kretanja tržnih cijena svinjskih polovica E klase u zemljama EU i RH

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
2006.	1,45	1,47	1,51	1,48	1,37	1,46	1,96	0,191	135	134
2007.	1,35	1,39	1,38	1,37	1,24	1,35	1,58	0,154	117	117
2008.	1,53	1,61	1,55	1,50	1,43	1,52	1,73	0,167	113	114
2009.	1,42	1,46	1,38	1,38	1,30	1,38	1,83	0,182	129	133
2010.	1,40	1,44	1,38	1,39	1,29	1,40	1,42	0,140	102	102
2011.	1,53	1,60	1,51	1,51	1,41	1,53	1,60	0,159	105	105
I-III/11.	1,43	0,00	1,42	1,42	1,29	1,42	1,44	0,142	101	101
IV-VI/11.	1,56	1,60	1,54	1,53	1,44	1,56	1,64	0,160	105	105
VII-IX 11.	1,56	1,59	1,53	1,53	1,42	1,56	1,69	0,169	108	108
X-XII 11.	1,57	1,60	1,55	1,55	1,47	1,57	1,64	0,164	104	104
I-III/12.	1,57	1,60	1,58	1,57	1,45	1,55	1,67	0,170	106	108
IV-VI	1,65	1,69	1,65	1,62	1,53	1,62	1,79	0,183	108	110

Izvor podataka: UECBV EU, CROSTAT (Carinska statistika), Podaci klaonica - Obrada Croatiastočar: 05.12.2012.godine

1.3. Mesne industrije u Republici Hrvatskoj

S obzirom da je meso osnovni prehrambeni proizvod, njegova potrošnja u Hrvatskoj je stabilna, međutim tržište je cjenovno osjetljivo i vrlo konkurentno. Struktura potrošnje mesnih proizvoda specifična je za svaku regiju. Potrošnja mesnih prerađevina pokazuje privrženost kupaca dobro poznatim markama i kvaliteti proizvoda, ali i jačanje potrošnje jeftinijih proizvoda. Prema Nielsen-u trend na tržištu pokazuje iznimno jačanje privatnih marki (oko 25%), te pad potražnje za markiranim proizvodima. Zbog loše ekonomske situacije došlo je do pada kupovne moći građana, te se mijenjaju navike i struktura osobne potrošnje. Predvodnici hrvatske mesne industrije su PIK Vrbovec, Koka Varaždin i Braća Pivac. Najveća mesna industrija u Republici Hrvatskoj je Pik Vrbovec sa ostvarenim prihodom od 1,7 milijardi kn u 2011. godini. Druga po veličini na ukupnom tržištu mesa i prva na tržištu bijelog mesa je Koka Varaždin sa prihodom od 1,29 milijardi kn i tržišnim udjelom od 18,2%. Prema Nielsen-u Pik Vrbovec na ukupnom tržištu mesa ima tržišni udio 21,8%, dok na tržištu crvenog mesa ima tržišni udio 32,8%. Ako se uzimaju u obzir mesne prerađevina od crvenog mesa druga po veličini mesna industrija je Gavrilović sa procijenjenim tržišnim udjelom 18,2%.

Tablica 2.: Usporedbe mesnih industrija u Republici Hrvatskoj po prihodu, broju zaposlenih i ostvarenoj dobiti (u tisućama kn)

	UKUPNI PRIHOD				BROJ ZAPOSLENIH				DOBIT/GUBITAK PRIJE OPOREZIVANJA			
	2009.	2010.	2011.	INDEX 2011/2010.	2009.	2010.	2011.	INDEX 2011/2010.	2009.	2010.	2011.	INDEX 2011/2010.
PIK Vrbovec	1.532.487	1.555.794	1.702.264	109	1.601	1.466	1.494	102	89.237	88.552	82.240	93
rang	48	43	41		45	44	42			45	56	
Koka Varaždin	1.301.140	1.264.701	1.295.198	102	1.709	1.728	1.655	96	38.413	19.379	8.399	43
rang	63	63	64		38	39	36			185	322	
Braća Pivac	1.050.502	966.133	1.035.399	107	536	596	638	107	51.725	44.605	47.589	107
rang	87	93	84		159	131	127			78	94	
PPK Karlovac	578.545	552.741	611.130	111	311	358	345	96	7.843	10.695	6.354	59
rang	148	150	143		304	250	259			266	374	
Gavrilović	538.262	639.668	621.132	97	814	795	767	96	23.688	15.208	1.526	10
rang	159	130	138		101	102	105			222	600	
Puris	259.994	207.359	161.235	78		255	232	91			-20.426	
rang			507				387				906	
Danica	435.458	417.236	430.675	103	763	769	767	100	351	1.977	-1.156	-58
rang	204	198	194		112	104	104			555	784	
Perutnina Ptuj	279.558	275.344	311.498	113	585	628	701	112	3.741	6.076	2.607	43
rang	296	284	255		147	124	115			362	540	
Vajda	209.212	197.239	197.298	100	383	378	381	101	1.664	2.208	635	29
rang	387	388	407		239	235	229			537	673	
Dalmesso	119.360	93.748	86.201	92	99	84	62	74	33	51	1.320	2.588
rang	710	837	974		636	676	752			740	621	
MM Klaonica	172.499	171.911	233.602	136	133	149	167	112	1.383	1.634	1.525	93
rang	484	455	343		561	531	498			574	601	
IMI	120.205	97.102	99.963	103	162	150	151	101	23	-12.493	-6.576	53
rang	704	808	841		506	526	528			867	840	
Ravlić	108.901	105.447		0	153	176		0	296	6.707		0
rang	794	745			533	476				345		

Izvor: 1000 Najvećih, Lider (izdanje 09.06.2012.)

1.4. Promjene na tržištu zbog ulaska Hrvatske u Europsku Uniju

Ulaskom Republike Hrvatske u Europsku Uniju nestale su trgovinske barijere u odnosu na zemlje Europske Unije, ali su se istovremeno pojavile barijere prema zemljama CEFTE. Ukidanjem trgovinskih barijera prema Europskoj Uniji omogućit će se dolazak novih proizvoda. Povećanje konkurentnosti proizvoda iz EU zbog ukidanja carina može dovesti do pada cijena proizvoda mesa i mesnih prerađevina. Pad cijena mesa i mesnih prerađevina očekuje se i zbog novih izvora nabave sirovina po konkurentnijim cijenama, te zbog pada carina od 01.07.2013. godine. Trenutne carine za uvoz svježeg mesa iznose 35%, a za uvoz smrznutog 10%. Stanje na tržištu, uz nedovoljne veterinarske kontrole i kontrole vladinih institucija, uz visoku stopu PDV-a, pogoduju razvoju crnog tržišta. Primjerice, PDV na meso u Austriji iznosi 10%, u Nizozemskoj 6%, u Njemačkoj 7%, u Sloveniji 8,5%, u Srbiji 8%, u Crnoj Gori 7%, a u Hrvatskoj čak 25%. Viši porez na dodanu vrijednost ima jedino Mađarska - 27%. Poduzeća koja se bave proizvodnjom mesa i mesnih prerađevina moraju uskladiti standarde poslovanja prema standardima koji vrijede u EU, kako bi i dalje mogla obavljati tu djelatnost. Veterinarskim propisima i normama utvrđuju se jedinstveni zahtjevi te zoološko-higijenski normativi, kao osiguranje zaštite carinskog teritorija Unije od uvoza i širenja uzročnika zaraznih bolesti životinja, uključujući i zajedničke bolesti za životinje i čovjeka, te roba koje ne odgovaraju jedinstvenim veterinarskim zahtjevima. Na žalost, u Republici Hrvatskoj još uvijek ima puno objekata koji ne udovoljavaju standardima, a koji se uglavnom odnose na opće sanitarne uvjete, te će isti biti prisiljeni obustaviti proizvodnju.

Tablica 3.: Kategorizacija odobrenih objekata u RH za EU

RB	ODOBRENI OBJEKTI MESOPRERAĐIVAČKA IND.	UKUPNO	EU udovoljava		EU neudovoljava		Privremeno odobrenje	Procjena u tijeku
			kom	%	kom	%		
1	Klaonice (crveno meso)	145	55	37,90%	90	62,10%	56	34
2	Rasjekavaonice, prerada	103	85	82,50%	18	17,50%	15	3
3	Prerada	84	43	51,20%	41	48,80%	27	14
4	Klaonice (perad)	46	26	56,50%	20	43,50%	14	6
	ukupno	**378**	**209**	**55,30%**	**169**	**44,70%**	**112**	**57**

Izvor:HGK, Sektor za poljoprivredu, prehrambenu industriju i šumarstvo, Popis objekata na dan 10.08.2011.

Ulaskom Hrvatske u Europsku Uniju hrvatskim proizvođačima otvaraju se nova tržišta, a samim time i nove prilike. Međutim, otvaranjem europskog tržišta na kojem vlada velika konkurencija, dolaze im i mnoge prijetnje i opasnosti. Zbog male ekonomije obujma i niske proizvodne efikasnosti u usporedbi s europskim proizvođačima, hrvatski proizvođači su u nepovoljnijem položaju, te su im prijetnje i opasnosti veće nego prilike koje im se otvaraju.

U Europi uspješno posluju samo veliki proizvođači mesa, a u Republici Hrvatskoj je još uvijek prisutan veliki broj malih ili srednjih proizvođača. Zbog velike koncentracije i globalizacije na tržištu mesa i mesnih prerađevina, malim i srednjim proizvođačima bit će teško poslovati i opstati. Zbog dugogodišnje zabrane uvoza od strane Europe i Amerike većina hrvatskih proizvođača bila je fokusirana samo na domaće tržište i nisu imali potrebu za ulaganjem u proizvodne kapacitete. Zbog malog obujma proizvodnje, u usporedbi s velikim europskim proizvođačima, proizvođači mesa i mesnih prerađevina sad će zbog ograničenog kapitala teško modernizirati i proširiti proizvodne pogone kako bi zadovoljili potrebe kupaca na globalnom tržištu. Nedostatna konkurentnost zbog male ekonomije obujma rezultirati će ozbiljnim problemima za veliki broj poduzeća. Domaćim proizvođačima, zbog ograničenog kapitala, bit će potrebni partneri ili udruživanja kako bi povećanjem i modernizacijom proizvodnje povećali svoju konkurentsku prednost. Unutar same Europske Unije izražene su razlike između proizvođača u zemljama Zapadne Europe i onih u zemljama u razvoju. Proizvođači zemalja u razvoju nisu dovoljno veliki kako bi svojom učinkovitošću konkurirali zapadnoeuropskim proizvođačima, pa su najveći proizvođači mesa i mesnih prerađevina upravo iz Zapadne Europe. Prema IFIP-u Zapadna Europa je samodostatna u svinjećem mesu 110%, od čega je Danska samodostatna 642%, Francuska 106%, Belgija 247%, dok su Slovenija i Hrvatska samodostatne 55%, odnosno 68% (IFIP, 2011). Ukoliko se hrvatski proizvođači ne udruže ili ne odrede jasne strategije budućeg razvoja, moguće je da će otvaranjem granica proizvođači mesa iz razvijenih zemalja samo još više povećati svoj tržišni udio. Vodeći proizvođači mesa u Europi su: Vionfood group (Nizozemska) sa godišnjim prihodom od 9,5 milijardi eura, Danish Crown (Danska) 7,6 milijardi eura, Toennies Fleisch (Njemačka) 4,3 milijarde eura, Bigard (Francuska) 4,3 milijardi eura (Mulder, 2008).

HOTELI I RESTORANI KAO KANAL ZA PLASMAN MESNIH PROIZVODA

2.1. Analiza HORECA kanala u Republici Hrvatskoj

HORECA, je skraćenica koja se odnosi na hotele, restorane i kafiće ili ono što najizravnije pripada skupini ugostiteljske djelatnosti. Zakon ju definira kao „djelatnost pripremanja hrane i pružanja usluga prehrane, pripremanja i usluživanja pića i napitaka, te pružanja usluga smještaja“ (NN 138/06). Prema izvorima DZS (2010) tržište hotela, restorana i kafića čini 15.529 poslovnih subjekata od kojih 13.196 čine obrtnici, a 2.333 su pravne osobe. Ukupan broj poslovnih jedinica je 17.651, od toga u vlasništvu obrtnika je 79,7%, a u vlasništvu pravnih osoba 20,3%. Pravne osobe imaju 3.585 poslovnih jedinica, a obrtnici 14.066 radnji. Ukupan ostvareni promet u 2010. godini iznosio je 16,2 milijardi kn (NN 138/06).

Tablica 4.: Poslovne jedinice, zaposleni, sjedala i promet u ugostiteljstvu od 2006. do 2010. godine

	2006.	**2007.**	**2008.**	**2009.**	**2010.**
Ukupno pravne osobe i obrtnici					
Poslovne jedinice	15 083	16963	17104	16886	17651
Zaposleni	84327	90275	91430	89038	89555
Sjedala	920 604	1 023 880	1 008 901	1 023 203	-
Promet, tis. Kn	13 837 343	15 816 949	16 734 234	16 104 368	16 220 735
Pravne osobe					
Poslovne jedinice	2 900	3 268	3 341	3 589	3 585
Zaposleni	48 334	50 169	51 220	50 687	49 247
Sjedala	420 285	440 749	437 775	448436	-
Promet, tis. Kn	9 856 773	11 065 540	11 700 382	11 490 300	11 674 713
Obrtnici					
Poslovne jedinice	12 183	13 695	13 763	13 297	14 066
Zaposleni	35 993	40 106	40 210	38 351	40 308
Sjedala	500 319	583 131	571 126	574 767	-
Promet, tis. Kn	3 980 570	4 751 409	5 033 852	4 614 068	4 546 022

Izvor: Državni zavod za statistiku RH; Ugostiteljstvo u 2010.1435/2011.str. 11.

Udio ostvarenog prometa od smještaja u ukupnom prometu kod pravnih osoba čini 53,4%, dok kod obrtnika taj udio čini svega 4%. Udio ostvarenog prometa od hrane i napitaka kod pravnih osoba čini 35,4%, a kod obrtnika 50,6%. Promet po vrstama usluga u 2010. godini prikazan je u tablici 5. Kako bi se smanjio utjecaj crnog tržišta u ugostiteljstvu donesen je Zakon o fiskalizaciji u prometu gotovinom koji je stupio na snagu 01.01.2013. godine.

Tablica 5.: Promet po vrstama usluga u 2010. godini

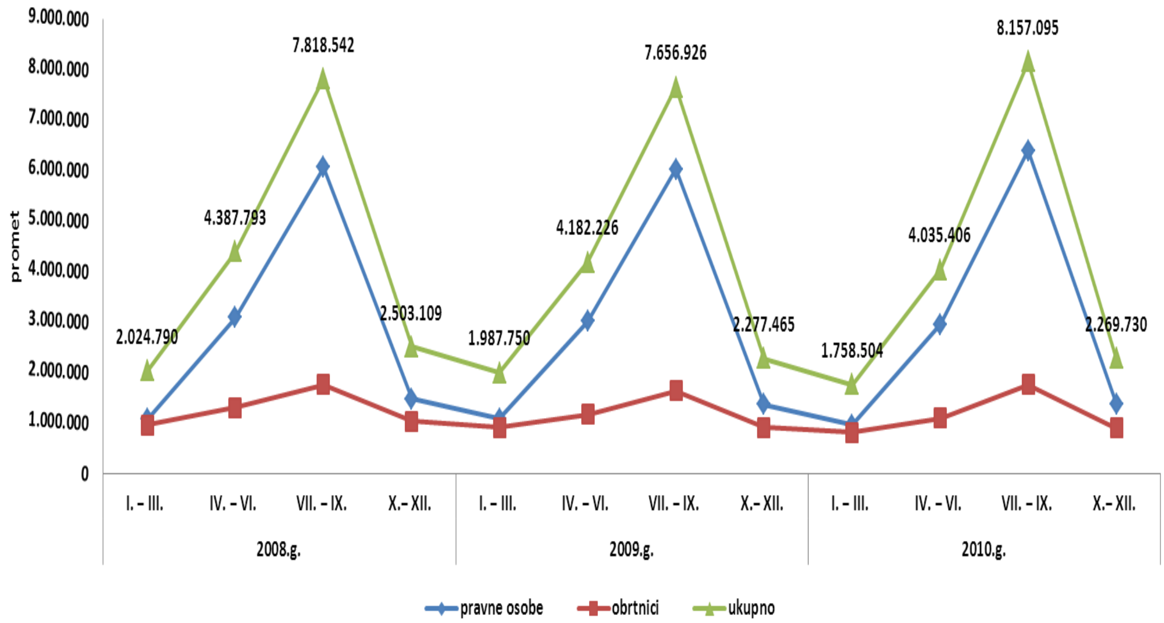
	Promet tis. kn	**%**	**Pravne osobe**	**%**	**Obrtnici**	**%**
Ukupno	**16 220 735**	**100**	**11 674 713**	**100**	**4 546 022**	**100**
Alkoholna i bezalkoholna pića	3 457 576	21,3	1 472 786	12,6	1 984 790	43,7
Hrana i napici	5 739 725	35,4	3 438 117	29,4	2 301 608	50,6
Smještaj	6 409 742	39,5	6 222 334	53,4	187 408	4,1
Ostalo	613 692	3,8	541 476	4,6	72 216	1,6

Izvor: Državni zavod za statistiku RH; Ugostiteljstvo u 2010.1435/2011. str. 14.

Turizam, ovisno o godini, čini oko 8,5% BDP- a u Republici Hrvatskoj, te stoga predstavlja iznimno važan i utjecajan čimbenik rasta i razvoja Horeca tržišta. Ovaj gospodarski sektor je jedan od rijetkih koji raste iz godine u godinu. Od 2001. do 2010. godine, broj turističkih dolazaka se povećao za 35%, a broj noćenja za 29,97%. Turizam predstavlja specifičan segment konačne potrošnje, odnosno on je dio agregatne potrošnje, koja obuhvaća četiri komponente: osobnu potrošnju, investicijsku potrošnju, javnu potrošnju i neto izvoz. Učinci turizma u gospodarskom sustavu turističke zemlje ovise o tome, koliko je ostalo gospodarstvo zemlje u mogućnosti osigurati proizvode i usluge koji izravno ili neizravno ulaze u sferu turističke potrošnje (HUH, 2007). Turizam je važan čimbenik u promociji vlastitih vrijednosti, te bi se trebalo kroz hotelsku i restoransku ponudu isticati i zemljopisno podrijetlo sirovine ili barem raditi na promociji autohtonih hrvatskih proizvoda.

Kako na turizam općenito, tako i na ostvarene promete na Horeca tržištu, veliki utjecaj imaju sezonske oscilacije. To se posebno osjeti u trećem kvartalu, kada su prilike za ostvarenje prodajnih prihoda višestruko veće, nego u ostalim dijelovima kalendarske godine. Takva situacija stoga zahtjeva prilagodbu prodajnih procesa, distribucije, logistike, te kompletne organizacije prema sezonalnosti ukupnog prometa. Grafikon 2. prikazuje pregled ostvarenog prometa po kvartalima, te utjecaj sezone na promet od ugostiteljstva.

Grafikon 2.: Promet od ugostiteljstva po tromjesečjima od 2008. do 2010. godine



Izvor: Državni zavod za statistiku RH; Ugostiteljstvo u 2010.1435/2011., str. 15.

Prema grafikonu, dalo bi se zaključiti da je utjecaj sezone kod pravnih osoba puno veći nego kod obrtnika, što nije moguće. Upravo kod obrtnika, promet koji se ostvaruje gotovinom nije u potpunosti evidentiran i iz tog razloga je nemoguće procijeniti stvarni utjecaj sezone. Temeljem toga, može se zaključiti da je neizdavanje računa, svakodnevica u plaćanju gotovinom. Upravo iz tih razloga donesen je Zakon o fiskalizaciji u prometu gotovinom (Vlada RH, 2012). Vlada Republike Hrvatske, zbog važnosti i utjecaja turizma na BDP, donijela je odluku o smanjenju PDV-a na hranu i piće na deset posto, a kako bi povećala ukupnu konkurentnost na globalnom tržištu.

Osim novog Zakona o fiskalizaciji i smanjene stope PDV-a, Ministarstvo turizma radi još i na novim razvojnim strategijama. Njihov je cilj jačanje poduzetništva, proširenje ukupnih kapaciteta i poboljšanje kvalitete usluga, odnosno dodavanje sadržaja, kako bi se hrvatski turizam repozicionirao na tržištu potražnje. Hrvatski turizam u povijesti, u svijesti potrošača vezao se uglavnom za sunce i more, dok se novim strategijama pokušava utjecati na jačanje konkurentnosti koji će turistima pružiti nove motive dolaska, dodatne sadržaje i dodanu vrijednost. Mnogi stručnjaci mišljenja su da su se Istra, kao regija, i grad Dubrovnik jedini uspjeli izdići iz ukupne ponude i u svijesti potrošača pozicionirati kao destinacije, koje osim što imaju prekrasnu prirodu, sunce i more nude i druge vrijednosti. Rastom kvalitete ukupne ponude promijeniti će se struktura proizvoda koje će hoteli i restorani nuditi svojim kupcima, a to će se automatski odraziti i na njihove dobavljače. Dobavljači koji planiraju dugoročno poslovati na ovom tržištu moraju izgraditi partnerske odnose s kupcima kako bi zajednički razvijali i gradili proizvode koji će im omogućiti konkurentsku prednost.

2.2. Obilježja prodaje u sustavu javne nabave u segmentu hotela i restorana

U segmentu, tržišta hotela i restorana, koji se nalaze u sustavu koji podliježu Zakonu o javnom nadmetanju, proces prodaje je formaliziran, a uvjeti nabave su propisani. Državne se nabavke temelje na pribavljanju proizvoda i usluga za koje su glasači i njihovi predstavnici utvrdili da su neophodni za ostvarivanje općih ciljeva. Za svaku robu koju kupuju državni organi potrebne su odluke o tome - za koliko kupiti, gdje to kupiti, koliko platiti i koje usluge zahtijevati. Ove se odluke donose na osnovi nastojanja da se minimiziraju troškovi poreznih obveznika (Kotler i sur. 2006). Restorani koji se nalaze u državnim institucijama poput vojske, bolnica, škola, vrtića kupuju proizvode putem javnog nadmetanja, te su prodajni procesi i modeli prodaje njihovih dobavljača propisani Zakonom o javnoj nabavi. Kriterij za odabir dobavljača na tom segmentu tržišta gotovo uvijek je cijena. Prodajni proces za ovaj segment tržišta počinje objavom u Narodnim novinama, kojom naručitelj poziva na nadmetanje potencijalne isporučitelje traženih roba i usluga. Poziv za nadmetanje sadrži uvjete i rokove za pristupanje nadmetanju. Nakon što se zadovolje zadani uvjeti dobije se dokumentacija, odnosno tender, koji se mora ispuniti sukladno strogo propisanim uputama. Popunjeni tender (ponuda) i tražena dokumentacija dostavljaju se naručitelju u točno definiranom roku za dostavu ponuda. Naručitelj ponude nakon propisanog roka javno otvara sve pristigle ponude, te radi izvještaj s otvaranja ponuda. Izvještaj s nadmetanja sadrži ukupno ponuđene vrijednosti svih ponuđača, po grupama proizvoda. Nakon računske provjere i provjere kompletnosti dokumentacije ponuditeljima će biti proslijeđene odluke o odabiru dobavljača. Svaki sudionik nadmetanja, nakon dostavljene odluke o odabiru, ima pravo uvida u ponude do isteka roka za žalbu. Ako naručitelj nije zaprimio žalbu (u roku od deset dana kod nabave velike vrijednosti, a pet dana kod nabave male vrijednosti) i nakon isteka mirovanja, naručitelj dostavlja Ugovor ili okvirni sporazum. Dana 01.01.2012. godine, stupio je na snagu novi Zakon o javnoj nabavi čiji je cilj bio izmjena dosadašnjeg zakona u nekoliko dijelova.

Tablica 6.: Usporedba novog i starog Zakona o javnoj nabavi

STARI ZAKON	NOVI ZAKON O JAVNOJ NABAVI
Dokumentacija za javno nadmetanje se šalje ili na drugi način stavlja na raspolaganje odmah, a najkasnije u roku 3 dana od dana kada je zatražena.	Od dana objave Poziva na nadmetanje naručitelj je obvezan dokumentaciju za javno nadmetanje koja se odnosi na otvoreni postupak neograničeno i u cijelosti elektronički staviti na raspolaganje u EOJN RH
U postupku javnog nadmetanja naručitelj može od gospodarskog subjekta zahtijevati naknadu troškova za izradu DZN (za papir, ispis, umnožavanje, za nosač podataka), kao i naknadu mogućih poštanskih troškova.	Naručitelj ne smije od gospodarskog subjekta zahtijevati naknadu troškova za izradu i stavljanje na raspolaganje DZN te moguće dodatne dokumente, niti to isto postavljati kao uvjet za preuzimanje dokumentacije.
Upis u sudski, obrtni, strukovni ili odgovarajući registar ne smije biti stariji od 6 mjeseci	Upis u sudski, obrtni, strukovni ili odgovarajući registar ne smije biti stariji od 3 mjeseca
Naručitelj može u DZN navesti da li su ponuditelji obvezni, radi dokazivanja sposobnosti izvršenja predmeta nabave, dostaviti izvornike odnosno ovjerene preslike traženih dokaza ili neovjerene preslike istih	Sve dokumente koje naručitelj zahtijeva, natjecatelji ili ponuditelji mogu dostaviti u neovjerenoj preslici
IZVOD IZ KAZNENE EVIDENCIJE - izjava o nekažnjavanju ne starije od 30 dana	IZVOD IZ KAZNENE EVIDENCIJE - izjava o nekažnjavanju ne starija od 6 mjeseci
Naručitelj mora imati osigurana financijska sredstva za početak postupka javne nabave	Naručitelj ne mora imati osigurana financijska sredstva za početak postupka javne nabave, ali mora imati prije stvaranja financijske obveze

Izvor. NN br. 90/2011

Bez obzira, što se novim Zakonom omogućila transparentnija provedba postupaka javne nabave, proizvođači koji proizvode visokokvalitetne proizvode nisu u mogućnosti dobiti posao jer je cijena gotovo uvijek jedini kriterij za odabir dobavljača.

2.3. Slobodna prodaja u segmentu hotela i restorana

Velike hotelske kuće i mali broj obiteljskih hotela i restorana su svoje poslovanje uspjeli organizirati uvažavajući poslovne procese koji pružaju konkurentsku prednost na inozemnom tržištu. Na segmentu tržišta velikih hotela došlo je do udruživanja s ciljem dobivanja što kvalitetnijih uvjeta nabave. Velike hotelske kuće i njihove grupacije imaju centraliziranu nabavu, koja na godišnjim pregovorima dogovara uvjete poslovanja odnosno asortiman, cijene i uvjete plaćanja, te marketinška ulaganja, promocije i sponzorstva. U Republici Hrvatskoj najveća grupacija hotelskih lanaca je Valamar, koja je u 2011. godini ostvarila prihod od 1.031.131.174 kuna, dok je najveća hotelska kuća Maistra d.d., s ostvarenim prihodom od 607 milijuna kn. (Prilog 1)

Prodajni proces u segmentu tržišta hotela i restorana prolazi kroz sve faze prodajnog ciklusa, bez obzira da li se radi o velikim hotelskim lancima, ili o malim obiteljskim hotelima i restoranima. Razlike postoje i one se najviše očituju u dužini i intenzitetu ciklusa pregovaranja. Prodajni proces kod velikih hotelskih kuća, koje imaju veliki utjecaj sezone, u fazama je sličan ili isti kao i kod restorana i hotela koji podliježu Zakonu o javnoj nabavi. Budući da se radi o godišnjem prometu koji je uvjetovan sezonom, odnosno dvije trećine prometa se odvija u trećem kvartalu godine, potrebno je osigurati kontinuitet isporuke, odnosno osigurati se dostatnim količinama za to kalendarsko razdoblje. Upravo iz tog razloga godišnji pregovori s velikim hotelima i grupacijama počinju već nakon sezone, najčešće u listopadu i završavaju najkasnije do ožujka sljedeće godine. Vrijeme kada se proizvod kupuje i na kojem tržištu, značajno je saznanje za prodajnu službu radi prilagođavanja prodajnog programa vremenskom razdoblju u kojem kupci pokazuju interes za kupnju i tržišta na kojem se potražnja realizira (Bratko, Henich i Obraz, 1996).

Nakon sezone, hotelski lanci temeljem analiza vremenske serije iz prethodne godine, a uzimajući u obzir trendove, cikluse, utjecaj sezone i nepredvidive događaje, te uzimajući u obzir i vodeće pokazatelje i analizu statističke potražnje, donose plan i proračun za sljedeću sezonu. Prema provedenim istraživanjima u hotelima, proizvodi od mesa i mesnih prerađevina čine od 23,5% do 26% ukupnog troška materijala izrade. Budući je kategorija mesa i mesnih prerađevina velika, odabir dobavljača ima značajan izravan utjecaj na poslovni rezultat poduzeća, te mu se pridaje velika važnost. Nakon što se utvrde potrebe, veliki hotelski lanci pozivaju dobavljače na nadmetanje. Nadmetanje se može objaviti u narodnim novinama, gdje se uz ispunjenje strogo formalnih uvjeta svatko može prijaviti, ili se nadmetanje odvija po pozivu, odnosno pozivaju se točno određeni dobavljači. Kriteriji prema kojim se pozivaju dobavljači su različiti i uglavnom ovise o vrstama proizvoda, a najčešće su vezani uz garanciju i sigurnost isporuke u razdoblju koje zahtjeva najjači promet, odnosno u vrijeme sezone. To su dobavljači koji su poznati od prije, dovoljno su veliki ili imaju dovoljno kapaciteta, te mogu garantirati isporuku u sezoni. Za dobavljače koji su pozvani na natječaj, pretpostavka je da zadovoljavaju sve kriterije koji su zadani od Uprave i natječu se isključivo u najpovoljnijoj ponudi. Ponuda, odnosno tender, je u formi obrasca koji se u pisanom ili elektroničkom obliku preuzima od hotela, a sastoji se od naziva proizvoda sortiranih u grupe, odnosno podgrupe koje imaju zajednička svojstva.

U većini slučajeva, uz nazive proizvoda navedene su i godišnje potrebe za tim proizvodima iskazane u jedinicama mjere u kojoj je iskazana i cijena proizvoda. Ponuda se mora ispuniti u formi, i na način kako je navedeno u uputi koja se nalazi uz tender, te dostaviti u propisanom roku. U segmentu tržišta hotela došlo je do integracije pojedinih proizvođača i hotelijera kako bi zajedničkom suradnjom utjecali na sve kategorije troškova (planiranje proizvodnje, isporuke, logistike, marketinga), te unaprijedili cjelokupno poslovanje. Kod takvih integracija cilj je unaprijediti kompletan proces kako bi se maksimalno smanjili ukupni troškovi. Tako se sve više koristi i elektronička razmjena podataka. Komunikacija pomoću elektroničke razmjene odvija se standardiziranim formatima i posebno je učinkovita za pošiljanje velike količine ponavljajućih dokumenata, poput računa ili narudžbenica između poslovnih partnera. Upotrebom elektronske razmjene povećava se produktivnost ubrzavanjem procesa, te se smanjuju ukupni troškovi.

Tablica 7.: Primjer tender liste za nabavku robe

RB	Standardni naziv robe	JM	Godišnja količina cca.	Cijena	Iznos
2.1.	**SALAME I SUHOMESNATI PROIZVODI**				
1	PARIZER	KG	504		0,00
2	PARIZER S POVRĆEM	KG	986		0,00
3	MORTADELA	KG	1.053		0,00
4	MORTADELA S MASLINAMA	KG	816		0,00
5	ŠUNKA U OVITKU	KG	2.292		0,00
6	ŠUNKA ZA PIZZU	KG	578		0,00
7	BUĐOLA	KG	664		0,00
8	HAMBURGER	KG	10.277		0,00
	UKUPNO				**0,00**
2.2.	**KOBASICE**				
9	KRANJSKA	KG	2.602		0,00
10	KRANJSKA COCKTAIL GASTRO	KG	648		0,00
11	DEBRECINKA	KG	189		0,00
12	KOBASICA PEČENICA	KG	411		0,00
	UKUPNO				**0,00**
2.3.	**HRENOVKE**				
13	PILEĆA	KG	35		0,00
14	PILEĆA COCKTAIL	KG	2.541		0,00
15	PUREĆA	KG	86		0,00
16	PUREĆA COCKTAIL	KG	1.159		0,00
	UKUPNO				**0,00**
	SVEUKUPNO				

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Nakon odabira dobavljača od strane naručitelja potpisuje se godišnji Ugovor o suradnji, te se njime definiraju ostale varijable poslovanja. Pod ostalim varijablama poslovanja podrazumijevaju se: rok i vrijeme isporuke, uvjeti plaćanja, retroaktivni popusti, marketinška ulaganja, postprodajno usluživanje i slično. Kod velikih hotela i njihovih grupacija, nakon što se dogovore sve varijable poslovanja, osobna prodaja prepušta prioritet modelu prodaje putem telefona ili elektroničke pošte.

Broj poslovnih subjekata na tržištu malih obiteljskih hotela i restorana se zbog utjecaja sezone konstantno mijenja, veliki broj subjekata je aktivan samo u tom periodu zbog čega je jako teško procijeniti ukupnu količinu i vrijednost tržišta. Prodaja u segmentu tržišta malih obiteljskih hotela i restorana u odnosu na tržište velikih hotela i grupacija gotovo je u potpunosti različita. Koriste se brojni oblici obrade tržišta: neposredna obrada, korištenje zastupnika, telefonska obrada klijenata i kupaca, dopisivanje (Bratko, Henich i Obraz, 1996).

Prodaji mora prethoditi procjena potreba, istraživanje marketinga, razvoj proizvoda, formiranje cijena i distribucija (Kotler i sur., 2006). Zbog velikog broja sezonskih objekata i velikog utjecaja crnog tržišta teško je predvidjeti i procijeniti stvarnu vrijednost i potrebu tržišta. Budući se radi od subjektima koji nemaju dovoljne skladišne kapacitete, prodaja i distribucija zahtjeva vrlo intenzivnu i kontinuiranu obradu tržišta. Osobna prodaja je oblik prodavanja kojim prodavatelji i kupci dolaze u neposredan kontakt u kojem prodavatelj ostvaruje mogućnost izravnog utjecaja na prodaju i u kojoj je njegova uloga dvostrana, jer istovremeno promovira i prodaje (Kotler i sur., 2006). Budući da se u ovom slučaju radi o kupcima koji uglavnom nemaju dovoljno educiranu niti organiziranu nabavu (nabavu i narudžbe uglavnom rade ili vlasnici ili kuhari) potrebno je imati prodajno osoblje koje znanjem i iskustvom predviđa potrebe i u stanju je u svakom trenutku educirati kupca. Osobno prodavanje je najčešći oblik prodaje za ovaj podsegment tržišta. Prema Kotleru (1994), osobna je prodaja najdjelotvorniji instrument u izvjesnim fazama procesa kupnje, kao što su – edukacija kupaca, pregovaranje ili faze zaključivanja prodaje. Prema Weitzovoj definiciji „osobna prodaja je međuljudski komunikacijski proces u kojem prodavač otkriva i zadovoljava potrebe kupca s ciljem ostvarivanja uzajamnih dugoročnih koristi za obje strane“ (Weitz, Castleberry i Tanner, 2004).

Prodaja se ostvaruje kroz dvije grupe kupaca: novi kupci i ponovljeni kupci. Uvijek je skuplje privući nove kupce negoli zadržati postojeće kupce. Ključ za zadržavanje kupca je njihovo zadovoljstvo. Budući da na tržištu restorana i malih hotela broj kupaca najviše oscilira, naglasak je na pronalasku i stvaranju odnosa s novim kupcima kako bi se osiguralo izvršavanje prodajnih kvota i u mjesecima izvan sezone. Razlozi zbog kojih broj kupaca na ovom tržištu oscilira su različiti, a najvažniji je utjecaj turističke sezone. U tom razdoblju otvara se veliki broj sezonskih objekata koji su prisutni na tržištu samo u tom periodu. Zbog velikog broja kupaca, a i njihove specifičnosti, velika se pozornost mora posvetiti naplati potraživanja. Jednostavna ponovljena kupnja putem telefona, ili putem elektroničke pošte, koristi se u poslovnim odnosima sa stalnim poslovnim partnerima, nakon što su dogovoreni svi uvjeti i varijable poslovanja. Prodaja licem u lice jedan je od najskupljih oblika prodaje, stoga se prodaja ili ponuda putem telefona i elektronske pošte koristi kod kupaca s kojima postoji dugoročna suradnja. Uglavnom se radi o prezentaciji novih proizvoda, te postprodajnom usluživanju. Ponuda sadrži obilježja proizvoda, cijenu, uvjete plaćanja, ako nisu definirani godišnjim ugovorima o poslovnoj suradnji, te promotivna pojačanja. U prilogu 2 prikazani su poslovni prihodi najvećih restorana u Republici Hrvatskoj u 2011. godini.

2.4. Organizacija prodaje za HORECA kanal

Budući da se proizvodi, klijenti, konkurencija, tehnologija, tržišta, osoblje i strategije stalno mijenjaju, tako se mora mijenjati i odabir prodajnog kanala, struktura, raspored i upravljanje prodajnim područjem (Calvin, 2009). Jednom kada se odabere odgovarajuća kombinacija prodajnih kanala, druga odluka koju je potrebno donijeti je kako ih organizirati: po liniji proizvoda, velikim kupcima ili po tržišnim segmentima, funkciji, zemljopisnim područjima ili bez ograničenja (Calvin, 2009). Specifične potrebe segmenta tržišta Horeca, centraliziranost nabave na tržištu hotela, složenosti nabavnog procesa, rasta pregovaračke moći, te način distribucije uvjetuju nužnost postojanja zasebne organizacijske cjeline unutar prodajne organizacije. Prve organizacije sektora prodaje nastale su u vremenu kad utjecaj velikih hotela nije bio značajan za poslovni rezultat te se isključivo uvažavao zemljopisni i proizvodni princip pri izgradnji organizacijske strukture. Veliki hotelski lanci i grupacije hotela, koji su centralizirali nabavu, stvorili su potrebu za reorganizacijom prodajne službe. Ukoliko se želi kvalitetno obraditi tržište hotela i restorana prodaja mora biti organizirana prema modelu hibridne organizacije, uvažavajući princip prema kupcima i prema zemljopisnom području, odnosno princip prema ključnim kupcima za lance hotela i njihove grupacije, te zemljopisni princip za ostale kupce. Zbog velikog broja objekata na ovom tržištu, te njihovog malog pojedinačnog utjecaja na poslovni rezultat, često se koriste posrednici za obradu restorana i malih hotela, dok se veliki kupci opslužuju izravno.

Voditelj prodaje ključnih kupaca za Horeca kanal

Potreba za osnivanjem odjela za ključne kupce nastala je nakon udruživanja hotelskih lanaca koji su zbog svojih specifičnih potreba zahtijevali posebnu pažnju, te su pojedini kupci postali značajni po veličini ostvarenog poslovnog rezultata. Udruženja hotelskih lanaca u Republici Hrvatskoj su: Valamar d.d., Ugo grupa d.o.o, Falkensteiner d.o.o, HUP Zagreb d.d., Jadranski luksuzni hoteli d.o.o. i Lukšić grupa d.o.o.. Upravljanje ključnim kupcima je pojam koji označava „identificiranje onih kupaca koji su posebno važni za poduzeće, u smislu da mogu imati veliki utjecaj na njegovu strategiju kao ponuđača i sukladno s tim davanje takvim kupcima posebnoga i individualno prilagođenog tretmana“ (Tomašević Lišanin, 2010). Budući da je i u kanalu Horeca došlo do velikih promjena u zadnjih nekoliko godina, pojavila se potreba za imenovanjem osobe koja se bavi usluživanjem ključnih kupaca u tom segmentu tržišta. Ostali razlozi izdvajanja voditelja za ovaj segment jesu specifične potrebe tih kupaca, centraliziranost nabave, složenost nabavnog procesa, rast pregovaračke moći, te veličina prometa koji se ostvaruje s njima. Sve velike hotelske kuće imaju centraliziranu nabavu koja na godišnjim pregovorima dogovara kondicije nabave odnosno asortiman, cijene i uvjete plaćanja, te marketinška ulaganja, promocije i sponzorstva. Nakon što se potpiše ugovor o nabavi, voditelj ključnih kupaca dužan je proslijediti uputu o radu s ključnim kupcem u prodajno vodstvo regije u kojoj ključni kupac posluje, i gdje se on dalje operativno i taktički uslužuje. Bez obzira što se potpisuje godišnji ugovor o nabavi, potrebno je kontinuirano praćenje rada s ključnim kupcima, jer i hoteli, kao i maloprodajni lanci, u fokusu su svih postojećih i potencijalnih dobavljača. Osnovna područja odgovornosti voditelja za ključne kupce općenito jesu (Tomašević Lišanin, 2010):

odgovornost za rast prodaje odnosno dobiti, od jednog ili više ključnih kupaca, a u skladu s poslovnim ciljevima ukupnog portfelja ključnih kupaca prodavača,

koordinacija i prilagodba ukupne prodavačeve ponude potrebama ključnih kupaca,

olakšavanje višerazinskoga i višefunkcionalnog procesa razmjene između dvaju poduzeća,

promoviranje koncepta upravljanja ključnim kupcima u poduzeću.

Osim taktičkih prodajnih vještina voditelj ključnih kupaca mora poznavati i strateške prodajne vještine, a one obuhvaćaju:

razumijevanje procesa donošenja odluke klijenata,
poznavanje organizacijskih problema,
razumijevanje pitanja dodatnih usluga,
prikazivanje koristi za kupca,
razumijevanje motiva donositelja odluke.
Nužno je odrađivanje i svakodnevnih zadataka ili provođenje taktičkih prodajnih tehnika koje se odnose na (Calvin, 2009):
identifikaciju potencijalnih kupaca,
planiranje prije posjeta,
zakazivanje sastanka licem u lice,
upotrebu dubinskih pitanja kako bi se identificirale potrebe i problemi klijenta,
prezentacija proizvoda,
rješavanje primjedbi,
dobivanje obećanja o suradnji.

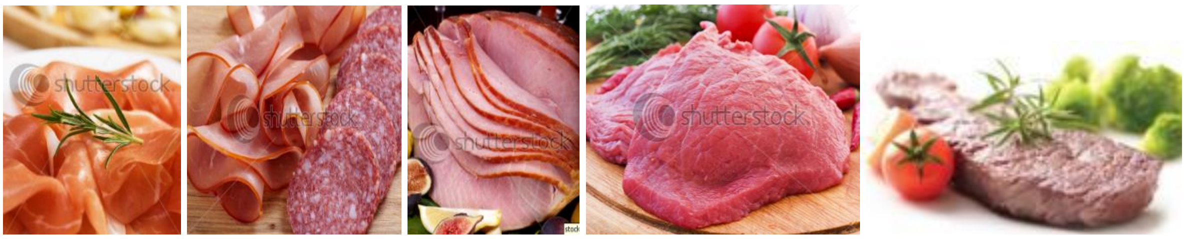
Prodavači koji uslužuju ostale HORECA kupce

Prilikom izravne obrade HORECA tržišta, najbolje je da za podsegment restorana i malih obiteljskih hotela primijeniti organizaciju prema zemljopisnom principu. Ovakav tip organizacije prodaje omogućava prodavačima da se upoznaju sa svojim tržištem, lokalnim problemima, ljudima i uvjetima, pa je taj princip najbolji izbor za tržište restorana i malih obiteljskih hotela. Prodavač koji djeluje u segmentu Horece zadužen je za prodaju postojećim kupcima, pronalaženje novih kupaca, te za naplatu potraživanja. Zbog velike fluktuacije kupaca u ovom podsegmentu potrebno je kontinuirano traženje novih kupaca kako bi se ostvarili zadani ciljevi prodaje. Zbog toga se pri izboru prodavača traže osobine koje više odgovaraju profilu „lovca“. Budući da ovaj dio tržišta nije organiziran i u većini slučajeva vlasnik koji nije dovoljno educiran obavlja nabavu, potrebno je da prodajno osoblje posjeduje dovoljno znanja kako bi u svakom trenutku bilo u stanju prikazati konkurentske prednosti ponude vlastitog poduzeća. Za ovaj dio tržišta, osobna prodaja predstavlja najčešći i najdjelotvorniji oblik prodaje. Navedeni segment tržišta zahtjeva fleksibilnost u radnom vremenu jer su vlasnici restorana dostupni uglavnom ili rano ujutro ili kasno navečer. Napretkom tehnologije svi veći proizvođači i posrednici u direktnoj obradi tržišta koriste ručno računalo (dlanovnik). Prodavač na mjestu prodaje odmah elektronskim putem šalje narudžbu proizvodnji ili skladištu. Samim tim smanjuje se vrijeme potrebno za obradu prodajnog mjesta, te je prodavač u mogućnosti u jednom danu obići veći broj kupaca. Dlanovnik se dnevno puni informacijama i sadrži podatke koje prodavaču olakšavaju i ubrzavaju rad na terenu. Dlanovnik sadrži bazu svih kupaca kao i sve varijable koje su dogovorene prilikom potpisivanja ugovora (asortiman, cjenik, dodatni popusti, marketinška ulaganja, popis opreme i dr.).

2.5. Djelovanje marketinškog miksa kao preduvjet uspješnosti prodaje na HORECA tržištu

Marketinški miks je skup marketinških instrumenata koje poduzeće koristi da bi postiglo svoje marketinške ciljeve na ciljnom tržištu (Kotler i sur., 2006). Svakom poduzeću, izazov je pronaći optimalan marketinški miks (Kotler, 1994).

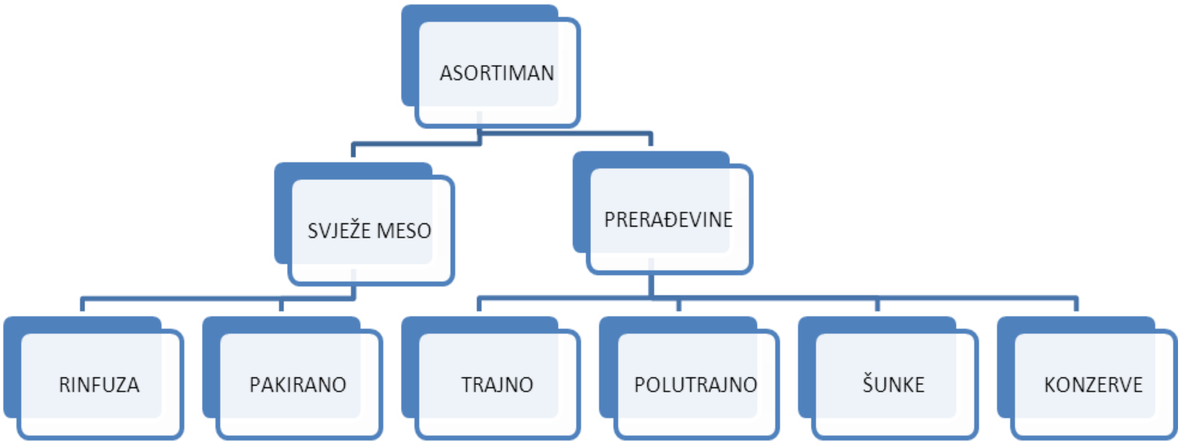
Slika 3.: Proizvodi mesa i mesnih prerađevina



Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Proizvod je osnovni instrument marketinškog miksa, a označava materijaliziranu ponudu tržišta, te uključuje kvalitetu proizvoda, dizajn, karakteristike, označavanje marke i pakiranje (Kotler i sur., 2006). Drugi autori još navode garanciju i usluge. Meso je osnovna prehrambena namirnica, visoke hranjive vrijednosti i glavni izvor proteina. Mesni proizvodi zaklanih životinja i divljači su proizvodi za čiju se proizvodnju upotrebljava mišićno tkivo, masno tkivo, iznutrice i kožice, cijeli komadi mesa, mesni obresci ili usitnjeno meso i masno tkivo, strojno otkošteno meso, kosti te dodatni sastojci, a proizvode se otkoštavanjem, usitnjavanjem, hlađenjem ili smrzavanjem, soljenjem, salamurenjem, sušenjem na zraku, dimljenjem, ekstrakcijom, toplinskom obradom, zrenjem ili nekim drugim postupkom konzerviranja (Ministarstvo poljoprivrede, 2012).

Slika 4.: Primjer proizvodnog asortimana mesne industrije



Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Prodaja mesa i mesnih prerađevina na tržištu hotela i restorana podrazumijeva proizvode koje se dijele:

ovisno o vrsti sirovine na:

crveno meso – svinjetina, teletina, junetina, janjetina, divljač i dr.

bijelo meso – piletina, puretina i dr.

ovisno o tehnološkoj pripremi proizvoda na:

svježe meso

smrznuto meso

mesne prerađevine

ovisno o vrsti pakiranja i obliku distribucije proizvoda:

rinfuza - viseće i transportna pakiranja

pakirano (vakuum, MA – modificirana atmosfera)

Slika 5.: Tehnološka priprema proizvoda

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Svježe meso proizvodi se klanjem stoke, rasijecanjem i obradom ohlađenih (na temperaturi od 4°C) osnovnih dijelova trupova svinja ili junadi i goveda prema kvalitativnim kategorijama, s kostima ili bez kostiju. Mesne prerađevine proizvode se prema specifičnim tehnološkim procesima sječenjem i miksanjem raznih dijelova mesa sa začinima i dodacima, prema recepturama proizvodnje. Po dobivanju poluproizvoda prerađevina se termički obrađuje ili dimi i suši, ovisno o kojoj je vrsti prerađevine riječ. Nakon termičke ili obrade dimom, dobiva se gotovi proizvod koji se pakira (vakuum, rinfuza ili flow pack), te se isporučuje potrošačima.

Slika 7.: Svježe meso vakuumirano - juneća slabina i leđa bez kosti

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Slika 8.: Vrste pakiranja i oblik distribucije proizvoda

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Prema zahtjevima tržišta prodaja, odnosno poduzeće, treba prilagoditi asortiman proizvoda. Veliki hotelski lanci i ustanove koje podliježu Zakonu o javnoj nabavi na godišnjim pregovorima utvrđuju svoje godišnje potrebe specificirane za svaki pojedini proizvod. Dobavljač je dužan nakon potpisivanja ugovora o poslovanju garantirati isporuku količine i cijene navedene u tenderu ili definirane prilikom pregovora. Prilikom pregovora s velikim hotelskim lancima i njihovim grupacijama zajednički se dogovara asortiman proizvoda za grupu „svježe meso" ovisno o budućem trendu razine cijena. Svi veliki hoteli nakon sezone odrede proračun za nabavu svih proizvoda za sljedeću godinu. Primjerice, ako nabavna cijena crvenog mesa raste, hotelske kuće u svoju ponudu stavljaju proizvode od bijelog mesa. Vrlo često direktor nabave hotela i glavni kuhar odlaze kod proizvođača, te zajedno s direktorom proizvodnje ili tehnologom definiraju proizvode, odnosno obradu mesa i pozicije sirovina. Ovisno o tome kako je meso obrađeno, i od koje je pozicije, proizvod može imati višu ili nižu cijenu. U Republici Hrvatskoj još uvijek nije prepoznat trend koji na razvijenim tržištima postoji već niz godina, a odnosi se na standardizirani i egalizirani način obrade i pakiranja proizvoda od mesa i mesnih prerađevina. Prednosti koje pruža, po normativu narezano i egalizirano meso, je lakša i brža manipulacija sirovinom prilikom pripreme obroka, ujednačeni i standardizirani gotovi proizvodi, lakša kontrola utroška materijala, manji kalo. Međutim, na hrvatskom tržištu samo su neki prepoznali to kao dodanu vrijednost i na temelju toga grade svoju konkurentsku prednost. Bez obzira, što je strategija hotela i restorana u skladu s razvojem hrvatskog turizma, razvijanje autentične hrvatske ponude, proizvodi mesa i mesnih prerađevina čije je podrijetlo sirovine hrvatsko, nemaju prednost prilikom izbora dobavljača i samog proizvoda. Samo pojedini artikli poput Istarskog i Dalmatinskog pršuta, te Baranjskog kulena imaju prednost kod onih hotela i restorana koji svoju strategiju razvoja grade isključivo na promicanju hrvatskih specijaliteta i tradicionalnih jela.

Slika 9.: Prikaz proizvoda koji imaju zaštitu geografskog podrijetla

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Cijena je kritični instrument marketinškog miksa, to je iznos novca što ga kupci moraju platiti za proizvod (Kotler i sur., 2006). Cijena je jedini element marketinškog miksa koji ostvaruje prihod - ostali elementi predstavljaju troškove (Bratko, Henich i Obraz, 1996). Budući da je tržište mesa cjenovno izrazito osjetljivo, teško je predvidjeti cijenu koja će vrijediti cijelu godinu. Predviđanje prodaje predstavlja skup informacija neophodnih za procjenu sadašnjeg i budućeg obujma tržišta i donošenje odluka prilikom planiranja prodaje. Planiranje prodajnog poslovanja zahtijeva što precizniju procjenu tržišne potražnje raščlanjene po proizvodima, prostoru i vremenu (Kotler i sur., 2006). Za tržište velikih hotela i ustanova koje ulaze u sustav javne nabave dobavljač mora predvidjeti kakav će biti nivo cijena u budućem razdoblju, te ponuditi cijenu koja će biti ponderirana količinama ovisno o trendu cijena i potražnji po mjesecima. Dobavljaču je dozvoljeno mijenjati cijene isključivo ako je došlo do teškog poremećaja na tržištu, uzrokovanog višom silom i ako je to navedeno u ugovoru. Budući da je nabavna cijena svinjetine u 2012. godini bila iznimno visoka, a ugovori su se potpisivali u 2011. godini većina dobavljača koji nemaju naveden taj članak u ugovoru radili su s gubitkom. Cjenik za proizvode koji se prodaju u maloprodaji, odnosno na tržištu krajnje potrošnje, viši je od cjenika za tržište HORECA. Proizvodi koji se prodaju na tržištu HORECA koriste se kao dodana vrijednost proizvodu ili usluzi koju restorani ili hoteli nude, te nije potrebno dodatno ulaganje u ambalažu i marketing. Prilikom formiranja cijena ti se parametri ne uključuju, te je proizvodna cijena, a samim time i prodajna cijena niža. Dizajn i ambalaža imaju manju ulogu u plasmanu proizvoda mesa te je ona prvenstveno namijenjena zaštiti proizvoda.

Slika 10.: Primjer pakiranja proizvoda za tržište HORECA

Izvor: interni materijali Pik Vrbovec M.I., 2012. godina.

Oglašavanje, unapređenje prodaje i publicitet imaju važnu ulogu u industrijskom promocijskom miksu – osobna prodaja predstavlja glavni instrument prodaje (Palić, 2011). Promocija u ovom djelu tržišta nije ista kao na tržištu krajnje potrošnje. Budući da krajnji korisnik proizvoda mesa i mesnih prerađevina ne vidi marku koju konzumira, nije potrebno ulaganje u snagu marke. Promocija označava različite aktivnosti koje poduzima poduzeće u cilju komunikacije odlika svojih proizvoda i navođenja ciljnih kupaca na kupnju (Previšić, Ozretić Došen, 2004). Marketinška ulaganja uglavnom su povezana s ulaganjem u opremu restorana, npr. u mesoreznice i kuharska ili konobarska odjela. Proizvođači, bez obzira da li se radi o novom ili postojećem kupcu, organiziraju svake godine prezentaciju svojih proizvoda, stavljajući naglasak na nove mogućnosti vezane uz obradu mesa, vrstu, veličinu pakiranja i svih pogodnosti koje olakšavaju upotrebu mesa i mesnih prerađevina. Na prezentaciju su uz direktore nabava obavezno pozvani i korisnici proizvoda odnosno kuhari. Osim gore navedenog, promocija se odvija i na poslovnim sajmovima koji su specijalizirani za Horeca tržište. Na poslovnim sajmovima nastoji se prezentirati asortiman proizvoda koji je namijenjen isključivo za ovaj segment tržišta. Na temelju poslanih pozivnica, te njihovom odazivu, mjeri se i procjenjuje potencijal, te se prognozira buduća poslovna godina. Jedan od najvažniju sajmova u Republici Hrvatskoj je Gastro sajam u Splitu, koji se održava svake godine i bilježi sve veći odaziv ponuđača i kupaca.

Distribucija označava različite aktivnosti koje poduzeće poduzima da bi proizvod učinilo lako dostupnim i korisnim ciljnim kupcima (Kotler i sur., 2006). Distribucija je jedna od temeljnih funkcija poslovne aktivnosti, a istovremeno i jedna od varijabli miksa marketinga (Bratko, Henich i Obraz, 1996). Kako se razlikuju prodajni procesi unutar kanala, jer postoje specifičnosti koje vrijede za tržište hotela i restorana, tako se razlikuje i distribucija prema njima.
„Marketinški kanal možemo definirati kao međusobnu povezanu strukturu koja uključuje pojedince ili organizacije putem kojim se proizvod ili usluga stavljaju na raspolaganje potrošačima ili poslovnim korisnicima“ (Tomašević Lišanin, 2010). Fizička distribucija mesa i mesnih prerađevina zbog specifičnosti

proizvoda zahtjeva temperaturni režim. Distribucija svježeg mesa i mesnih prerađevina odvija se na temperaturi od + 4 C, a smrznuto meso na – 22 C. Svježe meso u prosjeku se doprema krajnjim potrošačima u roku 12 sati od klanja, a to je vrijeme koje je potrebno da meso postigne optimalnu temperaturu od +4°C. Nakon klanja stoke (svinje i junadi), obavlja se rasjek (polovice, četvrtine, konfekcija), te konzerviranje mesa (ohlađeno 0 C do 4 C, pothlađeno 0 C do -2 C, smrznuto T < -18 C, pakirano). Nakon konzerviranja sljedeći korak jest distribucija mesa do potrošača, gdje se ohlađeno meso distribuira kao trupovi, polovice, četvrtine ili se obavlja daljnji mikrorasjek, te se meso pakira (vakuum ili MAP – pakiranje u modificiranu atmosferu). Rok trajanja proizvoda je od 4-14 dana**,** te proizvodi stoga zahtijevaju brzu i intenzivnu distribuciju. Neprekinuti lanac hlađenja u potpunosti jamči kvalitetu, sigurnost i sljedivost mesa. Odabir prodajnog kanala ovisi o tipu klijenata, vrsti prodaje koju obavlja prodajno osoblje, operativnim pitanjima, vrstama proizvoda ili usluga koji se prodaju, područjima koja trebaju pokriti, te kapitalu i troškovima (Calvin, 2009). Zbog režima hlađenja, velikog broja subjekata koji su zbog turizma geografski raspoređeni i najzastupljeniji uz Jadransku obalu i otoke, distribucija mesa i mesnih prerađevina na tržištu HORECE smatra se zahtjevnom. Svi veći kupci, pogotovo geografski koncentrirani, kupuju neposredno od proizvođača dok restorani, pizzerije i ostali subjekti, koji naručuju male količine, kupuju od posrednika. Budući da posrednik prodaje i druge proizvode, koji mu smanjuju ukupan trošak prodaje, može imati povoljniju prodajnu cijenu od samog proizvođača. Tržište posrednika čine svi pojedinci i organizacije koje nabavljaju robu radi preprodaje ili iznajmljivanja. Umjesto da stvaraju korisnost od oblika, preprodavači stvaraju korisnost od vremena, mjesta i posjedovanja (Kotler i sur., 2006). Posrednici stvaraju vrijednost mjestom svojih prodajnih objekata, vremenom rada (duže radno vrijeme, količinom (male količine), asortimanom (širina asortimana, od posjedovanja prodajom (jednostavnije plaćanje gotovinom) (Previšić, Ozretić Došen, 2004). U Republici Hrvatskoj postoje posrednici koji su specijalizirani za HORECA segment tržišta, a veći su VELPRO, METRO, Jadran grupa. Postoje i manji veletrgovci koji su orijentirani isključivo na određeni lokalitet ili regiju. Npr. Dubrovačku županiju pokriva DB Kantun, Apfel pokriva Makarsku rivijeru, Cvitanović otok Brač i drugi. Motivi proizvođača za poslovanje putem posrednika uključuju smanjenje rizika naplate svojih potraživanja i veću djelotvornost na ostatku tržišta.

Osim gore navedenih posrednika, članovi iz segmenta HORECA tržišta nabavljaju proizvode ponekada i u maloprodajnim lancima poput Konzuma, Mercatora, Plodina i drugih. Razlozi zbog kojih restorani i hoteli kupuju u trgovačkim centrima su brojni:

mogućnost plaćanja osobnim kreditnim karticama i gotovinom,
radno vrijeme trgovačkih lanaca (sezonski objekti rade i do 24 sata),
mogućnost kupnje malih količina,
ne evidentiranje nabave,
blizina trgovačkih centara.

U distribuciji, primjena novih tehnologija i tehnoloških postupaka postala je važan element konkurentnosti. Najbržu primjenu doživljava primjena elektronike u svim dijelovima distribucijskog lanca. Uporaba optičkih čitača, koji prilikom zaduživanja ili razduživanja proizvoda ubrzavaju proces, osigurava kvalitetniji sustav praćenja i kontrole. Automatizacija i robotizacija omogućuju brzu manipulaciju proizvodima, što uz elektroničko praćenje potrošnje i zaliha, umanjuje potrebu za velikim brojem skladišnih radnika, te smanjuje ukupan trošak po jedinici proizvoda. Najmodernije mesne industrije, prilikom obavljanja fizičke distribucije proizvoda od mesa, koriste plastične posude s ugrađenim čipovima. Elektronički čip sadrži sve bitne logističke podatke (broj pakiranja, težina pakiranja, skladište utovara, naziv primatelja, datum utovara i sl.)

Slika 12.: Posuda za transport i rukovanje mesom sa ugrađenim čipom u skladištu

Izvor: interni materijali Pik Vrbovec M.I., 2012.

CILJEVI I METODOLOGIJA ISTRAŽIVANJA

Predmet istraživanja predstavljalo je stjecanje saznanja o vrijednostima koje poduzeće u promatranom sektoru treba posjedovati da bi zadovoljilo kriterije koji su kupcima u HORECA kanalu presudni za odabir i vrednovanje dobavljača.

U svrhu dobivanja primarnih podataka i potvrđivanja polaznih pretpostavki o prodaji mesa i mesnih prerađevina provedeno je empirijsko istraživanje. Instrument istraživanja predstavljao je polustrukturirani anketni upitnik koji je ukupno sadržavao 23 pitanja. Pitanja su bila otvorenog i zatvorenog tipa s ponuđenim odgovorima. Metodu istraživanja predstavljalo je osobno ispitivanje anketara koji je zbog većeg broja otvorenih pitanja zapisivao ili snimao odgovore. Zbog izbjegavanja potencijalnih nesporazuma, uzrokovanih stručnom i ispitanicima eventualno nepoznatom terminologijom, pitanja su prethodno testirana na manjem broju odabranih ispitanika, a upitnik je potom odgovarajuće modificiran. Svi ispitanici bili su stručnjaci/menadžeri iz prakse koji posluju na HORECA tržištu. Dob ispitanika kretala se od 30 do 55 godina starosti, različitog spola i razine obrazovanja. U svrhu dobivanja jasnije slike i stvaranja konačnog zaključka o vrijednostima koje poduzeće mora imati da bi ispunilo tražene i očekivane kriterije za dobavljača mesa i mesnih proizvoda anketiranje je provedeno sa svakim ispitanikom osobno, a zbog većeg broja otvorenih pitanja trajanje je iznosilo oko trideset minuta. Istraživanje je obavljeno u periodu od siječnja do ožujka 2013. godine. Prikupljeni rezultati obrađeni su metodom analize sadržaja, kod otvorenih pitanja, i odgovarajućim kvantitativnim statističkim metodama kod zatvorenih pitanja.

REZULTATI ISTRAŽIVANJA KRITERIJA ZA ODABIR DOBAVLJAČA NA HORECA TRŽIŠTU

Budući da je kriterij za odabir dobavljača za poduzeća koja se nalaze u sustavu koji podliježe

Zakonu o javnom nadmetanju gotovo uvijek najniža ponuda, prezentacija rezultata empirijskog istraživanja odnosi se na slobodnu prodaju. Istraživanje je provedeno na uzorku od pedeset i dva namjerno izabrana poduzeća, od kojih je veći dio iz kategorije malih i velikih poduzeća (48), a manji dio srednje velikih poduzeća (4).

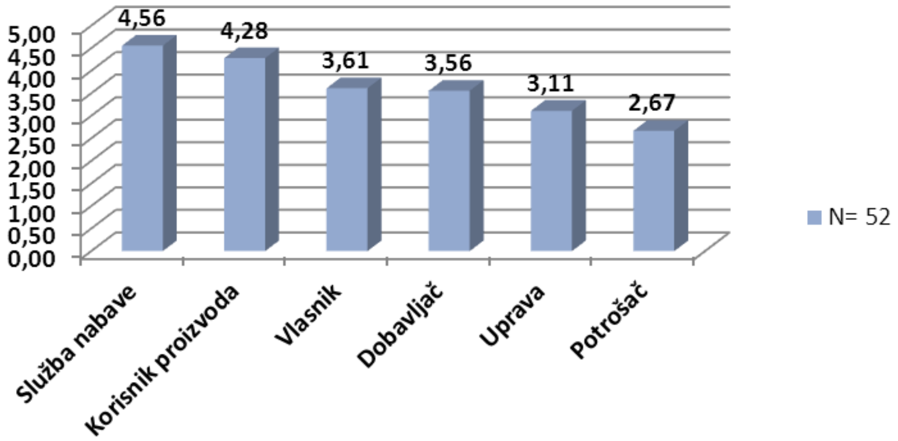
Rezultati velikih poduzeća odnose se na hotele, dok se rezultati malih i srednjih poduzeća odnose na hotele i restorane. U anketnom upitniku pitanja su bila strukturirana na način da zaokružuju proces nabave od početka do kraja, s naglaskom na kriterije koji su presudni za odabir i vrednovanje dobavljača. U zatvorenim pitanjima korištena je Likertova petstupanjska skala gdje ocjena 5 znači maksimum (više, bolje, uvijek) dok ocjena 1 znači minimum (manje, lošije, nikad). Rezultati su prikazani tablično (raščlanjeno po veličini poduzeća) i grafički (zbirno). Obrazloženja u tekstu dobivena su analizom sadržaja otvorenih pitanja.

Rezultati vezani uz inicijatore kupnje prikazani su u tablici 8 i grafikonu 3. U segmentu hotela i restorana, služba nabave u najvećem djelu spoznaje problem odnosno potrebu, te inicira kupnju. Uz službu nabave važnu ulogu ima i korisnik proizvoda dok je potrošač zadnji čija sugestija utječe na potrebu za kupnjom. Od ukupnog uzorka 51% ispitanika je službi nabave dalo najveću vrijednost (5), dok su svi ostali (49%) iz uzorka za isti parametar dali ocjenu četiri. Razlika u rezultatima pojavila se kod velikih i malih poduzeća, gdje kod malih poduzeća sam vlasnik, koji je često i osoba koja nabavlja, spoznaje problem i inicira kupnju. Samo 4% ispitanika izjasnilo se da im potrošači ukazuju na problem, te da ih navode na kupnju. Dobiveni rezultati upućuju na činjenicu da ciljevi i strategije poduzeća koja posluju u okviru HORECA tržišta nisu vođeni željom da se otkriju i zadovolje stvarne potrebe potrošača te na tome gradi dugoročna prednost već su vođeni željom da se ostvari kratkoročna ekonomska korist. Velika poduzeća posjeduju vlastitu bazu podataka o dobavljačima, a o novim se informiraju putem specijaliziranih sajmova koje redovito prate. Mala poduzeća nemaju organiziranu bazu podataka uz pomoć koje bi pratili rad s dobavljačima, nego oslanjajući se na stečeno iskustvo procjenjuju kvalitetu dobavljača. Informacije o potencijalnim dobavljačima najčešće doznaju putem posrednika.

Tablica 8.: Najčešći inicijatori kupnje (prema stupnju ocijenjene važnosti)

INICIJATOR KUPNJE	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Služba nabave	4,67	4,50	4,50	4,56
Korisnik proizvoda	4,33	4,50	4,00	4,28
Vlasnik	4,33	3,50	3,00	3,61
Dobavljač	3,67	3,50	3,50	3,56
Uprava	2,33	3,50	3,50	3,11
Potrošač	3,00	2,00	3,00	2,67

Grafikon 3.: Najvažniji inicijatori kupnje

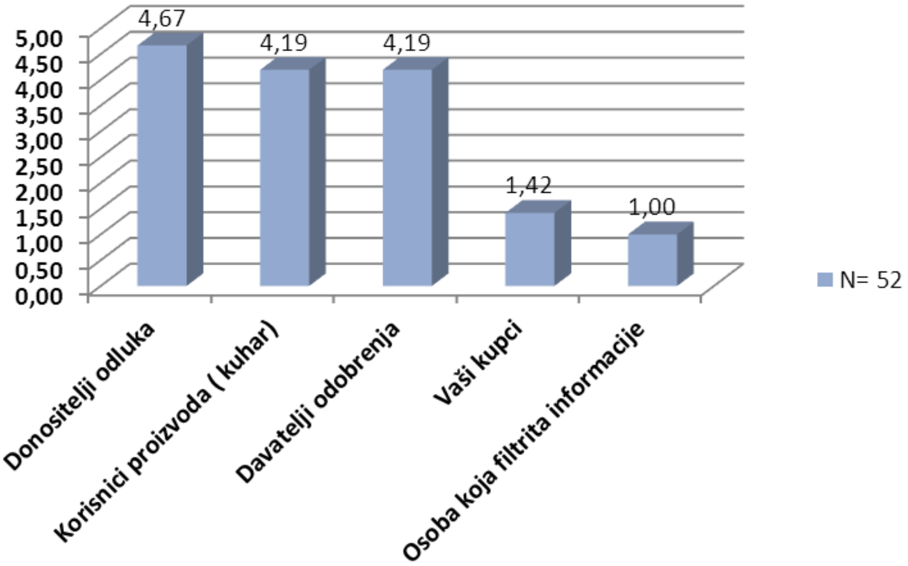


Kada se utvrdi potreba ili problem donositelji odluka imaju najveći utjecaj na odluku o kupnji. Nakon njih to su korisnici proizvoda (u procesu pripreme hrane) i davatelji odobrenja, dok osoba koja filtrira informacije nema nikakvu ulogu u odlučivanju. Ovisno o vrsti kupnje odabir dobavljača može obaviti različit kupovni centar. Prilikom godišnjih ugovaranja, te zaključenja novog posla, najveći utjecaj na odabir dobavljača, kao i na samu odluku o kupnji, ima donositelj odluka i odobrenja (98%), dok korisnik proizvoda najveći utjecaj ima kod jednostavnog ponavljanja, te kod ponovnih naručivanja uz neke ne baš prevelike izmjene u specifikacijama (64%). Upravo kod jednostavnog i modificiranog kupovanja, osobni utjecaj prodavača bit će jače izražen od ekonomskih činitelja. To je donekle i razumljivo, budući da se radi o poslovanju s već poznatim dobavljačima, a i same količine, ili značaj kupnje nisu od tako velike strateške važnosti, kao što je slučaj kod izbora novog dobavljača ili obavljanja velikih i važnih kupnji s kojima se kupac susreće po prvi put, kod kojih je rizik velik, a prethodnog iskustva nema. U tablici 9. i grafikonu 4. prikazani su članovi koji u kupovnom centru imaju najveći utjecaj na odluku o kupnji. Osoba koja filtrira informacije prema dobivenim rezultatima u cijelom uzorku (100%) nema nikakvu ulogu u odlučivanju.

Tablica 9.: Najvažnija osoba od utjecaja na odlučivanje i na konačnu odluku o kupnji

OSOBE OD UTJECAJA	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Donositelji odluka	5,00	4,00	5,00	4,67
Korisnici proizvoda (kuhar)	4,33	4,50	3,75	4,19
Davatelji odobrenja	4,33	4,50	3,75	4,19
Vaši kupci	1,00	2,00	1,25	1,42
Osoba koja filtrita informacije	1,00	1,00	1,00	1,00

Grafikon 4.: Najvažnija osoba od utjecaja na odlučivanje i na konačnu odluku o kupnji



Na pitanje da li kupuju proizvode mesa i mesnih prerađevina iz jednog ili više izvora svi u uzorku odgovorili su da kupuju iz više izvora.

Bez obzira što je u ukupnom uzorku najvažniji razlog kupovine iskorištavanje diskontnih cijena (grafikon 5.), razlozi kupovanja iz više izvora, ovisno o veličini poduzeća, vrednovani su drugačije.

U tablici 10. može se vidjeti kako je izbjegavanje ovisnosti o bilo kojem dobavljaču najvažniji razlog zbog kojeg velika poduzeća kupuju od više izvora, dok je kod malih tu još i mogućnost kupovanja malih količina, različite mogućnosti plaćanja, te iskorištavanje diskontnih cijena kod posrednika.

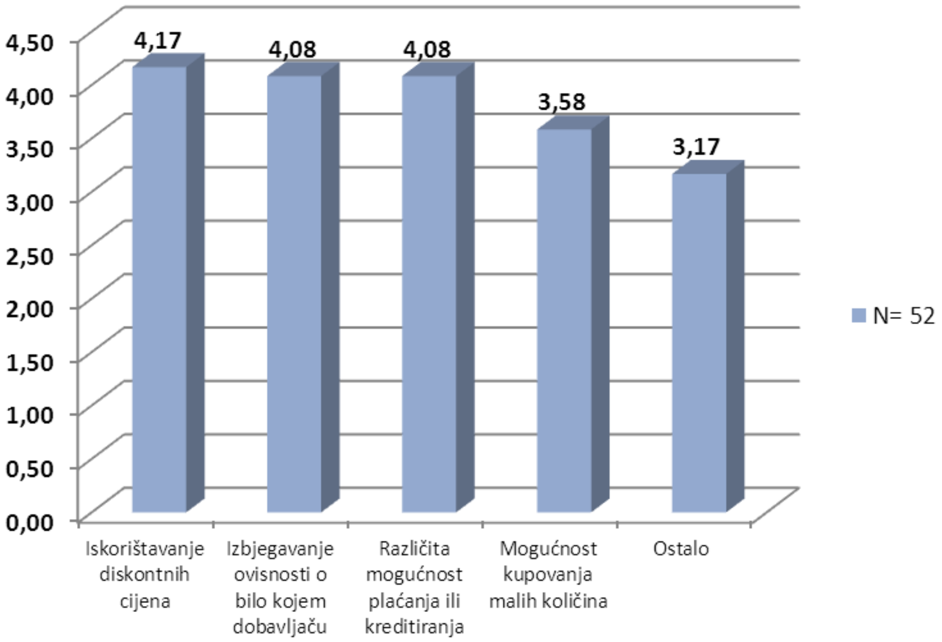
Svi hoteli proizvode od mesa i mesnih prerađevina kupuju u većini slučajeva direktno od proizvođača, dok restorani i mali obiteljski hoteli kupuju od posrednika.

Tablica 10.: Razlozi za kupovanje mesa i mesnih prerađevina iz više izvora

RAZLOZI KUPOVINE IZ VIŠE IZVORA	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Iskorištavanje diskontnih cijena	5,00	4,50	3,00	4,17
Izbjegavanje ovisnosti o bilo kojem dobavljaču	4,50	3,50	4,25	4,08
Različita mogućnost plaćanja ili kreditiranja	5,00	4,00	3,25	4,08
Mogućnost kupovanja malih količina	5,00	3,50	2,25	3,58
Ostalo	2,50	4,00	3,00	3,17

Grafikon 5.: Razlozi za kupovanje mesa i mesnih prerađevina iz više izvora

Za razliku od maloprodajnog tržišta, gdje glavni kriterij za odabir dobavljača nije rok i kvaliteta



isporuke, na tržištu hotela i restorana to je presudan kriterij njihova odabira.

Zatim slijedi kriterij koji se odnosi na odnos cijene i kvalitete, gdje uz zadovoljavajuću kvalitetu, kupci nastoje dobiti najpovoljniju cijenu (98%). Navedeno podrazumijeva da pri kupnji mesa i mesnih prerađevina ispitanici pokušavaju pronaći optimum između kvalitete i cijene. Optimalni odnos kvalitete i cijene ovisi o osobi koja procjenjuje i teško se može odrediti koja je granica najveće kvalitete za najnižu cijenu.

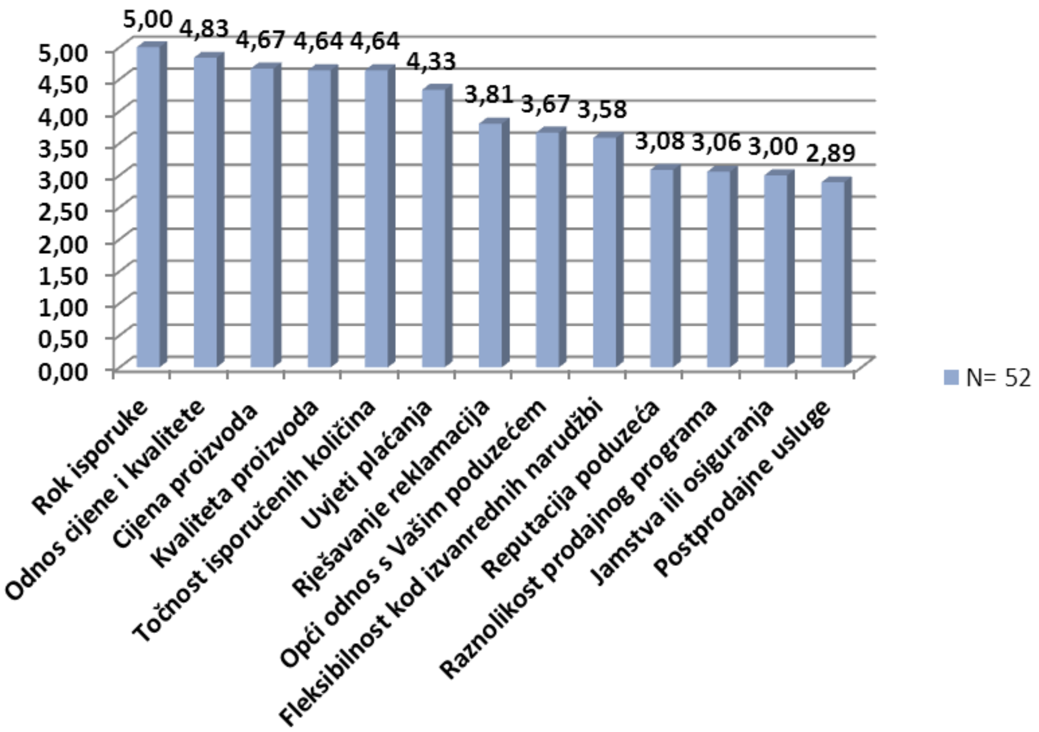
Cijena proizvoda kod malih i srednjih poduzeća ima presudnu ulogu, dok je kod velikih poduzeća ovaj kriterij vrednovan ocjenom četiri, što ukazuje da je malim i srednjim poduzećima ipak važnija cijena od porijekla, sastava i kvalitete proizvoda. Kod malih poduzeća presudni kriterij za odabir dobavljača još su i uvjeti plaćanja. Budući da velika poduzeća na godišnjim pregovorima planiraju svoje godišnje potrebe te posjeduju vlastita skladišta, fleksibilnost kod izvanrednih narudžbi nije im važan kriterij, dok je kod malih i srednjih poduzeća zbog manjka skladišnih kapaciteta taj kriterij iznimno važan.

Postprodajne usluge imaju najmanju važnost u odabiru dobavljača (2,89). Prikaz kriterija i njihovo vrednovanje može se vidjeti u tablici 11. i grafikonu 6.

Tablica 11.: Važni kriteriji za odabir dobavljača

KRITERIJI ZA ODABIR DOBAVLJAČA	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Rok isporuke	5,00	5,00	5,00	5,00
Odnos cijene i kvalitete	5,00	4,50	5,00	4,83
Cijena proizvoda	5,00	5,00	4,00	4,67
Kvaliteta proizvoda	4,67	4,50	4,75	4,64
Točnost isporučenih količina	4,67	4,50	4,75	4,64
Uvjeti plaćanja	5,00	4,00	4,00	4,33
Rješavanje reklamacija	3,67	4,00	3,75	3,81
Opći odnos s Vašim poduzećem	4,00	4,00	3,00	3,67
Fleksibilnost kod izvanrednih narudžbi	4,00	4,00	2,75	3,58
Reputacija poduzeća	3,00	3,00	3,25	3,08
Raznolikost prodajnog programa	2,67	3,50	3,00	3,06
Jamstva ili osiguranja	3,00	3,00	3,00	3,00
Postprodajne usluge	2,67	3,00	3,00	2,89

Grafikon 6.: Važni kriteriji za odabir dobavljača

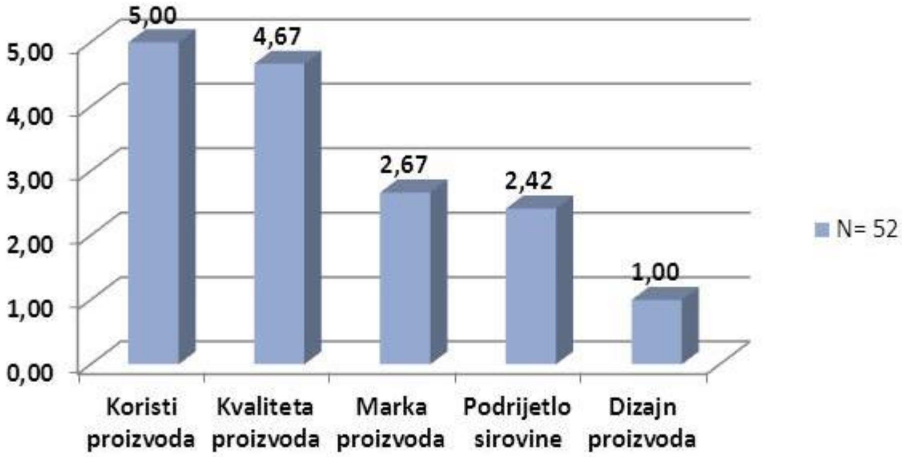


Najveću vrijednost za kupce na tržištu hotela i restorana predstavlja korist koju proizvod pruža, zatim slijedi vrijednost koja se odnosi na kvalitetu proizvoda. Marka proizvoda i podrijetlo sirovine imaju malu vrijednost, dok dizajn proizvoda nema nikakvu vrijednost, odnosno na tržištu hotela i restorana klijenti mu ne pridaju važnost. Rezultati koji su dobiveni ovim istraživanjem ujednačeni su kod svih poduzeća bez obzira na njihovu veličinu, i prikazani su u tablici 12. i grafikonu 7.

Tablica 12.: Najvažnija obilježja/vrijednosti proizvoda

VRIJEDNOSTI PROIZVODA	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Koristi proizvoda	5,00	5,00	5,00	5,00
Kvaliteta proizvoda	5,00	4,50	4,50	4,67
Marka proizvoda	2,50	2,00	3,50	2,67
Podrijetlo sirovine	2,50	3,00	1,75	2,42
Dizajn proizvoda	1,00	1,00	1,00	1,00

Grafikon 7.: Najvažnija obilježja/vrijednosti proizvoda



Hoteli i veliki restorani najmanje jedanput godišnje provode ocjenjivanje i vrednovanje postojećih dobavljača. Vrednovanje obavljaju s pomoću kriterija koji se razlikuju od hotela do hotela, odnosno restorana, a ti kriteriji izravno odražavaju njihove poslovne ciljeve. Ako je dobavljač vrednovan lošom ocjenom, on se uvrštava u skupinu nepouzdanih te se izostavlja s popisa dobavljača za godišnje nadmetanje. Zakon o hrani Republike Hrvatske (NN117/2003) postavio je zahtjeve koji se odnose na sustav kontrole, te su ga dužni uspostaviti i provoditi svi koji proizvode hranu. Po tom zakonu kupci prehrambenih proizvoda, dužni su uspostaviti i provoditi redovite kontrole higijenskih uvjeta svojih dobavljača, ali na žalost, oni to ne čine. Rijetki od ispitanih, jedanput godišnje provode kontrolu kvalitete radnih i proizvodnih procesa svojih dobavljača.

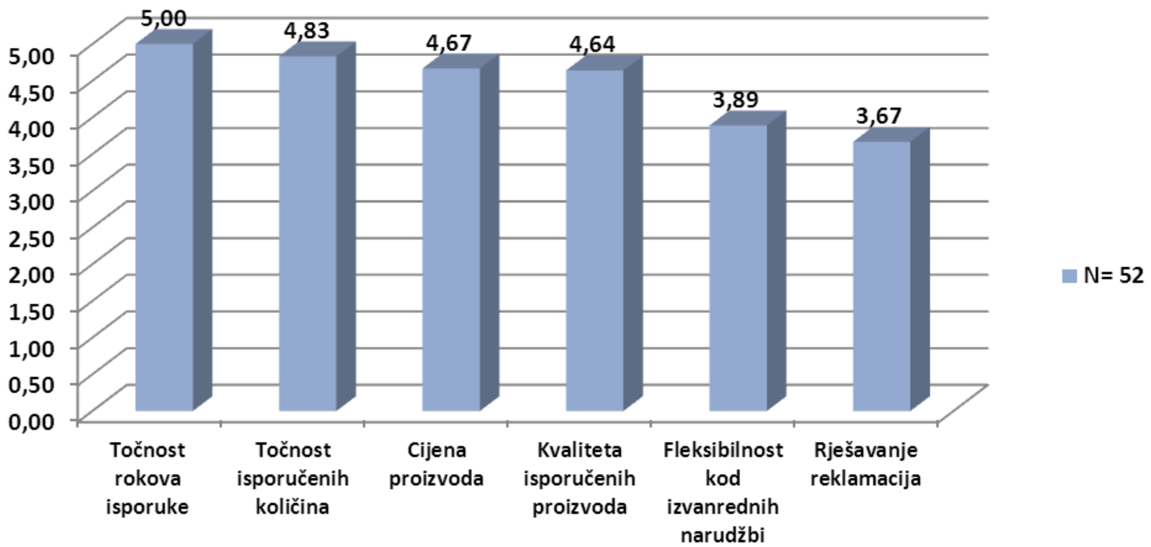
Najvažniji kriterij po kojem klijenti vrednuju dobavljače, bez obzira na veličinu poduzeća, odnosi se na točnost rokova isporuke. Kod malih poduzeća istu vrijednost imaju kriteriji točnost isporučenih količina i cijena proizvoda. Kod srednjih poduzeća istu vrijednost ima cijena proizvoda, dok kod velikih poduzeća ta se vrijednost odnosi još na točnost isporučenih količina.

Tablica 13. i grafikon 8. prikazuju ocijenjene kriterije po kojima hoteli i restorani vrednuju postojeće dobavljače.

Tablica 13.: Najvažniji kriteriji vrednovanja dobavljača

KRITERIJI VREDNOVANJA DOBAVLJAČA	MALO (N=38)	SREDNJE (N=4)	VELIKO (N=10)	N= 52
Točnost rokova isporuke	5,00	5,00	5,00	5,00
Točnost isporučenih količina	5,00	4,50	5,00	4,83
Cijena proizvoda	5,00	5,00	4,00	4,67
Kvaliteta isporučenih proizvoda	4,67	4,50	4,75	4,64
Fleksibilnost kod izvanrednih narudžbi	4,67	4,00	3,00	3,89
Rješavanje reklamacija	3,00	4,00	4,00	3,67

Grafikon 8.: Najvažniji kriteriji vrednovanja dobavljača



Kao što je iz predočenih rezultata razvidno, kriteriji vrednovanja i odabira dobavljača razlikuju se prema veličini poslovnih subjekata iz segmenta HORECA, što je donekle i logično jer veliki sustavi imaju svoju specifičnu problematiku poslovanja i tržišnog opstanka, koja se razlikuje od poslovnih subjekata srednje i male veličine. Osim veličine, razlika često potječe i od vlasništva takvih organizacija i obrta, kao i od vrste klijenata koji konzumiraju ponuđene usluge. Uz analiziranje različitosti s obzirom na veličinu poslovnih klijenata iz segmenta HORECA-e, interesantno je uočiti i razmotriti razlike između podsegmenta hotela u odnosu na restorane. S obzirom na različitost njihove ponude za krajnje potrošače, njihove kupce, barem u određenom dijelu posla, za očekivati je da imaju međusobno i različite kriterije za izbor i vrednovanje dobavljača.

Svi ispitanici (100%) su kao najvažniji kriterij za vrednovanje dobavljača naveli rok isporuke. Navedeno ukazuje da poduzeća koja nabavljaju meso i mesne prerađevine najviše vrednuju dobavljače na čiju se isporuku mogu osloniti. Distribucija mesa i mesnih prerađevina zbog specifičnosti proizvoda zahtjeva temperaturni režim. Distribucija svježeg mesa i mesnih prerađevina odvija se pod temperaturom + 4 C, a smrznutog mesa pod – 22 C. Zbog kratkih rokova trajanja proizvoda potrebna je intenzivna frekvencija dostave, a uz to još je potrebna i distribucija na režimu hlađenja, što iziskuje visoke troškove distribucije koje si mnogi dobavljači ne mogu priuštiti. Upravo zbog visokih troškova distribucije mesa i mesnih prerađevina mnogi dobavljači nisu u mogućnosti osigurati i garantirati isporuku u razdoblju izvan sezone. Bez obzira što se dvije trećine prometa na tržištu hotela i restorana odvija u vrijeme sezone, važno je odabrati dobavljače koji su u mogućnosti jamčiti kontinuitet i rokove isporuke i u razdoblju van sezone.

Zbog velikog broja poslovnih subjekata na tržištu hotela i restorana, načina njihovog poslovanja te utjecaja sezone na ukupan promet, direktna obrada tržišta zahtijeva velika ulaganja u skladišne i logističke kapacitete dobavljača. Budući da je malim i srednjim poduzećima koji posluju na tržištu hotela i restorana jedan od najvažnijih kriterija za odabir i vrednovanje dobavljača cijena, a s velikom frekvencijom dostave povećavaju se ukupni troškovi proizvođača, najbolje je da se za te tržišne segmente odaberu specijalizirani posrednici. S druge strane, velike hotele koji su u mogućnosti planirati svoje godišnje potrebe i žele razvijati dugoročne strateške odnose s dobavljačima kako bi zajedničkim suradnjom razvijali proizvode te tako utjecali na ukupne troškove i povećanje svoje konkurentske prednosti potrebo je usluživati izravnim putem.

ZAKLJUČAK

Prodaja, kao dio cjeline poduzeća, predstavlja onaj dio poslovne funkcije koja ima direktni utjecaj na poslovni rezultat svakog poduzeća. Upravljanje prodajom i prodajnim procesima je od izrazitog značaja za opstanak i rast poduzeća, pa joj zbog toga sva poduzeća, koja imaju za cilj dugoročni rast i razvoj, dodjeljuju značajnu ulogu unutar organizacije. Uspješnom prodajom može se smatrati ona koja je u mogućnosti uspješno podmirivati specifične zahtjeve tržišta, te osigurati kontinuiran dotok potrebnih sredstava koji će omogućiti ostvarenje kako prodajnih tako i ukupnih ciljeva poduzeća. Poduzeće, da bi osiguralo ostvarivanje poslovnih ciljeva mora kontinuirano ulagati u sve poslovne funkcije. Ulaganjem u proizvodne procese omogućava se efikasnost i smanjivanje ukupnih troškova, ulaganje u marketing osigurava prepoznavanje i zadovoljavanje potrebe tržišta, a ulaganje u prodaju osigurava djelotvorno prodajno upravljanje koje uspješno prepoznaje tržišne potencijale i gradi takve odnose koji stvaraju dodatnu vrijednost i za kupca i za poduzeće.

Upravljanje prodajom mesa i mesnih prerađevina na Horeca tržištu predstavlja prilagodbu prodaje uvažavajući specifične zahtjeve i potrebe svakog podsegmenata ovog tržišta. Prije svega, poduzeće koje želi uspješno prodavati meso i mesne prerađevine na ovom tržištu treba se odlučiti na koji način i kako to želi ostvariti. Budući da navedeno tržište čine hoteli, restorani i kafići, potrebno je prodajne procese prilagoditi svakom podsegmentu jer postoje različitosti u njihovim potrebama. Empirijsko istraživanje provedeno za potrebe ovog rada jasno ukazuje na potrebne smjernice i aktivnosti koje odjeli prodaje trebaju provoditi kako bi povećali ponudu vrijednosti koju kupci od njih očekuju, a time ostvarili i bolje prodajne rezultate.

Rezultati ovog rada upućuju da njihove potrebe nisu različite zbog drugačijih zahtjeva njihovih klijenata, nego najčešće zbog različitih tehničkih i ekonomskih ograničenja. Tehnička i ekonomska ograničenja se odnose na nedovoljne skladišne i radne kapacitete, manjak kvalitetnog osoblja i otežano financiranje u periodu sezone. Iako su veliki hoteli, njihove grupacije i neki restorani prepoznali potrebe tržišta, prilagodba i razvoj njihovih procesa stvarnim potrebama klijenata još uvijek je spora. Često su njihove poslovne politike motivirane prvenstveno kratkotrajnom ekonomskom koristi, odnosno uspješnom sezonom, te nedostaje dugoročna strategija razvoja. Razlozi ovakvog stanja su brojni, a jedan od najvažnijih je što do ove godine, nisu osigurani kvalitetni preduvjeti za rast i razvoj ovog tržišta.

Vlada Republike Hrvatske prepoznala je značaj i utjecaj tržišta HORECA na ukupan razvoj i rast hrvatskog gospodarstva, te je donijela nove zakone, smanjila PDV i usvojila strategiju s kojom će pokušati osigurati preduvjete koji će to omogućiti. Osiguravanjem preduvjeta za rast i razvoj pretpostavka je da će opstati samo oni poslovni subjekti koji će svoju misiju i viziju usmjeriti na ostvarivanje i održavanje dugoročne konkurentske prednosti. Daljnji rast i razvoj ovog tržišta direktno će utjecati na poboljšavanje ukupne konkurentske prednosti hrvatskog turizma na globalnom tržištu.

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Prilog 1.: Poslovni prihod velikih hotela i njihovih grupacija u 2011. godini

KUPAC	ŽUPANIJA	POSLOVNI PRIHOD HOTELA 2011*
VALAMAR GRUPA		1.031.131.174
Riviera Poreč d.d.	Istarska	531.488.234
Dubrovnik Babin kuk d.d.	Dubrovačko-neretvanska	211.225.773
Luna d.o.o- Hotel Luna	Ličko-senjska	12.886.548
Puntižela d.o.o.	Istarska	9.326.983
Vrboska d.d.	Splitsko-dalmatinska	7.774.479
Anker Grupa		15.220.430
Laguna Novigrad d.d.	Istarska	99.020.925
Palatium Poreč d.o.o.	Istarska	11.348.896
Jadran d.d u stečaju	Primorsko-goranska	59.920.054
Valamar hoteli i ljetovališta d.o.o		69.600.509
Brna d.d..- Hotel Feral	Dubrovačko-neretvanska	3.318.343
ALH - LUKŠIĆ		801.071.290
Hotel Dubrovnik Palace d.o.o.	Dubrovačko-neretvanska	76.318.257
Hotel Kompas d.d.	Dubrovačko-neretvanska	17.034.586
Hotel Bellevue d.d.	Dubrovačko-neretvanska	30.337.608
Hotel Excelsior d.d.	Dubrovačko-neretvanska	63.284.705
Atlas hotel Odisej d.o.o.	Dubrovačko-neretvanska	12.764.179
Hoteli Croatia d.d.	Dubrovačko-neretvanska	78.979.396
Grand Villa Argentina d.d.	Dubrovačko-neretvanska	48.152.559
PLAVA LAGUNA/		474.200.000
Plava laguna d.d.	Istarska	441.116.747
Hotel Bonavia d.d.	Primorsko-goranska	20.994.551
UGO GRUPA		265.004.611
Solaris d.d.	Šibensko-Kninska	177.372.422
Milenij hoteli d.o.o.(UGO hoteli)	Primorsko-goranska	87.632.189
BLUESUN GRUPA/SUNCE KONCERN d.d.		317.172.706
SUNCE KONCERN D.D.		65.648.570
ZLATNI RAT D.D.	Splitsko-dalmatinska	81.336.486
HOTELI BRELA D.D.	Splitsko-dalmatinska	90.728.092
HOTELI TUČEPI D.D. HOTEL ALGA	Splitsko-dalmatinska	79.459.558
FALKENSTEINER		243.156.014
Hoteli Punat d.d	Primorsko-goranska	36.657.556
Borik d.d	Zadarska	97.145.476
Punta skala d.o.o	Zadarska	92.660.117
Alpe-Adria projekt d.o.o- Hotel Terapia	Primorsko-goranska	16.692.865
HUP GRUPA		208.482.601
HUP Zagreb d.d.	Grad Zagreb	169.966.185
Hoteli Mlini d.o.o.	Dubrovačko-neretvanska	38.516.416

ADRIATIK ISLANDS GROUP(KEREKEŠ)		89.753.523
Hoteli Jadran d.d.-Ploče		*33.500.000*
Hotel Labineca d.o.o	Splitsko-dalmatinska	16.404.536
Hotel Jadran Laguna d.o.o	Splitsko-dalmatinska	9.730.430
Hotel Faraon d.o.o	Dubrovačko-neretvanska	7.134.962
Hoteli Primošten d.o.o.-Hotel Zora	Šibensko-Kninska	34.653.523
Hoteli Jelsa d.d.		21.600.000
Hotel Hvar d.o.o	Splitsko-dalmatinska	9.994.091
Hotel Fontana apartmani	Splitsko-dalmatinska	11.434.058
ARENATURIST		*289.749.924*
Arenaturist d.d.	Istarska	240.939.851
ARENATURIST ZLATNE STIJENE d.o.o.	Istarska	21.755.832
ARENATURIST HOTELI D.O.O.	Istarska	27.054.241
OSTALI VELIKI HOTELI		
Maistra d.d.	Istarska	607.218.572
Istraturist d.d.	Istarska	409.498.203
Liburnia riviera hoteli d.d.	Primorsko-goranska	213.197.624
Sunčani Hvar d.d.	Splitsko-dalmatinska	115.019.287
Grand hotel Lav d.o.o.	Splitsko-dalmatinska	102.971.637
Jadranka hoteli d.o.o	Primorsko-goranska	165.796.042
UKUPNO VELIKI HOTELI I GRUPACIJE		4.859.223.208

Izvor: www.poslovna.hr.preuzeto12.07.2012.godine

Prilog 2.: Prvih trideset restorana u RH po poslovnim prihodima u 2011. godini

RB	POSLOVNI SUBJEKT	PRIHOD 2011.
1	Globalna hrana d.o.o.	235.520.162,70
2	Pleter - usluge d.o.o.	121.600.347,50
3	Zračna luka Zagreb	47.032.724,50
4	Macola	36.460.337,90
5	Marche restorani d.o.o	34.140.588,90
6	Barba	30.870.563,30
7	Toplice Sveti Martin d.d.	30.356.638,20
8	Vinki grupa d.o.o	26.765.129,70
9	Machina d.o.o.	25.708.189,40
10	Esculap - Teo d.o.o	24.505.052,70
11	Decentia d.o.o	23.791.226,40
12	Nautika d.o.o.	20.747.208,50
14	Rubelj grill	18.707.917,90
15	Napoli obrt	18.479.672,50
16	Gastrocom d.o.o	18.262.615,60
17	Splendid d.o.o.	16.352.365,70
18	Mea culpa d.o.o	15.467.728,30
19	Cassandra d.o.o.	14.570.410,60
20	Sablić - Dubrava d.o.o	13.196.462,80
21	M.M. - Boban Vinodol d.o.o	12.472.193,90
22	Tifon labirint d.o.o.	11.374.975,00
23	Avenija d.o.o.	11.341.409,50
24	Hemingway bar d.o.o	10.531.362,10
25	Inter ugostiteljstvo d.o.o	9.611.667,40
26	Zelen dvor	9.205.897,80
27	Barun ugostiteljstvo d.o.o	8.921.709,90
28	Cesa d.o.o.	8.800.128,20
29	Luxor ugostiteljstvo d.o.o.	8.721.062,80
30	Punta internacional d.o.o.	8.232.498,30
	UKUPNO	**871.748.248,00**

Izvor: www.poslovna hr.preuzeto:13.10.2012.godine

DISTRIBUTION STRATEGIES FOR TELECOMMUNICATIONS SERVICES IN LANDLINE NETWORKS

Tibor Nacevski

Abstract:

The telecommunications industry in developed countries, as well as in transitional economies, makes up one of the largest sections of the economy. Aside from its participation in national economy, this industry is understood to be a driver of development. Telecommunications networks of today connect practically all the countries of the world and are capable of massive transfer capacities. The possibilities of global information transfer today are a thousand times greater than they were just fifteen years ago. This isn't simply a result of exceptional developments in telecommunications technologies, but also of a persistent effort to build up telecommunications networks throughout the world. Even though early investments in optic networks and other infrastructure were prompted by market optimism over advanced deregulation and resulted in a race to enter the market, which in turn caused the bloating and subsequent bursting of the telecommunications bubble in 2001., the world was left with a telecommunications infrastructure that could scarcely be imagined twenty years earlier. Easier communication drastically reduces business costs in many industries and enable the performing of complex business transactions in a global environment. Thanks to telecommunications, which represent its own kind of transport system, using information in trade as well as trading information became the paradigm of a new economy. In that regard there is absolutely no doubt that the development of telecommunications and information systems represents one of the prerequisites of economic growth of a country. However, on a global scale as well as in local environments there exists the multidimensional problem of a "digital gap" between the rich and the poor. The gap exists not only between various states, but also within individual states where we find gaps between specific regions and between various segments of the population. Countries and regions that are lagging behind aren't catching up, but rather falling further behind. So, for example, the European Union is making great efforts to bridge the digital gap between its member states as well as within the states themselves. The developmental potential of the telecommunications industry is owed to high network externalities which exist when a certain product gains value to an individual used as the overall number of users increases.

Specific to the telecommunications industry is that the service sector is showing much faster growth than the equipment manufacturing sector in all the regions of the world. While equipment manufacturing is exposed to fierce global competition, telecommunications operators have transformed from former monopolists into oligopoists on their own national markets where they still do not face any significant competition. As a result, they have doubled in size over a

Tibor Nacevski, M.Sc. is Sales managers for key accounts in H1 Telekom d.d.
Planinska 2, 10000 Zagreb, Croatia
Tel: ++385 98 920 90 61
e-mail: tnacevski@gmail.com

period of ten years.

When it comes to the European Union the value of the telecommunications services segment in 2005. was 273 billion euro, which is 44% of the total value of the ICT sector. While the growth rates (output) in the Union over the past few years have been low on average (around 1% per year), telecommunications services are estimated to have grown over 4% per year. After a significant drop in investments between 1999. and 2001., European operators are seeing a strong recovery.

Guided by marketing concepts and a strategy of distribution development, telecom operators have high profits as their primary goal, which means keeping existing customers and attracting new ones. Distribution represents a series of challenges for the operators and is a long term commitment for them, even when better and more efficient methods of distribution come along. The fundamental role of distribution is to make the right product available at the right time. The basic criteria for selecting distribution channels must be based on a long-term balance between cost and benefit. Managing these channels today is subject to change which is further facilitated by the strategy of discarding and rehiring of intermediaries, therefore operators must develop their own strategy for managing such channels while taking into consideration their effectiveness and sustainability.

Marketing experts are making constant efforts to bring their products and services closer to potential buyers. They try to form prices that would satisfy both the customers and the manufacturers, to design a product so it's both visible and recognizable, to keep existing customers while expanding the market; they strive to satisfy all the customers without harming their own business. The growing competition on the telecommunications market demands the introduction of new services tailored to individual customers. To that end, distribution channels represent an important factor in increasing customer satisfaction while keeping advertising expenses down for telecommunications operators.

Keywords: *distribution, distribution channels, user satisfaction, telecommunications market liberalization, customer perception*

1. INITAL CONSIDERATIONS AND GOALS

Research goals and hypotheses

The main goal of this paper is identifying and evaluating existing distribution strategies for telecommunications services in landline networks. In accordance with that, the goals of the paper are:

1. evaluating the overall level of satisfaction of customers with existing distribution channels for telecommunications services in Croatia;
2. determining potential courses of action to further improve the availability of telecommunications services;
3. determining elements that affect telecommunications services end user satisfaction;
4. determining the level of telecommunication services end user satisfaction;
5. evaluating the frequency of Internet use of end users on the telecommunications market.

In order for telecommunications operators to effectively place and sell their services on the telecommunications market and maintain or increase their profitability they need to recognize the demands and needs of customers which are usually based on their perception of value. In accordance with that, the goal of this paper was to investigate and analyse the impact of customer perception and satisfaction regarding distribution channels and service availability. In order to investigate customer satisfaction regarding distribution channels the following hypotheses were set:
H1. Needs, habits and demands of users shape distribution channels and influence user choice and satisfaction regarding distribution channels.
H2. A professional approach, personnel expertise as well as distribution channel development makes leading the user to the service easier.
H3. User satisfaction with services and attitudes of operators throughout the life cycle result in loyalty.
H4. Post-sale support is one of the deciding factors in continuing the cooperation between the user and the operator.

Leading providers of telecommunications services and products on the Croatian market offer their services directly (telemarketing, retail stores...), indirectly (through representatives...) as well as wholesale. The goal of this paper is to investigate if that decision currently represents the best solution considering the influence of the environment. Furthermore, telecommunications services end user satisfaction was investigated. And finally, the Internet was investigated as a potential distribution channel for telecommunications services in Croatia, as well as its level of development and profitability.

Research methodology

Primary data relating to customer satisfaction concerning existing telecommunications services distribution channels was acquired through empirical research – a questionnaire survey conducted on 119 people of varying gender, age groups, levels of education, monthly income and qualifications. The survey was conducted in the area of the Republic of Croatia during March 2012. The selected target group uses the services of landline operators on a daily basis. The survey questionnaire was divided into three parts. The first part contained general questions in order to gain insight into the users' habits, their needs, demands, as well as their current satisfaction with existing telecommunications services providers, service availability and distribution channels, after which comes a series of statements relating the individual hypotheses, the importance of which was rated by the examinees according to the Likert scale of agreement with each individual statement (from “1 – I strongly disagree” to “5 – I agree completely”). The last section of the questionnaire covered the basic questions regarding the examinee’s age, qualifications, gender, years of experience, etc.

The results were gathered through this survey according to the principle of convenience sampling. They were processed using the SPSS 16.0 statistical package. Descriptive statistics were compiled for each individual variable (displayed graphically and in tables), and the differences between subsamples were tested. The sample was divided into subsamples according to the research question being tested. Since these were categorical variables, a chi-square test for independence of characteristics in a contingency table was used to check the statistical significance of the difference in frequency of certain answers to any individual question. Also, connections between individual categorical variables were checked through nonparametric Tau-b correlation.

Professional contribution

By analysing distribution channels of telecommunications operators we acquired valuable information that will assist in improving the customer satisfaction in that market, as the information indicated which segments were in need of improving. Surveys represent a source of information regarding customer structure, their needs and their habits that influence the choice of operator and their satisfaction, as well as the level of that satisfaction. Their suggestions regarding improvements to distribution channels can be used and applied in practice. Results of this research contribute to the development and improvement of distribution channels by service providers and adaptation to the needs of end users that pushes service providers to become more active in the service segment.

RESEARCH RESULTS

Sample

General examinee information

Gender distribution of examinees

The survey was conducted on a sample size of 119 examinees. Sample group contained 54 men and 64 women. Sample structure is displayed in table 1.

Table 1: Tabulation showing the gender distribution of examinees (N=119)

	Frequency	Percentage
Male	54	45,4
Female	64	53,8
Total processed	118	99,2
No data	1	,8
Total	119	100,0

Age distribution of examinees

In the age distribution the category up to 30 years of age makes up 32.8%, which is also the largest single group, followed by 31 to 40 years (24.4%), then 41 to 50 years (17.6%), which is the smallest subgroup, and finally 51 years and above (25.2%)

Table 2: Tabulation showing the age distribution of the examinees (N=119)

	Frequency	Percentage
Up to 30 years	39	32,8
31 to 40 years	29	24,4
41 to 50 years	21	17,6
Over 50 years	30	25,2
Total	119	100,0

Level of education distribution of examinees

Table 3: Tabulation showing the education level distribution of the examinees (N=119)

	Frequency	Percentage
High school	58	48,7
College degree	19	16,0
University degree	29	24,4
Masters or doctorate	6	5,0
Elementary school	7	5,9
Total	119	100,0

The greatest number of examinees out of the total had a high school degree (48.7%), followed by college and university degrees and then masters and doctorate degrees. This sample shows a high percentage of high education among the examinees.

Monthly income distribution of examinees

Table 4: Tabulation showing the monthly income distribution of the examinees in kunas (N=119)

	Frequency	Percentage
0-3500	71	59,7
3500-6000	31	26,1
6000-9000	11	9,2
Over 9000	6	5,0
Total	119	100,0

Employment status distribution of examinees

Table 5: Tabulation showing the employment status distribution of the examinees

	Frequency	Percentage
Employed	65	54,6
Unemployed	27	12,6
Student	21	17,6
Retired	18	15,1
Total	119	100,0

Table 6: Tabulation showing the distribution of answers to the question "Are you considering changing your telecommunications services provider for the landline network?" (N=119)

	Frequency	Percentage
Yes	28	23,5
No	91	76,5
Total	119	100,0

According to the results in table 7. there is still a large degree of mistrust towards change and switching operators and that tendency is particularly pronounced in the age group over 50 years which is more inert and less open to change, while the younger population up to 40 years are more likely to switch operators from their traditional operator (T-HT).

Table 7: Tabulation showing the distribution of answers to the question "How often do you keep informed regarding offers on the official web page of your telecommunications operator?" (N=119)

	Frequency	Percentage
Never	40	33,6
Very rarely	67	56,3
I'm always informed regarding new offers	11	9,2
I was not aware they had an official web page	1	,8
Total	119	100,0

Table 7 shows that only a very low percentage of examinees keep informed through the web page of their service provider.

Table 9: Tabulation showing the distribution of answers to the question "How would you rate the following sales channels of your telecommunications services provider (service availability to the customer)?

How would you rate the following sales channels of your telecommunications services provider (service availability to the customer)?			
	N	M	SD
Door to door sales	63	2,7937	1,22024
Telemarketing	69	2,9275	1,12875
Retail store sales	81	3,8642	,81782
Arranged date at your home	45	3,0444	1,20521
Promotional materials delivered to your home address (catalogue sale)	69	3,6377	,87399
Internet sales	67	3,8657	,95180

M – arithmetic mean; SD – standard deviation

Table 8 indicates that there's no significant difference in the rating of individual sales channels, which leads us to the conclusion that sales at retail stores and through the Internet have a slight advantage over the other channels. The answer to the question "Retail store sales?" indicates that users want to seek out information regarding services or sign up for new services on their own initiative, which is significant information for operators, encouraging them to maintain existing retail stores and open new ones to increase their visibility and accessibility , while the information regarding Internet sales confirms speculations regarding the ever increasing IT literacy among Croatian citizens and their desire for easy shopping from their own homes.

Table 9: Tabulation showing the distribution of answers to the question "Rate your satisfaction with the handling of customer complaints by your service provider – I have never had any complaints regarding a service or a product sold to me" (N=119)

	Frequency	Percentage
Completely disagree	17	14,3
Disagree	54	45,4
Neither agree or disagree	21	17,6
I agree	18	15,1
I completely agree	7	5,9
Total processed	117	98,3
No data	2	1,7
Total	119	100,0

To the statement “I have never had any complaints regarding a service or a product sold to me” 45.4% of examinees disagrees or confirms that they had complaints regarding the service. These results are troubling to operators as they show that nearly every other user has some complaint regarding the service, the sales representatives, the delivery time, not following deadlines or some other problem.

CONCLUSION

Telecommunications are currently one of the most dynamic industries in the world. The global telecommunications market can be divided into those segments where this sector has reached a saturation point, such as highly developed western countries, and those where further growth is expected (China, India, Central and Eastern European countries). The telecommunications sector in Croatia and the surrounding region has seen significant and continued growth, especially in the segment of mobile telephony and broadband networks. Regional and Croatian markets are saturated when it comes to mobile telephony networks, while the penetration of landline telephony is solid, even when compared to the rest of European Union (32.4%). However, compared to developed markets where investments have been dropping, telecom operators in Croatia are still investing in the placement and development of new technologies, particularly in the broadband networks segment, which leaves plenty of room for growth. Therefore telecom operators will focus on further penetration of broadband networks to bridge the gap in comparison to other European Union members and to compensate for the drop in the national landline network market. It is also necessary to mention that the delayed process of liberalization of the telecom market in Croatia has significantly slowed the development of the economy, since the other countries of Western Europe finished that process 5 years earlier on average and therefore opened the market to alternative operators and reduced the influence of existing monopolists. The main problem of domestic alternative operators is the ongoing effort of the telecommunications market regulators to balance the role of Croatian Telecom with opening the market to new operators. As the main regulatory body, the Croatian Postal and Electronic Communications Agency (HAKOM) has the task of creating a legal framework for market liberalization and allowing all operators a fair chance at competing in the market, but also to make decisions according to the needs of the users.

The results of research indicate that there isn’t any noticeable difference between the various sales channels and that the operators have failed to adapt the individual channels to certain target groups, instead applying the same approach to all of them, which leaves them with a lot of room for improvement and a foundation for future development of distribution channels, confirming the H1 hypothesis. Furthermore, the knowledge regarding the professional approach and expertise of personnel indicates that operators need to take significant steps towards improving the expertise of their personnel, be it those working in call centres or personnel working in the field (sales, technical, marketing...), thereby improving user satisfaction and development of post-sale support as a distribution channel and confirming the H2 hypothesis.

On the market one can often “hear” a positive or negative connotation regarding service quality and the operator’s relation towards the user. Is this indeed so, how much can the operator influence the customer’s satisfaction throughout the life cycle of a service or a product and can he have a significant influence on a user’s service satisfaction was the subject of the H3 hypothesis. The results of the conducted survey show that examinees felt that their service provider was superior to the competition which indicates that there are multiple reasons for not switching the current service provider and the following factors become apparent: indifference, lack of interest, poor state of the national economy, recession, or lack of trust that a different provider can offer a better and more cost-effective service than the competition. Such information should prompt service providers to “wake up” a large number of “dormant” potential users and to fight over their migration. Furthermore, the disproportion seen in the answers to the questions in the survey indicates the reasons behind this situation as well as possibilities relating to it, while also confirming the H3 hypothesis.

The H4 hypothesis looked into the level of service satisfaction and the elements that affect it, as well as attempting to determine which element most affects the level of user satisfaction and what segment should operators focus on the most. The resulting data shows that every other user has had some sort of complaint after a service was provided, which is useful information for operators since they obviously focused most of their energy on the acquisition of new users to generate income as soon as possible while intentionally or unintentionally neglecting this segment which might prove very important to their continued work in the future. Furthermore, based on analysis of said data, the H4 hypothesis was confirmed.

In the end this paper and the conducted survey provide knowledge crucial to telecommunications operators which will be very significant to their survival and their goal of finding new business models. The research results indicate that an operator’s client base will be one of the major factors during the recession and beyond. Also, market demands, growing competition and increased regulation will force operators to start altering their entrenched market culture and business structures. A recommendation to operators would be to direct their current investments towards maintaining their user base and the income generated by it, while maintaining financial discipline and innovation.

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