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Editorial

The current issue of the International Journal of Sales, Retailing and Marketing is once more dedicated to the best research papers from the area of retailing, sales and marketing presented at the 13th International Conference of the Society for Global Business & Economic Development with the main topic: Managing the Intangibles: Business and Entrepreneurship Perspectives in a Global Context which was held at the Università Politecnica delle Marche, Ancona, Italy from July 16 to 18, 2014. More about the Conference can be found at: http://www.sgbed2014.it/

In this issue we are proud to present fourteen original research papers from: Italy, Mexico, Romania, Austria and Croatia. The contributing authors published an interesting researches about the sustainability, customer behaviour, negotiation and many other interesting areas of management and marketing.

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.

Guest Editor: Prof. Silvio Cardinali, Vice President of SGBED

The Society for Global Business & Economic Development (SGBED) is initiated by the Center for International Business (CIB), Montclair State University in collaboration with the University of International Business and Economics (UIBE), Beijing, Curtin University School of Management, Comenius Faculty of Management (Bratislava), Indian Institute of Management Bangalore, EADA Business School (Barcelona) and others. The SGBED promotes international education, research and scholarship by organizing international business conferences and periodic research symposiums that focus on global business and development issues, and organize professional seminars and workshops in collaboration with partner institutions on business topics and issues pertaining to emerging markets and developing countries.

The Faculty of Economics "Giorgio Fuà", Università Politecnica delle Marche (Italy), organized the 13th Society for Global Business & Economic Development Conference in 2014. The Conference topic was "*Managing the "Intangibles": Business and Entrepreneurship Perspectives in a Global Context*"; a total of 197 manuscripts were submitted and reviewed by ad-hoc reviewers, of which 130 were accepted. Authors of the papers and participants were about 160, representing 26 countries and attesting to the international nature of the conference.

The research articles in this Special Issue give a significant contribution to the body of knowledge and practice and face the topic from several points of view. A noteworthy aspect of the papers bears mentioning, which is that while all papers selected for this Special Issue examine familiar research issues in intangible assets, they succeed in offering new and innovative perspectives on each.

One of the most important intangible asset is relational capital that, at the same time, is a very popular topic in marketing literature. This is the reason why this stream of research has been deepen by different authors: Ruvalcaba Rivas, Sanchez-Gutierrez and Juan Mejia-Trejo write the paper titled "The customer Relationship Management (CRM) in the Mexican restaurant industry, the case of Jalisco state". Bembenek talks about "The Implementation of Relationship Marketing in Cluster Management". Trio writes about trust with "The intangible resources in the relationship between real estate agents and customers. What is the role of trust?".

Another issue that has been discussed extensively during the Conference is the digital marketing. Gregori, Marinelli and Temperini describe the main problems and needs concerning the use of digital tools in SME's with "The use of Digital Marketing tools in SMEs: needs, problems and opportunities. An Empirical Study in the Marche Region". "The Social Media Manager as the Reputation's gatekeeper. An analysis from the New Institutional Theory perspective", by Moretti and Tuan, aims to provide an overview on the Social Media Manager as a new professional figure. Pascucci and Bartoloni talk about mobile apps and mobile marketing with "Opportunities and limits of mobile marketing communication: the case of branded apps for high involvement products", while Wurster and Scarlat introduce the mobile payment service through "Segmenting, targeting and positioning of mobile payment services".

Green marketing has been deepen with two papers: "How large companies communicate sustainability in an international environment: a crossroads between grounded information and greenwashing" by Baldassarre and Campo, and "Impact of environmental sustainability policies on firms' performance. An explorative investigation in the Italian mining sector" by Ceruti and Di Gregorio.

Gavinelli and Mazzucchelli analyze internationalization strategies and the role played by intangible assets when operating abroad, with "Managing intangible assets in international contexts: an empirical analysis on Monza and Brianza SMEs".

Stadlmann and Ehrenstorfer's paper examines the importance of services for car and motorcycle dealers and critical factors for being successful with services ("The importance of automotive services in the distribution business and their critical factors for success").

Pauluzzo and Geretto also talk about service marketing in their paper "Direct and indirect determinants of customer behavioral intentions in retail co-operative banks".

Finally "Augmented Reality and shopping experience: impacts on consumer behavior" by Cuomo, Ciasullo, Tortora and Metallo has been included.

As Guest Editor and Vice President of SGBED, I would like to gratefully acknowledge the time and support of the academic and research community in reviewing the papers submitted.

Prof. Silvio Cardinali

HOW LARGE COMPANIES COMMUNICATE SUSTAINABILITY IN AN INTERNATIONAL ENVIRONMENT: A CROSSROADS BETWEEN GROUNDED INFORMATION AND GREENWASHING

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HOW LARGE COMPANIES COMMUNICATE SUSTAINABILITY IN AN INTERNATIONAL ENVIRONMENT: A CROSSROADS BETWEEN GROUNDED INFORMATION AND GREENWASHING

Fabrizio Baldassarre & Raffaele Campo

Abstract: *Sustainability communication is a more and more widespread necessity for marketers because of the increased sensitivity to this topic. The objective of this research is to investigate the way the largest companies in the world communicate their social and environmental commitment: sixteen companies' websites have been analyzed in order to explore what kind of sustainability communication tools they use. Findings show that the selected companies pay attention to communicate their commitment, also in the case of those suspected to be irresponsible. Risks deriving from greenwashing are also discussed: it can be a danger for long term survival of companies.*

Key words: *sustainability, communication, largest companies, greenwashing*

1. Introduction

Sustainability has become a relevant topic during the last decades both for scholars and business practitioners. It is a three-dimension concept, because it includes an environmental, an economic and a social meaning. According to the well known definition stated by the World Commission on Environment and Development (1987), sustainable development is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own need": it gets wider boundaries, without references to a specific dimension. Aware of their influence on society, companies are more and more involved in this process of creation of a development characterized by a closer attention to environmental and social issues. The importance to safeguard natural resources, the heavy dependence from non-renewable energy sources and the need to respect human rights

should make companies conscious about their impact on communities and, consequently, about their potential survival. On the other hand the business lexicon contemplates also the expression Corporate Social Responsibility, which considers the accountability of an enterprise as the way it has to satisfy the social, environmental and economic expectations by stakeholders, coherently with the corporate strategy, and not simply a series of philanthropic initiatives (Collis, Montgomery, Invernizzi & Molteni, 2007). Following a path described also by Nidumolu, Prahalad and Rangaswami (2009), a responsible attitude implicates the involvement of the entire business activity and not only of a single part of it. Every single function or department can, in fact, contribute to achieve a "sustainable" objective, as exemplified below:
- outbound logistics: reduction of packaging impact on environment;
- inbound logistics: reduction of emissions caused by transports;
- marketing: cause related marketing, communication transparency;
- supply activities: suppliers selection on the basis of ethical prerequisites;

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- production: use of renewable energies and reduction of water consumption;
- human resources management: training. health and safety, equal opportunities.

From the authors' point of view this is particularly true: sustainability objectives cannot be reached through a limited vision of the enterprise but it is necessary to conceive it as a complex constituted by a series of activities which contribute to reach the same purpose, in this case the safeguard of ethical principles. It is unthinkable to have a sustainable marketing and an unsustainable production, for example: in this case companies are not really responsible.

It is clear that a sustainability goal can be achieved only if all the supply chain is sustainable, so it is not correct to reduce sustainability to a kind of exterior façade because, in this case, this could have dangerous consequences on corporate image and reputation. Technically this is defined "greenwashing" (a word composed by green and whitewashing) because it masks the negative impact on society, communicating amplified data and making them appear more positively than they really are.

This research paper is essentially focused on the specific point of view of marketing communication, in order to understand how some large companies communicate sustainability and how, in case, they are accused to put into practice "irresponsible" behaviours and, eventually, to be untruthful.

2. Literature review

Sustainability allows a company to integrate its economic objectives with social ones: yet, it is difficult to think that responsible initiatives remain limited to their boundaries and, from this perspective, they can become not only a moral duty but also a potential tool for marketers. From this viewpoint some scholars have analyzed this theme: Kumar, Rahman, Kazmi and Goyal (2012) defined ecology as a new paradigm in marketing strategy while Rashid, Rahman and Khalid (2014) highlighted that environmental initiatives can have a role in marketing strategies. The relevance of sustainability in marketing communication is confirmed by the existence of a typology of marketing substantially focused on this topic, that is Sustainable Marketing, and one specifically dedicated to its environmental dimension, that is the so called Green Marketing (Sarkar, 2012; Grant, 2009; Kilbourne, 1998). Polonski (1994) specified that it "consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment", a definition which incorporates the environmental issue to the classical aims of marketing, based on the satisfaction of wants and needs; moreover Menon and Menon (1997) underlined that Green Marketing represents a part of the whole corporate strategy. Kotler and Lee (2008) stated that responsible initiatives can have important positive consequences in terms of sales growth, market share, image, employees' motivations, decrease of operating costs, attractiveness for investors and these elements can be considered sufficient to communicate transparently sustainability.

Rex and Baumann (2007) highlighted that Conventional Marketing can inspire Green Marketing considering also a larger target and not only the so called green consumers, who represent a niche, and applying a more incisive promotional activity of green products, going beyond the traditional ecolabels; another study is that conducted by Liu, Kastriratne and Moizer (2012) who underlined the necessity to integrate Green Marketing and Sustainable Supply Chain Management, focusing the attention on six dimensions, that are product, promotion, planning, process, people and project. Some scholars highlight that Green marketing can be applied considering it as a significant part of the overall strategy: for example Easterling, Kenworthy, Nemzoff and College (1996) focused on green advertising, which can be put into practice only in the case companies have a general environmental strategy while Fengwen and Yuhua (2003) described an environment-oriented marketing as a step of a general green supply chain, which consists in five phases, that are Green Designing, Green Production, Green Package, Green Marketing and Green Recycling. According to Orsato (2006) it is possible to

distinguish four strategies linked to the practice of Green Marketing: two strategies (Eco-Efficiency and Environmental Cost Leadership) are related to lowering costs while the other two (Beyond Compliance Leadership and Eco-Branding) refers to a generic differentiation strategy. Here are the main features:

• *Eco-efficiency*: the objective is to increase the productivity and to decrease costs and, at the same time, the environmental impact;

• *Beyond Compliance Leadership*: it is important to improve the organizational process but also to make customers know what are the enterprise efforts through certifications, business codes and environmental unprofitable investments;

• *Eco-Branding*: this strategy starts from the premise that consumers need to understand which are the benefits deriving from the purchase;

• *Environmental Cost Leadership*: the goal is to mix lower costs with a lower impact on environment.

This subdivision can be considered interesting because it highlights in a concrete way what it means to apply sustainability principles also making reference to the traditional strategies: from the author's point of view this combination between conventional marketing and the sustainable one is essential to highlight also the economical aspect linked to environmental and ethical issues.

It is quite clear that a consistent sustainable marketing strategy needs an effective communication system: from this point of view sustainability reports and certifications represent important tools to promote environmental and social initiatives. Sustainability reports are documents that companies draft to provide qualitative and quantitative information in order to highlight and integrate their economic, environmental and social activities (Daub, 2007): Global Reporting Initiative (GRI), the most important world organization which promotes reporting, has formulated a series of reporting guidelines; transparency is defined by the GRI as an imperative and this shows, one more time, how much important is a communication based on real information, a prerequisite to implement a sustainable marketing strategy. Kolk (2010) specified which are the most relevant reasons for reporting and for non reporting, as summarized in the following table (tab.1).

Table 1: Reasons for reporting and for non reporting by Kolk (2010)

Reasons for reporting
Enhanced ability to track progress against specific targets
Facilitating the implementation of the environmental strategy
Greater awareness of broad environmental issues throughout the organisation
Ability to clearly convey the corporate message internally and externally
Improved all-round credibility from greater transparency
Ability to communicate efforts and standards
License to operate and campaign
Reputational benefits, cost savings identification, increased efficiency, enhanced business development opportunities and enhanced staff morale
Reasons for non-reporting
Doubts about the advantages it would bring to the organisation
Competitors are neither publishing reports
Customers (and the general public) are not interested in it, it will not increase sales
The company already has a good reputation for its environmental performance
There are many other ways of communicating about environmental issues
It is too expensive
It is difficult to gather consistent data from all operations and to select correct indicators
It could damage the reputation of the company, have legal implications or wake up 'sleeping dogs' (such as environmental organisations)

This table puts in evidence, specifically, the role of reputation: reporting, according to Kolk, can have a positive impact on companies' image, creating a chain reaction with positive consequences in terms of cost savings, new opportunities and improved work conditions; on the other hand a superficial and a non-transparent report could activate a boomerang effect with negative consequences on companies' reputation: this concept reinforces one more time the necessity to apply a communication style based on truth.

Third-party certifications represent a further tool to communicate with stakeholders, in particular the international standard ISO 14001 is a recognized document to show a company's environmental management system, while OHSAS (Occupational Health and Safety Assessment Series) 18001 groups a series of criteria in order to guarantee healthy and safe work conditions. Some studies have shown that ISO 14001 have a positive influence on environmental performances (Boiral & Henri, 2012; Melnyk, Sroufe, & Calantone, 2003) while its positive impact on profits has been studied by Davis (1991) and Summers Raines (2002). Further researches about the role of OHSAS 18001 have been implemented by Abad, Lafuente, and Vilajosana (2013) who specified its importance in the achievement of safety as well as Lo, Pagell, Fan, Wiengarten and Yeung (2014) proved a connection between it and improvements in terms of safety, labor productivity and profitability.

De Pelsmacker Dryesen and Rayp (2005) analyzed social sustainability also considering companies' ethical choices. These scholars considered the effects of social activities on consumers' choices, pointing out that they can express their ethical certainties in two ways: the first one consists on buying product with specific positive features, the second one is based on boycott of those enterprises because of their negative conduct; Boulstridge and Carrigan (2000) stressed that the ethical factor is considered secondary for most of people, because price, quality, convenience and brand influence more deeply their decisions. According to the authors this is particularly interesting to note, in fact this can represent one of the most insidious issue for researchers in order to comprehend consumers' attitudes towards sustainability: often they declare to appreciate responsible companies but, concretely, other criteria influence their purchasing decisions.

Carrigan and Atalla (2001) studied a young target, formed by 18-25 aged respondents, organized in two focus groups: they showed that an ethical conduct does not affect young consumers behavior probably because fashion and brands play a more important role in their decisions. Singh, Iglesias and Batista-Foguet (2012) studied the relationship among perceived ethicality, brand trust, brand affect and brand loyalty on a sample of 4.027 Spanish consumers: results highlighted that there is a positive association between perceived ethicality, brand trust and brand affect and these latter have, in turn, a positive relationship with brand loyalty; Singhapakdi, Vitell, Rao and Kurtz (1999), on the other hand, showed that there is a difference between the ethical decision-making process of marketers and those of consumers: they found that consumers tend to be more idealistic and less relativistic compared to marketing professionals and, according to them, a reduction of this gap could be a source of competitive advantage for those marketers who will be able to understand better consumers' ethical requests**.**

3. The empirical analysis

3.1. Research methodology

The aim of this research is essentially to analyse the way the largest companies in the world communicate their sustainability initiatives and if this communication is consistent or contrasts with their real behaviour. In other terms this study has the objective to explore the inclination of these companies to concretise a greenwashing action. The researchers have investigated, for this purpose, sixteen large companies' web communication, in particular considering the propensity to publish information relative to their ethical and

environmental commitment. Specifically the authors have verified the publication of references relative to:
- the creation of a sustainability report;
- ISO 14001 certification;
- OHSAS 18001 certification;
- a web section dedicated to explain their sustainable behaviours as well as their responsibility values.

ISO 14001 belongs to ISO 14000 series, which concerns tools for the environmental management in order to make companies improve their green performances: in this context the ISO 14001 standard is focused on environmental management system; OHSAS (acronym of Occupational Health and Safety Assessment Series) 18001 is more linked to safety in the workplace.

The selection of these sixteen companies has been conducted through data provided by Forbes in its website: it makes available some rankings about companies, dividing them on the basis of their sector. Four sectors have been analyzed, considering their relevance and their impact on the contemporary society: in order to vary the sample and to investigated possible different approaches, the researchers analyzed both business to business and business to consumer companies. As indicated in the following table, the selected sector are: *oil and gas operations, iron and steel, computer hardware* and *food processing,* all characterized by a relevant impact on environment but also by issues linked to some ethical aspects; for every sector the researchers have analyzed the first four companies in order of ranking position.

Table 2. Selected companies from Forbes.com data

Companies	Country	Sales	Profit
Sector: Oil and gas operations			
ExxonMobil	United States	$394 B	$32.6 B
Petrochina	China	$328.5 B	$21.1 B
Royal Dutch Shell	Netherlands	$451.4 B	$16.4 B
BP	United Kingdom	$379.2 B	$23.6 B
Sector: Iron and Steel			
Nippon Steel & Sumitomo Metal	Japan	$54.8 B	$2.3 B
Posco	South Korea	$56.5 B	$1.2 B
JFE Holdings	Japan	$36.1 B	$1 B
Vale	Brazil	$47.6 B	$0.1 B
Sector: Computer Hardware			
Apple	United States	$173.8 B	$37 B
Hewlett-Packard	United States	$112.1 B	$5.3 B
Lenovo Group	Honk Kong	$37.2 B	$0.8 B
Quanta Computer	Taiwan	$29.7 B	$0.6 B
Sector: Food Processing			
Nestlé	Switzerland	$99.4 B	$10.8 B
Unilever	Netherland	$66.1 B	$6.4 B
Mondelez International	United States	$35.3 B	$3.9 B
Danone	France	$1.9 B	$42.6 B

The methodology carried out for this research is a *content analysis* (Berelson, 1952): according to Abrahamson (1983) this kind of methodology can be applied to every typology of communication.

According to Weber (1990) this methodology can be defined as a "research method that uses a set of procedures to make valid inferences from text" (p. 90) used, for example, to describe trends in communication content or to identify some characteristics of the communicator; this scholar, moreover, made a list of the content analysis' advantages, which are:
- combination of qualitative and quantitative operations on text;
- it is applied on texts;
- it is characterized by an unobtrusive measurement (on the contrary of other methodologies, for example interview).

Berelson (1952) highlights that it is a technique to describe the content of communication in a systematic, objective and quantitative way.

Some scholars have applied this methodology in the analysis of sustainability reports. Langer (2006) for example applied it to Austrian companies; Guthrie and Farneti (2008) studied these documents considering some Australian companies. Gill, Dickinson and Scharl (2008) used this methodology to some American, Asian and European firms' websites, finding that social indicators are mainly showed by European companies; a content analysis was also conducted by Joseph (2010), in reference to the public sector in Malaysia.

In this study this methodology has been chosen in order to underline the possible presence of sustainability information in some of the largest companies in the world: researchers decided to apply it because it is particularly suitable to analyse the communicational approach of large companies and, consequently, their tendency to make sustainability also a tool in reputational terms. The originality of this research consists in the comparison between the objective of companies to improve their image through communication and the reputation they really have.

3.2 Findings

The analysis of these websites has revealed that sustainability is a topic of discussion among the largest companies: all of them dedicate a space to comment their social and environmental commitment. First of all the researchers have analyzed if these companies draft the *sustainability report*, summarizing their responsible achievements. All of those enterprises publish this document in their official website, except Mondelez International and this datum confirms the growing tendency to report sustainability, as demonstrated by Kolk (2004): this means that these information have become crucial in business communication, because they contribute to improve companies' reputation and image: in the case of b2b companies they can be useful, for example, to begin good relationships with new suppliers, while for b2c companies they can be important to attract or to maintain new consumers, more and more sensitive to this issues.

Sometimes this document is named in different way by some companies, it is sufficient to think about the case of ExxonMobil's report, entitled "*Corporate Citizenship Report*", but also to BP, which calls it "*Sustainability Review*", Hewlett-Packard's "*Living Progress Report*" and Unilever's "*Sustainable Living Plan*". The case of Apple is particular because this hardware giant publishes various environmental reports which are specific for everyone of its product (and for this reason direct to consumers) and a *Supplier Responsibility Report*, which is modelled to meet its business partners' communication needs; Nestlé's report has a longer title, in fact it is named "*Nestlé in society. Creating shared value and meeting our commitments*".

The importance given to sustainability communication is also shown by the fact that all the sixteen selected companies have a specific web section to discuss about their responsible initiatives, in order to underline their values and objectives in terms of social and environmental aspects, as described in the following list (which indicates some examples).

ExxonMobil: the focus is essentially on six main areas, which are 1. safety and health in the workplace, 2. promotion of economic development, 3. reduction of environmental impact, 4. management of climate risks, 5. corporate governance and 6. human rights respect. There are clear references to the definition of sustainable development, in fact this company highlights the need to safeguard the future generations.

BP. This company provides a lot of information, with reference to different sustainability dimensions. Among the various information a particular section has been created to communicate the initiatives carried out to restore the Gulf of Mexico area (damaged by an accident which involved BP).

Nippon Steel & Sumitomo Metal. The focus is essentially on the environmental dimension, for example in reference to global warming, recycling attitude, reduction of carbon dioxide emissions and eco-products.

Vale. This Brazilian company highlights in particular its green initiatives, for example those of safeguard of lakes but also of reduction of greenhouse gas emissions. There are also references to protection of local cultures in the places it operates. Through a questionnaire the stakeholders have the possibility to evaluate the data provided by the sustainability report.

Apple. Also in this case the environmental aspect is predominant. One of the most relevant characteristics which this company highlights is the duration of its products, considering that the short lifetime of technological objects is effectively a problem, linked to the waste management. Moreover, for every product, there is a list of the improvements developed by the company in terms of materials, energy efficiency, packaging. There also a series of answered questions and a video relative to some environmental issues.

Hewlett-Packard. Sustainability is analysed in its three dimensional nature. From a social point of view the company guarantees to respect human rights also in reference to all the supply chain. In its website Hewlett-Packard declares to be the first IT company to introduce a guidance for the treatment of student and dispatch workers. There also references to its education projects and to its environmental progresses. Communication with costumers is particularly important insomuch that they have the possibility to submit questions relative to green issues: in order to highlight its environmental commitment, furthermore, the company presents its ecological products.

Lenovo Group. There are a lot of information which range from planet safeguard to people respect. Moreover this company declares to have been a constituent stock of the Hang Seng Corporate Sustainability Index Series and is a member of the United Nations Global Compact: another important information derives from the recognition of their social responsibility by EcoVidis, which evaluated positively Lenovo.

Quanta computer. It pays attention on various responsibility aspects, also underlining the activities which it implements. Their way to conceive responsibility is summarized in this expression, present on their website "we show Honesty, Faith, and Love for all corporate stakeholders, to be a corporate citizen with social responsibilities".

Nestlé. There is a wide section dedicated to sustainability, for example there are information about packaging, raw materials, transports, waste, also making references to the Life Cycle Assessment (LCA) approach. The social aspects are deepened in a specific section, which highlights its commitment in terms of respect of human rights, responsibility in marketing activities in favour of a balanced nutrition, infant food policies (in the past this was a controversial issue which involved this large Swiss company).

Danone. This French company communicates its sustainability activities in reference to its supply chain. Responsibility is also linked to the health-oriented production.

What about certifications? Information provided in these companies' websites talk turkey: references to ISO 14001 are more widespread than OHSAS 18001 ones and this probably depends on the fact that nowadays there is a greater sensitivity to green issues so companies prefer to communicate this aspect, in a marketing perspective. All the considered companies mention this standard, except Petrochina, and in some cases they publish the certification which certifies their environmental management system. OHSAS 18001 is quite widespread but there are more companies which do not report information about it (for example, Petrochina, Shell, JFE and Danone).

The following table summarizes these findings.

Table 3. Findings

Oil and gas operations				
Company	*Sustainability Report*	*Sustainability Web Section*	*Iso 14001*	*Ohsas 18001*
ExxonMobil	x	x	x	x
Petrochina	x	x		
Royal Dutch Shell	x	x	x	
BP	x	x	x	x
Iron and Steel				
Company	*Sustainability Report*	*Sustainability Web Section*	*Iso 14001*	*Ohsas 18001*
Nippon Steel	x	x	x	x
Posco	x	x	x	x
JFE	x	x	x	
Vale	x	x	x	x

Computer Hardware				
Company	*Sustainability Report*	*Sustainability Web Section*	*Iso 14001*	*Ohsas 18001*
Apple	x	x	x	
Hewlett-Packard	x	x	x	x
Lenovo Group	x	x	x	x
Quanta Computer	x	x	x	x
Food Processing				
Company	*Sustainability Report*	*Sustainability Web Section*	*Iso 14001*	*Ohsas 18001*
Nestlé	x	x	x	x
Unilever	x	x	x	x
Mondelez International		x	x	x
Danone	x	x	x	

The largest companies' tendency to communicate sustainability is clear. It is evident that it has become a crucial topic both for b2b and b2c enterprises. The huge quantity of data provided by them demonstrates that they are aware of the role of corporate responsibility in business relationships as well as in those with consumers. Once verified this, it is essential to understand if sustainability is only a façade, and so it hides the will to attract customers with false information or, on the other hand, to consider the marketing benefits of a responsible behaviour as a consequence of an ethical-oriented business philosophy.

4. Greenwashing risks

Obviously the attitude of companies to communicate data and information about their sustainable initiatives does not mean that they are automatically transparent. Some of the selected companies have been accused of being irresponsible during the last decades and this has created also boycott movements against their products, in spite of what they declare. From this point of view it is evident that web communication is not sufficient to guarantee the good faith of those companies and, at the same time, also the sustainability report is a weak tool. Communicating false information could be very negative for companies because this attitude could compromise some relationships, in particular those with suppliers and consumers: on the other hand it is correct to underline that sometimes sustainability is a perceived necessity but consumers in concrete do not pay attention on it, considering themselves as non influential in this process and linking sustainability only to the environmental dimension (Grunert, Hieke & Willis, 2014). From this point of view some companies decide to mask their real behaviour, trying to attract this kind of target. However they have to be aware about the possible negative consequences of this false communication, first of all considering the risks in terms of image and reputation, which are fundamental from a marketing perspective: this can be a cause of the aforementioned phenomenon of boycott or of a drop of consumers (Glazer, Kanniainen and Poutvaara, 2010).

This particular discrepancy between communication and reality has involved also some of the companies analysed for this study: there were some controversial cases, which has undermined the involved companies' reputation, as shown below.

Shell. Some years ago it was accused of irresponsible conduct in Africa, to the detriment of a population living in the delta of the river Niger, the Ogoni. This company earned huge quantity of money because of the abundance of oilfields in this land: benefits for the Ogoni were null, while the social costs of this exploitation were enormous, first of all considering the underdevelopment and the environmental disaster. These were the reasons why the Ogoni tried to rebel to Shell, and this caused an international indignation against this company, which was also accused, in particular during the '90s, of murders and other crimes against the MOSOP, with the complicity of the Nigerian government. MOSOP was a protest movement which demanded the respect of the Ogoni's rights, considering them from all the

sustainability dimensions: social, environmental and economic. The world indignation became stronger when the regime hanged the spokespeople of the MOSOP (Ken Saro Wiwa) in 1995 and Shell was considered accomplice, in particular it was accused of being the government's supplier of financings and weapons (Boele, Fabig and Wheeler, 2001). The responsibility of Shell was demonstrated and, for this reason, it has to compensate the Ogoni for its shameful conduct: the reputation of this Dutch company was blemished by those facts. In the official website there is a reference to this issue, in particular the company declares to have created a fund for the Ogoni, sign that this issue is already current.

BP. The aforementioned environmental disaster happened in 2010 in the Gulf of Mexico represents the most controversial issue which involves this oil company. As a matter of fact there was an accident on the drilling rig Deepwater Horizon, leased by BP, with huge consequences on persons and environment: 11 men died and an enormous quantity of oil was split into the Gulf, causing massive damages for the ecosystem (Perrons, 2013; Harlow, Brantley and Harlow, 2011): data reported by Liu, Liu, Gardner, Shank and Ostrom (forthcoming, available online from January 2014) are exemplifying: 4.9 million barrels of oil and 2 million gallons of chemical dispersants were released in the Gulf of Mexico from April to July 2010. Also in this case this company has been convicted to pay a large fine because of its irresponsible conduct: also in its website there are references to this disaster and to the activity of BP to restore the damaged area.

ExxonMobil. Also this company was involved in a similar disaster, but it was previous to that which involved BP. In 1989, in fact, the Exxon Valdez, an ExxonMobil oil tanker, poured huge quantity of oil in the vicinity of Alaska, as a consequence of an oil spill. Exxonmobil was obliged to pay a large fine for the negative impact on the ecosystem (Peterson, 2001).

Vale. Together with the Sustainability Report published by the company, on the Web it is available the so-called "*The Vale 2012 Unsustainability Report*", written by the "International Movement of People affected by Vale", with the aim to denounce its negative

conduct, refuting data provided by this large mining company. This report highlights Vale's irresponsibility, in particular underlining that only a minimal part of its profits are invested in Corporate Social Responsibility, on the contrary of what they declare. At the same time there are other information which show a negative impact on society and environment, for example in terms of human rights violation (describing some cases happened in Brazil and Mozambique) and consequence on nature, especially damages of water sources in Brazil and Argentina and increasing in nitrogen oxide and sulphur oxides emissions. A particular "award" was given to Vale in 2012: it is the Public Eye Award, conferred to the worst company in terms of environmental and social impact by a group of 88000 voters.

Nestlé. Starting from the way this company promoted infant formula in Africa, an accusation of irresponsibility was framed up against it (Boyd, 2012). In particular Nestlé was imputed to sell this formula, presented as superior to breast milk, in spite of the unhealthy hygienical conditions in Third World countries, exploiting the fact that the local population was not aware of this problem, causing problems for children's health (Brady, 2010). This caused the organization of boycott groups of consumers (Brinkmann, 2004).

4.1 Greenwashing implications

The analysis of this case highlights that communication is essential in building companies' image but it is not sufficient because irresponsible actions can destroy the reputational asset, damaging them both from a moral and from an economic perspective. From this point of view it is important to consider the validity of a communication based only on appearance: this cases demonstrate that the lack of responsibility transpires easily so it is not a correct choice for them. Nowadays customers are more aware about the necessity to guarantee safety and health for human beings and respect for environment and this should be considered by companies, which otherwise would run the risk to be boycotted, and this is so important in a period characterized by a fast circulation of information. There is no difference between b2b and b2c companies:

communicating sustainability can be important only if it is based on concrete actions, which show the real commitment of a company. This concept can be better explained considering Grant (2009): it is necessary to pass from a simply green attitude to a "greenest" one, that means to pass from communication to an innovation-oriented strategy, which considers sustainability not as extraordinary but as a normal principle of conduct which has to be concretised in a business model, because it is an opportunity an not a burden. Porter and Van der Linde (1995), in the matter of this issue, conceive sustainability not only as a reputational source but also as a competitive advantage tool, which gives the company benefits also in financial terms. From this point of view a greenwashing-based approach does not pay, because it does not guarantee the long term survival of a company.

5. Conclusions and limits

Findings of this research has highlighted that sustainability is not prerogative of a niche of sensitive companies but has become an indispensable topic of discussion among the largest companies. In fact they are aware about the importance to inform the stakeholders about their social initiatives, and this is a consequence of the increased sensitivity among the role of enterprises in society. Different tools are used to this end such as sustainability reports, certifications, video, web sections: they highlight different aspects of sustainability, from waste management to child labour prohibition, from reduction of pollution to human rights respect. Communication, in this way, is essential but, at the same time, it is not sufficient. Sometimes, in fact, what is declared does not coincide to reality and this implies a risk for companies, also from a marketing point of view. Findings has underlined that the environmental dimension of sustainability is more considered, in particular in reference to certifications: ISO 14001 is more widespread than OHSAS 18001.

Once having proved the companies' tendency to communicate sustainability, the question becomes: is this communication sufficient? The controversial cases which concerns some of the selected companies show that masking irresponsible actions does not pay, also because they, sooner or later, emerge, with huge risks for reputation. Appearance, definitively, is not positive for marketing: it is essential to conceive sustainability in the light of its opportunities rather than the costs which it implies. On the other hand the fact that the largest companies publish information about their responsible initiatives expresses clearly their awareness about the necessity to be considered socially responsible and this is evident also considering some sectors, such as those of oil and energy, particularly in the eye of the storm for environmental issues.

From the authors' point of view greenwashing can be considered a form of *business myopia* because it is synonymous of short term perspective, characterized by a lack of vision and, in virtue of this, destined to decline: this is particularly grounded today because of being green and socially responsible is a recognized necessity, also by customers. The increasing attention to this subject could represent an essential element in future in order to distinguish praiseworthy companies from those irresponsible: marketing communication is necessary but has to be well-grounded on concrete and real actions, otherwise it will be useless.

In order to make sustainability more concrete it is necessary, according to the authors' opinion, to change the perspective: companies have to understand their role in society and this implies that they have to be more responsible: this behaviour, then, will have positive consequences also from the economical point of view. In other terms the economical perspective cannot be placed before the moral one: it is essential to conceive this issue firstly from a philosophical perspective and then to apply it concretely. This will be important in order to comprehend the sustainable choice represents an opportunity and not a cost for companies, as also stated by Porter and van der Linde (1995), and this is important from a managerial point of view. Compliance could represent a good tool to make companies more responsible but, probably, it is not sufficient: it is necessary a cultural revolution. The benefits of a sustainable turn have been shown by Miles and Covin (2000):

financial indicators and reputation improve through improvements in environmental and social terms. Concrete benefits for companies are evident so sustainability is necessary also for a long term survival of companies and this is important to comprehend from a managerial point of view.

The limits of this research derive from its explorative nature and this implies the necessity to deepen it: because of the limited number of companies and sectors, the sample needs to be enlarged in order to investigate other kind of activities (which could show different approach to sustainability). Another limit is relative to the fact that some of the cited controversial cases are not recent: this is true but, from another point of view, some of those problems are already current for some consumers. Anyway it is a limit because it is necessary to integrate these information.

For future research it could be interesting to analyse the question from the point of view of consumers, in particular considering the way they react to greenwashing and if they reward the responsible companies.

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THE IMPLEMENTATION OF RELATIONSHIP MARKETING IN CLUSTER MANAGEMENT

Boguslaw Bembenek

Abstract: In the article there was characterised the significance of relationship marketing with particular regard to the need for the implementation of this contemporary concept in the process of cluster management. It was emphasised that from the viewpoint of further development, a strategic challenge for decision-makers in a cluster is the establishment, particularly within this organisation, of partner relationships, which are the sign of their highest level of advancement. It was indicated that passive attitude of cluster decision-makers towards building long-lasting, partner relationships not only in a cluster itself but also in its environment may pose considerable threat for the further existence and the development of this organisation. Simultaneously, there was presented a range of benefits related to the implementation of relationship marketing within a cluster. Taking into consideration holistic attitude towards the issue in question, it was proved that the management of relationships with key stakeholders (e.g. clients, suppliers) is conducive to the development of relational capital of a cluster.

Introduction

Presently, clusters are treated as more or less formalised organisations, created as a result of permanent coopetition of companies and other entities (universities, R&D institutions, business support institutions, public administration), geographically concentrated and mutually related. Dynamic changes that occur in their environment constantly determine their management process. As a result, cluster decision-makers, willing to provide their organisations with adequate development conditions, seek the sources of a permanent competitive advantage, the advantage that will ensure them the permanence of functioning on the market.

In contemporary socio-economic processes, there was a shift of the focus from unit transactions towards building long-term and permanent relations with stakeholders, which are based on mutual trust. Hence, new market conditions necessitate skilful implementation and realisation of the principles of relationship marketing. It ensues from the nature of this concept of marketing that cluster's ability to create and maintain long-term partnership relations, among others with clients and contractors, basing on trust, become the chance of reinforcing the level of its competitiveness. Owing to the immaterial character of the relations determining relationship capital as well as their number, quality and value, clusters have the opportunity of building and reinforcing their permanent competitive advantage.

The aim of the present paper is to characterise the advantages that ensue from the implementation of the concept of relationship marketing in a cluster, within the scope of the initiation, maintaining and development of long-term relationships based on mutual cooperation with key stakeholders, mainly clients and suppliers. The author, taking into consideration the variety of methods and tools used in this process, emphasises the role of strategies and CRM/SRM systems. The paper has been based on the literature review and author's several-year research experience in the area of the significance of cluster management.

The role of relationship marketing in cluster management

The term *cluster* carries a lot of contents and is semantically ambiguous. Hence, it has no single, commonly applied and accepted definition. The

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majority of the definitions proposed in economic literature refer to the origin concept by M. Porter, according to which a cluster is a geographically proximate group of interconnected companies suppliers, service providers and associated institutions in a particular field linked by externalities of various types (Porter, 2003, p. 562). A similar approach is presented by S. Rosenfeld, who postulates that cluster is a geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions, communications and dialogue that share specialized infrastructure, labour markets and services, and that are faced with common opportunities and threats (Rosenfeld, 1997, p. 10). The physical proximity of actors within a cluster provides scope for collaborative endeavour aimed at addressing some areas of purported market failure (Enright and Ffowcs-Williams, 2000, p. 14). The industrial complex is characterised primarily by long-term, stable and predictable relations between the firms in the cluster, involving frequent transactions (Iammarino and McCann, 2006, p. 1022). S. Rosenfeld argues that, like networks, clusters are composed of firms that co-locate around a variety of common interests or needs (Rosenfeld, 2005, p. 6). Whereas V. Boronenko and Z. Zeibote indicate that cluster is an economic subject rather than a juridical person (participants of a cluster are juridical persons themselves); although participants of a cluster have legal independence, they are economically interrelated; participants of a cluster differ in the type of activity and economic status and participants of a cluster are geographically proximate and work in the same region (Boronenko and Zeibote, 2011, p. 36). In Poland, for instance, clusters function as formalised as well as non-formalised structures. In the case of non-formalised clusters, it is the coordinator who plays the key role in the process of their development (cluster organisation).

The level of cluster development is mainly the result of the decisions undertaken by cluster decision-makers. It is their abilities, knowledge, experience, intuition, visionariness, creativity and leadership, including active undertakings that the pace of building cluster' competitiveness advantage depends on. Cluster management can be defined as a complex, interactive and non-linear process, continuous activity of a cyclical nature, and the organisation and coordination of the activities of a cluster in accordance with certain strategy, in order to achieve clearly defined common objectives (Schretlen and Dervojeda, et al., 2011, p. 3). It is an information and decision-making process orientated towards undertaking rational actions inside and outside a cluster, which are connected to the realisation of planning, organising, motivating and controlling functions. In many publications it have been emphasised that it is impossible to manage a cluster effectively in the conditions of market turbulences without mature partner relationships with key internal and external stakeholders. Simultaneously, it creates a need for the implementation of relationship marketing.

While analysing the concept of relationship marketing, Ch. Grönroos emphasised that sometimes relationship marketing is used more or less as a synonym for direct marketing, database marketing, or for establishing customer clubs, and it becomes just another instrument in the marketing mix toolbox to be used to create transactions. In other situations, relationship marketing is used as a synonym for developing partnerships, alliances, and networks, or as part of marketing communications only (Grönroos, 1999, p. 333). As frequently defined, relationship marketing (Palmatier, 2008, p. 4; Percy and Visvanathan, et al., 2010, p. 2597):

- is the continuous process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance,

- refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchange,

- is the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost,

- is to identify and establish, maintain and enhance relationships with customers and other stakeholders at a profit, so that the objectives of all parties involved are met and that this is done by mutual exchange and fulfilment of promises,

- involves creating, maintaining and achieving strong relationships with customers, employee, supplier, community, and other stakeholders of a business with the goal of delivering long term economic, social and environmental value to all key stakeholders in order to enhance sustainable business financial performance.

According to a commonly known statement, customer retention (a result of relationship marketing) affects the company's profitability, since it is more efficient to maintain an existing customer relationship than create a new one (Payne and Christopher, et al., 1999; Reichheld, 1996). P.H. Andersen concludes that the essence of these activities is to decrease exchange uncertainty and to create customer collaboration and commitment through gradual development and ongoing adjustment of mutual norms and shared routines (Andersen, 2001, p. 168). The overall objective of this type marketing is to facilitate and maintain long-term key stakeholder relationships, which leads to the change in focal points and modifications of the marketing management process. Moreover, a key goal of relationship marketing theory is the identification of key drivers that influence important outcomes for the organisation and a better understanding of the causal relations between these drivers and outcomes (Hennig-Thurau, Gwinner, and Gremler, 2002, p. 231). S. Hollensen and M.O. Opresnik claim that the growing interest in relationship marketing suggests a shift in the nature of marketplace transactions from discrete to relational exchanges, from exchanges between parties with no past history and future prospects to interactions between parties with a history and plans for upcoming interaction (Hollensen and Opresnik, 2010, p. 8). According to H.B. Thorelli relationship marketing is part of the developing "network paradigm", which recognizes that global competition occurs increasingly between networks of organizations (Thorelli, 1986, p. 47). In E. Gummesson's opinion, the concept of relationship marketing is the recognition of a new type of organization which needs a new type of management (Gummesson, 1994, p. 10). As early as in1997, Ch. Grönroos emphasised that in the future, this marketing paradigm most certainly will be a focal point of marketing research, thus positioning itself as a leading

marketing paradigm not only in services marketing and industrial marketing but in most or all marketing situations (Grönroos, 1997, p. 328).

G. Scheer and L. Zallinger explicitly point that clusters are mostly very heterogeneous systems, consisting of a number of member businesses and partners whose information, communication and cooperation has to be structured and organized (Scheer and Zallinger, 2007, p. 30). Owing to the heterogeneity of cluster members (the representatives of various branches: business, science, local authorities, institutions of business support, financial institutions), in economic practice, managing such an internally diversified organisation proves to be an extremely complicated undertaking. It has to be emphasised that the level of risk connected to the functioning of a cluster as an entirety systematically increases as the number of members grows. Thus, it has to be assumed that a part of the newly joined subjects will display an opportunistic attitude and take care only for their individual development. Such an attitude coincides, inter alia, with the concept of social loafing by Ringelmann. According to this concept, the more people do together a piece of work; the worse is the result as compared with the sum of single results (the phenomenon of dis-synergy takes place). It ensues from the fact that when people work in a group, they frequently realise the limited possibility of evaluating their effort, therefore the motivation to work declines (Ingham, 1974, p. 371). Even this aspect of the functioning of cluster society should be taken into consideration while designing a system of the relationships that is adequate to a particular cluster, including the system of active motivation of cluster members for the benefit of a solid, partner, jointly responsible and ethical behaviour, which is conductive to the creation of the added value of relationships being established in a cluster.

The economic literature on clusters suggests that the strength and the dynamism of industry clusters are enhanced not only by the presence of supporting institutions and organizations but also by the nature and the extent of relations among firms, universities, and government agencies (Morgan, 2004, p. 49). Operating clusters, in which there is a high level of

awareness of particular members within the scope of the affiliation to those structures and active cooperation within the realisation of common projects, constitute an example of a partner organisation, which enables their members to produce the effect of synergy. According to H. Haken, if a group of members can cooperate with each other, they can improve the quantity and quality of living conditions, and achieve the result that a single member cannot obtain (Zhang and Yu, 2013, p. 392). Two significant aspects of partnership that are indicated in the concept of a cluster are: the so-called external aspect, which refers to the relationships of cluster members with the stakeholders that operate in external environment, and internal aspect – that ensues from the characteristics of the relationships inside this organisation, which is connected to attitudes, beliefs and feelings of the partners.

In economic literature partnership is perceived as a relatively firm, long-lasting relationship between subjects, which is based on an open information exchange and mutual trust, engagement as well as sharing common benefits or possible risk. A partnership is an agreement to do something together that will benefit all involved, bringing results that could not be achieved by a single partner operating alone, and reducing duplication of efforts (Brandstetter, De Bruijn, et al., 2006, p. 7). This term describes also: a process that lasts in time; co-participation; being a partner; new quality of relationships with partners or a set of standards and rules. In the article it was assumed that partnership are business relationships, which are based on mutual trust, engagement and responsibility, with two or more independent partners who decided to cooperate closely with a view of making the results of their common work permanent and beneficial to both parties. The reciprocity of business relationships basing on partnership excludes the domination of one or a few partners over the other; it is connected to the equality in decision-making, assuming that all partners have the opportunity to influence the aims, processes and results as well as their assessment.

A model partnership in a cluster ensues not only from subject but also object premises based on common values of the partners. It is related to the activities being realised, which are orientated towards the development of resources and abilities in a cluster. Looking to the future and sharing a common vision constitute a chance for further development of the partners, guarantee of stable development, since it contributes to the elimination of a number of sudden, unfavourable changes, which can pose a threat to further functioning. The incentives for working in a partnership are not limited to monetary benefits because they include specific skills derived from the learning experience, the greater collective capacity to respond to the problem, and the increased quality of the common solutions (Beckx-Bleumink, Billo, et al., 2003, p. 10).

The development of permanent partner relationships in a cluster requires of a manager: the activity, the abilities to cross socio-political and personal divisions, seeking a common basis of activity, the focus on the present and new goals. It requires particular openness and flexibility, mutual understanding, tolerance, transparency of actions and also determination, which guarantees the cohesion of partnership and prevents the scattering of activities. In order to be effective, a partnership must guarantee equal rights and benefits to the both parties of this relationship; otherwise it would signify the exploitation of one party by the other and would be doomed to failure. Therefore, cluster manager should carefully select the members basing on their "stake" or vested interest in the vision and goals of the partnership (Frank and Smith, 2000, p. 29). A lasting and successful partnership enhances the impact and effectiveness of action through the combined and more efficient use of resources and is distinguished by a strong commitment from each partner (Brandstetter, De Bruijn, et al., 2006, p. 7).

The units that have a significant influence on the quality of a partnership in a cluster are stakeholders themselves, not only those internal (cluster members) but also external ones. The term *stakeholder* in economic literature is also described as: a coalition of various groups of partners, strategic supporters, social contractors, power-holders, those who have stake at the game, the electorate of an organisation (Bryson, 2004, p. 22-25). It describes everybody who can

positively or negatively influence the functioning of an organisation. A group of stakeholders has certain expectations as regards a cluster; on the other hand, however, its behaviour is conducive to the achievement of cluster's objectives. Some types of stakeholder groups include employees, local communities, local elected officials and local and central governments, universities, regulatory agencies, customers, suppliers, financiers, shareowners, and non-governmental organizations (Zollinger, 2009, p. 5). The idea of the "stakeholder model" proposes extending the focus of managers beyond the traditional interest group in order to understand the needs, expectations and values of groups previously perceived to be external to the cluster (Ayuso, Rodriguez, et al., 2007, p. 2).

The theory of stakeholders is concentrated on the nature of relationships that exist between the organisation and its diversified group of stakeholders as well as the results of those relationships. It indicates that the group in question ceases to be perceived only instrumental and becomes an active subject of the market play (Perrini, Tencati, and Pivato, 2006, p. 297). Hence, it constitutes an example of a managerial philosophy, the success of which depends on the level to which an organisation can manage relations, connections and dependencies in relationships with the key stakeholders (Freeman, 2010, p. 74). The basis of those relationships can be: a contract, the regulations in force, more or less formalised rules of cooperation, owing to which those relationships may be of various natures, such as contractual, quasi-contractual, or non-contractual, partner, competitive as well as coopetitive. The continuity of the cooperation is, however, to a considerable extent dependent on positive relationships, which are built and strengthened in the process of communication and becoming acquainted with each other. A permanent and efficient cooperation is impossible without an adequate level of trust between partners. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which is associated with such qualities as consistency, competence, honesty, fairness, responsibility, helpfulness, and benevolence (Morgan and Hunt, 1994, p. 23). Empirical results received by M. Raskovic and M. Makovec-Brencic (2013, p. 16) show that buyer-supplier relationship competitiveness is mostly driven by interpersonal trust and joint problem solving (both relational determinants), as well as by two kinds of transaction-specific investments, namely investments into people and physical assets.

Due to high turbulence of the environment, the creation of one permanent set of stakeholders is unfeasible. As a result of the changes that occur in the market, new stakeholders continuously appear; they determine cluster's behaviour and influence its identity (personality) and other attributes. Simultaneously, the changing nature of the processes of globalization, glocalization and regionalization creates the need to manage the relationships with stakeholders naturally. According to J.R. Boatright, to manage stakeholder relations is not necessarily to serve each group's interest (although this might be the effect), but to consider their interests sufficiently to gain their cooperation. He stresses that stakeholder management assumes that management decision making is the main means by which the benefits of organisation's wealth are distributed among stakeholders, but these benefits can also be obtained by groups interacting with an organisation in other ways, most notably through the market (Boatright, 2006, p. 107). Likewise, R.E. Freeman, A.C. Wicks and B. Parmar (2004, p. 364) indicate that managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises.

The application of CRM and SRM in the process of cluster development

One of the major tasks of a cluster manager is to build long-lasting relationships, inter alia, with key clients through a skilful adjustment to their constantly changing needs or offering them additional benefits, values. P.F. Drucker (2000, p. 28) states that the starting point for organisation

management should not be a product, service, market or the final users of the products but, above all, the values and needs of a client. In the literature on marketing and management it is emphasised that a client should not be a customer but a partner, and a satisfying cooperation with them is one of the fundamental conditions that determines the success of business undertakings. As it results from G.B. Voss and Z.G. Voss's research (1997, p. 293), for cluster managers who really attempt to implement relationship marketing it has the importance of:

- using promotion and direct marketing to create awareness and exploration among potential new customers;
- conducting customer segmentation based on the level of relational commitment;
- maintaining a marketing database that enables frequent, interactive communications with ongoing customers and promotes increased relational commitment;
- developing strong bilateral relationships that are based on a governance structure and shared values.

In relation to the implementation of the concept of relationship marketing, Ch. Grönroos (1999, p. 334) states that to create an understanding of relationship marketing in an organization and to implement a culture of relationship marketing, it may be necessary to replace the term "marketing" with a psychologically more readily accepted term to describe the task of managing the organization's stakeholder relationships.

An integral element of a modern management system, which is conducive to a dynamic cluster development, is CRM (*Customer Relationship Management*). This notion for several years now has been very frequently applied; it is particularly connected to the concept of marketing relationship. In the literature on marketing and management a number of definitions of this term can be encountered. CRM is most often defined as (Mohammadhossein and Zakaria, 2012, p. 1578; Choy, Lee and Lo, 2003, p. 88; Shani and Chalasani, 1992, p. 44; Parvatiyar and Sheth, 2001, p. 915):

- a strategic approach that integrates people, business and technology to understand the needs of customers to be more satisfied;

- combination of marketing efforts, business processes and technology which will lets the organization to know and recognize its customers from numerous perspectives;
- a process by which an organisation maximizes customer information in an effort to increase loyalty and retain customers' business over their lifetimes,
- an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time;
- an organisational approach that seeks to understand and influence customer behaviour through meaningful communication in order to improve customer acquisition, retention, loyalty and profitability;
- a strategy within the organization that aims to satisfy and create a long-term relationship with a client;
- a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the organisation and the customer;
- a business strategy designed and implemented to help the different organizations (including companies) to know and foresee the requirements of their potential and obtainable customers;
- a business strategy which includes marketing, operations, sales, customer service, human resources, R&D and finance, as well as information technology and the Internet to maximize the profitability of customer interactions;
- it involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiency and effectiveness in delivering customer value.

The above mentioned definitions indicate that CRM is a complex term that involves several aspects within the organization and it cannot be reduced to only one of those aspects (Mendoza, Marius, et al., 2007, p. 914). Basing on the literature review it can be concluded that the main component of any CRM concept/strategy entails the facilitation of a two-way interaction between individual customers and an organisation (external communications)

concerning every aspect of the relationship, enabling the organisation to adjust its strategy, including product design, customer service and channel preferences (Viljoen, Bennett, et al., 2005, p. 112). CRM is a concept that supports management of a contemporary organisation (e.g. a cluster), a concept which is based on a perfect acquaintance with clients and which ensues from the knowledge acquired from them. Relationship marketing enables managers to discover who their clients really are, how they behave and what they preferences and so-far unfulfilled needs are.

Understanding the needs of customers and offering value – the added services are recognized as factors that determine the success or failure of companies (King and Burgess, 2008, p. 421). Thus, this strategy may be conducive to the development of synergy effect as its properly implemented tools allow cluster decision-makers to create a complex system of information on the clients, provide more comprehensive and excellent service.

CRM is defined not only as a business philosophy, a business strategy, a business process but also as a technological tool. In this case, CRM is a computer application that supports the process of gathering and storing data, and subsequently making decision concerning the contact with clients. The IT CRM system is a tool which enables the solution of the current problems with customer service and strengthens the competitive position of the organisation in the market. However, the application is only a tool that facilitates management and on no account can it replace the basic consumer-oriented activities. In the literature on relationship marketing it is frequently indicated that CRM needs to be seen as more than just technology with the technology being regarded as the enabler of the CRM strategy (Xu, Yen, Lin, and Chou, 2002, p. 445).

A contemporary client, having the status of a key stakeholder, is more and more demanding, aware of their rights. They frequently participate in designing the product they buy as a prosument (Terblanche, 2014, p. 1). They constantly broaden their knowledge and are capable of analysing their achievements and failures, ready to provide entrepreneurs with more pieces of strategic information on their behaviour. According to V. Ramaswamy (2008, p. 9), customers are now informed, connected and empowered on a scale larger than ever before; due to Internet technologies they have the access to new tools that enable them to co-create together with firms. Contemporary clients are: more competent – they are more self-assure and know how to use their experience and the knowledge they acquire. They have more analytical approach – clients' decisions concerning purchase are more related to the key business strategies. Hence, a client should be treated as a partner with individual standards, values, philosophy, lifestyle, needs and behaviour.

CRM can help organizations manage customer interactions more effectively (King and Burgess, 2008, p. 421). The fundamental goal of CRM is therefore to create greater customer loyalty, sales and satisfaction, and to provide a rich source of customer knowledge that can be used to gain a deeper understanding of customers in order to facilitate the provision of a fully personalised service (Viljoen, Bennett, et al., 2005, p. 111). Moreover, the main objectives of introducing CRM in contemporary organisations are: earning client's trust, obtaining information about clients and their buying habits, coordinating the process of gaining and using the information about a client, being distinguished from the competition, decreasing the costs relating to client service, shortening the time of client service, increasing the selling possibilities, enhancing employees' effectiveness within the scope of client service.

Owing to the fact that each cluster is unique and possess an individual system of resources and information flow, the process of CRM implementation can encounter numerous barriers. Certain barriers can result from the attitude of the employees, mainly due to the fact that CRM constitute: additional tool of controlling employees, additional work connected with entering data into the system, the need for sharing knowledge on the clients, the necessity of systematic and organised work. Hence, to successfully implement the concept of CRM into clusters there is a need for: a change of the present practice philosophy, transferring knowledge on the benefits of work with such a

system. The implementation of CRM is not the objective itself; however it constitutes a means for the realisation of the aims determined beforehand. An important issue connected to the implementation of CRM system in a cluster is the choice of an adequate technology, which will take into consideration not only the current requirements but also enable its further development in the future. Admittedly, theoretically CRM without technology is acceptable, mainly on the basis of a good strategy, internal procedures, systems or employees' engagement for the benefit of client relationship management, however, ready applications based on relationship databases enable far more successful and effective client service. As it has been already proved in the present article, technologies are only a means to the objective and do not constitute a solution per se.

The importance of technology ICT in managing relationships with customers has grown significantly, especially with the advent of innovations such as cloud computing and web-based technology (Rodriguez, Ajjan and Peterson, 2014, p. 85). According to Dubihlela and Molise-Khosa (2014, p. 175) one of the key developments in contemporary marketing has been the advent of electronic customer relationship management (e-CRM) systems, designed primarily to create and manage long lasting customer relationships. E-CRM is commonly considered as an information systems innovation (technological and marketing innovation) because it has re-engineered the traditional marketing activities and has increasingly become important for business organisations to remain competitive in terms of nurturing long-term relationships with customers (Dubihlela, Molise-Khosa, 2014, p. 177).

The advantages and benefits of implementing CRM have a huge impact on the development of cluster. The basis of CRM is relationship and partnership marketing, which aims are improving the long-term profitability of customers through moving away from product-centric marketing to customer and value-centric. The core of relationship marketing is the development of positive relations not only with clients but also with suppliers. This concept assumes that undertaking such actions that aim to create firm, effective connections, as regards the costs, with key clients and suppliers as the links of a value chain that leads to mutual benefits (Croxton, Garcia-Dastugue, et al., 2001, p. 30). Within the scope of the supply chain as well as within a chain of an integrated cluster, the relationships between a supplier and a receiver should be based on partnership, which is considered the fundamental condition for the creation and development of those value chains. Owing to the fact that more and more number of the factors influence a supply chain, which makes it more and more complex and requires efficient management, the demand for efficient tools like *Supplier Relationship Management* (SRM) or Supply Management in business clusters is constantly increasing. SRM is defined as (Mettler and Rohner, 2009, p. 59; Choy, Lee and Lo, 2003, p. 87; Herrmann and Hodgson, 2001, p. 1):

- a comprehensive approach to managing an organization's interactions with the firms that supply the products and services it uses;
- the process that defines how a company interacts with its suppliers,
- the sourcing policy-based design of strategic and operational procurement processes as well as the configuration of the supplier management,
- a strategic, enterprise-wide, long-term, multi-functional, dynamic approach to selecting suppliers of goods and services and managing them and the whole value network from raw materials to final customer use and disposal to continually reduce total ownership costs, manage risks, and improve performance (quality, responsiveness, reliability, and flexibility),
- a process involved in managing preferred suppliers and finding new ones whilst reducing costs, making procurement predictable and repeatable, pooling buyer experience and extracting the benefits of supplier partnerships,
- new category of supply chain applications, contributes to the supplier selection and thus increases the competitive advantage of the manufacturer through three primary mechanisms: support of improved business processes across the supply chain, a next-generation architecture that can handle multi-

enterprise processes, and facilitation of rapid product cycles and new product introduction.

This type of process/tool should be used in a business cluster as it enhances effective communication between procurement management staff in a cluster, which helps in the implementation of ethical business practices. Additionally, the Supplier Relationship Management is a key component, which pertains to the entire supply chain. It involves the following sequential practices (Chenoweth, Moore, et al., 2012, p. 7):

- conducting spending, market, and risk analyses and developing supply strategies,
- rationalizing the supply base and consolidating contracts,
- establishing long-term relationships with best suppliers,
- helping key suppliers improve quality, cost, and performance,
- integrating key suppliers into the organization.

The implementation of a concept of such type is significant from the viewpoint of cluster's development, particularly in the units where there can be observed considerable dependence on the network of suppliers, and complex supply channels. The major business benefits that ensue from its implementation are: the identification of the key suppliers and the creation of an effective strategy of managing the relations with them, streamlining and making the processes between a cluster and its suppliers more effective, minimization of the risk of breaking a supply chain, the reduction of transaction costs, optimization of resources of the entire supply chain, strengthening the competitiveness of a cluster on the basis of partner relationships with suppliers (Lambert and Stock, 2001, p. 510; Momiwand and Shahin, 2012, p. 761).

While choosing and creating a certain type of relations between the links of supply chain, first of all, what has to be understood is the significance of the relations occurring between the features of purchasing processes and the need for a constant cooperation and the level of reciprocal dependency of the contractors. The realisation of relationship marketing within a value chain of a cluster is conducive to the strengthening of competitiveness of its participants, facilitates the maintenance of long-lasting ties basing on trust, the creation of friendly environment for the functioning of a cluster. It is also conducive to: the stabilisation and consolidation of the relations between all of its links or more complete fulfilment of the final needs of key stakeholders (mainly clients and suppliers), new contracts, taking advantage of partner's expertise, the increase in the quality of products and services, the reduction of reserves and the number of suppliers, the protection of supplies, shortening the time of the development of a new product, the share of the risk connected to a new product and innovation process, the creation of a proper climate for new national as well as international investments. According to many researchers, relational benefits include confidence benefits, which refer to perceptions of reduced anxiety and comfort in knowing what to expect in the encountered service; social benefits, which pertain to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer's own familiarity with employees, and the creation of friendships between customers and employees; and special treatment benefits, which take the form of relational consumers receiving price breaks, faster service, or individualized additional services (Hennig-Thurau, Gwinner, and Gremler, 2002, p. 234).

Relational capital as a strategic source of a business cluster

Relational capital as a result of building partner relationships with key stakeholders, including clients and suppliers, is a significant component of intellectual capital of business clusters. It is commonly agreed that intellectual capital, which is comprised of three elements: human capital, structural capital and relational capital. It is calculated by the difference, between the market value of the company and their accounting value (Hormiga, Batista-Canino, Sanchez-Medina, 2011a, p. 620). The term intellectual capital is defined in the literature (Hormiga, Batista-Canino, Sanchez-Medina, 2011a, p. 620) as:

- the knowledge that can be converted into profit in the future, which is made up of: ideas,

inventions, technologies, software, designs, and procedures;

- the combination of the immaterial or intangible assets of an organization which, although they do not appear in the traditional accounting records, are directly or indirectly controlled by the organisation and which generate or will generate a future value for this organization and on which a sustained competitive advantage can be built.

Skilful management of intellectual capital as well as the care for its gradual development in a cluster can lead to the strengthening of competitiveness of this organisation. It has to be emphasised that the increase in the value of intellectual capital frequently is a result of the increase in the value of intra- and interorganisational relationships.

Relational capital is based on the idea that clusters are considered not to be isolated systems but systems that are, to a great extent, dependent on their relations with their environment (Hormiga, Batista-Canino, Sanchez-Medina, 2011b, p. 74). R. Capello and A. Faggian (2005, p. 75) define this type of capital as market relationships, power relationships and cooperation – established between firms, institutions and people that stem from a strong sense of belonging and a highly developed capacity of cooperation, typical of culturally similar people and institutions. Moreover relational capital is an intangible asset that is based on the developing, maintaining and nurturing close interactions between internal and external partners, and high quality relationship with any organization, individual or a group that influences or impacts the business, including: customers, suppliers, employees, government, partners, competitors and any other stakeholder (Ogundipe, 2012, p. 208). Owing to the fact that each stakeholder group has its own expectations, needs and values, and that key stakeholders need to be identified in line with organisational values, we can assume that relational capital of a business cluster is the knowledge embedded in relationships with customers, suppliers, industry associations or any other key stakeholder that influences cluster's life (Rosario-Cabrita and Bontis, 2008, p. 220). This capital comprises such elements as, for instance: brand, trademark, and value of the

relationships with key stakeholders and their loyalty, distribution channel, profitable contracts with key stakeholders.

Particularly in the conditions of a turbulent environment, the significance of relational strategy increases, which is a planned way of operating that bases on intangible resources – relationships. According to M. Bratnicki (2001, p. 91), the volume of the possessed relational capital becomes an important carrier of organisation's values, especially in the conditions of the competitiveness that is based on knowledge, where the participation of a certain organisation in creating, popularising and using knowledge that has strategic significance, is an issue that is essential for its survival. S.E. Ogundipe (2012, p. 212) argues that cluster performance can be boosted if each member within a cluster can exploit the benefit in relational capital mix through team building, sharing organizational mission and values, and trust with customers. What is significant within this scope is the focus on relationships with key stakeholders, and particularly on the creation of a sense of community, on seeking active platforms of cooperation and internalization of values, identification of the types of ties, assessment of the effectiveness of undertaken actions.

Basing on the results of the literature review it can be stated that relational capital of the cluster can reduce organizational costs in many different ways (Tumwine, Kamukama, and Ntayi, 2012, p. 803; Youndt, Subramaniam, and Snell, 2004, p. 336; De Clerq and Sapienza, 2006, p. 326):

- the knowledge which derived from employees, customers and suppliers and other business agents may result in the process of innovations that eliminate bottlenecks, increase output, reduce variation and etc.,

- by increasing an organization's information processing capacity,

- facilitates both efficient exchange of information by reducing the need for time consuming and costly monitoring and the effective exchange of information by removing the perceived need to veil or hide sensitive information,

- the higher level of relational capital has impact on better planning, problem solving and

troubleshooting, all of which, most likely, increase production and service delivery efficiency and thereby, reduce organizational costs,

- affects customer satisfaction by increasing the value that is offered at the market,

- is instrumental in enhancing customer benefits by helping to increase the quality and flexibility, creating value for the customers through the production and service delivery process innovations.

To I.H. Gordon's opinion (2001, p. 15), partner relationships with the environment contribute to the creation of new possibilities of increasing incomes as well as profit or minimising the risk connected to running a business. Thus, as the advantages of relational capital one can indicate its positive influence on: rationalisation of the management process, the effectiveness of learning process; the development of a specialist standards serving the transfer of knowledge and information; the creation of more effective knowledge exchange between partners, removing the necessity of protecting it against the opportunism of the other party; permanent establishment of reciprocal credibility of the partners.

The research shows that relational capital not only integrates the knowledge about relationships with the organization's external partners such as customers, suppliers and local communities but also stabilizes the environment and makes it accessible to the organization (Stewart, 1997, p. 25; Gates and Langevin, 2010, p. 112). Cluster's relational capital, therefore, determines its capability of establishing and maintaining beneficial relationships with the subjects in the environment and understanding the existing regularities, which shape the determinants of the activities undertaken by this organisation.

Conclusion

Taking into consideration a great turbulence of the environment, and the increasing demands put forward to clusters as regards their development, it can be stated that building relational capital presently becomes not only a choice but a necessity. Thus, it is impossible to efficiently create a network of cooperation without professional implementation of the assumptions of relationship marketing.

Partnership, as a dynamic process that lasts in time, a process created and shaped by the interactions of the partners is inscribed in the nature of a business cluster. As a fundamental feature of clusters, it constitutes a dense network of relations between particular partners, a closed structure, which gives a rational basis for mutual trust and cooperation, in which all partners are mutually related. Such a form of the institutionalisation of relationships simultaneously constitutes a necessary condition for the maintenance of the present standards and the one possible to enforce. In the case that a member of such an organisation acts against a current standard, remaining partners can quickly learn about that and make decision concerning the punishment (e.g. through ending further cooperation).

Building relationships, especially those partner relationships in a cluster, is a complex, multistage process, which requires considerable engagement from a leader, cluster manager, as well as the members of this organisation. It has to be emphasised that what is conducive to the building, development and the maintenance of permanent relations with internal and external stakeholders of a cluster is know-how of relationship marketing. This philosophy, which determines new quality of creating and sharing the value of relationships with cluster stakeholders, initially was limited in its assumptions only to the group of clients. Present, broader comprehension of relationship marketing emphasises the significance of a diverse group of key stakeholders in the process of the identification of effective and successful ways of building competitiveness. Thus, cluster decision-makers, focusing on the creation of desirable relationships with this group of stakeholders, are forced by the environment to form a unique system of partnership, a chain of mutual connection of the subjects, every of which has its own characteristics, different preferences, needs and objectives. A chain of partnership, built in internal and external environment of a cluster, contributes to the fulfilment of the development gap in this organisation, not only operational gap, which

ensues from the insufficient use of the possessed possibilities connected to the resources, but also a strategic gap, which results from the fact that the possibilities created by the environment are not used. A result of building such a partnership chain in a cluster is relational capital. It gives access to new knowledge, new markets and new development possibilities to cluster participants. Therefore, it directly influences the creation of cluster values.

However, what is significant to make a cluster able to develop on the basis of its relational capital is to implement the assumptions of relationship marketing into operational and strategic cluster management. It requires a number of complex and consistent activities, which permeate every area, function and process in a cluster. For this purpose, it is necessary to develop such an organisational culture of a cluster that will be orientated towards the creation and promotion of the development of partner relationships in the internal and external environment.

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IMPACT OF ENVIRONMENTAL SUSTAINABILITY POLICIES ON FIRMS' PERFORMANCE:
AN EXPLORATIVE INVESTIGATION IN THE ITALIAN MINING SECTOR

Francesca Ceruti & Angelo Di Gregorio

Abstract: *Raw materials have a considerable weight for the development but they are also strongly linked to environmental defacement. Although lots of studies investigate the triple bottom line theory and how sustainability can be a strategic asset to improve firms' performance, in literature nobody focused on mining industry.*
This exploratory cluster analysis aims to understand whether Italian mining enterprises consider environmental sustainability and the corresponding reflection on firms' performance. Evidences point out that for some respondents the adoption of green policies is mainly based on institutional goals. However, there are some enterprises that without a pure monetary return adopt environmental sustainability policies to reinforce their reputation.

Keywords: *cluster analysis; mining industry; triple bottom line theory, firms' performance; Italy.*

Introduction

Since the Brundtland Commission Report in 1987, the sustainability issue has been widely debated by academics from many business disciplines, including management, marketing and operations. Also managers have accepted sustainability as a precondition for doing business (Hedstrom, Poltorzycki and Stroh, 1998, Holliday, 2001). A lot of firms appoint corporate sustainability officers, publish sustainability reports (SustainAbility, 2014) and incorporate sustainability into their communication strategies.

In this context, raw materials play a strategic role. In fact, raw materials have a considerable weight for the development of countries but they are also strongly linked to environmental defacement (De Graaf et al., 1996). For this

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reason, mining activities are very often related to all those diseconomies on a territory and can create conflictual situations among the population in terms of consensus and acceptability (Joyce and Thomson, 2000; Thomson and Boutilier, 2011). In this context, it is clear that taking care of environmental issues means for mining enterprises encourage the acceptance of their activities by the community as well as strengthen their corporate reputation. Nevertheless, the mining industry is not always perceived as important in everyday life and, being indeed confined only to negative externalities like dust, noise, impact on environment (Greenbaum and Harvey, 1980). In other words, mining activities are very often related to all those diseconomies on the territory that can create conflictual situations among the population and problems of consensus and acceptability. In fact, the mining industry has citizens as a key stakeholder, which can play an important role in shaping sustainability actions of firms (Walker and Howard, 2002). The characteristics and environmental attitudes of communities where firms operate have an

impact on environmental performance (Kassinis and Vafeas, 2006), while pressures by external stakeholders can even affect environmental policy decisions about global standardization in multinational companies (Christmann, 2004). In this context, mining firms cannot be successful in the long term if they consistently disregard the interests of their key stakeholders.

It is generally agreed that the mining sector comprises only resources that have economic and symbolic values. These resources are typically oil, coal, natural gas, gold and precious metals (Kesse, 1985; Sadorsky, 2001; Hilson, 2002). However, in mining industry there are also activities related to the extraction from quarries and mines of non-energy commodities like sand, clay, ornamental and building stones (Heaton and Lambley, 1995).

Despite their low unitary economic value, these raw materials are crucial not only for traditional industries (e.g. construction industry, cosmetics, animal feed), but also for the manufacture of the new and innovative products that are required by our modern society (e.g. batteries for electric cars, photovoltaic systems and devices for wind turbines). Thus, the supply of raw materials is increasingly under pressure. This topic is so strategic that the European Commission has proposed a European Innovation Partnership on raw materials (COM (2012) 82 final - "Making Raw Materials Available for Europe's Future Wellbeing. Proposal for a European Innovation Partnership on Raw Materials"). As said on the European Commission website – https://ec.europa.eu/eip/raw-materials/en – the Partnership is focused on non-energy and non-agricultural raw materials and represent vital inputs for innovative technologies and environment-friendly applications.

This research focuses on the relationship between sustainability and firms' performance in the mining industry. Although lots of studies investigate the triple bottom line theory and how sustainability can be a strategic asset to improve firms' performance, in literature nobody focused in this specific industry.

Theoretical framework

The triple bottom line theory

From the point of view of firms' perspective, sustainability means meeting the needs of their direct and indirect stakeholders without compromising their ability to meet the needs of future stakeholders (Dyllick and Hockerts, 2002). Thus, enterprises have to integrate the economic, social and environmental aspects in a triple bottom line. This concept, developed by Elkington (1998), considers and balances economic, environmental and social issues from a micro-economic point of view simultaneously. According to the triple bottom line theory, companies should conduct their business in a way that respects both environment and society, while being profitable (Elkington, 1998; Hart and Milstein, 2003, Savitz and Weber, 2006).

The triple bottom line theory has also received a strong endorsement from the World Business Council for Sustainable Development, a coalition of 160 international enterprises (Vandenberg 2002). Government agencies around the world and at all levels have been required to implement the triple bottom line (Vanclay 2004; Wight 2007).

However, what is sometimes not so clear is the measurement of these three dimensions. Some scholars refers economic sustainability to plants regarding production or manufacturing costs (Cruz and Wakolbinger, 2008), others consider economically sustainable those companies that can "guarantee at any time a sufficient cashflow to ensure liquidity while producing a persistent return to their shareholder" (Dyllick and Hockerts, 2002: 133).

Considering the environmental aspect of sustainability, a large body of literature relates it to corporate environmental policies. Among these, González-Benito and González-Benito (2005) and Bansal and Roth (2000) studied actions of businesses to mitigate their negative influence on the environment and the motivations behind them (i.e., competitiveness, legitimation, and ecological responsibility). Environmental sustainability refers to the use of energy and other resources and the footprint that firms leave behind as a result of their operations. In this way, environmental sustainability is measured by indicators that are related to waste and pollution reduction, energy efficiency, emissions reduction, frequency of environmental accidents and so on.

Social sustainability shifts the focus to both internal communities and external ones (Pullman, Maloni and Carter, 2009). Social sustainable companies add value to the community in which they operate and influence stakeholders in such a way that they can understand motivations and can broadly agree with the value system of the firm. Indeed, enterprises that invest in Corporate Social Responsibility try to enhance their social reputation (Fombrun, 2005). Another relevant theory – corporate citizenship – present the social involvement of companies in a more holistic way, which is conceptualized as "the role of the corporation in administering citizenship rights for individuals" (Matten and Crane, 2005, p. 173). Thus, to measure social sustainability indicators including social cost, level of capital stock, structure for self-renewal, fairly distribution of resources and property rights can be used (Gladwin, 1995).

Environmental sustainability and firm performance

The literature on sustainability provides limited answers to the reason why certain firms do adopt sustainability management practices while others do not and under which circumstances firms can realize competitive advantage by adopting sustainable practices (Delmas and Toffel, 2004; Etzion, 2007; Rivera-Camino, 2007). However, numerous researchers have investigated the relationship between efforts made on sustainability by a firm and their effects on its performance. On this topic there is no alignment. On one hand, some researches find a negative correlation between bad environmental performance and the intangible asset value of firm (Cordeiro and Sarkis, 1997; Gilley, Worrell and El-Jelly, 2000; Konar and Cohen, 2001, Link and Naveh, 2006).

On the other hand, some studies show a positive impact of environmental sustainability on firms' performance (Hart and Ahuja, 1996; Klassen and McLaughlin, 1996; Molina-Azorin, Claver-Cortés, Lopez-Gamero and Tari, 2009, Jacobs, Singhal and Subramanian, 2010). Russo and Fouts (1997) reveal that firms with high environmental performance enjoy higher profitability, higher return on assets ratio. Moreover, Bansal and Clelland (2004) find a negative correlation between environmental legitimacy and financial risk. Firms with high environmental legitimacy – for examples firms that meet stakeholders' expectations for corporate environmental performance – show less unsystematic risk compared to firms with low environmental legitimacy. In addition, their study points out that the risk component could decrease if each enterprise expressed publicly its environmental commitment, especially for those firms that operate in industries with high environmental impact like mining industries.

Regarding the performance variables, the researches mainly use financial performance such as ROA, ROE, ROS and stock price. Table 1 shows the main studies that have analyzed the impact of the environment on firm performance with accounting performance ratios.

Table 1: Past researches about the impact of environmental sustainability on firm's performance

Autors	Performance variables	Main findings
Cohen, Fenn and Naimon (1995)	ROA, ROE, Total Return or Common Shareholders	The group of low-polluting firms has better economic performances.
Hart and Ahuja (1996)	ROA, ROE, ROS	Pollution prevention activities have a positive influence on financial performance within 1–2 years.
Russo and Fouts (1997)	ROA	Positive and significant impact of environmental performance on ROA.
Judge and Douglas (1998)	ROI, Earnings Growth, Sales Growth, Market Share Change	Positive and significant impact of environmental issue with the financial performance.
Edwards (1998)	Return on capital employed (ROCE), ROE	Environmental high-performing firms perform better (not always at a significant level).

King and Lenox (2002)	ROA, Tobin's q	Lower emissions are significantly associated with higher financial performance. ROA and Tobin's q have a significant and positive relationship with waste prevention.
Wagner, Van Phu, Azomahou and Wehrmeyer (2002)	ROS, ROE, ROCE	Negative and significant effect of environmental performance on ROCE. No evidence of significant impact of any economic performance variable on environmental performance.
Gonzalez-Benito and Gonzalez-Benito (2005)	ROA	Environmental management can bring about competitive opportunities for companies, although some environmental practices produce negative effects.
Wagner (2005)	ROCE, ROE, ROS	There is a negative relationship between environmental performance and financial performance.
Aragon-Correa and Rubio-Lopez (2007)	ROI, ROE	Environmental progress is not related to financial performance.
Montabon, Sroufe and Narasimhan (2007)	ROI, Sales Growth, Product Innovation, Process Innovation	There are significant and positive relationships between environmental management practices and measures of performance.

Source: Adaptation from Molina-Azorin et al. (2009).

Methodology

As said before, this research aims to understand whether Italian mining enterprises see environmental sustainability as a key asset and how they include it in their strategies.

To do this, in the period 17th October to 14th December 2012 a questionnaire was distributed to 658 Italian enterprises. The enterprises have been identified with a non-probability sampling for timeliness and convenience reasons (Troilo, Molteni, 2003). The data were collected with CAWI – Computer Aided Web Interview – method, together with phone recall and individual telephone tutorship. The universe although represents 35.1% of all active enterprises in the mining industry, it represents 87.11% of national turnover[1].

The questionnaire included eight sections with specific topics and questions, all related to the theme of competitiveness. In this paper we consider only the section about environmental sustainability.

The sample is composed by 80 enterprises with a redemption rate of 12.2%. This percentage reached 19.8% including also partially filled questionnaire.

The collected data were processed in an aggregated way, in order to maintain the privacy of the respondents.

As for the turnover, the respondents are principally micro and small enterprises: 54% have 2 to 10 mil. euro turnover and 24% have up to 2 mil. euro turnover. Medium enterprises are 13%, while the big ones are 6%. Three enterprises did not declare their turnover.

Almost half of the sample (49%) have 11 to 50 employees, 21% have up to 10 employees, while only 15% declared to have 51 to 250 employees and only 4% have more than 250 employees. This demonstrates that in Italy the mining industry is mainly characterized by micro and small firms.

A two-stage cluster analysis was carried out. First, a hierarchical clustering method was applied in order to determine the number of strategic groups. Ward's method, which minimizes the mean square distance between the center of a cluster and each member, was chosen because its algorithm provides maximum between-group variance and minimum within-group variance (Averred, 1974). Between the two procedures recommended by Aldenderfer and Blashfield (1984) that can be used to determine the number of clusters to retain, we graphed the number of clusters by the proximity coefficients and inspected the jump in values of the proximity coefficients. Subsequently, a non-hierarchical cluster served to place the firms in different groups. K-means cluster analysis was used to group enterprises on the basis of similarity in their scores on the adoption of environmental sustainability as a strategic driver.

Finally, to give a cluster connotation, each group is described by demographic features, such as revenues and economic ratios (*Source: AIDA – Bureau Van Dijk*), average life, number of employees, diplomas acquired by staff, raw material extracted), strategic choices about sustainability and performance ratios.

Empirical results

In general terms, the respondents decide to undertake environmental sustainability policies in order to comply with institutional goals (4.25 of a 5-point Likert scale), followed by image and reputation strengthening (average 3.8) and making the brand recognizable (average 3.40). On the contrary, customers' requests (average 2.57), ethical considerations (average 3.12) and entry into market niche (average 3.13) do not seem to be taken into great account.

Among the benefits, the chance to make new eco-friendly production processes (average 3.48) and to differentiate the firm over its competitors (average 3.47) are recognized. Lower effects are associated with purely economic aspects in terms of costs reduction (average 2.61) and turnover increase (average 2.86).

Referring to how sustainability is pursued, the majority of enterprises strengthen their R&D activities and works with consulting agencies. It is also interesting to note that few firms buy patents from third parties – being this choice quite expensive - or work with environmental organizations or NGOs.

Moreover, results show that environmental sustainability process is overall managed by the entrepreneur (61.5%).

In short, evidences point out that for the majority of respondents the adoption of environmental sustainability policies is mainly based on institutional goals rather than on strategic ones. Although these policies have not a pure monetary return, they are considered as a driver to differentiate the firm over its competitors in terms of image and reputation.

The cluster analysis was designed to generate different groups that minimize within-cluster variance and maximize between-cluster variance. From it, we obtained five different groups that all together include 59 firms that

have successfully completed all the questions about sustainability. Each cluster can be described as follows.

Cluster 1 – Consolidated firms

The first cluster consists of 15 medium-size enterprises, mainly extracting building stones, marlstone, limestone and chalk (33.3%). The majority of the enterprises has from 10 to 49 employees with a compulsory education (on average 62%). These firms registered the highest level of turnover (average: 12,812 thousand Euro) and show a 35 years of business experience.

Their approach towards environmental sustainability is consolidated. Although most of the enterprises have started these policies over the past five years, the 33.3% of the firms of this group implements them for over 10 years.

Environmental sustainability is applied both to the product, such as the recovery of materials from non-hazardous waste (3 firms) or the increase the recyclability of the product (5 firms), and to the manufacturing process with the reduction of production waste (9 firms) and air pollutant emissions (10 firms).

Investments are steadily increasing and correspond to more than 5% of annual turnover. The source of funding is mostly internal to the company. In fact, only 20% of the cluster's respondents were able to count on public funding.

The consolidated firms show the best performance indicators, with an annual profit of over 1 million Euro, ROI equal to 4.8% and ROS equal to 5.6%. This aspect points out that the economic efforts incurred in the adoption of environmental policies build a competitive advantage.

Cluster 2 – Adaptive firms

The second cluster consists of 10 micro-small sized enterprises that mine gravel, sand, clay and kaolin. Although the composition in terms of employees is heterogeneous, 50% of the enterprises have from 10 to 49 employees with a compulsory education (on average 68%). The small size (average of 4,239 thousand Euro) is a hallmark of these enterprises that have also the most seniority on the market (57 years of business experience).

Environmental sustainability policies of the 10 firms belonging to this cluster appear to be quite

marginal. These firms have started environmental activities over the last 2-5 years with investments that range between 0.1% and 0.5% of turnover. Although their investments are constant, they are the lowest ones if compared to all other clusters. Like in the first group, the firms of this cluster have not benefited from public funding (90%).

The activities they carry out are mainly related to the production process in terms of the reduction of air pollutant emissions (80%) and the reuse of materials through waste recycling (70%). These actions have also an impact on the product using raw materials that are obtained from non-hazardous waste (50%) and secondary raw materials substitution (40%).

The adaptive firms show good performance ratios. In particular, they record profits and have a return on equity equal to 1.3%, the highest percentage among clusters.

Cluster 3 – Proactive firms

The 4 firms in the third cluster are the youngest (only 22 years of business experience) and the smallest ones (the average turnover is 4,180 thousand Euro). Gravel, sand, clay and kaolin are the mostly extracted raw materials (40%). The majority of the enterprises have 10 to 49 employees with mostly a primary education (average of 64%).

In contrast to the other clusters, these firms seem to pay more attention to environmental sustainability related to the product, seeking for alternative raw materials that can replace those currently in use. To achieve this goal, they invest more than 5% of their turnover in environmental sustainability.

The investments are steadily increasing, also thanks to public funding used by the firms of this cluster.

The supported investments have positive economic returns. In fact, all the profitability ratios point out that the proactive firms are in equilibrium from an economic point of view.

Cluster 4 – Unsatisfied firms

This cluster contains 14 enterprises that are small sized, quite mature with 41 years of business experience and have an average turnover of 7,457 thousand euro. Nearly 60% of them extract gravel, sand, clay and kaolin and has fewer than 50 employees. Taking into account their education, in this cluster there is the highest percentage of employees with a high school diploma (39%).

Environmental sustainability policies appear to be quite consolidated, beginning less than 10 years ago. Investments are constant over time and their amount is between 1% and 5% of revenues. As for the other clusters, even in this case, the majority of firms have never enjoyed public funding. The activities are focused only on the manufacturing process (92.9% of the firms) with the main aim to reduce atmospheric emissions and noise pollution.

Despite the firms in cluster 4 continue to investment in environmental sustainability, their efforts do not turn into satisfactory financial results. In fact, they record annual loss of approximately 213 thousand euro, ROE is negative (on average -7.6%) as well as return on investment (on average 0.7%).

Cluster 5 – Non-green firms

This cluster of 17 firms is the largest one and is the second in terms of revenues (average 9,140 thousand euro). Almost the totality of enterprises has fewer than 50 employees, this demonstrate that the respondents are small sized. Although this group reaches the highest percentage of graduated employees, the majority of employees have only a compulsory education level (73%).

The enterprises in cluster 5 show a considerable maturity in the mining industry with 44 years of business experience. They pull out heterogeneous raw materials with a prevalence of gravel, sand, clay and kaolin.

A distinguishing feature of this cluster is the lack in the adoption of environmental sustainability policies. The main reasons are the excessive costs and high technological constraints, that have get a medium-high score of answers (4 or 5-points Likert scale) by the 70.6% and the 58.8% of the firms. This result shows that not all enterprises are sufficiently prepared to adopt green policies. In addition, some firms give little importance to the local community as a stakeholder. In fact, half of the member of this cluster think that the adoption of green policies does not have positive effects on local communities where mining activities are carried out. This could be interpreted like a sign of a strategic myopia of the sector in which they operate.

The non-green firms present the worst performance, with average annual losses for more than 3 million euro. This negative result impacts on financial ratios that, except ROI, are all negative.

In Table 2 the higher frequencies associated to each cluster are presented. As shown, the number of employees and their education level are a recursive feature in each cluster.

Table 2: Clusters description

	C1 Consolidated	C2 Adaptive	C3 Proactive	C4 Unsatisfied	C5 Non-green
N. of Enterprises	15	10	4	14	17
Business Experience (years)	35	57	22	41	44
N. of Employees	10 - 49	10 - 49	10 - 49	10 - 49	10 - 49
Employees Education Level	Compulsory	Compulsory	Compulsory	Compulsory	Compulsory
Raw Materials	Building stones, marlstone, limestone, chalk	Gravel, sand, clay, kaolin	Gravel, sand, clay, kaolin	Gravel, sand, clay, kaolin	Heterogeneous, with a slight prevalence of gravel, sand, clay, kaolin
Revenues (.000 euro) (*)	12,812.29	4,238.89	4,180.25	7,456.71	9,139.81
Field of application	Product and Production Process	Product and Production Process	Product	Production Process	None
When?	< 5 years ago	Between 2 and 5 years ago	Between 5 and 10 years ago	< 10 years ago	None
% Investment on Revenues	> 5%	0.1 % - 0.5%	> 5%	1% - 5%	None
Investment Trend	Increasing	Stable	Increasing	Stable	None
Funding	Private	Private	Private and public	Private	None
Profit (.000 euro) (*)	1,387.07	90.67	32.25	-212.93	-3,283.88
ROE (*)	0.79%	1.33%	1.25%	-7.57%	-9.13%
ROI (*)	4.79%	1.89%	1.25%	0.71%	1.31%
ROS(*)	5.64%	3.22%	1.75%	3.43%	-2.94%
(*) average values of firms in each cluster					

Discussion and managerial implications

The literature review shows that most applications of the triple bottom line approach have been more philosophical than practical. In cases where a measurement mechanism is used, this is primarily adopted from the business side only (Faux and Dwyer, 2009). Although the importance of the triple bottom line for manufacturing firms is recognized, in this work we focus mainly on the economic results of firms that had decided to adopt green policies without quantify the impact of social and environmental dimensions.

In fact, some researches have pointed out that managerial practices that are focused on environmental sustainability (recycling, waste reduction, remanufacturing, environmental design, and surveillance of the markets) have a positive impact on firm performance (Montabon, Sroufe and Narasimhan, 2007).

The work has attempted to bridge a major gap in the sustainable development and mining literature by clarifying how the sustainability issue can be applied in the corporate mining context. The results of the research lead to futher reflections.

First of all, most of the investments try to pursue eco-efficiency strategies to optimize the use of resources and to strengthen firms reputation.

The majority of the respondents exploit eco-friendly production processes in terms of pollution control, waste minimization (CO_2 and noise), product and resources reusing and recycling. This aspect will probably strengthen firms' reputation among environmentally sensitive stakeholders.

However, evidences point out that for the majority of respondents the adoption of environmental sustainability policies is mainly based on institutional goals (47.1%) rather than on strategic ones (29.7%). It is also interesting to note that although these policies have not a pure monetary return for the respondents (cost reduction and / or turnover increase), they are considered by some of them as a driver of relationships with the external environment and can be seen like something that can differentiate the firms over their competitors in terms of image and firm value (Jacobs, Singha and Subramanian, 2010).

Especially the medium sized enterprises belonging to the first cluster recognize the constraints of the law as a pressure element towards the adoption of green policies. Nonetheless, at the same time they are seeking to capitalize on the competitive advantages and strengthen their reputation with the promotion of environmental sustainability. The constant and considerable investments are then paid off in economic terms. In fact, consolidated firms in cluster 1 show the best business performance.

The firm size does not seem a factor that explains the effects of environmental sustainability on firms' performance. Indeed, despite their small size the proactive point out a satisfactory business performance.

Cluster 5 also proves the correlation between the adoption of green policies and business performance. In fact, the non green firms that do not consider environmental sustainability as a strategic asset, show the worst economic performance. They are not sensitive towards the implementation of environmental strategies and they do not perceive as positive the relationship between eco-investments and economic benefits. An explanation can be found in the trade-off between additional costs for sustainability efforts and its benefits (Schrettle *et al.*, 2014). For instance, investments in sustainable manufacturing technologies pay off to a certain degree due to higher efficiency and resource savings, but at the same time this is only true until the additional costs exceed the realized marginal benefits.

Aside from companies "not green" respondents, investments in environmental sustainable activities do not go down. The majority of enterprises have been constantly investing on green solutions for energy minimization, materials reduction, and / or pollution prevention. However, more efforts in sustainability do not lead per se to better performance, being reachable only until a certain threshold. Firms like those in cluster 4, taking a very proactive approach in sustainability, tend to overinvest in the green approach and go beyond the optimal effort-performance ratios.

Another interesting point is almost the total lack of government incentives the firms can access in order to obtain additional financing and / or alternative resources. The empirical research shows the need to create and promote public initiatives to support firms on environmental management. In fact, the percentage of enterprises that have not yet begun the process of adopting sustainability practices appears to be quite high for an industry where environmental protection is a fundamental element.

To synthesize, the research confirms the findings of Molina-Azorin, Claver-Cortés, Lopez-Gamero and Tari's work (2009) in which they state the influence of environmental management on financial performance. Although results are not univocal, the authors find a predominance of studies providing evidence for a positive impact of green management on economic performance.

Limits of the research and future developments

The present study presents some limitations. First, the small sample does not allow any statistical representativeness. It is nonetheless a starting point for further investigation. Furthermore, although cluster analysis is a technique based on mathematical and statistical principles, it has a subjective component on the interpretation that the researcher gives to groups.

Besides, the economic sphere from the triple bottom line is mostly taken into account. Environmental and social aspects were not measured through indexes. For further researches it would be desirable to include in a quantitative way these pillars too. It also seems very interesting develop a qualitative research together with the quantitative survey in order to better interpret the questionnaire data and, above all, to highlight some best practices in the mining industry.

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AUGMENTED REALITY AND SHOPPING EXPERIENCE: IMPACTS ON CONSUMER BEHAVIOR

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Abstract: The multi-channel strategy, based on open trustworthy relationships and on the support of new communication tools (e.g. social media), is considered crucial for the competitiveness of retail systems. Innovative information technologies transform the store as a privileged area of integration between real and digital, where brand management strategies confront new social spaces. Furthermore, augmented reality adds ulterior levels of information to consumer knowledge and behavior, reshaping and integrating the commercial area itself. In this way, the generation of bottom-up and top-down content changes through social networking, the individual from tryer to buyer to advertiser, thus generating greater value experiences and, therefore, additional sales.

Keywords: augmented reality, shopping experience, consumer behavior, social media.

Introduction

Nowadays, the capacity for "contextualizing" offers, consumer goods, value of brands and interactions between consumers and the product represents a specific trait of the new retailing *formula, (*activated by the consumer). In this context, consumers use the so-called "augmented reality" to identify and define new and different opportunities of interaction. In other words, they are informed and persuaded by advertising or commercial activity (or are contacted by other users) through geo-localized information, multimedia content or indications from websites and social networks (Riva, 2010; Cuomo et al., 2011), through indications relative to the product displayed in the store, from tweets, tagging objects, or information in and on places. To their credit, such 'innovative' strategies "have had the capacity to modify consumption processes and perceived customer needs" (Verona, 2013, p. 4) from a completely new vision in the context of a specific system of *social sensemaking*, in terms of creating a new

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microeconomic space, with the presence of new demand and new supply. As a result, if trust relationships based on open mode relations, new communication tools (e.g. social media), innovative devices and 24/7 connections, extending potential, processes and time of purchases, from multi-channeling becomes a fundamental factor for competitiveness in the *retail* context. Multi-channeling however, can be fully understood only in the light of re-thinking the store as context socially built, capable of creating innovative consumer relationships (Verona, 2013). In other words, it follows that a radical, innovative process – increases interest from a strategic and not merely operative perspective in terms of analyzing the *shopping experience*, as a potential factor for *retail* growth. Consequently, the retail scenario is thus transformed from a spac*e* where place elements prevail to a place designated by the practices and experiences that define it (Accoto, Mandelli, 2012) i.e. by integrating with augmented reality, the sales area becomes a " specific context" for satisfying the needs of a particular community of practice (Cova, 2003; 2008).

Towards a new age of marketing?

According to a recent survey, in the retail commerce sector one billion smartphones will

be predisposed for augmented reality by 2016, compared to the 150 million actually in use (Editoriale, 2013a). Destined to stimulate stories about the products and generate shelf emotions/experiences; undoubtedly, innovative devices create new modes of interaction between individuals and their surroundings in terms of consumer experience. At the same time, the technological cycle (Fig. 1) i.e. the introduction of analogical elements (sound recognition, computer vision) in the digital world and the creation of inter-connecting reality in the digital world – and the proliferating of applications with easily adaptable interfaces, signify end services ever more specialized and customized (Frà et al., 2011).
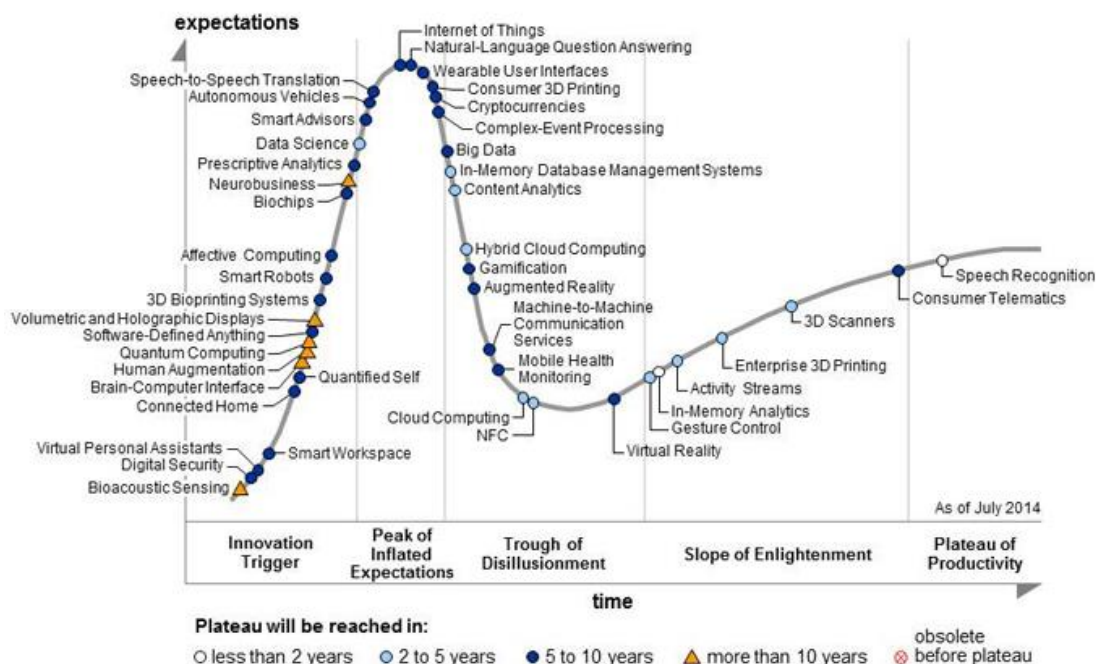
Fig. 1 – Gartner's technology hype-cycle

In fact, thanks to the support of such innovative information technologies (since the 1990s, Quick Response Codes have conveyed quantities of information on the goods present in the retail area, with direct links to the manufacturer's website – Editoriale, 2013b) the retail store has become a privileged context of integration between real and digital, generating narrative levels to which brand management strategies are applied and where new relational spaces and sociality (Mandelli, 2011) are created (Cuomo et al., 2014).

On the other hand, within the interactive and cooperative dynamics of the *web*, brand communication (and corporate communication, generally) has benefited widely from the contamination between traditional tools and new *technologies* (Russi Spena et al., 2013, p. 112). A pertinent example is that of *digital storytelling* by virtue of its bi-univocal dimension that transforms the story into conversation, or in other words, on the spot or spontaneous customer-brand communication. In its virtual dimension the narrative expedient unfolds along three features: information, participation and, links to satisfy "the desire of many actors (consumers, visitors, etc.) to have their say, amplifying and spreading their opinion through the various tools and media" (Russi Spena et al., 2013, p. 114). Therefore, augmented reality offers corporate communication a kind of "fourth spatial dimension" that intersects the features (mentioned above) for a completely new amplified *brand experience*.

First appearing in the literature in the 1940s but becoming widespread only in the late 1980s, the term augmented reality (AR – used in 1992 by the researcher Thomas Preston Caudell, a Boeing engineer, to describe a system of new generation technology for assembling and installing electric cables in airplanes – Caudell, Mizell, 1992) indicated «a term for a camera

enhanced view of a physical real-world environment, where virtual elements are merged with the real-life scenes creating a "mixed reality" of virtual elements and the real world. The "virtual elements", given their nature, can consist of anything: 3D models, video, web information…anything. The point here is that your mind is the only boundary» (Trubow, 2011a, p. 4). In other words, a monitor and a video are enough to integrate real life into a virtual context.

In any event, although seen as the extreme end of a *continuum*, compared to Virtual Reality (VR), in which information added or removed electronically is predominant and the consumer is led towards a "cancelling" perception of his emotional exploring of the context or situation, in Augmented Reality (AR), purchaser perceptions are solicited by the addition of information and emotional levels (through multimedia content, i.e. video, audio and animations), enjoyed "unrestrictedly", and at the same time, transferable to other users – once modified by the former, who has meanwhile in his turn, added virtual content. Such content in transit towards social media platforms, generates links with the brand – adding "self produced" value to a shopping experience of a full immersion type (Pine, Gilmore, 2000;

Tortora, 2007). Evident output defines this model of interactive marketing – based on the contribution of the community of reference, decreeing obsolete the centrality of mass media in communications of product/brand – and redesigning the strategic interest surrounding the creation of interactive and social experience thus conferring on the product greater value (Mardegan et al., 2012; Arvidsson, Giordano, 2013). The product in other words is deflected from its strictly economic value as it is «created within a personal experience that is shared and which embraces the dimensions of identity, the feeling for and belonging to a community» (Riva, 2012, p. 214). Brand equity is thus redefined (Cuomo et. al, 2009). As a result, in order to survive in this "new age of marketing" businesses have to identify strategies of (digital) engagement, i.e. change their interaction tactics with consumers within a graded scale of persuasion, relations, experience and sharing (Scatena, Mardegan, 2012). Consumers require total involvement in the consumption experience, and the governance of brand interaction has to be properly revisited in this new socio-constructed spaces of the environment, technology, service and sociality mix (Fig. 2).

	Low Exchange	High Exchange
High Engagement	Experience *Entertainment – escapism*	**Sharing** *Augmented reality*
Low Engagement	Persuasion *Traditional advertising*	Relations *Knowledge - awareness*

Fig. 2 – Tools for promoting consumer involvement (Cuomo et al., 2014)

On the other hand, recent research (Scatena, Mardegan, 2012) indicates a positive and significant correlation between the levels of *engagement* promoted by a brand and annual turnover and profits achieved by the firm, especially during a recession. Consequently, AR offers marketers new opportunities of

approaching and involving clients particularly in branding terms.

Augmented shopping experience: some experiences

The opportunity to benefit from augmented reality applications using the standard Internet browser suggests a series of new scenarios in

corporate-customer relations (Trubow, 2011b, p.   5 – Fig.3).
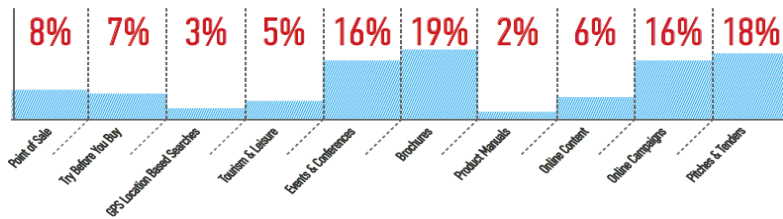
Fig. 3 – Uses based on current adoption by major brands

Emblematic in this sense is the development recorded of augmented advertising i.e. AR advertising and promoting of the main corporate brands. Reference – in order to fully comprehend the difference in terms of participation and the cognitive and emotional impact of the message, is to the recent application of AR Aurasma (relative to the app economy, Kim et al., 2011) where real world images are recognized and overlapped into real time by means of a virtual layer reproducing multimedia content relative to the captured images: thus when a registered user for instance, frames and snaps a poster of a film with his smartphone, Aurasma recognizes the image (which has to be included in the database of the tags Super Anywhere of the application) and reproduces the trailer of the film. Users can create personal *anywheres,* associating to the photo of a place or object, multimedia content on the theme to share it with other users (Filardo et al., 2012).

Retailers are now resorting frequently to AR "to bring to life the retail store". In effect, AR technology finds varied application in the selling process (Trubow, 2011a – Fig. 4).

Fig. 4 – Augmented reality and sales strategy

Providing new impulse to the interpretation of the AIDA model, as concerns attracting consumer interest for the product by means of a selling proposition which shows its "real" problem solving capacity, the consumer is supported in the buying and consumption process. One of the most relevant advantages of AR lies in its capacity for "direct interaction" with the product, an aspect traditionally linked to the presence both of consumer and product in a real life context i.e. the store, and such interaction satisfied by contact with the same. Many studies point out that by touching an object, customer intention to buy is increased as well as their willingness to pay a higher price (Trubow, 2011a). By means of AR it is possible within the retailing area, to increase product-consumer interaction even more as opposed to mere physical contact, where full immersion in the experience is facilitated (Addis, 2005) thanks to the support of additional information, movement, details on the assembling of the parts, indications of what the product is made of, how it works and, the contextualization or preview of the product, whereby the potential purchaser becomes interpreter and co-designer and not merely the beneficiary of the end product (Tab.1).

LEGO	Lego uses various terminals of augmented reality – Lego Digital Box – which enable customers to see all the elements of toy in detail in 3D, merely by placing the box in front of a video camera (www.korus.fr).
BRAUN	To launch the new models of its Series 5 razors, Braun used AR for the first time to explore the product virtually by means of gestures. The application, available on their native website, captures hand movements with a webcam and uses them to control a 3D model of the razor without the aid of a mouse. The user can also set in motion content for individual parts of the new models with access to a virtual shopping trolley (www.realta-aumentata.it/home.asp).
Mercatone Uno	By downloading the free application Aurasma Lite and framing the cover of the 2012 catalogue and the other pages marked with the logo "A", the catalogue comes to life, with video and images narrating the Mercatone Uno world. News, details and extra content are provided by means of direct interactive consultation by smartphone (www.realta-aumentata.it/home.asp).
McDonald's i'm lovin' it	To resolve the problem of criticism relative to the quality labeling and tracking of food used by the Australian multinational, an AR application has been devised called "Track My Mac", which shows customers by means of creative features in movement relative to basic ingredients, information on the farmers. Well known images and GPS are exploited for this purpose (www.realta-aumentata.it/home.asp).
kinder.	To enrich consumer experience both as concerns the retail store and to enhance the range of surprises, Kinder devised supplementary toys for children for Easter 2013, exclusively for some particular supermarkets. Near the Kinder GranSorpresa Easter stand, a panel and monitor were installed. One of the Kinder GranSorpresa eggs was put in front of the webcam and surprise, surprise, was transformed into one of the surprises the egg itself contained, to emphasize Kinder excellence in terms of quality and value. Each Kinder GS is a world of surprises: a real opportunity for children to "lose themselves" in play (www.saporinews.com).
Galeries Lafayette	During the event "fashion 24h/24, 9-12.10.2012, Galeries Lafayette, Lille, installed interactive changing rooms near their counters for customers to try on in real time, a number of outfits virtually. The virtual mirror in the changing rooms recomposed the image of the client standing in front of it, automatically detecting movement. By means of a simple gesture, the customer could change outfits, colours or styles, while the clothes themselves changed or adapted according to the customer's size, shape and gestures (www.korus.fr).
Casino GROUPE	The supermarket chain Casino Group, as part of its innovation multichannelling plan, has launched mCasino NFC, a mobile application (NFC technology) in order to shop using one's smartphone: touching the labels of the products on the shelves, the price is shown, special offers, information on ingredients, presence of allergens, etc. If the product is of interest, it can be added to the shopping basket. Once a customer has finished shopping, payment can be made using the cell phone itself.

Tab. 1 – Augmented in-store experience: some examples

Utilized as a part of an advertising strategy or to stimulate customers to come to a store, or even to increase brand awareness and customer loyalty, dilating the purchasing experience into environments of mixed reality, AR tends to redesign retail space by promoting a different mode of customer perceptions and sense making, influenced closely by cultural and social processes, including elements of an anthropological or semiotic nature.

The retail arena as the context in which a shopping experience is made, is part of a dual category: *situational*, in which signals in an analogical form (e.g. recognized images or sounds) become the input for subsequent elaborations that tell us what is happening, what elements are present in reality and what information corresponds to the virtual reality surrounding the consumer i.e. inbound movement and what is *conversational*, where information comes from the social media, concentrating on communication surrounding reality, i.e. outbound movement (Frà et al., 2011). In any event, while in inbound mobility(towards the subject) firms continue to hold a pre-eminent role, predisposing and guiding the subject-context interaction process, as concerns the outbound transfer, the control of mass media communication content by an ever growing number of actors widespread in

spatial terms and/or close knit in virtual communities has become the norm – human broadcasters (Riva, 2012). Thus the confines of customer experience are redefined and extended. Links (mobility), creation of multimedia content (above all photos and videos) by sharing opinions on the product, reviews and comments on specific content) the use of technology to reinforce the sense of belonging to the community of reference, characterizing the consumer-product relation for the " C Generation" (De Felice, 2011).

Notwithstanding, above all with reference to mobile marketing, but applicable to the shopping experience promoted by full immersion technologies generally, numerous studies highlight how convenience (Kim et al., 2007; Magura, 2003; Mahatanankoon et al., 2005) – linked to the hedonistic value that can be derived (Bauer et al., 2007; Kleijnen et al., 2007) – is still a fundamental factor in using "augmented" services and related mobility (Fig. 5).
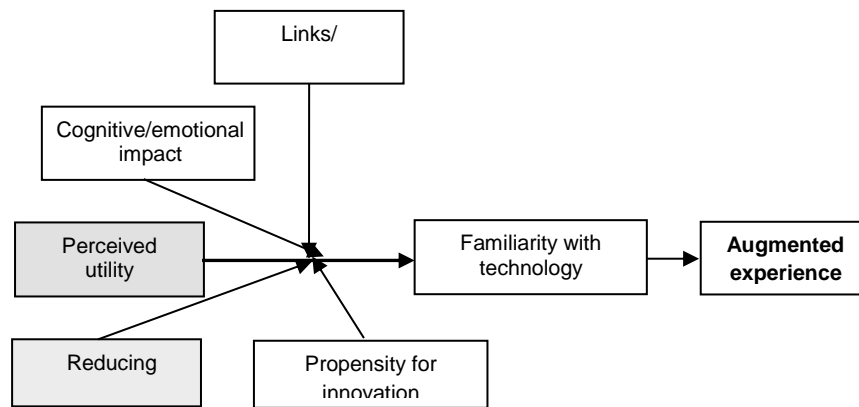
Fig. 5 – A conceptual model for using AR

Customers' familiarity toward new technologies - which is a preordained factor to their use of apps retail, self scanning, virtual fitting room, magic mirrors, qr code, tag Nfc (near field communication) and so on - shows a direct relationship with perceived usefulness by customers. In other words mobile services are used primarily for convenience, even if not only from an economic perspective.

Nevertheless, the impact of the utilitarian value on this factor and consequently on customers' augmented experience - because of the direct correlation between familiarity and augmented experience - is also moderated in some ways or influenced by other consumers' value tendencies, as sharing information with friends, emotional impact and involvement in the purchasing experience, reducing risk for buying products/services and propensity for innovation. The co-existing of functional and emotional factors is acknowledged in the studies on the mobile internet, mobile data service, mobile multimedia service and location-based mobile service (Varnali, Toker, 2010).

Furthermore, precise components defining customer experience in full immersion stores can also be classified (see Table 2 – Pantano, Servidio, 2012, p. 283).

Facilities	Fast response, secure transaction, system flexibility, entertainment
Product information	Product variety, detailed product information, personalized information
Service	Product selection assistance, virtual sales person, online support
Convenience	Details about the firm, navigational efficiency, more realistic navigation and interaction

Appearance	Pleasant, attractive, more realistic appearance
Institutional factor	Requirements related to consumer's profile, firm's information, consumer's position tracer while in the immersive store

Tab. 2 – Full immersion stores

In short, the creative force of both bottom-up (governed by firm or brand) and top-down (creation and sharing of multimedia content) thanks to a digital grammatical basis that guarantees interaction between the parties, transforms the consumer:
- from *Trier,* using AR to test the augmented product before buying in augmented contexts in terms of quality, problem solving capacity and promise,
- to *buyer*, relying on the initial value proposition, contextualized experience, aggregation dynamics and at the same time, privacy and safety of transactions,
- to *advertiser*, thanks to human broadcasting communication which via social networking, participates in the creating and spreading of the brand story, spontaneously motivating and supporting (if results are satisfactory) other potential *triers-buyers-advertisers*, thus generating on the whole, added value experience and as a consequence, more sales for the firm.

Business and managerial implications for future research agenda

As we have said, full immersion technologies and digital tools especially those which are always on (24/7 connections), have become a vibrant opportunity for promoting retail stores, for tracing or tracking purposes and for increasing customer presence. AR, above all by virtue of the widespread diffusion of mobile devices, represents an ever greater means (multiplying factor) of access both to brands and to or for consumers (Rohm et al., 2012). It should be noted however, that their use can conceal negative impacts that it might be worthwhile to indicate at this stage.
Above all, additional information, animations, detail, technical analysis etc., characterizing contexts of augmented reality can easily generate informational entropy (chaos) for the consumer, impacting negatively on his/her decision- making processes, thus distorting to a certain extent, the brand/consumer link. In this context, the fundamental role of the brand as a mark of guarantee or reliability capable of simplifying the buying process, should not be ignored. On the contrary in a context of AR where the amount of information hinges on the excessive, together with the incapacity or difficulty in selecting pertinent information, can have deviating or even counter-productive effects. It might therefore, be opportune to structure "augmented reality stores" articulated on a series of factors effectively capable of attracting clients and supplying them with relevant informational content*,* necessary and efficacious for an extremely positive shopping experience. In short, AR cannot be considered a viable tool to be used at any cost!
Furthermore, the limits of using AR that can derive from the self-production of information on the part of consumers should be highlighted, taking into account the concomitant risk of "manipulations/alterations" of such information in *social* environments, the effect of the generating force of content created and shared *(*top-down logic*)*. For AR to add impulse to a value experience*,* it has to: (i) concern themes which are relevant for the buyer, (ii) provide immediately recognizable incentives-benefits, (iii) be simple to use regardless of the technological limits typical of mobile devices (Prunesti, Lalli, 2011), and (iv) promote cooperation and synergies with all the actors involved in the value chain with the focus remaining on firm/customer interaction.
However it is fundamental for organizations to have a solid theoretical platform underpinning their defining of a model of augmented (in store) customer experience, linked to an efficient monitoring system of the additional data selected on the basis of the consumer context (situation, event, etc).
At the same time, the applicability of AR to the diverse types of purchasing generally should be

weighed up. Intrinsically, AR is more effective in scenarios of problematic or complex purchasing, while for the other kinds- e.g. spur of the moment purchases- "Diminished Reality" (DR) may well be preferable.

At times, customers experience consumption in *overflow* (*of information*) scenarios, which can render more complicated the selecting of useful data for decision making processes and in some case even harmful creating stressful situations for the custome*r*s (Gay-Lussac, 2012) and as a result potential decisional "paralysis", i.e. incapacity for choice by virtue of an excessive presence of often equivalent indications that produce disorientation or even cognitive dissonance). Thus by reducing the level of information conveyed (Enomoto, Saito, 2007; Herling, J., Broll, 2010) – as opposed to simplifying the same – could paradoxically, even facilitate decision making processes.

In truth, for an appropriate and more complete client profiling system, it might be opportune to evaluate a situational "control need", one of the primary motivational drivers of human nature (see Vannucci, 2012). In marketing literature, reference is to the strand of research that interprets customers as individuals whole among the various existentialist areas include that of consumption (Tortora, 2007), addressing particular attention to the psychological component in determining consumer consumption; hence, the causal nexus between stimuli from the external environment (augmented/diminished reality of the retail store), an individual's affective/cognitive sphere (low/high info eager) and related action can become the topic of debate in order to grasp the implications of the link between AR and the enjoyment of the *retail* area on the part of the customer.

In short, it should be considered that AR remains in any event, "a tool" within a wider and more complex, brand's overall customer communication ecosystem, in which creativity, technology and content have to combine traditional and innovative forms and relative tools to generate efficacious customer engagement (Schultz, Block, 2011*)*. In this context, consequently, scientific research should proceed, addressing the empirical validation of the conceptual models proposed (outlined in this as in other studies) in order to offer a valid theoretical platform for augmented marketing planning and processes.

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MANAGING INTANGIBLE ASSETS IN INTERNATIONAL CONTEXTS: AN EMPIRICAL ANALYSIS ON MONZA AND BRIANZA SMES

Laura Gavinelli & Alice Mazzucchelli

Abstract: *The paper presents the results of a quantitative research on 886 Italian SMEs, which analyzes their internationalization strategies, the entry modes selected and the role played by intangible assets when operating abroad. The data were collected with CAWI method and processed with PCA and Cluster analysis methods. Different strategic approaches have emerged among clusters. Briefly, we point out that for the respondents the internationalization process is something consolidated and crucial for their growth, and this is true also for small firms. Intangible resources are key factors for them to keep competitive.*
A subset was done on the engineering industry: these SMEs are particularly proactive towards foreign markets, while the intangibles assets bring them added value.

Keywords: *internationalization, intangible assets, Italian SMEs, cluster analysis*

Some insights on internationalization and Italian enterprises

In the current economic context internationalization seems to be an inevitable way to survive and grow for most enterprises (Fong Reynoso, Ocampo Figueroa, 2010) and with positive impact on their own performance (Pangarkar, 2008). Also for SMEs, many things have changed due to the global and dynamic competitive scenario. The current economic/financial crisis has changed the competitive context deeply, challenging SMEs to compete in a global arena and face new markets. For SMEs the internationalization strategy can become complex if we consider their limited resources. In particular, Italian SMEs are characterized by a small financial base, a difficulty in gaining credit, a domestic focus, a limited geographic scope, a family run business, and undercapitalizing situations (Armstrong, Craig, Jackson, Thomson, 2010).

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Despite these limits, the internationalization process can drive them exploit their own strategies, expand and improve their capabilities, increase their business (Grant, 1987).

Going abroad, SMEs try to compensate the decreasing domestic demand and at the same time to raise their profitability by allocating, transferring and augmenting their capabilities (Chiao, Yang, 2011).

For instance, with made in Italy, many firms have become quite competitive, working in food, fashion, furniture, art and culture industries, thanks to key factors like design, creativity and beauty. If that is true, we cannot forget that other SMEs are performing very well although they operate in different industries like engineering, furniture, electronics, and others. For all these reasons, we can state that Italian SMEs can play an important role in the global market (Oviatt, McDougall, 1994). Then, what is the point?

Firm's assets and competitive advantage

As we saw, internationalization is not confined to industrial realities, with a high concentration

of knowledge, service and technology. It is something reachable also by those enterprises that operate in more traditional sectors and this because they can use unique and valuable resources also on foreign markets. According to the resource-based view (Barney, 1991, Grant, 1991, Wernerfelt, 1984) a firm is unique thanks to its combination of resources and capabilities. Enterprises that deploy effectively unique, inimitable, valuable and rare resources can reach strong competitive advantage, product differentiation and higher profitability (Chiao, Yang, 2011; Barney, 1991). There are plenty of contributions on the definition of resource endowments and the relationship between its characteristics and the creation of value, performance and competitive advantage (Kraaijenbrink, Spender and Groen, 2010, Arend, 2006; Foss and Knudsen, 2003; Teece, Pisano and Shuen, 1997; Grant, 1996; Peteraf, 1993; Barney, 1991; Rumelt, 1984; Wernerfelt, 1984). In the resource-based view, a fundamental condition to create superior performance is the heterogeneity of resources distribution among firms.

Some scholars directly attribute performance to the unusual behavior of heterogeneous and scarce resource endowments or to managerial practices (Leblein, 2011; Bloom and Van Reenen, 2007) and path dependence of the firm (Ryall, 2009).

In this context, intangible assets can contribute to a persistent profit advantage (Villalonga, 2004).

Barney (1991) gathers all resources into three main families in which the first one is related to physical capital resources – including production plants, technologies, equipment, geographic location, access to raw materials (Williamson, 1975), while the other two families are more linked to intangibles. It is the case of human capital resources – composed by training, expertise, judgment, intelligence, relational capital, vision and personal skills of managers and human resources, tacit knowledge (Lam, 2000; Becker, 1964; Winter, 1988) and organizational capital resources – that are related to formal structure of the firm, formal and informal planning, controlling, coordinating systems, information systems, relations within the firm and between the firm and its

environment (Barney, 1986; Tomer, 1987; Zucker, 1977). However, while some resources can be found in factor markets, others are difficult to be captured. So, if the asymmetries among competitors and factor market conditions (Adegbesan, 2009) can affect the potential of the firm to generate competitive advantage, "the capability-based theory provides some explanations on a set of higher skills that affect the rate at which a firm is able to react to its business environment" (Leblein, 2011: 921).

A capability is the capacity of coordinating and making cooperate resources to carry out a productive activity, to perform a task, to reach a goal. Therefore, while resources are the source of a firm's capabilities, capabilities are the main source of the firm's competitive advantage.

Creating capabilities is not a simple matter of assembling resources. It is often strictly connected with organizational patterns that through the coordination of people and resources create organizational routines (Grant, 1991). An organization becomes unique network of routines, matching together along its experience different resources, people and routines. Capabilities are also defined as distinctive competences, "an aggregate of numerous specific activities that the organization tends to perform better than other organizations within a similar environment" (Snow and Hrebiniak, 1980: 317), or as core competences, as "central strategic capabilities (…) the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technology" (Prahalad and Hamel, 1990: 79-91).

For instance, in industries that are characterized by rapid shifts and changes firms need to develop high reactiveness and managerial capacity of quick response (Adner and Helfat, 2003). Dynamic capabilities (Teece, 2007; Eisenhardt and Martin, 2000) correspond to "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. Dynamic capabilities thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions" (Teece, Pisano and Shuen, 1997: 516).

Playing on a global arena means investing both on tangible factors and on intangible assets. Managing intangibles is crucial to achieve and defend a competitive advantage (Martin, Harltley, 2006, Aaker, 1989). They can be something that can enrich and bring value to the firm's offering or become a core competence that let the enterprise leverage over its competitors (Zigan, Zeglat, 2010, Hall, 1992).

Towards a taxonomy on intangibles

Despite their importance, intangible assets are something difficult to define and manage. The complexity in defining intangibles lies in their articulation, the fact that there is not a unique taxonomy for them and the difficulty of measuring and express them into monetary terms. While tangibles are considered measurable and related to hard factors, intangibles are related to not-so-easily quantifiable soft factors (Lönnqvist, 2002, Williams, 1998).

From the point of view of the theoretical contribution, numerous attempts have been carried out by scholars. Lönnqvist (2004) classifies critical success factors taking into account four dimensions: financial and non-financial, tangibles and intangibles dimensions. Referring to the last one (intangible dimension), we find that financial intangibles can be brand value, goodwill, value of immaterial properties, while among non-financial intangibles we find competences, customer satisfaction, customer retention, innovation, motivation, personnel satisfaction. Zambon and Bergamini (2007) have classified them through six dimensions: customer and market, strategy, innovation and intellectual property rights, human resources, organization, corporate governance. The DTI – Department of Trade and Industry UK Report (2001) provides a list of intangible assets, which comprises knowledge, leadership, relationships, communication, culture and values, reputation, trust, skills and competences, systems and processes.

Other scholars have proposed different lists of intangible assets to explain SMEs success (Bones, 2007, Brooking, 2010, Watson, 2010, Fong Reynoso, 2008).

With respect to SMEs, intangibles like human capital, reputation, customer relationships, intellectual property and marketing skills are key issues when talking about their success and competitive advantage (Spitzer, 2007) and in response to the growing knowledge economy (Jarvis, Meyrick, Mirkovic, 2006, Watson, 2010).

Empirical analysis

Motivation for the research

The research presented in this article is based on the "Osservatorio Impresa Monza e Brianza 2013". The observatory has been organized by CRIET, Research Centre in Territorial Economics – University of Milan-Bicocca, in collaboration with Confindustria Monza and Brianza Association and BNL BNP Paribas Group. Every year the Observatory monitors the enterprises associated with Confindustria Monza and Brianza through a survey, which is focused on a specific topic.

The main theme for the 2013 edition was investments for growth. The survey was organized into specific thematic sections: commercial organization and communication, internationalization strategies, access to credit and relations with banks (Figure 1).

The aim of the internationalization section was to investigate the reasons why the sample enterprises do internationalize, particularly from the point of view of motivations, foreign and domestic markets, entry modes they prefer, the entry modes for the future, the motivations to internationalize, the advantages they achieved and the difficulties they came across.

The survey instrument was a questionnaire administered electronically to the 886 enterprises associated to Confindustria Monza and Brianza Association. The survey period was from 29th October to 22nd December 2013. The data were collected with CAWI method (Computer Assisted Web Interviewing), which was accompanied by an activity of telephone recall (20 days, with 1326 successful calls) and individual telephone tutoring (5 tutors were specifically trained). The use of CAWI method, in combination with the telephone recall, made possible achieve a redemption rate of 21.8% (193 enterprises) for fully completed

questionnaires, which reaches 34.1% including partially filled questionnaires (109 enterprises). The redemption rate is in line with the response range commonly reached in surveys, which is between 5 and 30 per cent (Diekmann, 2005).

Figure 1 – Research Design

Aim of the research:
Analyze the managerial approach towards some specific issues (sections of questionnaire)

Population frame:
886 enterprises associated to Confindustria Monza and Brianza Association

Sample of respondents:
21,8% (193 fully completed questionnaires)
34,1% (+ 109 partially filled questionnaire)

Structure of the questionnaire:
5 sections, 70 questions

Data collection:
CAWI
Period (29th. Oct. – 22nd Dec.12 2013)

Data processing:
PCA and Cluster analysis

Commercial organization and communication — 11 Q
Internationalization — 19 Q
Access to credit — 18 Q
Relations with banks — 8 Q
Description of respondents — 14 Q
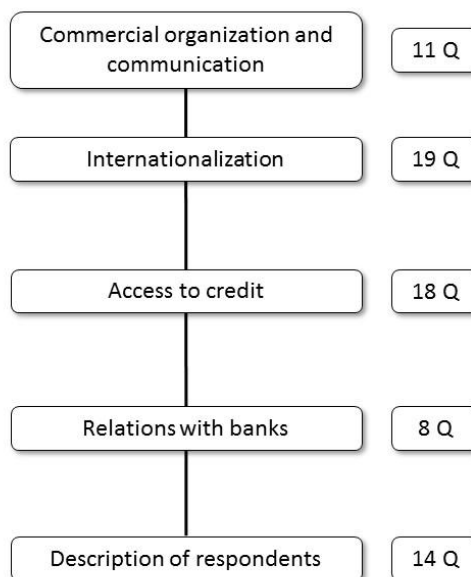
Research methodology

The respondent enterprises represent an auto-selected sample (all the 886 associated firms to Monza and Brianza Association). Even if the total population is small, we assume that it is a significant sample considering the quality of the data we collected with a CAWI method. This method has been frequently criticized in literature because of its low reliability. Nonetheless, the strong involvement of respondents has led to more precise information with fewer mistakes and higher reliability (Petty, Cacioppo, 1984; Sears et al., 1980). In addition, the survey is suitable with the aim of the research to gain an overview on the strategic approaches of respondents towards internationalization and intangible assets (Synodinos, 2003). Finally, the associated firms to Confindustria Monza and Brianza Association represent 45.000 employees, with a GDP of 12 billion euro of turnover of one of the most industrialized territories of Italy (Monza and Brianza province).

After constructing the questionnaire, a pre-test was carried out in order to check the questions in terms of order and comprehension, lay out of the form, navigation of the platform and eventual problems with the fill in process.

To analyze the relationship between the internationalization process and intangibles, we considered only the 100 firms that internationalize.

Once gathered the data were processed through the principal component analysis (PCA) and cluster analysis (Johnson and Wickern, 2007). This let individuate groups of enterprises with similar behavior in managing intangible assets in international contexts. In clustering literature, PCA is sometimes applied to reduce the dimension of the data set prior to clustering (Jolliffe I.T., Jones B. and Morgan B.J.T., 1980). In fact, PCA transforms and reduces the dimensionality of the original data set consisting of interrelated variables into a new set of uncorrelated variables called principal components (PCs). These PCs retain of the variation present in the original data set as much as possible (Jolliffe, 2002). In particular, the interrelated variables analyzing the internationalization experience of each enterprise, the main markets to invest in, the

entry modes preferred, the investments abroad for the future and the intangible assets used were reduced and transformed. On the basis of five latent variables produced by PCA analysis, a hierarchical cluster analysis was performed to define the number of clusters. The k-means procedure was then used to create clusters. Thanks to this methodology five groups have been individuated so that the enterprises within each group were similar with respect to five latent variables (produced by PCA analysis), and the groups themselves stand apart from one another. At the end, the five groups were analyzed taking into account descriptive info,

such as revenue, number of employees, industry, and date of foundation.

On a second step of the analysis, a subset of respondents coming from the engineering industry was done, being these SMEs the most represented within the 100 respondents that internationalize (36 firms).

For this reason, the results of the research are presented first on the entire sample (100 enterprises), and then to the engineering industry subset (36 firms) in order to check out if there are any differences among SMEs relating to the internationalization process and the use of intangibles.

Table 3 – Descriptive Information of Internationalized Total sample and Internationalized Engineering subset

Internationalized Sample	Number of enterprises	Turnover (million euro)	Number of employees	Business experience (years)	Experience abroad (years)	Business running
Total sample	100	0-10	10-49	36	>10	Family-run
Engineering Subset	36	2-50	10-249	36	>10	Family-run

The sample of respondents

The sample is in line with the peculiarities of Monza and Brianza province. Most respondents are micro and small firms with a turnover below 10 million euro (72% of respondents) and under 50 employees (78%). The sample is mainly active in engineering industry, but with a good presence in the tertiary sector, chemical and other manufacturing activities (7% of respondents for each sector). As for their main activity they are concentrated on production (46%) if compared with services (19%) and commercial activities (14%). The sample is mainly active in business to business markets, serving other SMEs (47%) and large enterprises (44%), retail and wholesale operators (30%) and municipalities (10%). Referring to the governance, the enterprises of Monza and Brianza province are in most cases family-run business (64%) with simple forms of company (66%). The relationship between management and firm size, in terms of employees and turnover, is inversely proportional: this confirms the pattern of the small family-run enterprise which is typical in Italy. Another peculiarity is the established history of respondents: 63% of firms

have been settled since the '80s up to the present, while 23% since 2000.

Results

In general terms, the research shows that internationalization is a cornerstone for the growth of enterprises in Brianza province. Working abroad allows them to follow their business customers and increase profits. Firms that internationalize have been doing that for a long time (66 firms for over 10 years), although they do have small sized business. In addition, they also intend to internationalize in the next 12 months. In particular, the propensity to internationalize in the coming 12 months is significant: a full 41% of respondents said yes to foreign markets, while only 36% is not interested in going abroad. These data indicate a proactive approach of respondents towards internationalization.

As for the markets, in addition to Europe, which is considered a domestic market (for 32% of respondents), firms operating in the BRICS countries are 19 %, in U.S. (16% of respondents), Eastern Europe (15%) and Arab countries (13%). The main reasons that drive enterprises internationalize are to satisfy the foreign market,

a decline in domestic demand and the habit of doing so. The advantages obtained in operating on foreign markets refer to the acquisition of new foreign customers, a better corporate image and increasing profits.

However, there are also difficulties: the first lies in the dimensional limits of respondents, the second in making their brand recognizable also abroad and the third in customs barriers (adaptation to local regulations).

Among the investment strategies, direct investments prevail. This is a sign of the resourcefulness of firms and their strong intention to oversee the markets with strong relationships with B2B customers: such attitude prevails among the more experienced firms (firms that internationalize for more than 5 years), with a focus on direct sales force (76% of respondents), networks of agents (63%) and subsidiaries and affiliates. Over the past 5 years, the preference of these investments was reversed, putting at the top of preferences branches (26%). If the choice of importers is now an established practice (65%), exporters are less used. Over the last 12 months, 50% of respondents have oriented themselves on export consortia. The more recent strategies are those related to agreements with third parties: among the most consolidated options we find equity holdings (75% of respondents), joint ventures (29%) and franchise solutions (20%). As for the last 12 months most respondents signal licenses (33%), followed by franchises and consortia of companies (20% of respondents for both) and "other" (including distribution agreements, consulting, subcontracting, Italian companies with establishments abroad) for 17 % of the sample.

For all respondents intangible assets are something crucial to implement their strategies and to keep competitive among larger competitors.

Five clusters with different approaches towards internationalization and intangible assets
Thanks to PCA and Cluster analysis, five different clusters have emerged with specific characteristics and approaches towards internationalization and intangibles.

Table 4 – Clusters Descriptive Information

Cluster	No of enterprises	Turnover (million euro)	Number of employees	Business experience (years)	Experience abroad (years)	Business running	Industry (main presence)
1	9	2-50	50-249	48	>10	Family-run	Engineering Furniture Textile
2	6	2-10	10-49	31	>10 1-5	Family-run Managerial	Engineering Electronic
3	14	0-50	10-49	20	1-5	Managerial	Engineering Manufacturing Tertiary
4	35	0-10	< 10 10-49	29	>10 1-5	Family-run	Engineering Textile Construction
5	36	10-250	10-249	46	>10	Family-run	Engineering Chemical

Cluster 1 – medium enterprises with traditional approach – consists of medium sized enterprises that reveal a consolidated and quite traditional approach towards internalization. In fact, the nine enterprises of this cluster go abroad by more than ten years and they do direct investments in internationalization. In order to better control their foreign target markets, they prefer to invest in direct sales force and agent networks. In addition, they also intend to internationalize in the next 12 months. In particular, 88.9% of respondents are going to invest in the future to reinforce their direct sales force abroad and to increase their presence abroad. Despite the traditional current and future entry modes, these data indicate that enterprises in cluster 1 have developed an international presence in a successful way and that they will continue to do so.

As for markets, this cluster operates in Western Europe (55.6%), in BRICS countries (22.2%) and Arab countries (22.2%): these firms are likely to focus on both domestic and potential countries. Going abroad let them increase their profitability and to achieve sustainable competitive advantages. This happens by deploying their unique intangibles resources too. Flexibility, customer and suppliers relationship, brand value and pre and after-sales services play a key role to implement their international strategies.

Most enterprises in **cluster 2** are **small enterprises with global approach.** They have been internationalizing for more than 10 years and some others for more than 5 years. They face foreign markets with direct investments and, a small percentage, with agreements with third parties. As for direct investments, they prefer direct sales force, subsidiaries and affiliates, while, referring to the agreements with third parties, shareholdings prevail. Thanks to the entry modes selected, these enterprises operate all over the world. They have penetrated Western and Eastern Europe, BRICS countries, US market and Arab countries, reaching the highest presence of the sample in BRICS and U.S. countries.

In spite of the heterogeneous entry modes and diffused presence on foreign markets, these enterprises have no intention to invest in the coming 12 months. They declare difficulties to make their brand recognizable beyond national borders and fit in with the local norms, even if they show a sound experience in international business and pay particular attention to their customers and brand value. In fact, in order to pursue international opportunities, these firms see flexibility, pre and after sales assistance, brand, and the relationship with customers and suppliers, like key factors for competitiveness. In short, this cluster seems to be in trouble and less motivated to invest abroad in the future probably because they did not achieve any particular competitive advantages abroad till now.

The **youngest enterprises with managerial approach** are those of **cluster 3.** They show a short experience beyond national borders: they go abroad for less than 5 years. In addition, these enterprises are the only ones that do not adopt direct investments. In fact, it seems that this cluster adopts a step-by-step approach to developing a business strategy for international growth. According to this approach, firms tend to start with entry modes that do not need direct commitment and financial risk. As a matter of fact, they prefer indirect investments (57.1%) and agreements with third parties (42.9%), hoping in immediate and more attractive financial returns. In particular, cluster 3 choses importers, consortia of companies and joint ventures. Moreover, 50% of enterprises in cluster 3 intend to keep on investing in international markets in the next 12 months to strengthen their commercial capacity and consolidate their competitive position abroad. If these respondents will go abroad for sure, another 50% has not yet a clear propensity towards foreign markets: if we elaborate these answers together with the question about the difficulties of going abroad, we find out that these respondents signal as the highest difficulties their size limit.

With reference to the markets, 64.3% of respondents internationalize in Western Europe, while 28.6% do so in BRICS countries. Like in cluster 1, these firms are likely to focus on both domestic and potential countries. In addition, these enterprises base their international competitive advantage on strong relationships with their customers and suppliers: direct and trust relationships between firms' management and customers (B2B or B2C) and suppliers enable them to internationalize their business activities. Differently from the other clusters, cluster 3 does not see flexibility as a core competence to be spent on foreign markets.

Cluster **4** consists of 35 **micro and small enterprises with traditional approach**. As for cluster 1, these enterprises present a quite traditional approach towards internationalization: most of them do direct investment and go abroad for more than 10 years (45.7%) or for more than 5 years (28.6%). In particular, they invest in direct sales force to oversee their international target markets. In spite of the consolidated and quite traditional approach, only the 48.6% of the respondents in cluster 4 are willing to invest in the future, not only with direct investments but also with agreements with third parties, especially with shareholdings. Thanks to internationalization

process, these enterprises have obtained important benefits: increasing profits, acquisition of new foreign customers and a stronger in brand image. However, 40% of respondents are not convinced to invest on internationalization for the future because they have to deal with their limits in firm size and the adaptation to local legislation. In fact, in addition to Western Europe (88.6% of the enterprises), this cluster operates in BRICS countries (34.3%), which is considered a new emerging market with different custom barriers and laws. In these target markets, cluster 4 gains sustainable competitive advantage and fulfills the foreign requests by using relationships with customers and suppliers as a strategic issue. Managing this asset, firms can understand the different need of local customers and business buyers and identify new B2B or B2C clients through established relationships.

Finally, the enterprises in **cluster 5 are medium enterprises with proactive approach.** Their presence on the international markets is older than of the other clusters. In fact, all of the firms operate abroad for more than 10 years. Their strong international business experience explain their widespread presence on foreign markets and their use of entry modes. Indeed, they work all over the world. They have penetrated Western and Eastern Europe, BRICS countries, the U.S. market and Arab countries, reaching the highest percentage of presence in Arab countries. They prefer direct investments, but they also do indirect investments (16.7%) and agreements with third parties (11.1%). Among direct investments strategies direct sales force, network of agents, subsidiaries and own networks are the principal choice. Among indirect investments, these enterprises prefer importers. They also prefer joint venture and shareholdings related to agreements with third

parties. Furthermore, they have intention to invest in the future in order to increase their commercial capillarity. The success of these enterprises on foreign markets is due to relations and brand: they base their competitive advantage on a strong relationship with customers and suppliers and making their brand recognizable also abroad.

Some insights on the engineering SMEs

In the research, some more details on the engineering industry seem to be adequate for a better understanding of the industrial context of Monza and Brianza province. The reasons are various: these SMEs are the most present ones in the total sample (23% of respondents); they are concentrated in the most proactive clusters when considering foreign markets (66.7% in C2 - small enterprises with global approach and 44.4% in C5 – medium enterprises with proactive approach). For these enterprises, the foreign markets cover half or even more than their turnover (27.8% of respondents with 41-60% of foreign turnover, 19.4% of respondents with 61-80% of foreign turnover, the same percentage for the SMEs with over 80% of foreign turnover). The data show that the engineering sector is proactive on average terms, and this independently from the firm size (13.9% of respondents are micro enterprises, 50% are small, 22.2% are medium ones). Moreover, 41.7% of the respondents are run by managers: this is an interesting peculiarity if compared with Italian small firms, which are usually family business.

Even though also SMEs operating in other sectors go abroad for more than 10 years (tertiary, electronics, manufacturing industries) the engineering sector is the only one with such a consolidated experience both within small and medium firms (Figure 2).

Figure 2 – Distribution of Engineering SMEs among the five clusters

In general terms, the experience on foreign markets is pretty solid, having 75% of SMEs internationalizing for more than 10 years and being inclined to invest abroad also in the coming 12 months (58.3% of respondents). This propensity is higher among the engineering SMEs than in other sectors.

They operate both on a domestic market (89% in Europe) and on other contexts like BRICS countries (61.1%), Eastern Europe (55.6%), Arabian countries (50%) and USA (47.2%). The entry modes are principally based on direct investments (83.3% of respondents), especially through direct sales force (58.3% of respondents use it for more than 5 years), networks of agents (38.9%) and subsidiaries (19.4%). These are the same types of investments they are going to do also in the next future (42.9% will invest on direct sales force in the next 12 months, 42.9% on networks of agents, 28.6% on subsidiaries). Also, the propensity towards direct investments is higher among the engineering SMEs than in other sectors.

Among the motivations to internationalize, the respondents declare that going abroad is principally a consequence of a consolidated experience (69.2% of firms relate it to the fact that they have always done it with an evaluation of 5 and 4 in a 1 to 5 point scale where 1 means

total disagreement and 5 means full agreement). This shows a path dependency attitude. A second important motivation to go abroad is to react to the decrease of the domestic demand (44.4% of respondents giving an evaluation of 4 and 5). No strict correlation, instead, between the internationalization process and benefit from government support programs and incentives has been found (40.9% respondents fully disagree with this motivation, with an evaluation of 1 in a 1 to 5 points scale of evaluation). A medium evaluation (3 points) is finally given to three other motivations: to satisfy the foreign demand (38.1% of respondents), to reduce production costs (38.1%) and to reduce labor costs (30%).

Beyond the motivations there are also some advantages that the engineering can reach when operating on foreign markets: the acquisition of new foreign customers (78.1% with an evaluation of 4 and 5 in a 1 to 5 point scale of evaluation, where 1 means minimum impact and 5 means maximum impact), improvements in the corporate image (73%) and increased profits (50%).

Going abroad implies also some difficulties. The first difficulty lies in the customs barriers (57.7% with an evaluation of 4 and 5 in a 1 to 5 point scale of evaluation, where 1 means minimum

impact and 5 means maximum impact), followed by the dimensional limits of SMEs (52% of respondents), make their brand recognizable (41.7%), comply with local norms and obtain support from the government (37.5% of respondents on both difficulties).

The data collected on the advantages and difficulties towards the internationalization process encountered by the engineering SMEs are aligned with those of the entire responding sample.

As for the intangibles, the engineering respondent, declare that such resources play a crucial role in differentiating them. Nonetheless, these respondents show the highest propensity towards branding strategies (30.6%) than in other sectors (followed by electronics, manufacturing and tertiary industries). The connection between intangibles and the relation with customers (44.4%) and with a service approach (flexibility with 19.4% of responses and after sales assistance for 19.4% of respondents) is in line with the rest of the sample.

Two different approaches for the engineering SMEs

Although the engineering sector demonstrates that the foreign markets are an opportunity both for small and medium enterprises, two different approaches emerge, converging in Cluster 2 – small enterprises with global approach and Cluster 5 – medium enterprises with proactive approach.

A first difference lays in the number and type of foreign markets on which SMEs operate: in C2 there is a concentration of preferences towards Europe, East Europe and USA markets (100% of respondents indicate them as first target markets), while in C5 there is a wider distribution of SMEs' preferences of foreign markets (100% of respondents indicate Europe as first choice, 87.5% BRICS countries, 87.5% Eastern Europe, 68.7% both USA and Arabian countries).

Also the entry modes on foreign markets see C5 adopting a more articulated approach: for both clusters direct investments prevail (81.2% for C5 respondents and 100% for C2 respondents), but while for C2 agreements with third parties are a secondary choice, excluding indirect investments totally (25% and 0% of respondents respectively), for C5 SMEs indirect investment are equally interesting if compared with agreements with third parties (18.7% of respondents for both).

A third and even stronger difference between the two clusters lays in the propensity to invest abroad in the next future: while the enterprises of C5 look more optimistic towards the next 12 months (62.5% of respondents will invest on foreign markets and only 18.7% of firms are equally distributed between those who won't invest and those who are undecided) the respondents of C2 are more cautious and even pessimistic (25% of firms will invest, 50% won't invest and 25% are undecided).

Similarities have been instead identified in the well consolidated international experience: for both clusters, the majority of respondents operate on foreign markets for more than 10 years (75% of C2 firms, 100% of C5 firms).

Finally, the role of intangibles in making the SMEs more competitive is differently perceived for some aspects.

In C2 the intangibles are principally related to flexibility to customers' requests, after sales assistance and corporate branding (100% of respondents for all three options in a multiple-choice question), followed at wide distance by relations with customers (50% of firms). In C5 there is a predominance in the connection between intangible resources and relations with customers (37.5% of preferences), while for the other options the respondents are more equally spread: 18.7% for branding, 12.5% for flexibility to the customer's requests and 6.2% for after sales assistance.

To summarize, the data demonstrate that the firms of C2 – small enterprises with global approach, although proactive towards foreign markets, have a more focused approach (number and type of target markets) and are more cautious (future investments).

The firms of C5 – medium enterprises with proactive approach have got a more solid, articulated and proactive approach towards the internationalization process, both for the number and type of target markets and for the entry modes. They are also more optimistic for the future: the propensity to invest in the next 12 months demonstrates this attitude.

Surprisingly, the intangibles seem to play a more important role for small enterprises than for the medium ones, especially when related to branding and flexibility towards customers.

Discussion

The aim of the research was to investigate the internationalization strategies chosen by the enterprises operating in one of the most industrialized areas of Italy, the entry modes selected and the role played by intangible assets when operating abroad.

Although the propensity towards foreign markets is strong, there are still difficulties to face new markets that are due to the small size of firms and the difficulty they have to understand different and sometimes complex contexts: hence the need of specific skills arises, which are also strictly related to intangible assets.

That is why the relationship between intangibles and internationalization is so important. As a matter of fact, this relation is also confirmed by the research.

In all clusters, intangibles are well present, although the level and intensity of their use can differ deeply between the respondents. Cluster 2 includes small enterprises, which use intangibles more diffusely, but at the same time, they declare difficulties in internationalizing. This is also confirmed by their future propensity: they will not invest abroad in the next 12 months. Cluster 5 includes medium-size enterprises, which use intangibles less than cluster 2. Nonetheless, they are quite satisfied with the experience abroad. This suggests that intangibles are a distinguishing factor for the enterprises of Monza and Brianza within their internationalization strategies.

The respondents that prove to face more difficulties abroad are the small ones. Clusters 2 and 4 give evidence of that. In cluster 2, the enterprises show a low propensity towards a future internationalization. This is mostly due to their difficulty in making their own brand recognizable abroad. On the other hand, the firms of cluster 4 – which includes micro enterprises, too – recognize in their size the deepest difficulty when thinking about internationalization. The size limit like a barrier to entry foreign markets is only partially confirmed by the evidence of the research. In particular, the small enterprises of the engineering sector are concentrated in one of the two most proactive clusters (C2). A group of respondents looks then more cautious. 57% of the respondents of cluster 3 have a managerial running, a 1 to 5 year-experience abroad, do not adopt direct investments strategies and do not recognize flexibility as a key factor for competitiveness. From these evidences we could deduce that where management and ownership of business are separate a cautious approach towards the various markets prevails, together with an interest in alternative entry modes (for instance, indirect investments, agreements with third parties) unlike other types of investments that are most consolidated among the enterprises of Monza and Brianza province (direct investments). Cluster 5 contains the most exploratory firms in terms of both market diversification and entry modes. Cluster 1 maintains, on the contrary, a more traditional attitude: it prefers direct investments and this is aligned with the majority of respondents.

In short, data show that the orientation towards internationalization is not homogeneous if we consider the sectors and the firm size of respondents. As a matter of fact, the sector with the highest concentration of proactive enterprises is the engineering one: in particular, the firms of cluster 2 and cluster 5 are the most present ones on foreign markets. At the same time, if it is true that also small firms operate abroad since long time, the medium enterprises are the most proactive and optimistic ones.

Managerial implications

In times of financial and economic crisis, SMEs show a high capability and willingness to react.
The internationalization practice is widespread and consolidated among the SMEs of Monza and Brianza province.
Nonetheless, the proactive approach to international markets and the use of intangibles are not strictly dependent on firm size. This is partly evidenced by the respondents of the engineering sector that show particular

proactivity on foreign markets, being both small and medium-sized enterprises.

In the internationalization process, intangible resources are a differentiating factor for SMEs that present some peculiarities, that is, SMEs are focused on the product and operate mainly on B2B markets. This brings the intangibles to play an essential role in the enhancement of the product, which is often complex, and the relationship with customers who are very often followed by the respondents SMEs also on foreign markets through direct investments.

The research brings evidence on the tight relation between internationalization and intangibles. This relation is confirmed in all the clusters we analyzed. At the same time, intangibles do not solve all the problems referred to internationalization automatically. For sure, they are a driver for competitiveness but they are not the only one when planning internationalization strategies.

However, there remain areas who have not yet adequately covered by respondents in order to overcome the difficulties encountered when going abroad. This is the case of linguistic and technical skills, analytic tools and models to analyze and interpret the various foreign markets, the strengthening of branding strategies and initiatives, the strengthening or introduction of managerial competences, especially for those firms that in the next future are approaching a generational succession (family business).

The research presents some criticalities and limits, too. Intangibles were not measured and related to SMEs performance through indexes. Nor was investigated the causal relationship between intangibles and performance when internationalizing.

Future developments could drive the analysis towards a more detailed list of intangible assets, the use of a larger population of firms and the introduction of methods to assess intangible effectiveness into internationalization process strategies. In this direction, some groups of indicators could be taken into account, like for instance profitability indicators, growth and market position indicators, indicators on subjective perception of the importance and the impact of intangibles on firm's performance (Lopez, 2006).

A qualitative stage of the research could then give some insights on the motivations of entrepreneurs to internationalize and their strategic approaches.

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THE USE OF DIGITAL MARKETING TOOLS IN SMES: NEEDS, PROBLEMS AND OPPORTUNITIES
AN EMPIRICAL STUDY IN THE MARCHE REGION

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Abstract: *From some years the Web has been going through an important phase characterized by the spread of social media. This phase – starting from well known Web 2.0 - is still developing and producing many implications in marketing and business communication. In effect, many companies have begun to used Web 2.0 functionalities and new digital technologies in order to develop marketing strategies. An interesting aspect is that these tools show relevant advantages for supporting the marketing activities by SMEs; however, with regard to the use of Web, a gap compared to larger companies can be noted. This appears due to both structural and cultural issues that connote smaller companies.*

The paper is aimed at pointing out the main problem aspects and needs concerning the use of digital tools in SME's in the marketing perspective. An empirical survey about 802 SMEs based in Marche Region (Italy) has been carried out.

Keywords: *Web 2.0, Web Marketing, Social Media Marketing, SMEs*

Introduction

The aim of this paper is to analyze the role of the Web in the marketing and communication activities of SMEs, and in particular to:

find the characteristics of their application to the Web, paying particular attention to the implementation of the sharing tools related to the so-called Web 2.0 (social networks, blogs ...);

provide answers to the increasing demands and concerns regarding the use of digital communication tools and to highlight the possible actions that would encourage further deployment of these tools in SMEs.

From the methodological point of view, in March 2014 a survey was carried out by administering a semi-structured questionnaire to a sample of SMEs located in the Marche (Italy). The set of questions/group of SMEs has been defined by drawing them out randomly from the database of the Chambers of Commerce, and it has been based on the variables of size and area location (province).

In addition, four focus groups with the owners of the SMEs from different sectors were conducted. The groups have been identified with the help of several entrepreneurial associations; this qualitative research has been divided into two phases:

the first phase concerned the exploration of the phenomenon and the investigation of the main aspects characterizing the use of web communication in SMEs; the results have been also useful for developing a quantitative research;

the second phase focused on an in-depth interpretation of some specific aspects that emerged in the direct survey.

The Relationship between SME's and Digital Marketing tools

Although social media have been widespread among users since the first half of the 2000s, the study of the relationship between these tools and marketing is fairly recent (Harris and Rae, 2009; Solis 2010).

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There are works that are even more recent that analyze the adoption of social media by SMEs for marketing purposes. Looking at Figure 1, which represents the trend of the frequency with which the term "social media", attached to the term "SME", has been researched on Google, the interest on this issue, almost non-existent before 2009, has grown significantly in recent years.

FIG. 1: GOOGLE TREND, ANALYSIS OF THE SEARCH CRITERIA "SOCIAL MEDIA" AND "SME"
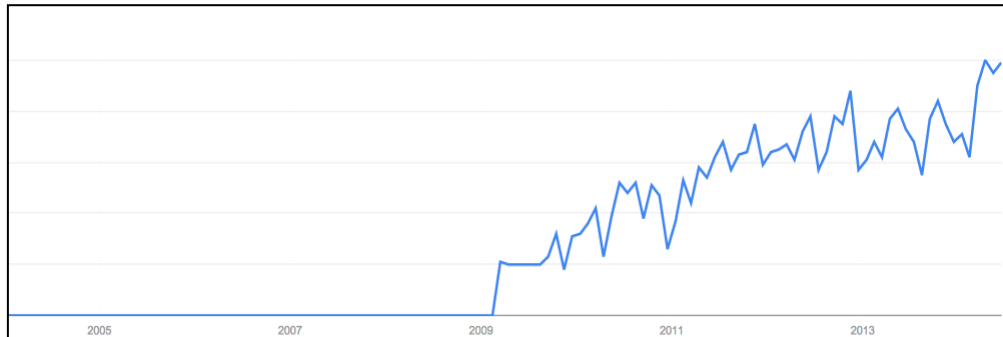
Recognition at 06/16/2014

Among the most authoritative definitions of social media we can note that given by Kaplan and Haenlein (2010), which describes social media as a set of internet-based applications that build on the ideological and technological foundations of Web 2.0, and which allow the creation and exchange of User Generated Content.

According to Luke (2009), social media are very important to the marketing environment. The marketing and communications transmitted on social may assume a "viral" nature; also, consumers may interact with the brand by producing so many benefits to the business (Steinman and Hawkins, 2010).

Mangold and Faulds (2009) attribute to social media a "hybrid" role in the promotion mix. According to this study, social media can be considered a hybrid element which combines aspects of traditional communication (i.e., companies interact with consumers) with innovative elements of marketing such as the ability to amplify the word-of-mouth aspect (i.e., consumers interact with each other) that often remains outside the control of marketers.

A research realized by Breslauer and Smith (2009) shows that firms use social media to build direct relationships with consumers, increasing "traffic" to their websites, identifying new business opportunities, building communities linked to their brands, collecting and disseminating content feedback from customers. However, it is necessary to underline the fact that these benefits not always are caught on by SMEs.

From an analysis of the literature on the relationship between social media and SMEs, different approaches emerge. A first suggestion given by McGowan and Hampton (2006) highlights how the context in which SMEs operate is strongly characterized by the management of the network of personal relationships.

Concepts such as trust and commitment are the basis of the system of relations that an SME establishes with its business partners (Govender, 2013). With the advent of social media, these concepts have declined leading to the opening of new scenarios for entrepreneurs. If, on the one hand, technology in this context is considered useful as an opportunity to expand a network of relationships, on the other hand, it could become a possible threat as it would lead to a reduction of face-to-face interactions; so, relationships could become weakened.

On the issue of the relationship between social media and SMEs, the study by Durkin, McGowan and McKeown (2013) identifies two different approaches: a proactive approach defined and adopted by private SMEs in which these instruments are considered an opportunity. This is offset by a reactive approach, typical of public SMEs, in which firms decide to be present on social media not so much to seize new opportunities as simply a reaction to potential threats that could arise by a possible non-use of these channels.

A careful watch by SMEs on the scarce availability of resources has led to a line of research that links social media to SMEs as relative higher ROMI marketing tools respect the traditional ones (Harris and Rae, 2009; Belo, Castela and Fernandes , 2013).

An interesting view provided by Kirtis and Karahan (2011) identifies the adoption of a cost-efficient social media marketing strategy which can be sustained even in the context of a global crisis they argue that the crisis has put a strain on the survival of companies that in many cases has led to a reduction in their budget, in particular of marketing budget (Harris and Rae, 2009).

So many SMEs - as larger companies - have responded to the crisis by seizing the new opportunities provided by the web by integrating these tools to the gradual decline of offline marketing due to lack of resources. According to Belo, Castela and Fernandes (2013) in front of a clear economic limitation to acquire proprietary management software, the adoption of social media could be a sustainable solution for SMEs in order to maintain competitiveness in the so-called information society.

However, although the awareness of the potential of using social media for marketing purposes (Govender, 2013), how to use and apply social media tools do not seem to be equally clear. It is impossible to speak of social media and SMEs without discussing the obvious barriers that contribute to the slowing down of small businesses in the process of adopting new forms of digital marketing.

The issue of barriers when using social media is common and has been addressed by several authors (Michaelidou, Siamagka and Christodoulides, 2011; Chen and Wellman, 2009; Schwarz-DuPre, 2006). The most important and frequent barriers are endogenous (Hywel et al.), such as the propensity of entrepreneurs to hold on to "classic" means of communication such as phone or email. In addition, lack of time or technical expertise and technological know-how to manage social media are other frequent barriers. Also, moving from social capital to financial reward is a relevant issue; clear revenue models are not already developed.

A current and recurring theme is the lack of resources (in particular, human resources and time) to be used in the management of the online channels (Harris and Rae, 2009). As mentioned previously, the several possibilities of social media use do not seem to appear clear. For example, Govender (2013), analyzing the social media marketing strategies implemented by SMEs, has identified an action which is almost nil in online viral marketing campaigns and sponsorship forms.

Belo *et al.* (2013) have pointed out firms' resistance to change and lack of alignment of their business prospects with effective opportunities provided by web tools. Another aspect on which reflect and is the type of business in which the company operates; this is a factor that greatly affects the level of adoption of social media.

As stated earlier, social media are powered by user-generated content or content from those produced by end-users; however, the heterogeneity of the social media landscape, allows also B2B companies to indentify appropriate digital tools, suitable for their marketing purposes (Swani, Brown and Milne, 2014). Despite this, some authors have shown that communication based on social media can be more profitable for B2C, because final consumers are able to take advantage of the online communication channel.

From this perspective, it is often hard for B2B-oriented companies to grasp the real potential of these tools. Michealidou, Siamagka and Christodoulides (2011) have identified a lack of research and literature on the relationship between social media marketing and companies that operate in B2B markets. Almost all studies focus on B2C-oriented companies. The authors argue that although it appears that all B2B companies are willing to increase their investment in social media, the delay in the adoption of these tools for marketing purposes compared to companies in the B2C sector is still quite substantial. In support of this thesis, some barriers that cause this gap and a high level of use of these platforms in an embryonic state have been identified.

In this regard, the authors have pointed out the main weaknesses of these businesses, such as not knowing the ways in which technology could support the brand and again, lack of time,

resources and expertise to implement a strategy for social media marketing.

Table 1 shows the main contributions to the literature on the topics discussed.

TABLE 1: LITERATURE REVIEW

Authors	Theme
Kaplan A., Haenlein M.	Web 2.0, Social Media definition and description of the tools
Harris L., Rae, A. (2009); Govender P. (2013); Durkin M., McGowan P., McKeow N. (2013); Nobre H., Silva D. (2014); Bulearca M., Bulearca S. (2014)	Social Media and Small Business; Social Media adoption by SMEs
Mangold W., Faulds D. (2009)	Social Media as a new hybrid element of the promotion mix
Kirtis A., Karahan F. (2011); Dihn T. N., et al. (2014)	Social Media as a new cost-efficient marketing tool.
Hywel G., Carr J., Gannon-Learly P., Fuller-Love N., O'Gorman B. (2011); Michealidou N., Siamagka N., Christoulides G. (2011); Belo A., Castela G., Fernandes S. (2013); Swani K., Brown B., Milne G. (2014); Jussila J., Karkkainen H., Aramo-Immonen H. (2014)	Usage barries of Social Media marketing. Social Media resistance adoption. Social Media Marketing in Business to Business.

Source: our calculation

Main results of the direct survey

The survey was conducted on a sample of 802 SMEs located in the Marche Region. A structured questionnaire was administered via CATI and CAWI; the set was randomly selected from the database of the Italian Chambers of Commerce on the basis of the variables of size and territory (province of localization).

In terms of dimensional characteristics, it can be noted that the majority (60.6%) of the companies has less than 10 units of employees, 22.6% between 11-20 units, 6.4% between 21-30 units, and the remaining over 30 units. In addition, more than half (55.4%) of the companies has an annual turnover of less than one million euros, one firm out of three within the 1-5 million euros range, and the remaining exceed 5 million euros. Below a percentage breakdown of the sample by sectors: trade (18.2%), engineering (16.3%), footwear (11.2%), services (8.8%), wood and furniture (7.3%), food (5.3%), food (4.6%) and tourism (4.1%).

Furthermore, 14.5% of the companies has final consumers as their clients, 39.4% of them has other organizations as their clients, and 12.3% of them has traders as their clients. In other cases, the type of clients is more varied. With regard to the geographical origin of customers, it is noted that for about 20% of the companies the market is purely local; in addition, 17.8% of the companies' market extends within the boundaries of the region, to 26.5% by national ones; for over a third of the companies the market is also or mainly international.

As regards the Internet, first of all the results show that 28.8% of the companies stated that they did not have their own web site (this figure is better than the national average; in fact, according to the Italian Institute of Statistics, in 2014 around 31% of companies with at least 10 employees do not have their web site). Moreover, about two out of three companies feel the need to have one in order to communicate and interact with customers; the majority stated that they want to create a web site for the purposes of advertising and promotion on the market (table 2).

TABLE 2 – WHAT IS THE PURPOSE OF DEVELOPING THE USE OF THE INTERNET IN YOUR COMPANY?

Activities (multiple answers)	Units	% of total
Communicating, interacting with customers	522	65.1%
Advertising / promotion on the market	432	53.9%
Reaching foreign markets	243	30.3%
Collaborating / cooperating "at a distance" with people outside the company	236	29.4%
Sales (e-commerce)	221	27.6%
Buying	220	27.4%
Market Analysis	201	25.1%
Crowdfunding	46	5.7%
Others	90	11.2%
Total respondents	*802*	*100.0%*

Source: our calculations are based on the results of a direct survey

Among the major social media used by companies for communication and promotion purposes, Facebook stands out with a percentage of 26.2% (table 3), followed by Youtube (6.9%) and Twitter (6.4%), for which much lower percentages are calculated. For other popular media, this action is rather limited. In 86.4% of the cases, social media are used by resorting internal staff skills.

It can be pointed out also that 66.3% of the respondents stated that the company doesn't need to make use of these channels.

TABLE 3 – SOCIAL MEDIA USED BY COMPANY FOR PURPOSES OF COMMUNICATION AND PROMOTION

Media tools used (multiple answers)	Units	% of total
Facebook	210	26.2%
Youtube	55	6.9%
Twitter	51	6.4%
Blog	20	2.5%
Forums	13	1.6%
Instagram	11	1.4%
Flickr	5	0.6%
Myspace	3	0.4%
Others	78	9.7%
Companies that do not use social media	531	66.3%
Total respondents	*801*	*100.0%*

Source: our calculations are based on the results of a direct survey

The majority (52.4%) of respondents has expressed a positive opinion on the usefulness of Web communication tools for the development of their company. 7.9% of them thinks they are rather useless.

Furthermore, 17.4% of the companies has focused particularly on communication on mobile devices, which would materialize in the development of specific applications or Web pages.

Regarding the possible actions aimed at developing the use of the web communication, the following aspects are observed:

supporting the development/improvement of the website is considered helpful on average;

about half of the respondents (50.8%) welcomes the opportunity to know more about social media tools;

48.1% welcomes the opportunity to develop skills in this field;

incentives to encourage the involvement of young graduates are more appreciated in larger firms than in smaller ones;

45.2% of the respondents welcomes the opportunity to obtain economic incentives for the development of marketing and communication projects;

respondents have disagreements over the possibility to aggregate enterprises in order to make use of external expertise and assessments expressed by respondents are quite dissimilar; 51.9% of the respondents thinks that their company needs to improve the technological equipment.

It was useful and appropriate to review these results and take into account the heterogeneity of the sectors and characteristics of the target market of the companies making up the sample. As such, the results obtained are considered on the basis of two variables: the type of customer (BtoB or BtoC) and the geographic extent of the market (local market or not predominantly local market). Four clusters of firms were thus identified. The outline of the main findings are shown below.

TABLE 4 – SOME COMPARISONS

Aspects	SEGMENT "A" Companies that cater to consumers. Predominantly local market (19.0% of the sample)	SEGMENT "B" Companies that cater to consumers. NOT predominantly local market. (23.7% of the sample)	SEGMENT "C" Companies that DO NOT cater to consumers. Predominantly local market. (14.0% of the sample)	SEGMENT "D" Companies that DO NOT cater to consumers. NOT predominantly local market. (43.2% of the sample)
% of Businesses with no website	37.9%	17.4%	47.3%	25.8%
Needs for Internet usage improvement (first 3 goals in order of priority).	1st Communicating, interacting with customers. 2nd Advertising, promotion on the market 3rd Sales (e-commerce)	1st Communicating, interacting with customers. 2nd Advertising, promotion on the market 3rd Reaching foreign markets	1st Communicating, interacting with customers. 2nd Advertising, promotion on the market 3rd Collaborating / cooperating "at a distance" with parties outside the company	1st Communicating, interacting with customers. 2nd Advertising, promotion on the market 3rd Reaching foreign markets
% Of companies that do not use social media to communicate and promote	64.1%	45.8%	83.8%	72.8%
Perceived usefulness of web communication. Average values on a scale from 1 (useless) to 5 (very useful)	3.3	3.9	3.2	3.5
Actions found to be most useful for developing web communication. Top 3 actions based on the total average of the opinions expressed on a scale from 1 (useless) to 5 (very useful)	1st Increase the knowledge of the tools (3.3) 2nd Develop internal expertise (3.2) 3rd Strengthen the technological equipment (3.1)	1st Strengthen the technological equipment (3.8) 2nd Increase the knowledge of the tools (3.5) 3rd Incentives to develop marketing and communication projects (3.5)	1st Increase the knowledge of the tools (3.2) 2nd Strengthen the technological equipment (3.2) 3rd Develop internal expertise (3.1)	1st Increase the knowledge of the tools (3.5) 2nd Strengthen the technological equipment (3.4) 3rd Develop internal expertise (3.4)

Source: our calculations are based on the results of a direct survey

The focus groups have involved a total of 29 representatives of SMEs in different sectors; our aim was to examine the methods and problems regarding the use of digital communication. Among the main aspects, the following points were confirmed:

Recognition of the importance of the internet use to communicate and promote products in foreign markets. In some cases, given the characteristics of the sectors or types of markets/customers, the assessment of the usefulness of digital tools and social networking in particular was not very positive. In several cases, digital communication in companies, both with reference to websites and other media tools, is carried out primarily, if not totally, by employing external expertise; internal staff, qualified through training, is employed solely for updating web contents. Data management, useful for assessing the efficiency and effectiveness of the various online channels, is not always done; when this is required, external consultants are employed to provide and create reports.

Among the major problems and needs perceived regarding the use of digital tools, limitations related to human resources in terms of both quantity and quality are observed. With regard to the latter, there is an awareness that for a proper use of digital tools expertise is needed. However, a small company is not able to meet the expense of internal staff with those skills. Therefore, it is reluctant to employ external staff due to its limited economic resources.

It can also be emphasized that lack of appropriate knowledge of online communication and trained internal staff makes the process of adopting new tools more difficult; the biggest challenge for service and technology providers is that they are not able to find people within the company with whom they can interact and collaborate in order to develop its business more efficiently and effectively.

The importance of developing an appropriate culture and raising the level of knowledge is often emphasized. This is essential to facilitate the adoption of tools and allows one to interact with the best service providers and even to make informed choices in the context of the

possible solutions available so that they are consistent with the needs and characteristics of the company.

Another important aspect is the aggregation of enterprises. This refers especially to the possibility of making use of specialized skills which would otherwise be inaccessible to small individual businesses due to economic unsustainability.

Additional information converge in the idea to create technology platforms for the promotion of collective enterprises in the same sector; however, it is also seen that there are opportunities to create similar tools for companies belonging to different sectors in order to promote the possible integration of skills and forms of collaboration.

Concluding remarks and managerial implications

The results of the study allow to highlight different aspects of business development and marketing communications based on the use of ICT, with particular reference to SMEs.

In general, a limited use of both "old" and "new" generation digital communication tools were first observed. This study confirms that the potential of innovative tools of communication have not been properly adopted by by this type of business; tone of the reasons is economic as in some cases the resources to invest may be relatively small. The problems, in fact, could be sought in cultural aspects, the approach to use media tools, and human resources and skills available. The limits of the use are also related to the characteristics of the target market and business model.

It should also be pointed out that SMEs need specific tools and approaches. It is a mistake to try to satisfy the needs and problems of the companies of limited size by simply transferring them the models and tools that "work" for larger ones. In fact, it would be more appropriate to develop "ad hoc" solutions in relation not only to the different structural characteristics but also to cultural and behavioural aspects.

It is important also not considering SMEs evenly and developing solutions with the claim that

they are "valid for all"; although some basic application and approaches can be applied across-the-board, it would be more appropriated to adopt a differentiated approach, taking into account the factors of size, sector and market. These variables can significantly change perceptions about the usefulness of these tools, and there can be different assessments regarding the possible actions to facilitate their adoption. As far as the latter is concerned, firstly, there is a need to encourage knowledge growth and to increase awareness regarding the different tools of digital communication and their possible uses for business purposes. The focus groups also revealed that they are often unaware of the existence of some rather well-known social media tools. As such, useful and informative actions are required such as targeted training programs for different types of businesses .

Also the skills have to be considered. In the case of firms that may entrust the management of online communication to internal human resources, training programmes for the staff can bring important benefits. In other cases, it may be useful to promote facilitate the employment of young graduates who can bring knowledge necessary to develop the use of social media tools. As mentioned above, the availability of trained internal staff can support the process of adoption of new tools as interaction with suppliers of solutions and services for the development of on-line communication can be encouraged. However, it is impossible hiring the young by the company, then the problem could propose again once the collaboration ends; the risk appears greater in the case of micro enterprises which, in fact, do not seem to appreciate this solution. An interesting action, which can be considered in some way alternative, consists in aggregating companies that could benefit from the assistance of an expert thereby reducing cost. This aggregation could be promoted by developing technology platforms for delivering community services in order to be more visible on the web for promoting business.

The limited technological resources is another problematic aspect that is came across. In this respect, the critical technological infrastructure especially with reference to some internal areas of the region have been also observed; particularly, broadband is not available in all the areas.

In order to have a greater impact on the development of digital communication in SMEs, the importance of synergistic actions between public and private stakeholders of the territory is therefore essential.

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OPPORTUNITIES AND LIMITS OF MOBILE MARKETING COMMUNICATION: THE CASE OF BRANDED APPS FOR HIGH INVOLVEMENT PRODUCTS

Federica Pascucci & Sara Bartoloni

Abstract: *In the ecosystem of digital environments, the new communication policies of Inbound Marketing allow companies to reach their customers in a more effective way (Halligan and Sheh, 2010). A common feature of those policies is the pull-type consumption model of messages.*

Among the wide range of communication channels available for disseminating these messages, the mobile plays an important role since cell phones have by now become 'an extension of the consumer'. In particular, branded mobile applications enable companies to implement pull-type communication, by offering customized content that also helps to create brand engagement. Bellman et al. (2011) define branded apps as "software downloadable to a mobile device which prominently displays a brand identity, often via the name of the app and the appearance of a brand logo or icon, throughout the user experience".

The aim of this paper is to investigate the propensity of firms to use branded apps in their communication policies. The studies conducted thus far on branded apps are still in their infancy and further research is needed to gain in-depth understanding of how applications can be implemented and used in marketing strategies (Mobile Marketing Association, 2009).

Given the aim of the study, a qualitative method will be adopted; it will consist of two steps: an analysis of the state of the art of branded apps in a sample of Italian industrial firms and an analysis of some meaningful case studies, through in-depth interviews. In particular, the focus will be on high-involvement products, such as furniture.

Introduction

Internet has changed the way consumers interact with brands and the diffusion of mobile devices has contributed to this trend. Smartphone penetration on total mobile audience has reached 64% in the EU5, with a maximum of 74% in Spain and 71% in the UK (ComScore, 2013), and 60% in the United States (ComScore, 2013).

Mobile channels have provided the market with the connectivity and context-aware search capability, which enables brands to target and interact with consumers on the go, as well (Deighton and Kornfeld, 2009; Crosett, 2012). Mobile channels have a unique target potential, as mobile devices are personal, location-aware, interactive, and always with the consumer (Khan, 2012). This enables brands to reach their target market anywhere, at any time with a tailored message (Vernali and Toker, 2012; Khan, 2012).

Research on mobile marketing is in its early stages (Persaud and Azhar, 2012). The conducted research is still very scattered across disciplines (management, marketing, information technology, finance, etc.) and fragmented; also, our understanding of mobile marketing is lacking (Varnali and Toker, 2010; Shankar and Balasubramanian, 2009). Among the different mobile marketing formats there are branded applications that can be used

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by firms to implement a pull-based marketing communication. The mobile applications market is growing, but most of the branded apps prove unsuccessful (Dredge, 2011). How and why brands implement branded applications is therefore of interest and more research is needed to gain an in-depth understanding of how applications are and can be used in the marketing strategy.

Moreover, much of the research is still focused on push-based mobile marketing, such as SMS and mobile advertisement (Holland, 2010; Drossos et al., 2007) and there is still a lot to explore regarding pull-based mobile marketing, such as branded applications. The latter are still in their infancy and further research is therefore needed to explore best practices (Mobile Marketing Association, 2009) and to gain insight into the phenomenon and its concepts (Ghauri and Gronhaug, 2005).

So, the aim of this paper is to contribute to filling this gap by investigating both the propensity of firms to use branded apps in their communication policies and the strategies behind their implementation.

The nature of the paper is mainly descriptive in order to explore and analyze the existent situation in the Italian furniture sector. So, given the explorative and descriptive nature of this study, a qualitative method will be adopted; it will consist of two steps: an analysis of the state of the art of branded apps in a sample of Italian industrial firms and an analysis of some meaningful case studies, through in-depth interviews. In particular, the focus will be on high-involvement products, such as furniture.

Customer involvement in a product category is widely recognized as a major variable affecting a firm's advertising strategy and its effectiveness (Dahlen et al., 2010). For high involvement products, a customer searches for more information, engages in more active behavior, is more interested in evaluating alternatives, and devotes more attention to the advertising messages.

Branded apps can be an effective tool when used to meet the customer's informational needs and to stimulate more interaction with the brand.

This paper is structured as follows: after a brief review of the literature on mobile marketing and

branded apps in particular, the empirical research findings are presented and some managerial implications highlighted; finally, some ideas for future research are proposed and the limitations of the study discussed.

The rise of mobile marketing and branded applications: a literature review

Nowadays the spread of mobile devices (laptops, tablets and smartphones) has reached a level that cannot be ignored by marketers and firms. People view their mobile phones as extensions of themselves (Bellman at al., 2011): something they cannot live without and which allows them to be in contact with anyone, anywhere, and at any moment. So, mobile devices have become a powerful tool which firms could use to create a constant connection with the customer.

Consequently, the amount of academic research on mobile marketing has grown very rapidly in the past few years, the majority of which is focused on the following issues (Varnali and Toker, 2010):

the mobile consumer's behavior (Persaud and Azhar, 2012), the objective being to explain the adoption of mobile marketing, starting from individual-level characteristics;

the conceptualization of mobile marketing and m-commerce from a theoretical point of view;

the strategy of formulating a mobile business model.

Mobile marketing is defined as «a set of practices that enable organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network» (Mobile Marketing Association, 2009). This type of interactive communication is provided by four aspects which characterize mobile devices:

Location specificity: a GPS system inside mobile devices could define the physical location of the user. This aspect allows marketers to target location-sensitive promotional offers to mobile device users (Shankar and Balasubramanian, 2009).

Portability: the ultra-small size and the ease with which it can be carried make a mobile device a constant companion to the user and allows it to

be used on a continuous basis (Shankar and Balasubramanian, 2009).

Untethered/wireless feature: the typical mobile device is not tethered or connected by wires for the majority of the time that it is in use (Shankar and Balasubramanian, 2009).

Customization: they are extremely adaptable to the customer's tastes. Users can choose what content and what functionality to download to their device (Boaretto et al., 2011).

These features offer great potential for understanding a customer's preferences and quickly advertising customized products or services (Tang at al., 2013).

Mobile marketing can be implemented using different tools:

SMS, MMS;

mobile advertising;

mobile site;

QR code;

mobile applications.

Some of the characteristics of these formats are summarized in Table 1.

TABLE 1: DIFFERENCES AMONG MOBILE MARKETING FORMATS

Format	Type of communication	Objectives	Advantages	Disadvantages
SMS, MMS	Push	- Lead generation - Conversion - Customer retention	- Little planning effort required - Extremely viral	- Must opt-in - Perceived as intrusive by users
Mobile advertising	Push	- Awareness - Reputation - Conversion	- High visibility on the small screen of the mobile device - High rate of clickthrough	- Perceived as annoying by users - High level of accidental mobile clicks
Mobile site	Pull	- Customer experience - Conversion - Brand awareness	- Visibility in mobile search engines - Compatibility across any device - Flexibility of upgrading	- Internet connection always required - No integration with all the mobile device features (camera, GPS, address book)
Branded app	Pull	-Engagement - Customer experience	- Unique user experience - No Internet access required - High level of integration with all the mobile device features	- Not accessible on all devices - The app updates must be submitted and approved by the app store every time
QRcode	Pull	- Lead generation - Engagement - Customer experience	- Integration between traditional offline communication and online communication	- Download of a QRcode reader required - Lack of awareness by the user

Among these tools, mobile applications present some distinguishing characteristics that can create a new realm of possibilities in mobile relationship marketing and in the engagement of the consumer (Chiem et al., 2010). Bellman et al. (2011, pp. 191) defined branded apps as *software downloadable to a mobile device which prominently displays a brand identity, often via the name of the app and the appearance of a brand logo or icon, through the user experience*. They implement a *pull-based mobile communication* in contrast to other tools (such as, SMS, mobile advertising) that implement a traditional *push-based mobile communication*. Push-based mobile communication consists of any content sent by, or on behalf of, marketers to a mobile device at a time other than when the subscriber requests it. On the contrary, pull-based mobile communication refers to any content sent to the mobile subscriber upon request, or shortly thereafter, on a time basis. So, with branded applications the firm doesn't need to get the user's permission in order to send the marketing content. It's up to the customer to talk to the brand, not the firm which contacts him through his device. In this case, customers are only exposed to the apps they opt into by downloading them and they are also able to control what personal information they want to reveal when customizing the app (Bellman et al., 2011).

It has been shown that companies can use apps to create personalized content, thus promoting brand engagement and giving the device an

actual and sustainable utility (Chiem at al., 2010), rather than simply creating brand awareness by sending text messages to the customer (for example, with an SMS). This last practice is totally inappropriate as a way to engage the user who not only perceives mobile communication by text-messages as annoying and irritating, but also sees it as an intrusion of his/her privacy. As Watson et al. (2013) have demonstrated, users consider mobile handsets to be extremely private, something they use for their own personal reasons, so they don't like to be contacted by companies this way. Users have a positive attitude, instead, towards brands that offer useful and entertaining apps. In contrast to the other forms of advertising, branded apps are welcomed by customers because they are useful and it is they who choose to download them (Bellman et al., 2011). In fact, both smartphone and iPad users spend the majority of their time (respectively 87% and 76%) using mobile apps (Nielsen, 2013).

Branded apps are an effective form of advertising that influences the customer's attitudes and purchase intentions. In addition, branded apps also increase interest in whole categories of products. Therefore, they can be a useful medium for educating people about new categories which they have not yet tried (Bellman et al., 2011).

Nevertheless, branded apps do not have all the same effectiveness. For example, apps with an informational style are more effective at shifting purchase intention, compared to apps with an experiential style (Bellman et al., 2011). This happens because the informational style focuses attention on the user and encourages him/her to make a personal connection with the brand, while the experiential style focuses attention on the phone. Furthermore, a recent study by Kim and Lee (2014) investigates how subjective characteristics, such as beliefs, values, attitudes, evaluations, preferences, and tastes of smartphone users, influence the preferred type of mobile communication. They found four different groups of mobile users: *The Business Partner* prefers cross media ads and mobile web banners, but hates Social Network ads; *The Skilled Enthusiast* fancies in-apps, QR, Localization Based Service ads and mobile web banner ads, but does not like streaming, e-book

and coupon ads; *The New Experience Seeker* prefers coupon ads and streaming media ads, but hates mobile web banners or map ads; *The Close Buddy* prefers Social Network, coupons, map ads, cross media ads, but dislikes QR.

Recently, some authors have also turned their attention to the branding design elements that must be present when developing a mobile application, namely brand name, brand logo, brand design (including typeface, layout, colors, stimuli), brand content (including imagery, copy, relationship feature, sound and video). Visual design elements strengthen the brand image, resulting in the improvement of brand loyalty, brand satisfaction and brand equity (Magrath and McCormick, 2013). It is suggested that these four elements act as a pillar of information and help the consumer to recognize the brand values linked to the mobile app. Thus, all brand channels should be consistent and utilize, for example, the same font, colors and presentation style in order to form an identifiable entity (Okonkwo, 2007).

Finally, it is important to underline the differences between a mobile branded app and a mobile site, which are often confused. The choice for a company is whether to develop a mobile branded application or to create a corporate website that is optimized for smartphone views. These two formats differ in four main areas (Boaretto et al., 2011):

dependence on device: branded apps are totally dependent on the operative system they are designed for; mobile sites are device-independent, they are available on the Web and accessible from all devices;

presence of Internet connection: in contrast to mobile sites, branded apps do not need an Internet connection in order to be used;

interaction with the device: mobile sites are not supposed to interact with all the functions of the device. On the contrary, branded apps can have complete access to the hardware components of the device, such as camera, address book, etc.;

visibility of the brand: mobile sites benefit from the visibility provided by keyword advertising and search engine optimization (SEO), while branded apps are less likely to be seen by the customer. Their promotion has to follow different rules, connected to visibility inside App Stores.

As stated in the introduction of this paper, the type of product being marketed can influence the communication strategy's effectiveness and the choice of the most appropriate tools to carry it out. For example, more Internet users click on banner ads for high involvement products than do on banner ads for low involvement products, because they then search for more information and clickthrough increases positive brand attitude and brand purchase intention for high involvement products (Dahlén et al., 2010). By contrast, attitudes and buying intentions are less favorable when an SMS is used to advertise a high-involvement product compared to one for a low-involvement product, because of the limited quality and quantity of information that an SMS can communicate to the user (Drossos et al., 2007).

In general, for high involvement products (such as furniture) customers search for more information, engage in more active behavior, are more interested in evaluating alternatives, and devote more attention to the firm's content. The purchase process is longer and they perceive more risk. In this context, the aim of the firm's communication strategy should be to provide useful information as well as service, and to educate the customer, rather than simply creating brand awareness (Dahlén et al., 2010). A good app can convey a lot of relevant and timely content to the customer, in an original form and so, help the users to best appreciate the product and brand. In addition, an app that satisfies the expectations of its target would encourage a more frequent interaction with the brand and thus, more engagement.

In conclusion, it has to be mentioned that recently some studies concerning mobile tecnology's strategic implications on the organization have been conducted. For example, Barnes (2003) stated that mobile technology can provide a number of benefits to organizations, such as awareness, connectivity, flexibility, interactivity, location and these benefits can help to increase the efficiency and effectiveness of an organization's value activities. Furthermore, Sheng et al. (2005) suggested three main strategic implications of mobile technology: improve working process; increase internal communication and knowledge sharing; and enhance sales and marketing effectiveness.

Mobile apps in the Italian furniture industry: an empirical analysis

Research methodology

The research can be divided into two different steps.
Step 1) A descriptive and quantitative analysis of the existing situation of the mobile branded applications market in the Italian furniture industry.
In order to measure the level of adoption of this marketing tool by the selected sample, a longitudinal analysis was conducted, consisting in a comparison between two different time periods, December of 2012 and February of 2014. The aim of this phase was to monitor the mobile branded applications market and record its changes from a quantitative point of view. The sample consists of the one hundred companies with the highest turnover in the Italian furniture industry. In order to create the sample, the AIDA database was used and companies identified according to the ATECO 2007 codes.
The analysis included the following variables.
a) *The number and the type of applications developed by each firm*. The search was limited to the two main App Stores on the market nowadays, in terms of shares of revenues and number of applications: iTunes and Play Store. Since there are no consolidated models at present, the app classification was based on two different dimensions, the function and the content of the app (Figure 1).
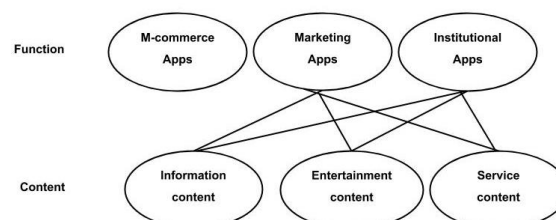
FIG. 1: CLASSIFICATION OF APPLICATIONS

The first dimension identified three different categories of applications:
• *M-commerce applications*: apps with clear commercial objectives that allow the user to purchase directly from his/her mobile device;
• *Marketing applications*: apps designed for the promotion of the brand, the product or the service and directly related to the final user;
• *Institutional applications*: apps developed to communicate the company's values to all the stakeholders. They include applications relating to the company's profile, mission and initiatives.

The latter two categories were subjected to another characterization based on their content and they were divided into:
- *Apps with information content*: the application provides useful information about the company, the brand, the nature and the use of the product or service. The level of interaction with the customer is low or, in some cases, totally absent. This category includes, for example, apps which describe the product, display catalogs, show company services, and so forth;
- *Apps with entertainment content*: apps which use activities, games or other entertainment tools in order to engage the user in an active and unconventional way. The relationship with the customer reaches high levels of interaction, motivated by the pursuit of leisure;
- *App with service content*: the application aims to provide varying degrees of usefulness to the customer. The level of interaction with the user is generally high and it could be for anything from simple services, such as the Store Locator, to more complex services, such as product customization by the user .
b) *The operating system chosen*: iOS and/or Android.
c) *The mobile device* for which the application was made: smartphone (iPhone or Android Phone) and/or tablet (iPad or Android Tablet).
d) *Integration with the corporate site*, measured by the presence in the company's web site of a link (or something similar) referring to the mobile application.
In addition, for each of the 100 companies of the sample, the creation of an optimized website for

mobile use was verified. The *optimization of the site* refers to a website that is perfectly viewable and navigable from any type of device (mobile or desktop).

Step 2) A qualitative study carried out through the analysis of three case studies.
The analyzed cases are included in the sample of the 20 companies operating in the sector, that have developed at least one mobile application. They are three medium-sized and large firms in the Italian furniture sector, with different positioning and target markets. Company A and Company C are designed for a niche of high-income consumers, by offering high-quality and hand-crafted products; they are historical Made in Italy brands. Company B, instead, is positioned transversally, with products that appeal to a wider market which also includes less well-off consumers; the brand has a high reputation in the Italian market, where it made 80% of its turnover, thanks to widespread distribution throughout the territory. The other two firms are more export-oriented, with a percentage of turnover generated abroad exceeding 50%. Their product is different, too: the core business of companies A and C lies in the manufacture of upholstered furniture (plus other complementary goods) while Company B's core activity is kitchen and bathroom furniture. As a final point to note, Company C is part of a group of companies which includes other furniture brands.
The people in charge of communications for these companies were interviewed about the firms' digital communications strategy and mobile marketing. The interviews were conducted following a semi-structured design based on open questions. All the interviews were recorded so the authors could transcribe the material.

Results of the descriptive and quantitative analysis
The results of the first step are presented in Table 2.

TABLE 2: RESULTS OF THE DESCRIPTIVE ANALYSIS

	2012	2014
no. of companies with at least one app	13 (13%)	20 (20%)
Total no. of apps	19	28
no. of iPhone apps	11 (57.9%)	17 (60.7%)
no. of iPad apps	17 (89.5%)	26 (92.8%)
no. of Android Phone apps	4 (21%)	6 (21.4%)
no. of Android Tablet apps	5 (26.3%)	7 (25%)
Total no. of iOS apps	18 (94.7%)	27 (96.4 %)
Total no. of Android apps	7 (36.84 %)	8 (28.57 %)
no. of companies with at least one app among the top ten	1 (1%)	2 (2%)
no. of companies with at least one app among the latest 15	4 (26.7%)	4 (26.7)
integration with the corporate website	10 (52.6%)	12 (42.9%)

Between 2012 and 2014, the number of companies that have developed at least one application has risen from 13 to 20, while the total number of apps has grown to 28, an increase of seven. Despite the slight increase, the numbers are still quite low (only 20% of companies have developed an application). From these findings, we deduce that *companies are still reluctant to incorporate this tool into their mobile marketing strategies.*

Regarding the choice of operating system, in 2014 there is a clear prevalence of iOS (96.4 %) over Android devices (28.57 %). This gap is greater than the surveys for 2012 showed, when the percentages amounted to 94.7% and 36.84 %, respectively. The new applications, in most cases, were carried out only for Apple devices. This data appears to be in contrast to the evolution of the OS market, since Android has by far surpassed iOS in both number of sold devices and market share.

Many companies today are probably using the iOS platform for two reasons:

1. iOS is more "traditional" and companies are more aware of how it works and how to use it;

2. iOS allows them to identify a certain type of target population; in fact, it is known that iOS is used mostly by people of the upper-middle class. Android, instead, is used on both up-market and low-market smartphones and it is used by people of many different classes. This gap is probably also due to the fact that the process of technology adoption is different between consumers and companies because of the lack of competences and investments in terms of budget by the latter.

The number of applications developed for tablets is greater than for smartphones, and this hold true both for iTunes and Android. This aspect of mobile marketing highlights how the furniture industry can reap the benefits of the bigger screen of a tablet, since it can provide a much clearer visualization of products and catalogues, compared to the small screen of a mobile phone.

Another important aspect that emerged from the study is that among the top ten companies classified by turnover, only one (in fifth place) has its own app, while the company ranked first in the industry still does not offer any app. The situation changes for those ranked lower in the sample where there are four companies with at least one app; so, it appears that smaller companies are more aware of an apps' potential than the biggest ones are.

Moreover, only 12 out of 20 companies have integrated the app with their corporate site, where there is a space dedicated to the promotion of the application, sometimes through a direct link to download it from the Store.

Finally, 19 out of the 100 companies were able to achieve full optimization of their website, in order to be viewable from any mobile device. They are not the same ones that developed a mobile application. Therefore, it appears that the two formats are considered either/or options by businesses.

The findings of the study concerning the characteristics and functions of the applications are presented in Table 3. There is no m-commerce application for either year and there is only one institutional app. Therefore, companies opted for a marketing app with an information content. The catalogue-viewing function is predominant among all applications and it appears to be an alternative to downloading the brochure from the company's

corporate website. This means that mobile branded apps can have important implications as far as delivering information to the user in every touch-point with the company and in every stage of his/her relationship with it.

TABLE 3: CLASSIFICATION OF APPLICATIONS

	2012	2014
no. of marketing apps	18 (94.7%)	27 (96.4%)
no. of institutional apps	1 (5.2%)	1 (3.6%)
no. of m-commerce apps	0	0
no. of information content apps	16 (84.2%)	25 (89.3%)
no. of service content apps	2 (10.5%)	2 (7.1%)
no. of entertainment apps	1 (5.3%)	1 (3.6%)

This could be a consequence of the high involvement nature of the furniture product, which is not purchased very often and implies high prices. In order to reduce the complexity and the perceived high risk, customers require a lot of information before completing the purchase. For this reason, it is important to offer them the right tools to ensure an adequate level of information from both the quantitative and qualitative point of view. The nature of the product also partly explains the absence of m-commerce apps; in fact it is rather unlikely that the consumer will purchase a kitchen or a bathroom from his mobile device. In this case, the contact with the retailer becomes essential and is directly connected to the complexity of the product.

Results of the three case study analyses
Digital communication and mobile strategy
The three surveyed companies are different in both the adopted digital communications strategies and in the level of integration and importance of the mobile communication strategy within the firms' communication policy.
Companies B and C can be placed in two opposite positions, while company A is located in an intermediate situation.
Company B is still tied to a traditional type of communication, where web and mobile play a marginal role; it prefers the offline channel and traditional advertising, such as print, radio, billboards, TV, that still carry a heavy weight in communication investments. This is the result of an involution in the digital policy of the company, which entered the Web in 1990, with the creation of the corporate website and the use of different banner and display campaigns. Nevertheless, it gradually reduced investment in

online channels, because of some unsatisfactory results obtained. The site is optimized for mobile devices; however, this choice is not linked to a particular strategy or designed to achieve specific goals or targets, because the site itself it is not one of the corporate communication strengths.
On the opposite side, company C is strongly embracing the new means of communication and makes the mobile the main strongpoint of its strategy. In its sector it has been an early mover for online and mobile communication. This is coherent with its competitive positioning, based on innovation as well as on quality and the design of its products. The digital and mobile strategy of the company has changed over the last year as a result of the strategic decisions made by the Group; they went from a common and integrated Group-wide strategy, which aims to enhance the identity of the group rather than any single brand, to a more individual strategy which aims to restore the identity of each of the three brands in the Group; as a consequence, now every brand site and every branded mobile application has a distinctive language, content, look and feel.
In addition, last year, significant changes to the mobile strategy were also made; the core of this strategy is no longer the branded app but the responsive website optimized for mobile devices. This choice is due to the fact that, at the end of 2013, for the first time the accesses to the website from mobile devices (60%) exceeded those from desktops. The creation of an optimized mobile site has become a necessity derived from the request of the consumers, the operators, the agents and the retailers who use the site both as an informational and a business tool. The company has therefore decided to

continue to serve the Apple channel, through the application, but focusing its mobile strategy on the website, viewable from any device.

For company C the mobile has become the main tool for creating a connection between offline and online channels. In fact, in its showroom and in all other exposures it just started to use NFC tags and QR codes on its products; these codes allow anyone to download a data product sheet onto their phone and share it on social networks. Company A is in an intermediate situation, somewhere between the previous two. As stated by the interviewee, the company has always carried Print advertising campaigns, centering around newspapers and public relations, but they have recently started using the Web: corporate website, presence on social networks (Facebook, Pinterest, GooglePlus, LinkedIn, YouTube) and a mobile application. Hence, the mobile strategy is part of a larger process of opening up to digital communication, which

began with the redesign of the corporate website structure, constantly updated and whose main objective is giving information. Furthermore, the site structure has been made more fluid and responsive to viewing from any type of device. Even in this case, just as for company C, the choice to create an optimized site was made based on the big growth of accesses recorded from mobile devices.

Characteristics of the applications

Companies B and C have developed only one mobile application, while company A is present on the market with two apps. However, only one of these apps has been the subject of the study, because the other one was designed for the showroom in 2012 and will soon be taken off the market.

The characteristics of the three applications are presented in Table 4.

TABLE 4: MAIN CHARACTERISTICS OF THE ANALYZED APPS

	Company A	Company B	Company C
Release date	2011	2012	2009
Operative System	iOS, Android	iOS	iOS
Device	Tablet Smartphone	Tablet Smartphone	Tablet Smartphone
Technological nature	Native	Native	Native
Target	BtoB (sales force and agencies)	BtoB (agencies)	BtoC (consumers) BtoB (agencies, sales force, retailers and architects)
Classification	Marketing app with information content	Marketing app with information content	Marketing app with information content

Motivations, objectives and targets

Table 4 shows that companies A and B have developed applications for BtoB users, while only company C has expanded its target to consumers and architects.

In the case of Companies A and B, the app development was driven by the demands of their sales force and agents who needed an efficient and practical working tool which would enable them to consult the catalog at any time without physically carrying it and regardless of the availability of an Internet connection. The objective was therefore to provide an effective tool to support sales. However, in the case of company A the app is usable and downloadable

by anyone, including the consumer, from the Apple and Play Store.

Company C differs substantially from the others; its target is a lot wider:

sales network, which requires a responsive and inexpensive tool for the presentation of products and the updating of catalogs;

architects and interior designers, who require support for their design work in terms of access to product information and images;

consumers.

The main objective of the application developers was twofold: on one hand, they wanted to meet the demand of various company customers, from a service point of view, by offering a tool with high added value that would facilitate their

work and the product sale; on the other hand, they wished to enhance customer engagement through the use of an innovative tool, and then make him want to come to the store. The decision to develop a mobile branded app was also supported by the company's desire to be perceived as "innovative". The communications team member interviewed said in this regard: "we are strongly oriented towards innovation, with a pioneering communication; so we wanted to convey the idea that we are also leaders in the digital industry." .

Contents

All three apps have been categorized as marketing applications with information content because of the predominance of information related to the product and the brand, rather than to other content.

However, it must be underlined that Company C is a particularly complex case, as its app also delivers, in addition to the purely informative content (for example, the product catalog), an entertainment and especially, a service type of content, albeit in a lesser amount. The entertainment content is supposed to emotionally involve the final customer through the use of some engagement tools, such as virtual factory tours, while the service content is associated with the presence of the Store Locator and the 3D configurator. The app created by Company C, compared to the two other company apps, appears much richer in order to adapt to its three different targets. Nevertheless, the company is trying to streamline the contents and transfer them to the optimized website.

In Company A, the branded application and the website have the same content, except for the Store Locator which is only implemented on the site but not in the app: the purpose of the company is essentially informative. In particular, the application contains sections related to products, designers, news, photo gallery and allows the user to create his own 'wish list'. The strength of the application, as the interviewee says, is to be constantly updated in terms of content so that users are able to know all the news concerning the products, their technical specifications, and the communication policies promoted by the company. The company B's app is similar in terms of content characteristics in

that there is a product catalog, brochures, video tutorials, etc. The strength of the app, however, is its ability to provide customized content to agents, including official communications from the company.

Operative System and Technological nature

Of the three cases, company A is the only one to release a mobile application for both Android and iOS. The choice is clearly explained by the digital communications manager: "Making a choice to serve some users and not others is a wrong choice. Moreover, looking at our customers and our markets, we noticed that Android is the most popular one. Especially in our sales force, a lot of agents don't have an Apple device but they own a Samsung. Not to mention that this brand is highly preferred in China and Android seems to dominate throughout the East. For this reason we decided to make a double effort at the beginning of the development process, but once you make this initial effort, it is something that remains with the company forever."

For Company B, the choice was imposed by the web agency itself, which developed the application only for Apple devices.

Company C, also, decided to make an application for the iPhone and iPad only, and has so far not shown any desire to enter the Android market. The choice in this case is solely derived from the consistency between its target and the Apple target, which in both cases is composed of people with a high income, often foreigners (non-Italians) and people who appreciate innovation and high end technology.

All three apps are native apps which allow access to all of the functions of the mobile device to which they are downloaded. These types of apps could also work offline and, unlike the web app, ensure a higher quality of user experience, since they are optimized for a specific platform and device. On the other hand, they imply a much higher initial investment in their development.

In all three cases, the app implementation was delegated to a web agency, while the company maintained the internal control over the content and the possibility of updating the app. This is possible thanks to the use of CMS systems (content management system). However, it is worth pointing out that Company B displayed a more passive attitude towards the app

development process; the external web agency was predominantly in charge of the initiative.

Results of applications

As it emerges from the three interviews, there are some difficulties inherent to measuring the results of the branded application. Due to the fact that apps are a communication tool and that none of the three companies has an e-commerce channel, it is difficult to establish quantitative metrics that can associate the increase in sales with the growth in downloads. However, the results deriving from the use of this mobile instrument have been judged satisfactory by all three companies.

Main findings, managerial implications and limitations of the study

The objective of this research was twofold: 1. to analyze the propensity of firms to use branded apps in their communication strategies; 2. to explore the reasons why and the way some firms are already using them. The research was focused on Italian furniture firms which are characterized by the sale of high-involvement products.

From the quantitative analysis it emerged that companies are still reluctant to incorporate branded apps into their marketing strategies, as shown by the fact that only 20% of the sample has developed at least one branded app. This could probably be due to the nature of the industry, which is not web-oriented and still connected with traditional push-based communication. From the three analyzed cases it emerged that commitment to mobile communication goes hand in hand with commitment to digital communication in general: mobile and digital communication are seen as integrated and complementary. As a result, Company B, which prefers a traditional type of communication, attributes a marginal role to both digital and mobile communication. The opposite happens for the other two companies and in particular, for Company C.

The limited role assigned to the new means of communication by Company B could be due to its different market target, from both a geographic and strategic point of view, as it is more focused on the Italian market and addresses a wider (mass) market. On the other hand, Companies A and C are more export-oriented and aim to reach a global niche of high-spending consumers who, compared to Italian customers, are more likely to use these new technologies and are more sophisticated in their use. Smartphone and iPad are becoming the primary tools that foreign users adopt to search for products and make purchases. The use of branded apps could become an effective tool for companies that want to reach international markets. The nature of this research does not allow the Authors to drawn definitive conclusions about this aspect and so, future research could verify the existence of a relationship between export intensity and propensity to use mobile apps (or mobile sites) through a quantitative survey.

The conservative orientation of Italian furniture firms is confirmed by the choice of the Operating System: 96.4 % of the total apps are designed for iOS devices, while only 28.57% for Android. The fact that this trend has increased over the last two years is one of the most important findings of the research. Firms continue to not consider the Android target in their mobile marketing strategy, even if nowadays it represents the widest app market in the world. From the three cases analyzed, it emerges that the preference for iOS derives from the increased knowledge and experience of use that companies have for iOS compared to Android. Moreover, the process of technology adoption is different between consumers and companies. While from the consumer's point of view the OS market is changing faster, from the firm's point of view the process is slower, because of the need to develop new competences in the emerging technologies. In the specific cases we have analyzed, the iOS preference is also due to the correspondence between the Apple target and the companies' target. The choice of Operating System is strategically important and management must be aware of the target users' preferences.

The study has brought to light that firms look at branded apps and the mobile site as alternative choices. In fact, in the majority of the cases, firms which developed the app did not make their website optimized for mobile viewing. However, these two formats have different

characteristics and they allow the firm to reach different goals. Therefore, for companies it would be better to implement both formats. However, this strategy requires high investments and a choice is often forced by limited available resources; in this case, the decision makers have to identify the firm's objectives early on and then, choose the right formats in order to achieve them. This was the case in Company C which changed its focus from app to mobile site in the last year.

A useful contribution made by this paper is the app classification model which is based on two different dimensions, i.e. the function and the content of the app. This model makes it possible to identify the characteristics of the branded apps. The results show that the companies opted for a marketing app with an information content. This result is in line with Bellman's (Bellman et al. 2009) findings, i.e., the informational style of app is more effective at shifting purchase intention than are apps with an experiential style. Branded apps could be used to deliver useful information to users in every touch-point with the company and in every stage of the relationship. This is true, in particular, in high-involvement products, for which the decision process is complex and risky. Branded apps could become a useful tool when adopted to vehicle company and product information to the customers who would now be able to access the information anytime and anywhere. This way of using branded apps would ensure that the company can improve the customer experience and decrease the perceived risk. Actually, in the three analyzed cases the apps are designed to facilitate the company's relationship with the customer in the pre-purchase stage, rather than in the transactional and post-purchase phase. This is evident in the case of Company C, whose app intentionally addresses BtoC users but also in the other two cases, in which the app's target is clearly BtoB. In these latter two cases, the objective is to provide those who must interface with customers (intermediate and final) with the most effective tools and materials to present products and to influence the consumer's

selection process. The results of the study confirm that for the high-involvement products the app's goal is not to create brand awareness, but to provide information and services, and to educate the customer. It might be interesting to investigate low-involvement products in order to identify different strategies and different uses of branded apps compared to high-involvement products.

The research also drew attention to another type of branded app, business-to-business apps. The past literature concentrated primarily on mobile applications for the consumers. This study, instead, shows how apps could also be an effective support tool for the sales force. First of all, the catalogue function solves the problem of space which affects the furniture industry; with a digital catalogue, retailers and agents could show the entire range of products to the customer, without having to physically carry or display them in the store. Secondly, the app is a means of direct communication which allows the company to send tailored messages to their sales force and constantly update them.

A problem related to the use of branded apps emerged from the qualitative analysis, however, and that is the lack of quantitative metrics to measure the apps' return on the investments. In fact, even if companies could know the number of downloads of their app, nowadays there is no established method that allows firms to monetize this type of strategy. Therefore, further research is required in order to define a pool of quantitative metrics that can help managers to measure the results, especially in the case of apps other than m-commerce apps.

As regards the limitations of the study, the research method does not allow the generalization of the findings, but this was not the aim of the paper. It was to explore the current situation and the role of branded apps in firms' marketing strategies, in order to contribute to filling the gap in the literature, which is scarce and mostly focused on push-based mobile formats.

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DIRECT AND INDIRECT DETERMINANTS OF CUSTOMER BEHAVIOURAL INTENTIONS IN RETAIL CO-OPERATIVE BANKS

Rubens Pauluzzo & Enrico Geretto

Abstract: *Customer motivation and satisfaction have attracted the attention of bank management for a long time. The present study conceptualizes the impacts of service quality, motivation, satisfaction, and perceived value on customers' behavioural intentions within the banking industry.*
This topic acquires particular relevance for small-sized banks, in which their local character, the traditional high retention rates, and the effects of the economic-financial crisis have a deep effect on the consolidated relationships with their customers.
The study has involved the submission of a questionnaire to 600 customers of small-sized co-operative banks in Italy. The hypotheses were tested with SEM techniques.

Keywords: *service quality; satisfaction; behavioural intentions; co-operative banks; SEM.*

INTRODUCTION

In the current competitive scenario, companies achieve better performance levels if they are able to increase their efficiency, provide high quality products/services, and improve the relationship with their customers. Long-term customer loyalty has become fundamental in service markets. In the banking sector, increasing the value perceived by the clients is considered crucial to improve customer satisfaction, value creation, and performance levels. The increased competitiveness and similarity of provided services have pushed banks to better identify the determinants of customers' choice between different financial intermediaries. Thus, understanding customer needs has become an imperative in order to measure the behavioural intentions of the clients. A successful banker should be able to anticipate customer needs, by providing high quality and more efficient services to increase customer satisfaction.

Nonetheless, there is still a lack of consensus about the exact nature of the relationship between service quality, customers' motivations, needs, and their future behaviour. Factors such as the ability of the service to satisfy specific and hidden clients' needs, or the emotional response arising from the trade-off between expected and perceived value of the relationship with the bank, are affected by the context, both historical and geographical, in which they were born, and they have different meanings because of the nature and characteristics of the financial intermediary that performs the measurement (ie. bank vs. insurance, national institution vs. regional institution).

This topic acquires particular relevance for small-sized banks, in which their local character, the traditional high retention rates, and the effects of the economic-financial crisis have a deep effect on the consolidated relationships with their customers. The main aim of the study is to test a conceptual framework of the relationship, either direct or indirect, between service quality, basic motivational determinants in consumer bank selection, satisfaction, and repurchase intentions of the customers.

The present paper focused on small-sized co-operative banks in the North-Eastern part of Italy because customer satisfaction and

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motivation surveys are more common for large-sized banks with a national significance, while they are less common for small-sized banks even if their core competitive advantage lies in a higher presence in the local market and in a higher care for the customer's needs. The study involved the submission of a questionnaire to a sample of 600 clients of co-operative banks. Data was analysed with multiple statistical analysis techniques based on confirmatory factor analysis and Structural Equation Modelling (SEM). The hypotheses were tested with SEM techniques based on a latent structure model with explicit causal relations, developed by LISREL (Linear Structural RELationship) statistical packages 8.8 (Jöreskog & Sörbom, 2001).

LITERATURE REVIEW

A correct relationship with the customers is based on interaction and dialogue, and represents the tool through which the bank seeks to increase its profitability and to decrease customers turnover. The current competitive environment, the comparability of different offers, the increasingly personalized solutions, and the resulting increased customer mobility have forced banks to provide a service able to improve the trust relationship with their customers. The greater the ability of the bank to meet the needs of the consumers, the greater the possibility that they will repeat the purchase in the future and provide positive feedback to other potential customers (Wong & Sohal, 2002). A loyal client buys more, has a lower price sensitivity, can introduce new customers, and leads to lower management costs compared to the acquisition of a new one (Omarini, 2004). This is also supported by the data obtained from the World Retail Banking Report and the Customer Experience Index (CEI) (Capgemini & Efma, 2013), which measure the perceptions of 18.000 customers in 35 markets: in the second half of 2013, 10% of the surveyed retail clients worldwide may have terminated the relationship with their banks and 41% of them were not sure to maintain that relationship in the future. As a consequence, it is fundamental to identify which managerial variables can influence the outcome of this relationship. Nonetheless, even if the

main literature has suggested the most relevant factors that encourage the purchase intentions of the customers (Zeithaml et al., 1996), there is still a lack of consensus about the exact nature of the relationship between quality, value, satisfaction, and behavioural intentions and their consequences (Cronin et al. 2000). In fact, the aim of these studies should have been the development of a better understanding of how the different constructs relate to each other and drive purchase intentions of the customers, rather than a deeper knowledge of the constructs themselves.

Henning-Thurau et al. (2002) suggested that customer satisfaction is a central element in the process of exchange between company and consumer. Satisfaction is a key factor to better understand consumer behaviour and encourage repeat purchase and customer loyalty. Banks need to better understand customers service requirements and their impact on behavioural intentions (Gerrard & Cunningham, 2001). An increase in customer satisfaction leads to higher levels of customer loyalty and retention (Bowen & Chen, 2001). Several scholars recognized the existence of a strong link between satisfaction and post-purchase intentions (Anderson & Sullivan, 1993; Bitner, 1990; Patterson & Spreng, 1997; Rust & Oliver, 1994; Zeithaml, 1988). Similarly, the perceived value of the product/service quality seems to be positively linked, both directly and indirectly through satisfaction, to the behavioural intentions of the customers (Brady & Cronin, 2001; Cronin et al., 2000). If the trade-off between the potential benefits and sacrifices generated by a product or service is positive, it seems reasonable that the customer will be satisfied and will repeat the purchase in the future or will provide positive feedback to other potential clients. Besides, satisfaction is also positively affected by the perceived value (Bolton & Drew 1991). The motivation of the customers in the choice of a bank has been extensively analysed (Yue & Tom, 1995). Some scholars suggested the existence of a link, both direct and indirect, between the motivation of the clients and their satisfaction (Shankar et al., 2003). Similarly, the motivations that push the consumer to choose a specific bank are also linked to the perceived value of its products/services (Driscoll, 1999; Jones et al.,

2002; Mylonakis et al., 1998; Yue & Tom, 1995). In addition, there seems to exist a mediating role of the perceived value of the product/service quality in the relationships between motivation and satisfaction (Bitner & Hubbert, 1994; Oliver, 1997; Shankar et al., 2003) and between motivation and behavioural intentions (Jones et al., 2002; Mylonakis et al., 1998; Yue & Tom, 1995).

In this divergent background, some studies argued that service quality influences behavioural intentions only through perceived value and satisfaction (Anderson & Sullivan, 1993; Chen, 2008; Patterson & Spreng, 1997; Tam, 2000; Taylor, 1997), while others suggested a direct link (Bitner, 1990; Bolton & Drew, 1991; Parasuraman et al., 1994; Zeithaml et al., 1996). Indeed, there is also a lack of consensus about which of the variables, or combination of them, directly affects intention measures. In order to avoid these problems, it seems reasonable that an investigation of a more inclusive model, in which quality, perceived value, and satisfaction, directly have a positive influence on behavioural intentions, could provide a more precise picture of the relationships between them. Hence, the study attempts to provide an answer to the following research questions:

Hypothesis 1   There is a positive and direct relationship between service quality (SQ), consumer motivation (MOT), and perceived value (PV).

Hypothesis 2   There is a positive and direct relationship between service quality (SQ), perceived value (PV), and customer satisfaction (SAT).

Hypothesis 3   There is a positive and direct relationship between service quality (SQ), customer satisfaction (SAT), perceived value (PV), and behavioural intentions (BI).

Hypothesis 4   There is a positive and indirect relationship, through perceived value (PV), between consumer motivation (MOT), customer satisfaction (SAT), and behavioural intentions (BI).

Hypothesis 5   Perceived value (PV) and customer satisfaction (SAT) mediate the effect of service quality (SQ) on behavioural intentions (BI).

Hypothesis 6   There is a positive and indirect relationship between service quality (SQ) and customer satisfaction (SAT).

Hypothesis 7   Customer satisfaction (SAT) mediates the effect of perceived value (PV) on behavioural intentions (BI).

All the relationships proved to be significant and the results proved to be consistent with those obtained by similar studies (Bagozzi, 1992; Parasuraman et al., 1994; Zeithaml et al., 1996). The study model is presented in Figure 1.

Figure 1: Study Model
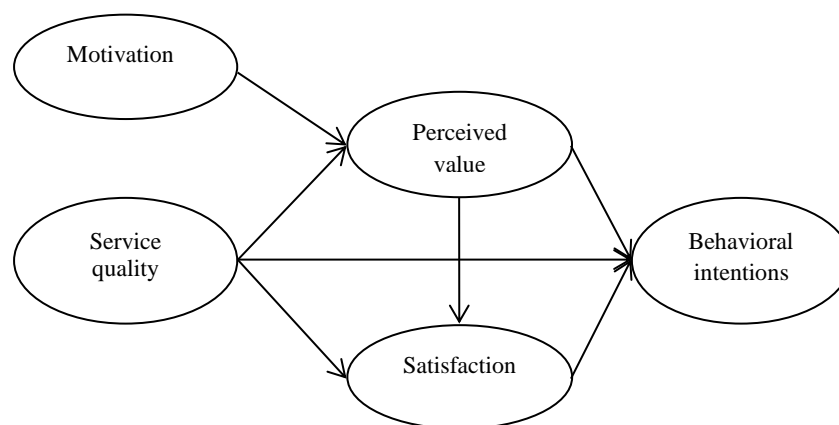
METHOD AND MEASURES

Sample and site

This cross-sectional study was carried out in the North-Eastern part of Italy and involved the submission of a questionnaire to the clients of co-operative banks. The sample was defined on the basis of the following steps:

The selected co-operative banks were divided with reference to their size. The study focused on small-sized co-operative banks;

In each of the selected co-operative banks, the clients were divided with reference to their segment (retail, corporate, private). The study focused on the retail segment;

For each of the retail clients, the participants were selected on the basis of a random sampling.

A profile of the sample is provided in Table 1. All the participants were personally interviewed; the study was explained to them and their collaboration was requested. The study was undertaken during the period January to March 2013 and involved semi-structured face-to-face interviews. All participants gave their oral informed consent. 600 questionnaires were administered and a total of 600 replies were surveyed. The respondents showed the typical profile of retail customers of small-sized banks operating in restricted territorial areas. The most critical aspects arose from the lack of interest in becoming a shareholder of the bank, by subscribing equity shares, the reduced number of new customers, both in terms of age and length of the relationship, and the use of not particularly profitable basic services.

Multiple statistical analysis techniques were used in this study. These procedures include confirmatory factor analysis SEM. The hypotheses were tested with SEM techniques based on a latent structure model with explicit causal relations, developed by LISREL 8.8 (Jöreskog & Sörbom, 2001).

The questionnaire was divided into three sections. The first one focused on socio-demographic aspects (type of customer, gender, age, level of education, professional position). The second part was related to the so called "banking profiles" of the client (relationships with one or more banks, length of the relationship with the bank, shareholder status, knowledge of the benefits of this status, types of services related to this status), in order to better understand the operational aspects of the relationship. The third part proposed a set of questions related to the perceptions of the customers, the atmosphere of the bank, the products offered, the quality of the service, loyalty, and satisfaction.

Table 1 Profile of the sample % (n=600)

Gender		Age		Education		Relations with banks		Length of the relation	
Male	54.22	18 to 29	6.12	Primary school	4.64	Only with 1 bank	54.33	<1 year	3.33
Female	45.78	30 to 39	11.18	Middle school	21.10	From 2 to 4 banks	44.17	1 to 4 years	14.50
		40 to 49	23.00	High School	48.73	>4 banks	1.50	5 to 10 years	19.33
		50 to 65	37.13	University	25.53			>10 years	62.84
		> 65	22.57						

Measurement of Constructs

The constructs examined in this study were mainly explained by using a 7-point Likert scale, from a very low level of the item (scored as one) to a high level of the item (scored as seven) adapted from the main existing literature. The choice of the following scales derived from a selection of the main items to better understand how the service quality and the motivations that led to the choice of a specific bank affect the value perceived by the customers and their satisfaction, and how these two aspects can influence customer loyalty.

Consumer Motivation (MOT) was measured by adapting the scales by Driscoll (1999), Mylonakis et al. (1998), and Yue and Tom (1995). The issue of customer motivation criteria in the banking sector has been extensively studied by several scholars (Anderson et al., 1976; Ross, 1989). Even if the relevance of each determinant varies

a lot among the different studies, there appears to be a consensus about the factors that have a higher impact on consumer motivation. In particular, convenient location (Driscoll, 1999; Mylonakis et al., 1998; Yue & Tom, 1995), quality/price ratio (Driscoll, 1999; Jones et al., 2002), advice of friends or family (Martenson, 1985; Yue & Tom, 1995), staff courtesy and competence (Mylonakis et al., 1998; Yue & Tom, 1995), and service quality (Mylonakis et al., 1998; Yue & Tom, 1995) have been considered as the most important determinants of customer motivation within the banking industry. This information has become fundamental in order to better know the customer and implement a marketing strategy needed to reach new potential consumers and retain the old ones. A better knowledge of the motivations that push the consumers is also vital to differentiate the offer of the bank from those of its competitors.

Service quality (SQ) was measured by adapting the scale developed by Parasuraman et al. (1994). It is a concept widely analysed by several scholars (Babakus & Boller, 1992; Parasuraman et al., 1994). Nonetheless, there is still a lot of debate around the concept (Brady & Cronin, 2001; Cronin et al., 2000). Some definitions of service quality are mainly related to the presence of a match between the provided service and customer's expectations (Venter & Dhurup, 2005) while others are related to the ability of a service to meet the needs of the customer or the performance perception (Parasuraman et al., 1994; Zeithaml et al., 1996). Philip and Hazlet (1997) stated that a comprehensive definition of service quality is difficult to produce. Grönroos (1984) suggested that, in order to provide a better definition of the service quality construct, it is necessary to implement a conceptual model able to describe how the service quality is perceived by the costumer.

Perceived value (PV) was measured by adapting the scale developed by Zeithaml (1988). The concept of value has been considered as a trade-off between the potential benefits and sacrifices generated by a service or product to the customer (Lin et al., 2005; Parasuraman et al., 1994; Zeithaml, 1988). Nonetheless, the perception of value is characterized by several attributes and a high level of abstraction that

leads to a concept considered as highly personal and context-specific (Sweeney & Soutar, 2001). The patterns of value perception may vary a lot from consumer to consumer. As suggested by Zeithaml (1988), consumers' responses may lead to a concept of value focused more on the price of the product or service, or on the quality they perceived by using that specific product/service. Obviously, each definition brings different sets of determinants that may have an influence on the consumers' choice. However, the concepts of value and quality cannot be considered as synonyms. In fact, value has a more individualistic core and is more related to the balance between the benefits and the sacrifices of a purchase. Besides, even though some conceptualizations of the value construct have included quality as its most relevant component, there could be several other factors that consumers may considered as relevant, such as prestige and convenience (Zeithaml, 1998). As a consequence, benefits are mainly linked to the quality, prestige, and status symbol of the product or service, while sacrifices include the monetary and non-monetary (time spent, efforts) costs of a purchase. Though the value construct is a complex topic, with different potential meanings according to the context (Lin et al., 2005), its foundations are linked to the quest for the required functions or services at the lowest possible cost without lowering quality (Fong et al., 2001).

Customer Satisfaction (SAT) was measured by adapting the scale developed by Oliver (1997). Customer satisfaction is a key to long-term business success (Zeithaml et al., 1996). Its concept has been extensively analysed since Cardozo's (1965) article. Nonetheless, there is a lack of a consensual definition of the theme. Furthermore, the concept of customer satisfaction is affected by the context in which its determinants may arise (Marsh & Yeung, 1999). So, the factors that lead a customer to a satisfaction status may differ from those that characterize another customer. Several scholars provided a notion of customer satisfaction related to the evaluation process that occurs after the purchase of a product/service (Fornell, 1992; Howard & Sheth, 1969; Oliver 1997). In their opinion, the expectations and ideas that moved the consumer before the purchase have

a fundamental influence in guiding his/her opinions after having experienced the product or service. As a consequence, satisfaction arises from the ex-post comparison between an ideal perception of the product or service and its effective advantages for the customer. Some other scholars focused more on the type of experience of the consumer. In particular, customer satisfaction has been conceptualized as either a cognitive (Bolton & Drew 1991; Howard & Sheth, 1969) or an affective response to a purchase experience (Oliver 1997). Even if there is a lack of consensus over the type of satisfaction, the most recent literature agree on the emotional response of the construct (Giese & Cote, 2000).

Behavioural intentions (BI) was measured by adapting the scales by Babakus and Boller (1992) and Patterson and Spreng (1997). Behavioural intensions refer to the consumers' actions after the purchase experience and are mainly related to the repurchase intentions and positive word of mouth (Anderson, 1998; Babakus & Boller, 1992; Bagozzi, 1992; Patterson & Spreng, 1997). As regards the determinants of the behavioural intentions construct, repurchase intentions and positive word of mouth are considered as dimensions of the customer loyalty (Cronin et al., 2000; Parasuraman et al., 1994). Customer loyalty can be defined as "customers' behavioural response, expressed over time by some decision-making units, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes" (Jacoby & Kyner, 1973). Several scholars have focused on the direct and indirect relationships between value, quality, satisfaction, and ex-post actions (Bolton, 1998; Fornell et al., 1996; Ostrom & Iacobucci, 1995; Williams & Soutar, 2009). Even if there is a lack of a convergent view about the effective relationships (both direct and indirect) between the cited constructs, most part of the literature has suggested a strong link between satisfaction and repurchase intentions (Bitner 1990; Rust & Oliver, 1994; Williams & Soutar, 2009). Patterson and Spreng (1997) also found the mediating role of satisfaction in the relationship

between perceived value and repurchase actions.
Table 2 shows the scales used to measure the constructs.

ANALYSIS

Prior to testing and estimating for causal relationships between observed and latent variables, a confirmatory factor analysis was undertaken to determine whether earlier research findings on the identified constructs as well as the scales used and the assumptions made in the previous paragraphs could be confirmed. The factor analysis, incorporating the varimax option, assessed the validity of the measurement (KMO=0.954; Sig.=0.000). Internal consistency reliability was tested and the Cronbach alpha results of 0.819, 0.940, 0.919, 0.921, and 0.926 were obtained for the constructs of MOT, SQ, PV, SAT, and BI respectively. The analysis supported the dimensional concepts and provided fullest evidence of construct validity.

The hypotheses were tested with SEM techniques based on a latent structure model with explicit causal relations. The integrated examination of the fit indices confirms whether the model is able to fit the data or not. χ^2 scores 906.53 with 398 degrees of freedom, p-value 0.00. Overall model fit indices show reasonable fit results. The Goodness of fit index (GFI) scores 0.91 and the Adjusted goodness of fit index (AGFI) 0.88. Incremental fit indices show even better results. The Normed fit index (NFI) scores 0.97, the Non-normed fit index (NNFI) 0.97, while the Comparative fit index (CFI) scores 0.98. Residuals indices confirm that the assumed model is able to explain most of the observed data. The Root mean square residual index (RMR) scores 0.17, the Standardized RMR 0.046 and the Root mean square error of approximation index (RMSEA) 0.070. As regards the recommended values for the fit indices suggested by Schermelleh-Engel, Moosbrugger and Müller (2003) the model shows a reasonable fit.

Table 2 Scales used to measure the constructs

Constructs	Scale Items	Cronbach alpha	Source
Consumer Motivation (MOT)	Proximity / comfort of the agency (MOT1) I knew someone in the agency / It is the agency used by my family (MOT2) It was the most convenient one (MOT3) I chose this bank because I was advised (MOT4) The bank provided me with a better service (MOT5) I liked the advertising (MOT6) The bank provided me with products to suit my needs (MOT7) Trustworthiness and reliability (MOT8) Staff courtesy and competence (MOT9) It offered a good quality / price ratio (MOT10)	0.819	Driscoll (1999), Mylonakis et al. (1998), Yue and Tom (1995)
Service Quality (SQ)	Services are provided in a timely manner (SQ1) The staff have appropriate skills and abilities to effectively solve my problems (SQ2) The documentation and information transmitted periodically are correct (SQ3) The staff are available to help and always ready to respond to my requests (SQ4) The complaint procedures and processes are effective (SQ5) The staff has the ability to secure my transactions (SQ6) The staff is always courteous (SQ7) The staff has the knowledge and skills necessary to respond to my questions and requests (SQ8) The staff pays due attention to me (SQ9) The staff understand my needs (SQ10) The bank has my best interests at heart (SQ11)	0.940	Parasuraman, Zeithaml and Berry (1994)
Perceived Value (PV)	The value of the services is high (PV1) The relationship between quality and price is fair (PV2) The prices are reasonable (PV3)	0.919	Zeithaml (1988)
Customer Satisfaction (SAT)	Service in accordance to my expectations (SAT1) Service in accordance to my ideal service (SAT2) Overall satisfaction (SAT3)	0.921	Oliver (1997)
Behavioural Intentions (BI)	I will continue to use the services of the bank in the future (BI1) I would recommend the bank to someone who asks my advice (BI2) I would express positive views on the bank (BI3)	0.926	Babakus and Boller (1992), Patterson and Spreng (1997)

With a closer look at the research model, for the direct paths leading to perceived value, we suggested that service quality and motivation have a positive effect on service value. The results show full support for these trade-offs as there was an significant relationship between the two determinants and perceived value (t-values=15.30 and 6.00 respectively). As regards the direct links leading to satisfaction, we considered service quality and perceived value as direct determinants. The results consistently supported the main literature as both service quality (t-value=22.80) and perceived value (t-value=11.72) were significant predictors of satisfaction. These relationships improved the fit indices of the competing models and were also repeatedly significant. Besides, we also suggested direct links between service quality, perceived value, satisfaction, and behavioural intentions. All these relationships were supported by the data. In particular, reasonable evidence was found linking satisfaction (t-value=14.73), service quality (t-value=2.57), and

perceived value (t-value=2.00) to customer behavioural intentions.

In addition to these direct effects, we further examined the indirect links leading to satisfaction and behavioural intentions. More specifically, as regards satisfaction, the mediating effects of perceived value in the indirect relationships between service quality, motivation, and satisfaction were tested. The results show a significant indirect path between both service quality (t-value=9.64) and motivation (t-value=5.73), and satisfaction. The indirect relationships leading to behavioural intentions via satisfaction and perceived value were also examined. In particular, the indirect relationship between service quality and behavioural intentions was found to be significant through both perceived value and satisfaction (t-value=18.40). The results also indicated significant indirect paths between both perceived value and behavioural intentions via satisfaction (t-value=10.07), and motivation and behavioural intentions mediated by perceived value (t-value=5.42). All the independent indirect relationships proved to be significant and the results proved to be consistent with those obtained by similar studies (Bagozzi, 1992; Parasuraman et al., 1994; Zeithaml et al., 1996). A summary of these results is presented in Table 3.

Table 3 Estimation, t-values, p-values and confirmation of hypotheses

REL.	COEFF.	T-VALUE	REL.	COEFF.	T-VALUE
SQ→SAT	0.84***	22.80	SQ→PV/SAT→BI	0.73***	18.40
SQ→PV	0.64***	15.30	PV→SAT→BI	0.27***	10.07
SAT→BI	0.75***	14.73	SQ→PV→SAT	0.40***	9.64
PV→SAT	0.43***	11.72	MOT→PV→SAT	0.10***	5.73
MOT→PV	0.21***	6.00	MOT→PV→BI	0.09***	5.42
SQ→BI	0.13**	2.57			
PV→BI	0.06*	2.00			

Note: *: p-value<0.05; **: p-value<0.01; ***: p-value<0.001.

CONCLUSIONS AND LIMITATIONS

The main aim of this study was to conceptualize the impacts of service quality, motivation, satisfaction, and perceived value on customers' behavioural intentions within the banking industry. Although the analysis has considered a particular type of banking institutions, rooted on a limited geographical area, nevertheless it is believed that the validity of the results, for the considered segment (retail) is extensible, in general terms, to the entire Italian banking system (very largely composed of co-operative banks). The results presented in the preceding section indicate that the study model provide a reasonable fit of the data, able to support both the direct and indirect effects suggested by the hypotheses.

As regards the direct links between the involved variables, the findings provide empirical support for the conceptualization of the relationship between service quality, perceived value, and satisfaction (Bolton and Drew, 1991; Fornell et al., 1996). From a managerial point of view, this suggests the relevance of value as a core strategic objective within the banking sector. Other findings concerned the antecedents of perceived value. The empirical results show that perceived value is largely influenced by service quality (Cronin et al., 2000) and consumer motivation (Driscoll, 1999; Jones et al., 2002; Yue & Tom, 1995). This suggests that consumers of retail banks seem to place great importance on the quality of the service. From a managerial point of view, this finding stresses the relevance of service quality as an operational and strategic determinant. We also argued a direct link between service quality, perceived value, satisfaction, and behavioural intentions (Bowen & Chen, 2001; Brady & Cronin, 2001; Zeithaml et al., 1996). The empirical findings support our point and explain the efforts made by the banking industry to collectively improve quality, value, and satisfaction as a way to increase

customer repurchase intentions and positive word of mouth, in spite of the relative heterogeneity in the composition of the respondents. Even if the result is not surprising, it is possible to hypothesize a sort of "generalist and indistinct" perception of the bank by different customer segments, that perhaps should be appropriately differentiated in order to implement more appropriate commercial initiatives. The level of satisfaction requires a deeper consideration of customer expectations: it is known that the increased competitive pressure requires greater attention to the relationship management and to the offer of quality products and services. Similarly, contact personnel should be focused on the identification of customers' latent needs, not just on the delivery of products and services. Besides, as the perceived value was measured with a scale based on economic aspects, recording an impact of general satisfaction on customer loyalty means that the price lever can be hardly used to generate satisfactory economic returns. Customer loyalty should be related to factors other than the price paid, especially because of the main features of the respondents (i.e. long-term relationship with the bank, high loyalty rates). According to Cronin et al. (2000), the results also support the relevance of considering a simultaneous, holistic, and multivariate analytical approach. The studies focused on just one of these variables provide incomplete strategy if the impacts of the others are not considered.

Together with the direct effects, we also tested the indirect links between behavioural intentions and the other variables involved to better understand the complexities that characterize these relationships (Chen, 2008; Cronin et al., 2000; Jones et al., 2002; Shankar et al., 2003; Tam, 2000). The results show that they are consistently significant within the banking industry. This reinforces the idea that the consumer's decision-making process is a complex path and that a more holistic view of its determinants should be considered by managers to face those weaknesses that negatively affect a balanced management of the bank in the future, and increase the degree of attractiveness to young customers, a fundamental lever in the development of the business. It is also believed that a higher level of discrimination within the segment, with the related diversification of the supply, can positively influence the cross and up-selling phenomena. In this respect, the range of the offered products/services should be revisited in advance, in order to make it more suitable to the needs, both expressed and implied, of the customers.

The study presents some limitations that should be considered. First, further decision-making variables could be added to the analysis (i.e. the characteristics of the service environment, the role of the on-line banking opportunities). In fact, the use of additional variables might increase the reliability and validity of the constructs. Besides, the results are based on the study of a latent structure model with explicit causal relations. As the results are intended to support the causal model, strong evidence of causal effects cannot be inferred. Finally, the focus on the co-operative banks of the North-Eastern part of Italy might hinder a more comprehensive understanding of the phenomenon.

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THE CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN THE MEXICAN RESTAURANT INDUSTRY, THE CASE OF JALISCO STATE

Ileana Elizabeth Ruvalcaba Rivas, Jose Sanchez-Gutierrez & Juan Mejia-Trejo

Abstract: *In order to survive in a global market, focus on the customer has is becoming a key factor for all businesses, we know that it costs five times more money to acquire a new customer than to keep an existing customer (Payne, 2005).*

The main objective of this research is to describe the real situation of the catering industry in Jalisco, Mexico; explain the relationship between them and their customers; know if they are applying a CRM strategy, identify the variables involved and how they hit.

This study analyze four main aspects inside the companies based in many theories and recognized authors: client orientation that is considered the key factor to survive in this competitive market (Narver and Slater, 1990; Torgler, 2009; Bentum and Stone, 2005); TIC's, essential element for an effective CRM initiative (Razvan, 2010; Gordon 2002; Sin, Tse and Yim, 2005), administrative capability that includes human resources as a key element for organization and CRM success (Payne and Frow, 2006; Mendoza, Marius, Pérez and Grimán, 2007; Xu and Walton, 2005) and knowledge about competitors and global market, (Deshpandé, Farley and Webster,1993); Finnegan and Currie (2010) and Javalgi, Martin and Young (2006) said, as more you know your competence as better you can atent and satisfy your clients offering specialized products and services.

The questionnaire contained fifty two questions distributed on seven blocks, was structured with the dependent variable: CRM, and independent variables of competitiveness with four factor mentioned before, using the likert scale to determine people agreement or disagreement, applied to 420 managers or administrators, after the validity of the instrument by Chrombach's alpha (SPSS) the results were analyzed with confirmatory factor analysis (CFA), and the structural equation model (SEM's).

So we can say that the development of the construct of this study is entirely based on the perspective investigating after a thorough review of literature.

Introduction

Nowadays, competition in any economic sphere is day to day more aggressive due to the fast development of technology, making more difficult for companies to remain in close competitiveness. Companies are interested in doing different things; provide better products or services to differentiate from market rivals in order to attract more customers to survive and in the best case: grow their income.

Globalization and the development of Internet have led to a situation where the information is reach of a finger and consumers are better informed. This contributes to make changes in customer's behavior and increase expectations (Goldenberg, 2004; Mahmoud and Bagchi, 2004). What has turned into a war to stay in business, concerned with generating innovative strategies to attract new customers, focused in penetrating major markets, forcing others to renew or perish in the attempt. These owners should aim for a total transformation of their

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business philosophy, building on a sustainable competitive advantage that is widely recognized by the customer and prefer over competitors, especially talking about the Mexican Restaurant Industry where it can be seen that conditions have changed over the last decade, because just three new restaurants survive by ten opened as statements given by the president of the Cámara Nacional de la Industria Restaurantera y Alimentos Condimentados (CANIRAC) Manolo Gutiérrez .

Figures do not lie, based on data provided by the same CANIRAC, seven of every 10 open restaurants in Mexico close its doors in less than forty-eight months, alarming information for the industry in general (Regalado, 2013).

These statements become determinants and therefore, this research aims to explain the current situation in the Restaurant Industry of Jalisco, México and to determine how many establishments have implemented a strategy or specific CRM software.

The problem is that Restaurant Entrepreneurs should be aware that there are many companies offering the same products and services, that there is little differentiation in the industry and is necessary to generate strategies to foster long lasting relationships with clients to persist in market (Chen and Chen, 2004; Jayachandran et al, 2005; Kim and Kim, 2008 and Ryals, 2005).

This premise continues to explain the translation of the acronym of CRM *"Customer Relationship Management"* the purpose of this document will address the term with the name of "Managing the Customer Relationship", but also it is known by various names such as relational marketing, relationship marketing, managing customer relationships, among others (Christopher, Payne and Ballantyne, 2006), but all with one thing in common: focused on customer orientation.

According contributions Finnegan and Currie (2010): The CRM can be seen as a process that tries to combine various pieces of information about customers, to develop and implement better strategies that approach the company. Previously, companies focused their skills on quality, innovation, standardization, but the reality is that in this globalized world and changing these factors take second place; welcoming customer orientation as the main factor of success and even more in the service industry.

The CRM despite being a relatively new term, dating from the nineties with prominent authors on the subject as Berry, Parasuraman, Payne, Frow, Parvitayar, Sheth, Renart and Gumersson; has quickly become a philosophy of service according Gronross (1994) has come to transform marketing strategies of companies, making a transactional approach to a relational, allowing to establish relations in the long term, adapted to the profile of the customer and most importantly, encouraging both parties and generate brand loyalty.

On the other hand, relies on various tools to maximize customer value as the technologies of information and communication technologies (ICT) key to improving the competitiveness of enterprises, since it encourages relationship building products with consumers, developing advances in storage and data processing, the Internet and other instruments that have benefited to be more customer communications (Gordon, 2002).

Other factors within the organization and employees (Rubio, 2003) that in this branch of the Restaurant Industry represent the face of the company to the customer are also involved. In other words, if you have trained employees, officers, wearing the shirt of the well-set company will translate into a good image, and good customer service, ensuring almost entirely that it is satisfied and return soon to the site, thus generating, which seeks any modern organization; build customer loyalty and create lasting relationships in the long run.

Accordingly, it seeks to measure the performance of CRM activities in industry to detect whether marketing efforts have yielded the results required to continue to survive in the Jalisco market, through the evaluation of various study variables as are ICT, administrative capacity of the company and customer orientation.

In this context the CRM could serve as a key instrument for the Restaurateur sector of the state, helping to differentiate, increase customer satisfaction, customer loyalty and profitability of the restaurants (Piccoli, O'Connor, Capaccioli and Alvarez, 2005).

In fact, this paper's main objective is to know and deepen on CRM concept as well as examine the factors that affect successful implementation, first, the customer orientation, in second place, the information and communication technology (ICT), the administrative capacity of the economic entity and finally the knowledge of the market in which they operate. Added to this will examine how they interact with each other and how these variables affect CRM.

Description of the problem

The entrepreneurs should be aware that there are many companies offering the same products and services in the market, that there is little differentiation in the industry and need to generate strategies to foster long lasting relationships with clients to persist in the market. As clearly says the *Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados* (CANIRAC) published in it´s 2012 figures, where concerns that opened 250 food and beverage establishments but another 200 down the curtain; this clearly speaks of alarming numbers of SMEs that are new to the process of opening their businesses but few are those who have the basic skills needed to stay more than two years on the market (Romo, 2012).

Given the above, the present research has as main objective to know and deepen the concept of CRM as examine the factors that affect successful implementation; customer orientation on first, information and communication technology on second (ICT), the administrative capacity of the economic entity as a third aspect and finally market knowledge in which they work. Added to this the way they interact and how these variables affect the CRM will be discussed. This then describes a series of hypotheses to be tested:

H1: The greater the customer orientation more CRM
H2: A greater use of information and communication technology (ICT) and communication more CRM
H3: The greater the administrative capacity more CRM

H4: A greater knowledge of the increased global competition and market more CRM
H5: The greater the customer orientation, administrative capacity, use of information and communication technology, competence and knowledge of the global market, more CRM.

Objectives of the study

Analyze the relationship between the variables that affect the CRM in the restaurant industry of Guadalajara:
- Analyze the relationship between the variable information and communication technology (ICT) with the CRM
- Determine the relationship between CRM and client orientation variable
- Demonstrate the relationship between the variable administrative capacity and CRM
- Show the relationship between the variable knowledge of the competition and global market and CRM

And answer the following research questions:
- How do the information and communication technology (ICT), client orientation, administrative capacity and knowledge of the competition and global market variables relate to CRM?
- How does the variable information and communication technology (ICT), relate to the CRM?
- How does the client orientation variable impact CRM?
- How does the variable administrative capacity linked with CRM?
- How does the variable knowledge of the competition and global market affect CRM?

International Restaurant Industry

The gastronomic topic has a high importance worldwide because it is not only one of the most attractive industries for investment by large salaries that are obtained, as well as comments Montecinos (2002) that global income from food and beverage ratio is four times larger than the hospitality industry, but also by the fact satisfy

one of the primary needs of the human body, food, making it a theme present in day to day.

Global trends show a client interested in eating nutritious, energy food, looking for innovation, new products, pay to be attended by trained personnel with knowledge and personality of service (Montecinos, 2002) which represents a market opportunity for all entrepreneurs interested in expanding their businesses.

The restaurants themselves have set standards for innovation in the preparation of dishes, decor and service concept; this denotes an industry that is not static but constantly moving to adapt, improve and attract new customers.

Furthermore, a study by the McKinsey Quarterly magazine which speaks of economic trends in the world for the next ten years was published, covering prospective trends in the business environment internationally, including the restaurant industry which manifest and then transform the global economy significantly:

- The first macro trend exposes the centers of economic activity will change drastically in regional and global terms (Asia generates 13% of global GDP this excluding Japan, while Western Europe accounts for 30%, and that within the next twenty years the two will converge), this represents business opportunities not only in the catering industry but in all areas of business.

- The aging population in developed countries claim the public sector new levels of efficiency and creativity. To do this the restaurant industry needs to know about this tendency to act accordingly.

- The third trend talks about the outlook for consumer and expansion, since about a billion new consumers will enter the global market in the next decade as growth in emerging countries take them beyond the threshold of $ 5,000 annual household income; this represents an opportunity to attract potential diners large businesses and entrepreneurs put their investment market.

Mexican Restaurant Industry

Mexican cuisine is one of the many cultural treasures held by the country, due to the variety and essence, was declared by UNESCO as intangible cultural heritage; hence the importance of the hospitality industry in the country, as expressed by former Secretary of Economy, Bruno Ferrari (Ministry of Economy, 2012). Also considered an important source of investment, the catering industry is the most important element of the tourism sector, so it is an industry with huge potential not only economic but social and cultural (CANIRAC, 2008). It is the second largest employer nationally, surpassing in employment to all persons employed in the sectors of fishing, mining, electricity, water, gas distribution pipeline to the final consumer and construction (in its entirety). With activities predominantly in seven Mexican states, in order of importance: Distrito Federal, Estado de México, Jalisco, Veracruz, Puebla, Michoacán y Guanajuato (INEGI, 2012).

The Fig. 1 & 2 show the national figures pertaining to 2012 to collect the above information.

FIG. 1 NATIONAL RESTAURANT INDUSTRY IN FIGURES

CONCEPT	FIGURE
Number of restaurants nationwide	428,000
Concentration of establishments in seven states of the country: (Distrito Federal, Estado de México, Jalisco, Veracruz, Puebla, Michoacán y Guanajuato)	50%
Staff employed by gender: Men Women (80% heads of households)	55.3% 44.7%

FIG. 2 GROWTH OF FOOD AND BEVERAGE INDUSTRY NATIONAL LEVEL (2012)

CONCEPT	FIGURE
Gross Domestic Product (GDP)	3.58%
Job growth	3.67%
Impact of the sector in economic branches	84
Generating of direct jobs	1,300,000
Generating indirect jobs	3,250,000

Jalisco is the third state nationwide in which the restaurant industry is overriding and generating thousands of jobs because of this economic activity (CANIRAC Jalisco, 2012). But things have not always been positive, the restaurant industry has been hit countless times by various difficulties, but after years of crisis, it seems that the numbers have started to improve.

The market for foods and beverages prepared in Mexico is very diverse, is wide and too competitive; hence, the urgent need to make the difference between a restaurant and other so, diners go to it and become loyal customers.

It is noteworthy that the scope of technology, internet, media, cause that consumers have sources of information that allow them to evaluate, compare and choose from many restaurant options to go; a lot of restaurants manage a range of strategies to remain in the minds of their customers; it means that a slight change in the service provided by the company, a friendly, helpful and attentive staff, can make extraordinary the customer experience and achieve the desired end, survive on their mind and thereby start generating long, lasting and mutually beneficial relations (loyalty). Therefore, customer relationship management (CRM) plays a key role in this economic sector of food and beverages.

So, the restaurant industry in Mexico since its beginning has represented for the whole country one of the most relevant economic activities because the quantity of employments that it generates, the profits involved and the representativeness that Mexican food has around the world.

As mentioned above, this sector has been hit by countless crises and problems at global, national and local, has had its ups and downs but says that today is in full development by implying a great opportunity for entrepreneurs in entering this market that is highly competitive but there is also wide variety of shops.

The origin of Customer Relationship Management

The customer relationship management, better known as CRM, according to specialists, dates back to the early twentieth century. Consistent with the above, Dowling (2002) suggested that CRM has its origin in two separate places: first in the United States, where the term was mainly driven by technological changes of companies (software and data) in order to generate solutions cutting-edge and innovative based on customer needs to attract, satisfy and keep them in the long run.

The second school was born in the Scandinavian and northern Europe with the exponents Christian Gronroos (1994, 1996 and 2000) and Evert Gummesson (2002) as a way to support large enterprises to foster the relationship with

industrial marketing and sales department; in order to build trusting relationships with customers in the future.

Another approach was given in the Anglo - Australian school, in the United Kingdom with Adrian's Payne work and David Ballantyne (1991) and his six markets theory.

In addition, it was coin to Berry in 1953 the term "relationship marketing" because from the second half of the twentieth century, that was mentioned by first time (but not deeply), the concept was in its beginning (Urbanskiené, Zostautiené and Chreptaviciene, 2008).

It was not until the nineties, when other scientists Payne, Frow, Ballantyne, Morgan, Hunt, Gronroos, began to conduct extensive research on the subject, referencing this particular term, ascribing a more detailed description. Soon, authors all over the world started talking about it, generating multiple concepts and theories. It is noteworthy that was Gumersson (1999) who formulated a model for the implementation of CRM (Urbanskiené et al, 2008).

One of the assumptions on which CRM is based it's on the constant and massive changes happening in the market at that time; limitations on the marketing knowledge that existed (Urbanskiené et al, 2008); there was not a culture of maintaining lasting customer relationships, loyalty was an unknown subject, satisfaction was not taken into account by providers of products and services; the market demanded new forms of competitiveness, customer reward, a deep interaction between sellers and buyers, the unification of efforts of the supply chain and all actors involved in the sales process; hence the idea of the CRM born with an extraordinary impulse to bet on tomorrow's markets.

The long-term relationships with customers became the central focus of marketing, (Urbanskiené et al, 2008) and also in one of the major concerns of entrepreneurs, because the CRM borned as a customer orientation to detect needs, generate appropriate treatment and especially the art of preserve them (falls under the concept that attracting a new customer is more expensive than keeping one), so it can be said that CRM is all related to the total satisfaction and fulfilling the needs and desires of a particular client.

In summary, previously there was no such culture of retention, as the business model that existed twenty years ago was run by monopolies or large companies that monopolized the market with generic and undifferentiated products where buyers consumed what they produced regardless if adapted to their needs, today this has changed dramatically, consumers are very demanding and require customized products and services, now almost everything is designed according to the wishes of each. Therefore, fidelity is becoming a major challenge for service and products providers, because if the customer is not happy with the market offer at any time they will change to the competition to attend that need. That is why CRM is acquiring a distinctive importance in this era of diversity and productive innovation. The company that cannot adapt to the new system falls in the risk of failure and disappear from the market. With so many offers available, for every product, there are five, ten or more substitutes and many similar options that generate the same satisfaction as it. In simple words, now the customer is the one with the power in decision making.

Based on these definitions, CRM consists on business strategies to have a thorough understanding of customers, from their needs, desires and expectations of the service; thus may increase satisfaction, creating long term relations that lead down the path of loyalty, which will result in corporate profitability ratios; agreeing with Drucker (1998) considered one of the great exponents of research on the topic, arguing that the objective is to provide a unified enterprise-wide view of customer and cultivating relationships that enhance quality loyalty and profits. Basically the idea is not to let escape an interaction with a client on the central database of the company. Attention is focused on learning more about them and use that knowledge to refine every interaction you have in the future, it offers companies the opportunity to increase revenue, be more profitable and generate sustained competitive advantage to capture, deliver, maintain and monitor the long-term relationships with consumers. This can be the

door that leads to success and is key in business today.

The FIG. 3 collects the contributions of various authors on CRM.

FIG. 3 CRM CONCEPTS BY AUTHOR

AUTHOR	DEFINITION	YEAR
Wayland & Cole	Essential tool to produce revenue growth	1997
Kalakota & Robinson	Systems that integrate sales, marketing and specially after-sales service	1999
Parra & Molinillo	Discipline that consist on establish, develop and commercialize long-term relationships	2001
Parvitayar y&Sheth	Process of acquiring, retaining and partnering with selective customers to create greater mutual value	2001
Swift	Understand and influence customer behavior through the recruitment, retention, loyalty and profitability	2001
Bergeron	Dynamic process that manages the customer - company relationship generating a mutually beneficial exchange	2002
Kim, Suh & Hwang	Efforts of a company to manage customer interactions over the long term	2003
Kincaid	Strategic use of information, processes, technology and people to more effectively manage customer relationship	2003
Bligh & Turk	Business strategy focused primarily on the client in order to maximize their satisfaction	2004
Gartner	Business strategy designed to optimize profitability, revenue and customer satisfaction	2004
IBMs Global CRM study	Important tool to produce growth on revenues through improved customer experience	2004
Salestrack	Internal business process seeks to build partnerships with its customers	2005
Christopher, Payne & Ballantyne	Orientation to generate appropriate relationship between business and customers to create higher revenues	2006
Reinares	Company initiative focused on achieve satisfaction of their customers on time	2009
Abdullateef, Mokhtay & Yusoff	Ability of the organization to integrate people, processes and technologies to maximize positive relationships with customers and prospects	2010
Faed, Shouri & Wu	Technique to maintain continued and lasting relationship with customers to obtain both value	2011

SOURCE: OWN ELABORATION, (2014)

Components of customer relationship management (CRM)

The CRM is influenced by several factors that directly impact performance, so for this study, and after extensive literature review a large number of variables in studies of various authors claim to be related to the implementation of strategies were identified as CRM, but for purposes of this document and in relation to the Mexican restaurant industry, a number of variables which make up the construct of research, and will be explained in detail later is elected.

The following table describes different authors using six variables or components that they detect in their studies that exert direct impact on the implementation of a CRM strategy, which subsequently form the construct of this study.

FIG. 4 CRM CONPONENTS BY AUTHOR

AUTHOR	COMPONENTS
Urbanskiené, Zostautiené y Chreptaviciene (2008)	- Orientation and Customer Satisfaction - People - Suppliers - Information and communication technology (ICT)
Romano(2002) y Fjermestad (2003)	- Market (Competors) - Knowledge Management - Information and communication technology (ICT) - Human Factor
Payne y Frow (2006)	- Management - Employees commitment - Information and communication technology (ICT) - Continuous assessment (internal and external)
Sin, Tse y Yim (2005)	- Information and communication technology (ICT) - Knowledge Management - Marketing - Customers - Organization (employees)
Torggler (2009)	- Qualified Employees - Customer orientation - Suppliers - Information and communication technology (IT infrastructure and software)
Gordon (2002)	- Information and communication technology (ICT) - People - Processes - Knowledge and understanding of the market

SOURCE: OWN ELABORATION, (2014)

Based on FIG. 4, rest the pillars to shape this research, and were considered the four mentioned areas according to the investigator that integrate, explain and determine the relationship between the successes of the implementation of a CRM strategy and exert direct impact on the performance of the restaurant industry in Jalisco´s state.

The next part of this paper will talk about the four independent variables that were developed to rich the goals of the present investigation on the restaurant industry.

Independent variable 1: Customer orientation

In this changing world, organizations are realizing the importance of leading a customer-oriented as steering axle of management activities; which is considered one of the most important market variables as mentioned Khandekar and Deshmukh (2012) that the need to focus on the customer is increasing day by day and CRM is a key tool to fit.

In research conducted by Narver and Slater (1990) customer orientation is considered the most important to survive the competition because every organization should know your target audience well and understand their needs and desires in order to provide component a high added value; therefore one of the main objectives of this philosophy of market

orientation is based on the total satisfaction of consumer demands, increasing its value by adapting and customizing the products according to your requirements.

It is noteworthy that the client should be considered the center of all activities carried out within a company, in an effort to build long-term relationships with them and Palanivelu Kavitha (2012). An organization that has a strong customer orientation, has the ability to better design their processes and organizational culture that tends to evoke employees to fully understand the needs of their customers (Bang, 2005).

Having oriented philosophy customer helps consumers themselves perceive the organization as friendly, since all employees strive to understand and try to help them in their requirements, so you feel satisfied, it generates a strong commitment and therefore the objective of creating lasting relationships in the long term the company will be achieved.

Similarly Bentum and Stone (2005) state that customer orientation is a prerequisite for the successful CRM strategy is prerequisite.

Considered as an essential element of CRM, total customer orientation (Sin, Tse and Yim, 2005), will be considered as a variable that positively impacts the implementation of strategies within a company because a company must focus all or most of its activities to meet the needs and desires of their income generating source (clients) and maintain a philosophy focused directly on keeping them satisfied with the product or service you are consuming.

In FIG. 5 below you can see a list of authors who claim in their previous studies that customer orientation is listed as one of the main pillars on which rests a successful CRM strategy.

FIG. 5 AUTHORS THAT RELATE CRM WITH CUSTOMER ORIENTATION

AUTHORS	IMPORTANCE OF CUSTOMER ORIENTATION
Narver & Slater (1990)	Customer orientation is the most important factor to survive to the competition
Bentum & Stone (2005)	Customer orientation is an indispensable prerequisite for the CRM to be successful
Urbanskiené, Zostautiené & Chreptaviciene (2008)	All organizations must be customer-oriented and focused on meeting their needs
Torggler (2009)	Customer orientation is one of the key success factors of CRM
Kavitha & Palanivelu (2012)	Customer orientation helps build long-term relationships with customers of an organization
Khandekar & Deshmukh (2012)	Customer focus is one of the most important variables to survive in the market

SOURCE: OWN ELABORATION (2014)

Independent variable number 2: Information and communication technology (ICT)

The CRM could not act alone, but there are various aids such as information and communication technology (ICT) that help collecticting data that can be analyzed to provide necessary information and thus create a more personal interaction with the client asserts King and Burgess (2007) and Swift (2001).

Within organizations is paramount historical storage where their activities are recorded primarily focused on its customers, which include: data mining to identify their needs quickly and be able to solve their requests; it works to create a database updated (Krasnikov, Jayachandran, and Kumar, 2009). The CRM is responsible for collecting information from all data sources within an organization to provide an overview of each consumer in real time. This

allows support and train employees involved in areas such as sales, customer and marketing to make quick decisions that always adapting to meet their needs; (Razvan, 2010).

It is a process that works together to bring benefits to customers. Thus represents one of the most useful ways to gather information about them, sales, measure the effectiveness of marketing activities, competition and market trends, without much effort and dedication. It gives them the advantage of being inexpensive and easily accessible as it takes place within the organization. By making use of these technologies enabled the company to generate and maintain profitable relationships with their customers (Day, 2003).

The information and communication technology (ICT) has become in recent years as a key success factor for organizations, according to data from Buxmann and Gebauer (1999), the utility companies are working hard to implement new strategies management of technology and the advantages achieved have been outstanding.

Known as CRM Technology (Sin, Tse and Yim, 2005), to those tools that assist the implementation of a CRM strategy to make use of information technology as the collection, storage and analysis of data, specialized

software in an effort to understand the purchasing behavior of customers, register your contact information, detect flow using certain products; etc. Furthermore there is evidence that these technological programs have allowed companies to improve their direct marketing techniques through the personalization of services, which has resulted in great benefits for utilities. On the other hand, authors like Kale (2004) mention that the lack of implementation of information technology in a CRM strategy is the main cause of failure of the same followed by the lack of use of mining and data integration, which confirms the above hypothesis.

Therefore every company should identify, select and implement technology (software, web sites, programs, data mining) that best suit them to manage their CRM strategy without forgetting that a cornerstone to work are human resources organization (Renart and Cabré, 2008). Another author who also categorized ICT as a key element for efficient CRM initiative is Razvan, (2010) and Gordon (2002).

Below in FIG. 6 lists the main exponents affirming the great influence of the information and communication technology in the development of a functional CRM initiative is described.

FIG. 6 AUTHORS THAT RELATE CRM WITH ICT

AUTHORS	IMPORTANCE OF ICT
Buxmann & Gebauer (1999)	ICT is considered today a key success factor for service organizations
Kale (2004)	The lack of implementation of ICT in a company is the main factor in failure of the same
Sin, Tse & Yim (2005)	CRM technology has generated greater benefits to companies
Payne & Frow (2006)	CRM focuses on customer-technology strategy
Renart & Cabré (2008)	Each company must select the technology that best suits and thereby manage their CRM strategy
Razvan (2010) & Gordon (2001)	The information technologies are a key element for efficient CRM initiative

SOURCE: OWN ELABORATION (2014)

Independent variable number 3: Administrative capacity

A third component are the employees of the company, since the CRM within its core activities

should facilitate the dissemination of knowledge of the customer across the organization to improve the quality of their service (Ryals, 2005). Emphasizing that internal customers (employees) is one of the success factors of a

company as they are customer facing. It should work in this area of opportunity because most companies have a philosophy of "external customer first" without worrying about the others inside.

The organizational capacity of a company lies in understanding the preferences and needs of its market, acquiring, collecting and assimilating external knowledge to later transform into customized products and services for its customers (Branzei and Vertinsky, 2006; Joshi and Sharma, 2004; Marinova, 2004). Therefore appears that the administrative capacity of a company, is the set of strategies that cause a profound change in its structure, in its internal organization, which is comprised primarily of human resources (Sin, Tse and Yim, 2005) in which, employers consumer relationship is an important factor to consider. Any company should prioritize cutting edge continuing education and training of its employees to try to maintain and continue to foster lasting relationships with all customers.

The support of employees is not only considered as a key factor for the success of the organization, but also of successful CRM initiative. As reaffirm Payne and Frow (2006) in their research. Unfortunately, previous studies indicate that despite this strategy would increase performance, employees most of the time they refuse to adopt (Becker, Greve and Albers, 2010).

Xu and Walton (2005) point out that the success of a CRM strategy lies not only in meeting the needs of customers but the organization itself where the employee is responsible for generating such empathy with the consumer, because as exemplified Noruzi (2007) management should be concerned primarily about having satisfied their workers because they represent the face to the customer, so mutual empathy, which is the basis for relations in the long term hold.

In a study conducted by Ranjan and Bhatnagar (2009) suggest that the successful implementation of CRM in an organization depends on the interest and openness to accept change by employees.

In other research, Maselli (2001) notes that one of the most common problems that cause the failure of a CRM initiative is the lack of integration of the organization among workers, insufficient support from senior management and the underestimation of the importance of change management.

In the FIG. 7 you can see a summary of the main authors in their studies could test the relationship between variables CRM and administrative capacity.

FIG. 7 AUTHORS THAT RELATE CRM WITH ADMINISTRATIVE CAPACITY

AUTHORS	IMPORTANCE OF ADMINISTRATIVE CAPACITY
Maselli (2001)	The failure of a CRM strategy is the lack of integration of the organization among its workers
Sin, Tse & Yim (2005)	Human resources are the key part of an organization to success in CRM
Xu & Walton (2005) & Noruzi (2007)	The employee is considered the "internal customer" and has huge importance as the face of the company to the customer
Payne & Frow (2006)	Employees = key success factor for the organization and CRM
Mendoza, Marius, Pérez & Grimán (2007)	People who work in the business are those that determine the success of the CRM strategy
Ranjar & Bhatnagar (2009)	The success factor of CRM in an organization depends on the openness and adaptability of workers

SOURCE: OWN ELABORATION (2014)

Independent variable number 4: knowledge of the competition and global market

Another vital component of CRM which is mentioned according Gordon (2002); Romano and Fjermestad (2002, 2003) is knowledge and market understanding wherein the company is immersed. To understand the competitors development, their marketing strategies, their unfolding; this will help the organization you be better prepared for contingencies and so be forewarned for any unexpected change on the market. Nowadays companies that are not informed of what happens around them, in general industry and with their competitors are found on direct disadvantage and vulnerable to market changes. In this sense Deshpandé, Farley and Webster (1993) assert that a company must always know its competitors to have the capability of satisfying the better than the other customers. Therefore is considered an imperative variable success of the strategy of CRM for this study.

It is meant by knowledge of competition to the perception of the strengths, weaknesses, opportunities and threats of the current and potential competitors of the company (Day and Wensley, 1988). Additionally must understand their market shares and how to react to them (Narver and Slater, 1990). In other studies Day and Nedungadi (1994) assert that involves beliefs that a company relative to competitors and how to react to them. On the other hand, authors like Finnegan and Currie (2010) detail a homogeneous CRM strategy should be seen as a process that tries to combine different pieces of information about customers, sales, external factors and especially with a focus on competitors and market trends in order to select and apply best sales tactics.

Companies with extensive knowledge of the market and competition had greater success than others concerned to adapt to change, efficiency and effectiveness in improving the life cycle of the customer, because as well mention Javalgi, Martin and Young (2006), businesses that have greater market orientation know best wishes, expectations and interests of its clients and to discover the forces of its competitors, are able to combine that knowledge to create products and services with high added value.

Payne and Frow (2006) suggest that every company should be governed under a collaborative and inclusive approach in all its markets (external customers, suppliers, employees and competitors) to exploit the opportunities that knowledge and unification of these bring.

There are two ways for a company to adopt an approach to competition; first through the monitoring of competitors (Davenport, 2006) and the second is to train employees to observe the movements of competitors closely (Day, 2003). Both together contribute to more successful and competitive results.

Therefore, below on FIG. 8 explain the benefits that according diverse authors entails the knowledge and market understanding and competence and its positive impact on implementing it.

FIG. 8 AUTHORS THAT RELATE CRM WITH KNOWLEDGE OF THE COMPETITION AND GLOBAL MARKET

AUTHORS	IMPORTANCE OF KNOWLEDGE OF THE COMPETITION AND GLOBAL MARKET
Day & Wensley (1988); Naver & Slater (19990); Day & Nedungadi (1994).	Understand the actions of competitors and know how to react to them
Deshpandé, Farley & Webster (1993)	Meet the competition to best satisfy customers
Javalgi, Martín & Young (2006)	Companies that know their competition are more successful than those that do not, because they are better adapted to market needs
Zheng- Zhou (2007);	Meet the competition has advantages in marketing, costs and financial performance

Luo, Rindfleisch & Tse (2007).	
Finnegan & Currie (2010)	A homogeneous CRM strategy must combine several factors, particularly focus on competition and knowledge of market trends

SOURCE: OWN ELABORATION (2014)

So, seen from the business focus, management of the relationship with the client or CRM is described as a business strategy that supports obtaining generate higher revenues and profitability. Given that provides information to the organization to better know their customers what fosters long-term relationships; therefore represents a competitive advantage, to survive in this changing market. We can say that someone without a CRM system, is prone to failure and is at a disadvantage with competitors. The CRM is assisted by other research areas that promote improved efficiency and drive better know their customers, as are the technologies which will provide information relevant to their consumers specific data; besides requiring a strong customer focus to function, high administrative capacity as employees of an organization are considered the face of the company to the customer and to complete the knowledge of the market and competition complements the more homogeneous melt for the CRM initiative work and meet expectations raised by company executives.

Research design
The construct developed for this research is explained with a single dependent variable called CRM, which hang four independent variables of equal importance to each other and above: ICT, customer orientation, administrative capacity and knowledge of the competition and global market, which are composed of dimensions trying to give explanation with which the items transferred to the research are the questions within the body of the questionnaire answer these intrinsic relationships between dependent and independent variables were generated. The research used various methodological tools for their development; through descriptive research in the first phase for information gathering where construct was generated and subsequently elevated to correlational level, where examines the relationship between them and the results thereof (Salkind, 1998); mixed approach as determined by Hernández et al (2006) it collects, analyzes and links quantitative and qualitative data in a single study or series of investigations to address a problem statement; transversal as data are collected at one and only time; with reach in Guadalajara, focused on the 906 major restaurant MSME registered in the database of DENUE until 2012.

The FIG. 9 shows the technical details of the investigation.

FIG. 9 TECHNICAL DETAILS OF THE INVESTIGATION

CONCEPT	CHARACTERISTICS
Universe*	906 restaurants
Field of study	Local
Sampling unit	MSME (Micro, small and medium enterprises)
Method of data collection	Personal interview
Sample type	Simple random sampling
Sample size	420 restaurants

Margin of sampling error	+- 4% and 97% level of confidence
Date of fieldwork	August to November 2013

SOURCE: OWN ELABORATION (2013)

Regarding field research it was developed a questionnaire structured in seven blocks divided by areas, a total of 52 items, using three different question models, the dichotomy that allows the respondent to select whether or not, the multiple choice, where have a number of alternatives to choose from lists (Kinnear and Taylor, 2003) and the Likert scale from 1 to 5.

Respondents should be fully involved in the administration, management and / or address of the restaurant to have all relevant information to the CRM and its implementation, to respond based on their experience according to the post.

All results from the pilot and finals were tested through statistical analysis; multivariate, Cronbach's alpha, KMO, Bartlett sphericity using SPSS and EQS programs through Confirmatory Factorial Analysis (CFA) and the covariance structure model (CSM).

This research tries to demonstrate that the four independent variables of the main study impact in different but positive ways to Jalisco´s restaurant industry.

Reliability and validity of the model

To test the reliability and validity of the model developed; was used the confirmatory factor analysis (CFA), which has a number of variable data to estimate parameters such as factor loadings and other common factors, calculation of covariance as Aldás mentioned (2001) by using the EQS version 6.1 program as a model for estimating the maximum likelihood by the matrices (Bentler, 1995; Aldás, 2001).

Following this we use a second type of measure diagnosis, considered the most used in studies, Cronbach's alpha , which as a general agreement on the lower limit of .70 is appropriate; remembering that the greater number of items to be evaluated, increase the value of reliability (Hair, et al., 2004). It is noteworthy that other measures of reliability derived from the AFC as the analysis of the composite reliability and average variance extracted are available (Hair, et

al., 2004) which are also relevant for the present study. The test yielded a .904 alpha making it a reliable sample.

The figures analyzed directly from the database show a normal distribution, but for better statistical evidence some other tests to verify the normality of the study were added, so other statistics were used to confirm robust and generate more evidence of adjustment model (Bentler, 1995). These data can be seen in FIG. 10 of internal consistency and convergent validity of the theoretical model.

The settings made in the present work were the normed fit index (NFI) that measures the proportional reduction in the adjustment function when passing the null model to the one proposed. The values of this index varies between 0 and 1, considered acceptable values above .90 (Lévy and Varela , 2006). In this case the value obtained from NFI .904 was considered reasonable under studies of Segars and Grove (1993); Hair et al., (2004).

The Non normed fit index (NNFI) is an index that overcomes the limitations of the normed fit index (NFI) to consider the degrees of freedom of the proposed model and void thus being very weakly related to the sample size. The range of this index varies between 0 and 1, with recommended values higher than .90. This measure is useful for comparing alternative models (Lévy and Varela, 2006). The value obtained from NNFI of this study is .814, again agreeing with measurements generated by Segars and Grover (1993); Hair et al., (2004) then it is considered reasonable for the type of research.

The Comparative fit index (CFI), measured the non-centrality of a model, this measure ranges from 0, for an ill-fitting and 1, for a model well adjusted. This index is to be preferred to the Chi square for large samples and above 100 units (Lévy and Varela, 2006). As for the IFC .924 obtained was considered by Varela and Levy (2006) as acceptable exceed .90.

The index root mean square error of approximation (RMSEA) represents the goodness

of fit would be expected if the model were estimated with the population and not just the sample extracted from the estimate. The assessment of its magnitude is subjective, considering that a lower value of .05 indicates a good fit, the values near to .08 represent a reasonable approximation error of the population and values above 0.1 are indicative of poor approximation according to information submitted by Browne and Cudeck (1993, cited in, Lévy and Varela, 2006: 21). In the present study the RMSEA was .034 considered well adjusted because it satisfy the parameters under than .05 (Hair et al., 2004).

Subsequently Cronbach 's alpha ranged from .907 to .761 and according to studies by Hair et al., (2004) values greater than .70 are considered acceptable, so it met this measuring; as well the IVE was over .50 which is the minimum recommended according to studies by Fornell and Larcker value (1981).

In summary the Confirmatory Factor Analysis (CFA) summarize it is asserted that there is a good fit data as shown below (S-BX2 = 353.1590; df = 90; (p <0.0000); NFI = .904; NNFI =. 814 CFI = .924, RMSEA = .034) and in turn, the convergent validity of the results is confirmed, this indicates that the items are significant (p <0.001) as the factor loadings refer to be> 0.60 reportedly provided by research of Bagozzi and Yi (1988). These tests can be seen on the next FIG. 10.

FIG. 10 INTERNAL CONSISTENCY AND CONVERGENT VALIDITY OF THE THEORETICAL MODEL

VARIABLE	INDICATOR	FACTOR LOADING	T- ROBUST VALUE	CRONBACH ALPHA	IFC	IVE
Customer Orientation	W1	0.682	1.000	0.761	**0.877**	**0.461**
	W3	0.648	6.304			
	W6	0.731	1.000*			
	W7	0.686	12.749			
	W8	0.643	10.605			
Information and Communication Technology	X1	0.905	1.000*	0.912	**0.949**	**0.644**
	X2	0.911	29.023			
	X3	0.669	9.762			
	X4	0.697	11.627			
	X6	0.900	1.000*			
	X7	0.685	12.608			
Administrative Capacity	Y4	0.902	1.000*	0.797	**0.881**	**0.677**
	Y5	0.735	7.236			
Knowledge of the Competition and Global Market	Z2	0.795	1.000*	0.907	**0.964**	**0.711**
	Z3	0.895	12.972			
	Z4	0.8	1.000*			
	Z5	0.915	30.836			
	Z6	0.884	22.603			
	Z7	0.759	16.576			
S-BX^2 (df = 90) =353.1590 (p < 0.0000); NFI = .904 ; NNFI =.814 CFI = .924 ; RMSEA = .034						

*** = p < 0.001

SOURCE: OWN ELABORATION (2014)

Results

As before, in this specific area of the paper presents the tests that were made to prove de hypothesis. The KMO obtained was .888, meaning that it can carry out the factor analysis in this model made construct; the Cronbach's alpha of .912 representing a very high reliability.

The assumptions made by the application of structural equation model (MEC) which shows that both individual and joint variables have a positive impact on CRM in the restaurant industry ZMG follows are tested:

The **H1** hypothesis specifies that (β = 0.391, p <0.001) indicating that customer orientation has significant positive effects on CRM;

Hypothesis **H2** (β = 0.408, p <0.001) indicates that ICT have a positive impact on CRM,

The **H3** indicates (β = 0.471, p <0.001) also impacts positively,

Hypothesis **H4** (β = 0.460 p <0.001) equally and finally

The **H5** (general) has a significant positive impact (β = 0.374p <0.001).

This means that customer orientation positively affects 39.1%, ICT it´s affected on 40.8%, administrative capacity by 47.1%, and the knowledge of the competition and the overall market by 46%.

All research hypotheses are tested, both general and specific; meaning that all have a positive impact on scale ranging between 39 and 46 percent by implementing CRM strategies in the restaurant industry of Jalisco.

As well as the validity of the theoretical model tested using the chi-square test is the crucial step, because if there is perfect agreement between observed and expected frequencies, the statistic takes on a value equal to 0 and if instead there is a large discrepancy between the frequencies, the statistic takes a large value and therefore, the hypothesis (Hair et al., 2004) is rejected.

The results indicate no significant differences in the theoretical model, while largely explain the relationships in the construct.

So, all hypotheses were tested through the application of MEC which shows that both individual and set variables have a positive impact on CRM in the restaurant industry of Jalisco as can be seen in FIG. 12.

FIG. 12 RESULTS OF THE HYPOTHESIS TEST OF THEORETICAL MODEL

Hypothesis	Structural relationship	Standardized coefficient	Robust t-value	Measures of FIT
H1: A greater use of ICT more CRM	ICT -------------- CRM	0.391***	9.885	S-BX2(70)=274.6792 p=0.000
H2: A greater client orientation more CRM	CO--------------- CRM	0.408***	15.755	
H3: A greater administrative capacity more CRM	AC---------------- CRM	0.471***	7.236	NFI=0.904 NNFI=0.814
H4: A greater knowledge of the competition and global market more CRM	KCGM---------- CRM	0.460***	20.747	
H5: A greater use of ICT, client orientation, administrative capacity, knowledge of the competition and global market more CRM		0.374***	53.624	CFI=0.924 RMSA=0.084
**=p<0.001				

SOURCE: OWN ELABORATION (2013)

Conclusions

Managing the relationship with the customer is a business philosophy that is becoming of greater force in all industries, more specifically in the service of his great relationship with customers; contributes to the entrepreneurs in the restaurant industry of Jalisco to generate long-term relationships with their customers and generate as many benefits.

Regarding the results of the factor analysis and statistical information gathered in the

framework by the various authors on which this research is based, as all construct variables have positive effects on CRM implementation is checked. Therefore, all specific hypotheses through research proven, as both customer orientation (H1) has a positive impact on the implementation of CRM in the restaurant industry at 39.1%, and the use of information and communication technologies (H2) at 40.8%, having wide administrative capacity (H3), which generates a positive effect on 47.1%, also the knowledge of the competition and the overall market (H4) impacts a 46%. Both the particular and in general, the hypothesis (H5) is the set of all the above, showed a percentage of 37.4% positive impact on the implementation of CRM. This is based solely on the results of the theoretical model SEM.

Furthermore, after the model of internal consistency and convergent validity of the theoretical model dimensions that proved a greater impact on the restaurant industry in the metropolitan area of Guadalajara will be explained below.

As relevant to customer orientation (OC) has two specific dimensions, satisfaction of wants and needs and customer loyalty and post-sale service, in which the variables that showed the greatest impact are exercising concern for knowing and understanding the needs of customers to provide a better service, measuring customer satisfaction, pay close attention to after-sales and loyalty consumer service, offer rewards programs and promotions for repeat customers, detect and classified the diners as the frequency of their visits.

For the use of information communication technology (ICT) were the most ounstanding dimensions, contact and follow-up given to restaurant managers; highly specific variables that impact the studios are employing technologies of information and communication to establish direct contact with current and potential customers, fostering loyalty of them, ease of contact with the restaurant through various communication channels, the use of electronic tools such as internet, website, social media and email to be on direct contact with customers and the use of electronic media to publicize promotions and rewards to customers.

In the area of administrative capacity (CA) internal communication dimension was composed of the variables, have a communication continues effective and bilateral cooperation with all employees and between functional areas of the restaurant can provide better customer service.

On knowledge of competition and global market (CCMG) represented by the dimensions of competence and knowledge strategies and opportunities shaped by variables: find out who they are and have detected the competitors know the offers and products that competitors sell, quickly react to the actions of the closest competitors, studying the competition to identify new market opportunities and improved service and generate strategies for competitive differentiation.

Therefore it can be concluded that the four main research variables proved to have a positive impact on the implementation of CRM strategies in the restaurant industry in Jalisco.

Moreover, according to data obtained from the analysis of data in SPSS we can detect that within the restaurant industry little knowledge of what the administration client relationship is observed, but that does not say that some strategies of differentiation between competitors do not apply, because although not develop consciously know competition is tough; entrepreneurs operate with the notion of satisfying its customers to return in the future and some more with the philosophy of "the customer comes first and is always right", it is perceived that the performance of CRM is in levels of initiation; as less than 35% of respondents said implementing a strategy in your business, but most of them expressed wanting to do in the near future.

There is much to do in this industry, checking what statistics mentioned above, many of the restaurants surveyed are new to the business as less than 40% of them have more than 10 years in the rotation. Most companies are family so poor solid administrative structure is observed. Yet many of businessmen were open to implement CRM strategies in the future relying on Chambers to which they are affiliated; of the 420 surveys completed only about 45% of respondents affirm to belong to any camera

support their industry (CANIRAC, CANACO, SIEM).

Opportunity areas for future investigation

We will call area of opportunity to all questionnaire items, which were not included in the investigation for their lack of impact on the implementation of CRM in the restaurant industry of Jalisco but still could mean future opportunities for restaurants among them are: (W2) one of the main objectives of the restaurant is to meet the needs of customers 100% (W4) create business strategies in order to increase the value for customers, (W5) adapting products and services to customer requirements, (X5) make information available to customers on a basis of complete and updated data (Y1) management must be pretty involved in the implementation of strategies to promote good relations with customers (Y2) essential that all employees work and strive to achieve the goals of the company as a whole, (Y3) objectives relating to the acquisition, retention and customer growth are completely clear to employees, (Y6) the organizational structure is designed and especially geared to the needs of customers, (Y7) employees who are in direct contact with the customer to worry about generating good relationship with them, (Y8) encourage employee compliance with the objectives set for customer satisfaction, (Z1) know that there is great market competition directly affects my business, (Z2) know who they are and have detected competitors, (Z3) know what the offers and products are competitors offer.

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SEGMENTING, TARGETING AND POSITIONING OF MOBILE PAYMENT SERVICES

Raluca-Andreea Wurster & Cezar Scarlat

Abstract: *New technology companies only maintain a leading role, if their innovations are adopted by a majority of consumers. Due to an increasing mobility of today's society and progress in technological infrastructure, the mobile phone technology gas been quickly adopted worldwide. The technological advances in the field of near-field contactless communications and the development of sophisticated mobile applications have enabled mobile phones to become a potential means of payment.*
As part of its business strategy and strategic management process, a technology firm has to develop a strategic marketing plan (strategic marketing plan process) which includes: Segmentation, Targeting, Positioning (STP paradigm) – in this very order.
The purpose of this paper is to suggest strategic management recommendations for STP the mobile payment services (MPS) – based on drivers and barriers of MPS adoption that were identified both in literature review and empirical research related to MPS. Hence, the managerial implications of this study: to help managers to improve their longer run decisions and keep them focused on the launch of a new payment product.

Introduction and Definition of Mobile Payment Services

Successful companies in the technological field only maintain a leading role, if their innovations are adopted by a majority of consumers. Due to an increasing mobility of today's society and progress in technological infrastructure, the mobile phone technology has been quickly adopted worldwide. The technological advances in the field of near-field contactless communications (NFC) and the development of sophisticated mobile applications have enabled mobile phones to become a potential means of payment.
The notion of Mobile Payment Services (MPS) refers to making payments for goods, services

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and bills authorized, that are initiated and realized by using mobile devices independent from a bank website connection (Schierz *et al.,* 2009). The transaction can either be remote (SMS-based for instance) or processed locally via contactless technologies such as Near Field Communication (NFC). Overall, according to a study from Arthur D. Little (2012) so-called "mobile payments" represented a transaction volume of $250 billion in 2012. Based on new technologies, MPS are currently diversifying. However, they have so far developed slowly, except in a few countries. In developing countries, where mobile telephony is also widely adopted, mobile payments are seen by the governments as an opportunity to improve access to banking services for the unbanked population. The launch of the M-Pesa service by Vodafone in Kenya, which reached a total of 7.5 million subscribers in 2009, has also generated hopes to reduce financial exclusion in these countries (Bourreau and Verdier, 2014). As Venkataraman (2008) shows, not all mobile payment implementations are successful: one of the reasons behind the slower growth is a lack of suitable guidance or planning for a successful

mobile payment adoption; he addressed this issue - from both technical and business prospective - by proposing a reference framework (roadmap) for mobile payment implementation. However, a close analysis of these cases reveals that success stories cannot be easily generalized and demonstrates that several ingredients are needed for Mobile Payments to succeed (Bourreau and Verdier, 2014).

Research Objective

At the heart of the management problem lays the question how could the involved companies make sure that the newly launched payment products will subsequently lead to new and to steady income streams.

The authors will start by presenting the main criteria for consumers to adopt or to reject Mobile Payment Services. The objective of this article is to suggest strategic management recommendations that follow the beaten path of the Segmenting-Targeting and Positioning (STP Paradigm) and are based on drivers and barriers of MPS adoption that were identified in empirical research related to MPS.

Drivers and barriers of Mobile Payment Services´ consumer adoption

Mobile Payment Services (MPS) is a dynamic and growing market segment, regarded as strategic business field (Bauer, 2012) and thus, potential providers and retailers aim for a competitive advantage if they start offering MPS to their consumers. The overall aim is to position the services from the consumer perspective to ideally realize a strong position in the market (Abell, 1980, 1999) as reflected in the Market-Based View (MBV). In this logic the value proposition of the product is a result of how an innovation is accepted by the consumers in comparison to comparable products from the competitors (Day, Montgomery, 1999).

Pousttchi and Hufenbach (2013) proposed a mobile payment reference model that provides not only theory background but it is also a tool for marketing research – to be used for data collection and customer preferences analysis. "Discovering preferences transparently means that the marketer learns the customer needs without actually involving them. When marketers learn customer preferences collaboratively, they engage in a dialogue to help customers to articulate their needs and identify how to meet those needs." (Kahn, 2000, p. 14)

With the aim to identify the drivers and barriers of MPS consumer acceptance and adoption, the author selected empirical explorations, each with a different focus, but all contributing with unique insights. The meta-study by Tornatzky and Klein (1982) on innovation adoption provides a fundamental understanding of influential variables of the intention to use innovations in general. The study by Schierz et al. (2009) explored acceptance determinants of MPS. Mallat (2006) identified MPS drivers and barriers of consumer adoption and together with Tuunainen (Mallat and Tuunainen, 2009) barriers of merchant adoption. Yang *et al.´*s (2012) exploration conducted among Chinese and Americans is not limited to the "intention to use" but includes results from the post-adoption stage of MPS usage. Research results of consumer acceptance in e-commerce (Pavlou, 2003) and m-commerce (San-Martin and Lopez-Catalan, 2012; also see Bauer, 2012) have been incorporated to examine the role of trust for adoption.

Based on the Technology Acceptance Model (TAM) by Davis (1985; 1989) and the Innovation Diffusion Theory (IDT) by Rogers (1983) and with the scope to determine drivers and barriers across opposite cultures, the authors of this article developed an own research model (Wurster, 2013) and conducted a qualitative study among German, Romanian and Chinese Bachelor students aged between 21 and 24 years (Figure 1).
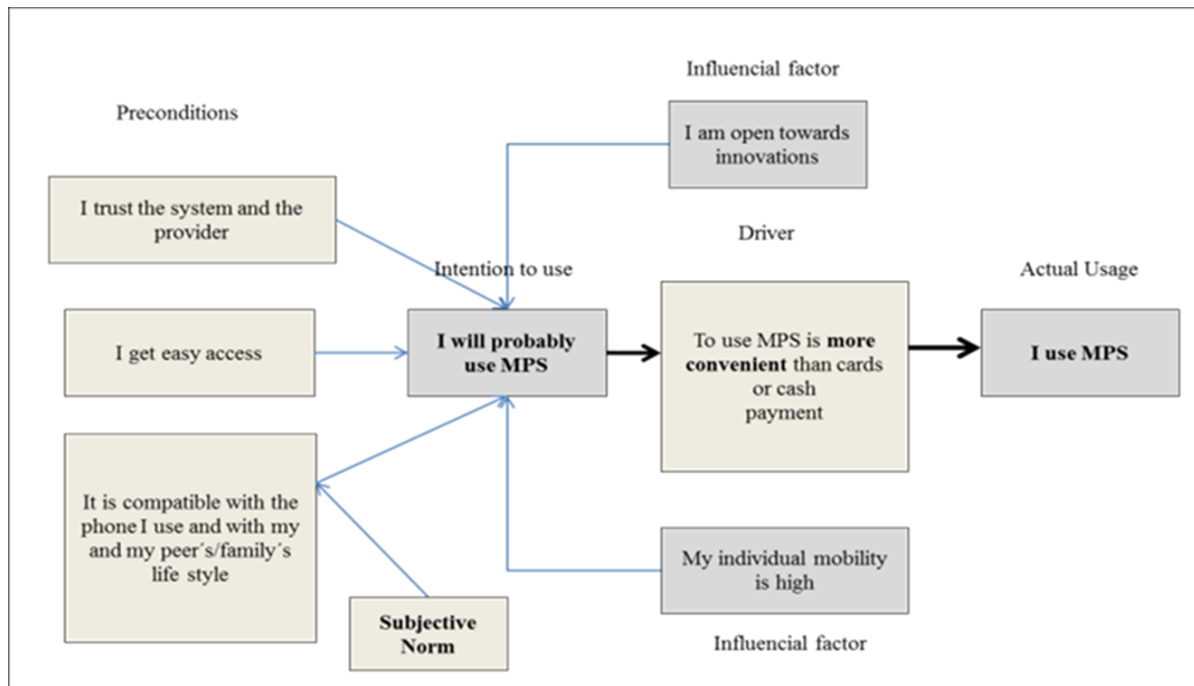
FIG.1: Research Model (Wurster, 2013)

All participants in the study were born during the internet and mobile communication area and without any fears of using technology in their daily lives. Most of the students still lived with their parents or shared their apartment with other students. While the Chinese were technologically the best equipped with the latest Apple iPhone and Tablet PC and Lenovo computer and had the highest income available of all students (the majority had a budget available of 1000-2000 €/month), half of the Romanian students not even possessed a smart phone and the majority had to exist on a monthly budget of 500 €. The German students all possessed a smartphone, either an iPhone or a Samsung and had an lived on an average budget of 1000€.

Common behavioral variables were a high degree of mobility in life and the predisposition to be open towards innovations; however, the majority was hesitating being the first to try innovations ("I would only try new technology after others tried it first and approved it."). A remarkable insight was that the majority of the Chinese believed that money led to a happy and a satisfied life, while for most German and Romanian students money was "important, but not essential for happiness". The Chinese were also very conscious to avoid debts. The majority did not possess a credit card as it would possibly lead to making debts. The majority of the Chinese used the cash disposal machine only once a month. Germans did not have an issue with making debts or using credit cards. Romanians preferred cash, except for e-commerce purchases and for the booking of hotels and flights.

The majority preferred stationary shopping to online shopping, except for very few male students. If they went online for purchases, all students preferred to use a computer and a W-LAN access at home as it was perceived as safer and more convenient than m-commerce via mobile device.

Convenience was very important to all interviewees. The main benefit and reason for using the latest technology is convenience as it "makes life easier". Other reasons are "status" and higher acceptance within the peer group. As could be seen in the clear preference for the brand Apple, for the Chinese students, "conformity" might still play a role and might possibly root in decades of communism. The authors came to the conclusion, that following variables are driving MPS acceptance and adoption, which was also confirmed by previous research:

Trust into the system and the provider(s) (Pavlou, 2002; Mallat, 2006; Mallat and Tuunainen, 2009; San-Martin and Lopez-Catalan,

2012; Bauer 2012; Fingerhut, 2014, Wurster, 2013).
Compatibility of the system (Tornatzky and Klein, 1982; Mallat, 2006)
Accessibility to the system (Wurster, 2013; Fingerhut, 2014)
Convenience (Wurster, 2013)
While the first three variables (trust, compatibility and accessibility) became pre-conditions in the ongoing worldwide adoption process of this payment method, the providers of MPS can deliver a real benefit to potential consumers by offering *more convenience than* alternative payment options (Wurster, 2013) or *"value added services"* (Fingerhut, 2014). According to the primary qualitative research conducted by the authors, MPS was perceived as "convenient alternative" to pay, especially vs. cash money; thus, the relevant competitive reference should not be debit or credit card payment, but cash payment; another important insight was that "convenience" means *fastness and simplicity* of the financial transaction via mobile phone.
The primary research also confirmed what has been identified as individual influence factors for MPS adoption by previous researchers (Yang *et al.,* 2012; Schierz *et al.,* 2009) as
Individual mobility
A positive attitude towards technological innovations
Experience with technology usage in daily life
Subjective norm, as for example, the consumer's attitude towards money and banking and

opinions of his/her family, peer group and social net community
Personal risk or control perception
Identified barriers of MPS consumer adoption are
The absence of trust into security dimensions of a payment system. Most authors and researchers agree upon the dominant role of security issues for the acceptance of online and mobile payment services (Pavlou and Chai 2003; Bauer, 2012; Wurster, 2013; Fingerhut, 2014).
Complexity as the opposite of convenience (or simplicity), but in the sense of too many different procedures to accomplish the payments on POS and long lasting registration procedures (GfK, 2011; Ondrus and Pigneur, 2009; Wurster, 2013).
All factors that hinder merchants to adopt mobile payment systems and thus, prevent from making the services accessible for the consumer (Mallat and Tuunainen)

Strategic management options for Segmenting, Targeting and Positioning MPS

As a framework to strategically positioning MPS, the authors chose the Segmenting-Targeting-Positioning Paradigm as it plays a central role within the Market Based View (MBV), which is the Strategic Management stream that is focusing on consumer needs and acceptance within a certain competitive surrounding (Figure 2, Figure 3).
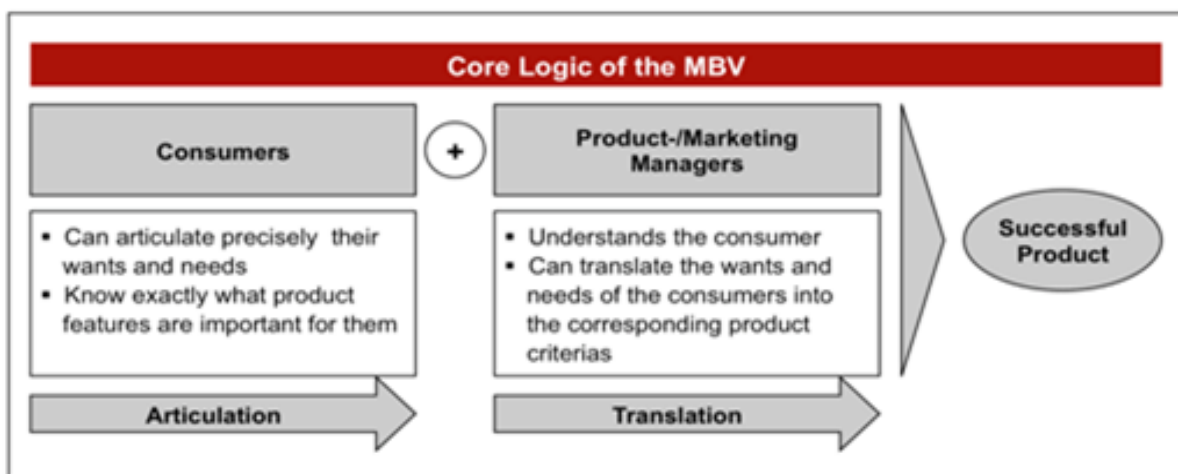

FIG. 2: Core Logic of the MBV

Of all established strategic management streams, the Market-Based View (MBV) plays a pivotal role for the launch of a new payment product. As the name of this view already implies the market-based considerations are at its core and it thus correspond highly with the Marketing concept. The rationale behind the MBV is that - based on an intelligent definition of the relevant market – an attractive market segment will be identified which in turn will be secured and developed by an adequate positioning strategy (Kotler, 1989, 1997). The overall aim is to position the products and services as idiosyncratic as possible from the consumer perspective to ideally realize a strong position in the market (Abell, 1980, 1999).
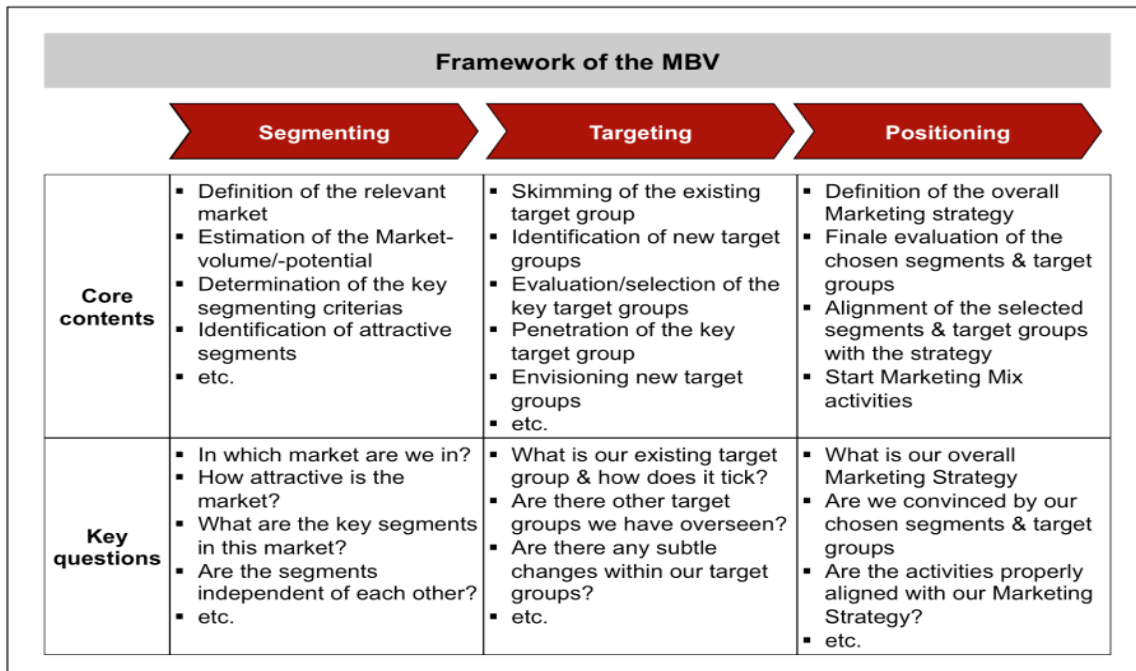

	Framework of the MBV		
	Segmenting	**Targeting**	**Positioning**
Core contents	▪ Definition of the relevant market ▪ Estimation of the Market-volume/-potential ▪ Determination of the key segmenting criterias ▪ Identification of attractive segments ▪ etc.	▪ Skimming of the existing target group ▪ Identification of new target groups ▪ Evaluation/selection of the key target groups ▪ Penetration of the key target group ▪ Envisioning new target groups ▪ etc.	▪ Definition of the overall Marketing strategy ▪ Finale evaluation of the chosen segments & target groups ▪ Alignment of the selected segments & target groups with the strategy ▪ Start Marketing Mix activities
Key questions	▪ In which market are we in? ▪ How attractive is the market? ▪ What are the key segments in this market? ▪ Are the segments independent of each other? ▪ etc.	▪ What is our existing target group & how does it tick? ▪ Are there other target groups we have overseen? ▪ Are there any subtle changes within our target groups? ▪ etc.	▪ What is our overall Marketing Strategy ▪ Are we convinced by our chosen segments & target groups ▪ Are the activities properly aligned with our Marketing Strategy? ▪ etc.

FIG.3: Framework of the MBV

Segmenting and targeting

"Market segmentation is concerned with a classification of customers and consumption and when enacted, market segmentation usually turns to or is based upon the relationships, which follows" (American Association of Marketing, 2014); it is a creative and iterative process to satisfy customer needs more closely and, in doing so, to deliver sustainable competitive advantage for the company (MacDonald, 2012).

Taking the discussion to a strategic and tactical level, the idea of a strategic window as outcome of the market segmentation efforts gives companies the opportunity to increase their profits and allow them as new competitors to challenge and attack traditional market leaders (Abell, 1978). However, this strategic window is reduced to limited periods when the key requirements of a market and the particular competencies of a company competing in the market are at an optimum (Proctor, 2000). On the tactical side this means, until competitors copy a firm's segmentation routine, the firm has a competitive edge; if the product or service is specific to the segment then this competitive advantage is multiplied (McBurnie, Clutterbuck, 1988).

Although segmenting is perceived on the theoretical level as an "objective" and straightforward activity one has to point that there is an array of issues and challenges when it comes down to successfully implement the identified and selected segments. Indeed many concepts and approaches do exist to segment a market but when it comes down to identify the key criteria's like measurability, accessibility, the strength of the segment as such and last but not least the non-interference within the segments

especially in terms of buying behavior, the scope of the differentiating variables are considerably reduced.

The identification and selection of the differentiating variables is further complicated as their preferences keep on changing at a much faster rate and that the behavior of the consumer is increasingly difficult to predict since it is getting more and more hybrid meaning that the consumer cannot be associated with one segment but rather with many. As a result of fast changing markets and a consumer behavior which is enormously difficult to predict the non-interference within the different segments can be hardly granted which in turn questions the overall segmentation of the company. Due to the increased turbulence of the environment the companies are literally forced to question themselves in terms of their key target segments like: Are our segments properly aligned with our strategy or are they contrary? Since the consumer behavior does not take into account artificial the segments the company has defined in the light of an adjusted strategy due to new trends in its environment. Most researchers (e.g. Schierz *et al.* 2009, Mallat, 2006, Mallat and Tuunainen, 2008, Yang *et al.,* 2012) suggested that companies should specifically target and position their MPS solutions to well suit individual behavioral patterns and prior experience.

There is a variety of research upon dividing the mobile communication market into different target groups. Yang *et al.* (2012) suggest segmenting the potential users according to their personal traits, especially to their degree of pre-disposition to adopt innovations and to their degree of individual mobility (Yang *et al.,* 2012).

Schierz *et al.* (2009) found out, that it is crucial to identify the early adopters of MPS as they are likely to adopt innovations first (Schierz *et al.,* 2009, p. 215). The positive influence of the early adopters has its origin in the IDT construct (Rogers, 1983) and has been positively confirmed by the qualitative study conducted by the authors: those who describe themselves as early adopters of technological innovations are all willing to try MPS.

Nearly every adult owns a mobile phone and carries it with him; however, this would imply to be owner of a smart phone, which accounts for 25% of the worldwide population and approx. 40% of the German population. Those who possess a smart phone and go online with their mobile phone on a daily basis are much more likely to use mobile payment services in the future than those whose use the internet less frequently (Kreimer, Rodenkirchen, 2010).

Therefore, a valid segmentation option would be to take the mobile internet usage behavior of consumers as a basis, as for instance done in the Austrian Mobile Communication Report 2013 (MCR, 2013). Although Austria is a small country, its location between East and West Europe is ideal to integrate insights from both, Western and Eastern European consumers as well. The MCR research revealed three target groups, Digital Natives (36%), Digital Immigrants (52%) and Digital Outsiders (12%).

Consumers who cannot reject a certain addiction to their mobile phone belong to the "Digital Natives" who have been brought up with mobile phones and the internet and account for 36% of the sample. Their usage rate of mobile web services is 96%. For these people, the mobile phone is essential for their communication, even for online purchase, they prefer using a mobile phone. This was relevant for the majority of the *male* Chinese and German students, interviewed by the authors.

The "Digital Immigrants" include a wide age range and are regular users of mobile web services (76% usage rate), but their usage is selective and goal-oriented. Their hesitation is grounded in "security and data protection" issues they have with web services their education level and income is the highest of all three target groups (MCR, 2013). The majority of the Chinese and Romanian students interviewed by the authors would be related to this target group denomination.

The "Digital Outsiders" are the ones with most skepticism. Their mobile internet usage rate is only at 8%; 34% of them are older than 50 years and the majority of them (81%) have only discovered the web during the last two years. The majority of the "Digital Outsiders" rejects using the mobile phone for other communication activities than to make calls because the display seems to small for them which reduces the convenience and they are technically too poorly skilled to go online with

their phone, even if is a smart phone (MCR, 2013).

Gender-segmentation, age-related or segmentation according to the individual risk disposition of consumers would be additional feasible segmentation strategies for MPS. Men (78%) and consumers younger than 30 years (89%) are the heavy users of mobile Web services. A large percentage as 88% use the mobile phone to gather information about products and services and their benefits or to search for certain brands and offers. The reason for the high attractiveness of these consumers is that they go online on a daily basis and rather have trust in mobile payments than those who go online less frequently. Dividing the potential users in risk-aversive and risk-friendly users and targeting them individually as Mallat suggested would be an alternative variant (2006). 30% of the mobile shoppers think that payments in mobile commerce are not secure enough (MCR, 2013; Francis *et al.*, 2010). 56% that have downloaded an App from an App store, pay attention to which features the App has possibly access on.

Especially in payments, MPS providers need to make sure to increase transparency and information for those users who are risk-aversive with special programs individually targeted to them with the aim to make them overcome their fears (MCR, 2013)**.**

One possibility to increase the efficiency of the targeting activities considerably is the implementation and deployment of Customer-Relationship-Software-Tools since one of the central value these systems have for companies is that all customer data is centralized and that new target groups can much more easily identified when customer behavior patterns are at the basis of the analysis (Sheth, Sisodia, 1999).

Positioning of MPS

What does successful positioning in the MPS market imply? Those providers of MPS will succeed that offer customers the highest degree of convenience and value-perception.

Companies that opt to engage in MPS should fulfill their promises, exhibit an ethical behavior and inform the audience, taking into account individual user needs and preferences of their target groups, in order to achieve trust (San-

Martin and Lopez-Catalan, 2012). PayPal demonstrates that strategies built on trust are successful in the long-run.

Confidentiality, data integrity, authentification and non-repudiation are the most important requirements for e-commerce and mobile payment transactions to build trust among risk-averse consumers (Dahlberg *et al.*, 2007; Mallat, 2006). Other aspects that are significant for trust-building are anonymity and privacy, which consumers rather associate with banks than with telecom providers (Kreimer and Rodenkirchen, 2010). Practical implications would be to offer following benefits and communicate them to the relevant target group:

security aspects in software and hardware

technical security standards at technical construction of the service

insurances covering possible losses

reliability as brand benefit in the communication strategy

Influences from friends and social networks have to be considered as critical, especially in the pre-adoption stage, but "this is especially the case among highly collective-culture countries as China, where individuals are more easily influenced by other's opinions than those, living in the low collective-culture countries as USA, Great Britain, Australia etc" (Yang *et al.* 2012, p. 137).

Recent attempts of mobile service providers to promote special fares and flat rates targeted at "Digital Natives" by asking their friends to participate and installing a bonus system for new contracts ("Friends gain Friends" by Base/Eplus) are going into this direction.

MPS providers can positively influence the consumer perception:

by improving the conditions for retailers to perceive MPS as attractive enough to adopt it and

Showing in their communication executions different situations for MPS usage to influence the value perception of MPS being more convenient and adding value than alternative payments

Reducing the payments to maximum €50 spending per buy.

Ideally MPS providers adopt to consumer's needs and offer NFC technology in places where time is a critical factor, as for example in

airports, train stations or bus/tram stops, taxi-cabs, but also in staff canteens or in public libraries, university cafeterias etc. But time saving also implies the expectation, that the payment process is as short as possible. Consumers are not willing to queue up longer in supermarkets, if the mobile payment procedure takes longer than card payment would take.

Thus, for successful mass-marketing of MPS, providers would need to develop advertising to emphasize the value of MPS service vs. cash payments. They should communicate the benefit "convenience" by demonstrating how compatible the method is with daily life situations, if MPS are accessible everywhere, where the consumer is, independent from a bank branch or cash disposal. Service providers need to extend their services and offer, apart from convenient and fast payment, saving tickets, price comparisons or search functions to find the closest shop with the lowest price for instance (Fingerhut, 2014).

To reject negative perceptions service providers would need to

design various assurance procedures

"Easy to understand " design of the verification process during an NFC transaction

offer a long term user preferential plan

provide a packaging cost scheme

San-Martin and Lopez-Catalan (2012) questioned, whether it would prove beneficial for mobile service providers to encourage impulse buying via promotions etc. since they found out, that

it may reduce satisfaction

it may lead to a greater number of complaints, refunds and returns

it probably sparks negative word-of-mouth concerning the provider and regarding m-commerce as a whole.

In the post adoption-stage, the factor "satisfaction" with MPS might play a more dominant role for consumers and on the provider's side, the ability of the providers to cope with system errors (Yang *et al.*, 2012). However, MPS providers should not be over-enthusiastic as only a minority of the Bachelor students that were interviewed by the authors believed that MPS would entirely replace the existing payment methods, but rather that it will become one of the ways to pay in a few years.

Conclusions

With regards to the overall objective to derive management recommendations from empirical research on MPS acceptance and adoption, the theoretical research streams and the empirical research were able to give fruitful insights.

If one analyzes the success of disruptive technologies and applications, these main parameters have to be seamlessly working together: A reliable technology behind the product, transparent communication, data security measures and a high acceptance rate of retailers.

If MPS providers and retailers start to create the preconditions for usage intention i.e. wide access and compatibility – most preferably in offering the most convenient and secure solution – the mobile payment method could receive more attention. But, it needs a clear positioning, a transparent information policy by banks and credit card companies and more intense sales activities by the respective technology providers to convince consumers and retailers that this technology is worth investing as it will help them increase the retailer's sales significantly and build long-term consumer relations.

However, it is almost a fact that only a smaller group of dominant platforms and technologies will emerge from the array of confusing standards competing in the market today – an ecosystem of players who are all building trust and can plausibly explain that their services offer more convenience than conventional payment methods will demonstrate enough value to consumers to replace cash payment in the long term.

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THE IMPORTANCE OF AUTOMOTIVE SERVICES IN THE DISTRIBUTION BUSINESS AND THEIR CRITICAL FACTORS FOR SUCCESS

Stadlmann Christian & Barbara Ehrenstorfer

Abstract: *In many industries, services are an increasing source of business expansion and offer the chance to enhance customer relationship management, interaction and retention. In the automotive business numerous new services for end-consumers have been discussed in various professional and scientific papers and conferences. However, the importance of service orientation and the concomitant success factors may differ among countries owing to the regional market developments and the performance of the local market automotive leaders. Moreover, many of these services are directly provided through the automotive distribution channel which are mainly the independent or franchise automotive distributors. Therefore, this paper examines the importance of services for car and motorcycle dealers and critical factors for being successful with services through a qualitative study conducted with 20 automotive experts comparing four different geographic areas (Austria/Germany, Poland, Italy and the Czech Republic) in the framework of a European research project.*

INTRODUCTION

Services play a major role in the post-industrial economy. Besides their tremendous impact on GDP as well as on total employment, services are of significant importance in the so-called "service sector" and in most manufacturing industries (Grönroos, 2007, pp. 2). Gebauer et al (2011) highlight that services are not only a sustainable source of competitive advantage and hard to imitate but also provide financial opportunities through additional revenues and improve the chance of increasing customer interaction quality. Also in the automotive industry, services play a fundamental role. In the year 2000, Ealey and Troyano-Bermúdez emphasized that managers of the automotive manufacturers need to focus on all vehicle-related services to be successful in the future. Kessler and Stephan (2013) argue that especially in mature automotive markets (like Western Europe) where little potential for development and growth predominates, services can support the OEMs in enhancing brand differentiation, overcoming cyclical demand fluctuations and defeating price erosion in high-margin segments. Above that, they point out that the automotive manufacturers generate a significant turnover from business customers, namely fleet owners. They reported that in 2011 Volkswagen *"already sells 40% of new cars to business customers, more than half are used in fleets"* (Kessler and Stephan, 2013, p. 242). Cohen et al. (2006) underline the importance of services for car manufacturers through a comparison of the income from aftermarket sales revenues compared to the one generated by car sales by using the example of GM which *earned relatively more profits from $9 billion in aftermarket sales revenues in 2001 than it did from $150 billion of income from car sales.* (2006, p. 130). Following the examinations of Kiefer (2001, p. 304), the manufacturers generate approx. 50% of the turnover and 70% of the profits through downstream activities in the entire lifecycle, i.e. by products and services following the new car

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sales. Moreover, Hawker (2011) calls attention to the fact that despite increased competition in the primary market, i.e. new car sales, the market repair and maintenance services still provides car manufacturers with monopoly profits. This market power of OEMs and the linked profits of the service business will be preserved in the near future because of upcoming and pervasive vehicle information technology and new design patents. Both require augmented investments in equipment and training and therefore protect the OEMs from third party market entrants.

In the last decade vehicle manufacturers controlled most of the original equipment service business (Subramoniam 2009) from safety or convenience systems to rather simple parts subject to wear. Although the EU Block Exemption Regulation (BER) tried to open up this restricted business of aftermarket services in 2002 the latest regulation turned back to more restrictive rights for the OEMs (John, 2013).

Moreover, the automotive distribution chain benefits from new technologies and linked services. The vehicle manufacturers provide their controlled sales channel, i.e. owned distributors and franchise dealers, the possibility to benefit from services through restricted third party access to key pieces of intellectual property (Hawker 2011). Services are an important profit contributor for distributors. Kiefer (2001, p. 313) splits the service spectrum into three areas:

1) mobility creating (such as consulting, financial service, insurance, rent, car sharing, training or recycling),
2) mobility securing (e.g. technical service, full-service-leasing or fleet management)
3) mobility enlarging (such as mobility cards, pool leasing, travel agencies or customer clubs) service activities.

He emphasizes that services can lead to more customer purchases, higher additional profits or better predictability of resource utilization (e.g. leasing contracts require continuous repair services). This is consistent with the study of Lademann et al. (2001) about common consumer attitudes and customer purchase decision criteria which found that price and personal contacts are seen as being of less importance than guaranteed service provision

for new car purchases. Thus, offering services are a prerequisite for new vehicle sales as well. Grünhagen's et al. 21-year longitudinal analysis (2011) additionally points out that the number of services offered has an impact on the survival chances in the US automotive business. They found out that franchising dealers with a broad range of services tend to have greater longevity than those with a small range. Moreover, they identify that the number of automotive services of franchisors increased even in times of recession. Summing up, services do not only seem to be of future importance for the automotive OEMs but also for the directly linked distribution chain members, i.e. the automotive dealers.

Literature review

The literature about service marketing is enormous as it emerged as a separate area of the marketing discipline in the late 1970s. Brown et al. (1994) pointed out that in the 70s the development and emergence of service marketing started with the goods versus services marketing debate. According to their research, the high interest and enthusiasm in service marketing grew explosively beginning in the late 80s. Over these past two decades manifold research has emphasized the characteristics of services (Zeitlhaml et al. 1985, Edgett and Parkinson 1993, Edvardsson 2005). Among others, intangibility was defined as one of these typical characteristics of services. However, Vargo and Lusch (2007) emphasized moving away from the service characteristics perspective as well as from the intangibility argument. They argue that these characteristics only become meaningful if a product perspective is adopted. They rather proposed a change to a "service-dominant (S-D) logic" as the central intention of economic exchange.

In a recent study by Kunz and Hogreve (2011) however, the past, present and future research topics of service marketing were investigated. With a citation-based measuring method they highlight the significance of specific research opportunities and topics of recent literature reviews. Among others, they suggest that future promising service marketing topics are service

infusion as well as enhancing and managing the service value chain. Service infusion means differentiating the business by focusing on services as a core offering which are recognized by customers (Kowalkowski et al. 2013).

This study tries to contribute to the topics identified by Kunz and Hogreve (2011) as it discusses the infusion of new services in the automotive dealership business and the critical success factors in enhancing services in a specific link of the automotive distribution chain, i.e. at the dealers' level.

Purpose and Aim of research

Godlevskaja et al. (2011) identified several trends which influence the services provided in the automotive industry. Among others they point out changes in customer behavior, such as an increase in customer mobility and brand sensibility, a change of customer requirements towards customization and a rise of non-ownership mentalities. Further, they underline that vehicle manufacturers have transformed the industry through an enlargement of product range and complexities, the embedding of ICT and disruptive technologies in vehicles and the extension of their core-businesses with additional and product-independent services. These changes have an impact on the distribution chain as well. Therefore, this study investigates the importance of services in the automotive dealership business based on key forces and trends shaping the automotive market in 5 different European countries. The focus is put on two areas of the automotive market, i.e. the car and the motorcycle businesses. These two areas of investigation have been selected because of the idea that possible findings in one area (e.g. car distribution) may be supportive for the other area or vice versa. Moreover, there are already many manufacturers like BMW, Volkswagen, Honda or Suzuki which produce both kinds of vehicles and their distributors sell them parallel. Therefore, the driving factors for the establishment or enforcement of particular services of dealers are examined and country and industry specific variations are figured out.

Moreover, many scholars emphasize that the transition from product focus to service focus requires changes in the management of the company and its culture and the development of new capabilities, practices, resources or structures (Reinartz and Ulaga, 2008; Jacob and Ulaga, 2008; Ulaga, et al. 2011; Kowalkowski, Witell and Gustafsson, 2013). Kessler and Stephan (2013) underline these necessary changes and develop a model for successfully transitioning into an integrated service provider for the car manufacturers. However, the success factors for the upstream distribution chain members are rarely discussed in the literature. Therefore, the second aim of this study is to identify critical service success factors at the automotive dealership level.

Finally, the study aims at defining similarities and differences among the investigated countries and provides insight into the experts' explanations referring to the two research questions:

How important are services as key factors for the success for automotive dealers?

What are the critical success factors for the service business of automotive dealers?

Methodology

It was decided that the most appropriate method to adopt for this explorative-descriptive investigation was to use a qualitative approach by conducting expert interviews due to the insightful character of qualitative inquiry (Patton 2002). This methodology and method applied, enables an exploration of a broad and in-depth expertise from various perspectives of different organizations in different countries in respect to the subject area of automotive dealership management. Bogner et al. (2004, p.7) point out that experts offer insider knowledge through their key positions and accumulated expertise, especially in a field where the target group concerned, i.e. the automotive dealers, do not perceive the importance of new services and have little awareness of their necessity to be successful in offering these services (Stadlmann et al., 2013). Thus, 20 experts were selected and interviewed in four geographic regions, i.e. Italy, German speaking region (Austria/Germany), the

Czech Republic and Poland. In each region the chosen sample consisted of five experts from various fields to explore the topic from different perspectives for the following reasons:

one expert from a sales or marketing department of a car manufacturer or of a National Sales Company (NSC) or importer of the OEM to get a broader perspective from the car business point of view,

one expert from a sales or marketing department of a motorcycle manufacturer or of a National Sales Company or importer of the OEM to get a broader perspective from the motorcycle business point of view

one key personnel or trainer from a dealer training institution - contracted by an OEM or a NSC – as his/her main job is to prepare dealers with the knowledge and skills necessary for current and future survival and success,

one expert from an automotive association (top representative) or automotive media (experienced automotive journalist) to gain industry wide knowledge as OEMs often only operate in certain segments (e.g. premium car segment) and

one key professor in sales or marketing with expertise in distribution management.

The respondents of the face-to face interviews were selected by using a purposeful sampling strategy (Patton 2002). Therefore, and in order to meet the requirement of selecting information-rich cases strategically and purposefully (Patton 2002), the key informants were selected from a pool of experts in various fields (distribution, green mobility, IT, sales, finance etc.), different countries and different organizations (such as automotive enterprises, dealers, training institutions, companies, higher education institutions and automotive associations) aiming at variation (heterogeneity). Two methods of data collection were employed, namely telephone interviews and face-to-face interviews. The interviews were semi-structured aiming at a focus on richness rather than volume of the information provided. The questionnaires used were open-ended or causal questions which led to essay-format answers. All interviews were conducted in the mother tongue which was preferred in order to capture the richness of answers. The field research was performed in the period from April to July 2012.

Finally, the transcripts were translated into English which allowed the researchers to compare the results and perform a deeper content analysis. Even though the investigation carried out in the framework of the European Union project encompassed a broader range of topics, this research placed emphasis on the experts' opinions about the future importance of services for dealers and their critical factors of success in dealership.

FINDINGS

The major findings of the study are presented in accordance with the two research questions. Herewith, the focus is on the experts' views about the most important current and future services in the automotive dealer business and their critical related factors for successful realization.

The importance of automotive services in the distribution business

In general, services in the automotive distribution business (car and motorcycle) are considered of major importance by the experts disposing of extensive experience with regard to the markets in Austria/Germany, Poland, Italy and the Czech Republic. Bearing in mind the differing market situations and the intrinsic characteristics of the four markets, services are seen in relation to technological aspects and advancements and therefore driven by technology to a large extent. Given the focus on technology, new forms of mobility arise such as various electric vehicles in both the car and motorcycle segments. Correspondingly, new trends in terms of mobility arise influencing customers' requirements and behavior which accordingly influence the service offers of dealers. The experts highlighted that mobility services including rental services are currently a relevant field of action in the four markets and will become even more so in future. One of the key findings is that car sharing seems to be much in demand by the customers across the four markets. Currently, a broad range of car sharing and car renting models already exist. For instance, in Austria, it is possible to use a chip

card to unlock the car and then the costs are deducted from an account (cf. A2) or car sharing vehicles are spread all over a city, where access is gained via an app and afterwards the vehicle is parked somewhere and payment is made by credit card (cf. A5). Additionally, "Drive now" services are offered in Munich, Berlin, and Vienna, meaning that a mobility service provider offers different vehicles to be used at a certain price per kilometer (cf. A5). In Italy, car sharing in big cities as well as renting cars from local municipalities (cf. IT3) is becoming a new integrated mobility concept. Hence, it can be observed that people are changing their mentality concerning ownership (cf. IT3). Furthermore, car sharing models with the possibility of renting a car for a very short period (10 minutes or 1 hour) including benefits of being able to access the city's historic centre, use special parking areas and fast lanes (cf. IT4) are in increasing demand. One more possibility would be car sharing offers such as the "Zipcar" company in the USA and the UK where customers could rent a car for going on holiday for example, or shopping outside the city instead of owning a car or a second car (cf. IT4). According to an Italian expert, dealers should become car terminals or a point where one could go and rent a car or a station functioning as a car sharing service (cf. IT4). In the Czech Republic it appears that there is an increasing need for rental services for customers who don't use their car every day (cf. CZ1) and an expert pointed out that there is potential to offer additional mobility related services like car renting for customers who, besides their own car, need another car for holidays or weekends (cf. CZ5). Also in Poland renting cars or a close cooperation with companies offering short-term lease of cars (cf. PL1) is an area where action could be taken in the automotive service sector. Apart from these examples of services, consideration should also be given to the fact that mobility services are strongly related to the geographical area where they are to be applied. Undoubtedly, it is crucial to distinguish between offering services in rural and urban areas and adapting activities accordingly. In particular, the experts expect that the urban customer will demand innovative models of mobility and it will be a challenge for dealers to adapt related

services and be flexible in the understanding of mobility concepts (cf. A5). To sum up, it is crucial that initiatives are geared towards offering adequate and customer oriented mobility concepts like car renting and car sharing models. The respondents reported that another relevant field in terms of services is **electric mobility**, having an impact on the customer's mobility behavior and requirements. These findings are consistent with those of Abdelkafi et al (2013). As manufacturers and suppliers have to face changes in their daily business routines related to electric mobility, the dealers are additionally asked to offer the corresponding services so as to be up to date with regard to technological innovations (e.g. hybrid technology).

Furthermore, experts suggest that dealers in the four markets (Austria/Germany, Italy, Poland, and the Czech Republic) might consider additional or **innovative sources of financing or enhanced leasing services.** The informants declare that in the future leasing of cars will increase and therefore the need for a variety of services /offers in this area both in the car and motorcycle sector will arise. This result is consistent with those of Kessler and Stephan (2013) who highlight that especially fleet customers increasingly demand these services. Interestingly, in the Czech Republic smaller corporate customers do not purchase large fleets through operative leasing (cf. CZ 3).

Moreover, **information services** are considered of major importance in the four markets, for instance new purchasing software that will be able to help customers, for example, to choose the color of their future car or to show its technical features (cf. IT3), online information services including activities such as online advertisements, Facebook (cf. CZ1) and possibilities of presenting multimedia content and car configurations on a website (cf. PL2). Beyond these examples, a wide range and variety of services was mentioned by the experts. Additional services revealed are listed below (in extract):

Additional services like roof rack rental office, roof varnish, seasonal services such as storing winter tires (cf. CZ1)

Offering test drives/rides (cf. PL1, AT1)

Potential would be in offering rental of accessories such as bicycles carriers, ski carriers

but also bicycles as super standard service. (cf. CZ5)

Offer additional services such as accessories at attractive prices, insurance and extended warranty for free (cf. CZ3)

Telematics – additional feature to support/control the service needs (including test drives/rides) (cf. A4)

Country specific findings

Strikingly, a result from the investigation was that there are several differences with regard to the four selected markets within Europe. First of all, as our findings demonstrate, there is a diverse approach to vehicles across the investigated countries. In Poland, a car is a sign of luxury and social status rather than a purely utilitarian object (cf. PL1), whereas in Italy it tends to be the case that vehicles are seen from the pragmatic and useful mobility point of view by many people. In Italy, the Czech Republic and Poland the second hand market is on the rise whereas this is not true for Austria. Polish people appreciate the quality of cars and tend to refuse to buy a lower quality car and, according to experts, fashion trends do not influence the Polish customer to a large extent (cf. PL1). Czech customers seem to be very loyal and stick to tradition and long proven quality and this is exactly the point where there is still potential to sell additional services (cf. CZ1). In Austria, cars are, apart from the daily mobility usage, seen as a leisure product (cf. A1).

In Italy it can be observed that the significance of the second-hand market due to economic aspects is enormous. There are also new business opportunities in the second-hand motorbike market (cf. IT5). According to an expert, the reason is that only a small number of dealers have so far specialised in the used car business market. Therefore, changing the business model towards used cars seems to be a promising opportunity and further, services linked to the used car business appear to be a challenge, e.g. reconditioning of used cars (cf. IT4).

Czech experts stated that services linked to very old cars are important (cf. CZ3) and for this reason dealers should offer services such as extended and top-quality warranty of mobility,

provision of a substitute vehicle and extended warranty when a used car is purchased (cf. CZ3). Referring to the informants, the Polish market can be characterised by the following features: The need for immediate service of second hand cars is limited due to the fact that they are imported from abroad in a reliable and excellent technical condition (cf. PL1). However, as this market is three times bigger than the new car market (cf. PL2) – which is similar to the Czech market – automotive services linked to used vehicles seem to be auspicious. Furthermore, Polish roads are often in bad condition and cause vehicle damage. Therefore, urgent services such as "Mobilo warranty" or warranty service agreements appear to be important elements in the dealers' service portfolio (cf. PL 2). Moreover, there are still growth opportunities as the service workshop network (cf. PL1) is not fully established throughout Poland. Concerning the location, the car shop is still highly important as a place of representation (cf. PL2) to attract new customers – also for service business. Finally, the economic situation and an extensive discount policy have caused a decrease of profitability. Therefore, OEMs require dealers to pay extra for single cars (cf. PL1). Hence, services become even more important as they require either only little or no pre-investment for the single service activity.

There is evidence to suggest that in Austria infotainment and entertainment services as well as event management is on the rise. An expert stated that in general, the offers of the car sector will clearly increase and therefore an entry into mobility and other services would be necessary. Offering service and integration like infotainment (e.g. information and entertainment via internet, television, mobile phone integration, service hotline for free time organisation, automatic service registration) will become extremely important, and this also applies to electric vehicles (cf. A2). In line with the experts, future services for the premium sector, in additional to advisory service and product consulting would be, for instance, to host entertainment and infotainment events at the dealers place (cf. A2).

Critical success factors for the service business of automotive dealers

In identifying the critical success factors emerging from the fieldwork for the service business of automotive dealers it was highlighted by the experts that **finance and management** in general and in respect to services in particular, is of upmost significance across the four geographic areas. Beside the dealers' ability to skillfully manage their financial situation (cf. PL1) the experts stress the necessity to rationally decide based upon facts and figures (cf. IT4) and manage the relevant data (cf. PL4). For that a continuous monitoring of the market is essential (cf. CZ1). Further, it was emphasized that the dealers need to professionally establish and manage sales and service processes (cf. CZ1) and after sales activities (cf. PL4). Furthermore, it was highlighted by the experts that a close cooperation between the dealer and the OEM (cf. CZ2, PL1, CZ5) and good relationships with stakeholders like insurance agencies, banks, leasing companies etc. is crucial in order to offer suitable solutions (e.g. in case of accidents).

Drawing on a number of statements, **strategic planning and strategy related aspects** such as the decision to take up a single or multi-brand dealership model are decisive for the development and success of dealerships.

An expert from Austria stresses the advantages of single branding and mentioned this model as a factor for their company's success owing to the specialization and focus on one brand. Additionally, one has to consider the environmental features and influencing factors at both the regional and national level. In particular, urban and rural areas provide a different basis for dealers and on product selling and services.

A further success factor mentioned by the informants from the Czech Republic is to shed light on the different **customer groups**, for instance fleet, family, starters, elderly customers and women. Services and offers should in fact be strongly oriented towards customer groups and in accordance with an analysis of the lifestyle of each customer group. For example, it tends to be the case that dealers in the Czech Republic are currently not well prepared for female customers and thus a suggestion by an expert was to employ woman at dealer stores aiming to enhance the understanding of the requirements and expectations of female customers. This finding is in agreement with Homburg's et al (2002) findings which showed that customer orientation has a positive impact on the emphasis on services, the number of services and the broadness of service offerings.

The experts stemming from Austria, Italy, Poland and the Czech Republic attach importance to **values** in the automotive dealer business. So, on this note, a main success factor seems to be the authentic application of values in daily business related to the customers. Frequently mentioned values are honesty, reliability, loyalty, punctuality, availability, transparency, keeping promises, empathy and fair communication with the customers.

Moreover, undoubtedly, customer and service orientation are a crucial success factor. By additionally approaching customers on an individual level, adapting to their needs and habits and consulting pro-actively trust can be established and thus loyalty increased (besides the prerequisite of high quality of sales processes and services). Another significant aspect underscored by the experts is the increase in advisory services which is interrelated with a change in the salesperson's role from that of a salesperson to a counsellor.

There is evidence to suggest that skills, education and training of the whole personnel are vitally important success factors. The respondents agree on the relevance of up-to-date knowledge and skills in the areas of:

New technologies (dealing with the increasing complexity of new cars) (cf. A1)

Financing (comparison and analysis of data as well as know-how to understand the figures) (cf. A6)

Systems (ordering spare parts, equipment, service, warranty, Customer Relationship Management) (cf. CZ2)

Products and services (cf. PL2)

Social Skills: efficient communication of the offer (cf. PL4), skills for working with 'VIP' customers (cf. CZ2)

Given the increasing training needs on account of fast technological advancement (e.g. multiple drive mechanisms (cf. A2)) and the fact that customers are nowadays better informed,

extensive and up to date knowledge is a success factor. Hence, lifelong learning related to the whole personnel (from the mechanic to the foreman and the service technician to the sales person), technical trainings and refresher trainings contribute to a strong position on the market. Consequently, continuous staff development and suitable training combined with activities which increase employee loyalty support the dealers in maintaining a sufficient human resource base which is fit for the future.

Experts accentuate the value of dealers focusing on **new technologies and new forms of mobility**. Technological changes as well as changes in the forms and concepts of mobility in the 21st century force dealers to invest in new technologies and accompanying services, e.g. photovoltaic charging solutions for electric vehicles and

the adaptation of service offers, for instance, car rent and financial and insurance products such as short-term leases. Also in the area of marketing activities new forms of technologies and communication should be used, e.g. social media.

Finally, the experts point out that offering services with regard to events and adventure would be a promising way to achieve success. This means being a service center, for instance Toyota's main office in Tokyo offers a visit to an adventure cinema (4D or 5D). Also European dealers might take the chance and arrange seasonal and local events so as to gain a strong market position.

Differences between the motorcycle and car dealer business

An outstanding characteristic of the motorcycle business is the **role of emotions** in the whole business process. In accordance with the statement of the experts, motorcycle dealers tend to be more customer orientated and more attached to the motorcycle lifestyle than car dealers. Moreover, they seem to sell by appealing more to customers' emotions. Moreover, experts expressed the need that dealers have to act as role models for their customers in terms of the motorcycle lifestyle. This means that dealers have to convey emotional experiences to their clients with

activities even outside normal working hours, e.g. motocross tracks, trips or test rides with new products (cf. A3), which are definitely crucial success factors in the motorcycle business. Apparently, this might also be a starting point for car dealerships to consider the significant role of emotions and transfer it to their daily business practices.

Limitations and further research possibilities

In this investigation there are several sources of uncertainty to bear in mind which are stated and explained below.

Firstly, from a general point of view one has to state clearly that the results from the qualitative research are not representative of a population. According to Brymann (2012), the findings of qualitative research are to generalize the theory rather than the populations. It is the quality of the theoretical inferences that are made out of qualitative data that is crucial to the assessment of generalization. Consequently, the interpretation and application of the results and findings have to be assessed in the light of restricted generalization of this research data.

Secondly, it has to be considered that, owing to the size and the heterogeneity of the geographic areas (Italy, Austria/Germany, Poland and the Czech Republic), the sample size of experts is rather small, although the careful selection of information-rich cases promotes the utility of the findings to a certain extent. Hence, further data collection would be required in order to cover the distinctive features and the various specific regional and national characteristics and to contribute extensively to the knowledge in the field of automotive dealership management. One alternative way to discover further in-depth knowledge in this research area would be to conduct a Delphi study bearing in mind the potential of the assessment and discussion of the experts' opinions and judgments in a feedback group communication process.

Thirdly, one has to consider, that the translation from the local languages (German, Italian, Polish and Czech) to English bears the risk of misinterpretations of meaning or mistranslations, although this cross-national

study does facilitate the comparison of different European markets, requirements and views.

The differences between the motorcycle and the car business and the diverse cross-national circumstances indicate that this research could be extended to other geographic and business areas, such as into the truck or agricultural sector which also operate extensively with dealers.

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THE INTANGIBLE RESOURCES IN THE RELATIONSHIP BETWEEN REAL ESTATE AGENTS AND CUSTOMERS: WHAT IS THE ROLE OF TRUST?

Oronzo Trio

Abstract: *The house is a complex product. It needs both a higher financial risk than other products and a lot of time is spent in choosing it. The purchase decisions are mainly made within the family. Each family member influences the final decision of the purchasing process, rather than those of the external incentives (e.g. advertising, promotion, construction firms, owners and real estate agents). This study starts from previous research (Trio, 2014), concerning the in/outsourcing strategies of selling functions in the field of construction firms, which revealed a predominant orientation towards the insourcing of the sale and marketing functions; according to entrepreneurs, real estate agencies do not have the skills or domain expertise required for selling such a complex product as a house and do not deal with the customers in the best way. There is a lack of trust, especially concerning the opportunistic behaviour of agents. Starting from these results, we want to know the orientation of the clients and their preferences towards either the builder or, on the other hand, the agent. In particular, the aim of this research is to establish the strategic role of trust in the relationship between real estate agents and clients. In order to understand how trust works in this field and determine which its main dimensions are, an on-desk analysis of the literature is carried out. After having qualified the concept of trust, the theoretical hypotheses have been formulated and subjected to empirical testing through qualitative research (three focus groups).*

Literature review

According to the early definitions that come from psychology literature, trust is a generalized expectancy held by an individual, that the word, promise, oral or written statement of another individual or group can be relied upon.

Trust is a key factor in the exploration of marketing relationships. In the literature, it is presented as a risk/cost set against the benefits of interacting (Barber, 1983). It can also be articulated in terms of assessment of others' reliability and integrity, reliance and willingness to act in your interest (Anderson and Narus, 1990; Morgan and Hunt, 1994; Rotter, 1967).

Trust is "the variable most universally accepted as a basis of any human interaction or exchange" (Gundlach and Murphy, 1993) and can be seen from different theoretical perspectives:

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contractual relations theory (Macneil, 1980), interaction theory (Hakansoon, 1982), organizational theory (Bradach and Eccles, 1989), psychology (Rushton, 1980), social psychology (Blau, 1964), transaction cost economics (Nooteboom et al., 1997), trust theory (Gambetta, 1988), and in the study of online exchange (Lynch and Srinivasan, 2001; Stewart, 2003).

Some authors conceptualize trust as the confidence of the exchange actors in the goodwill of each other. It is a non-calculative reliance on the moral integrity and goodwill of others on whom the exchange actors depend (Ndubisi, 2011).

Trust is also an antecedent to communication. The latter is the way in which we receive information and insights as to the cost, benefits and risk associated with particular situations and the state of the focal relationship.

A topic of research concerns the development of trust between vendors and buyers in distribution

channel relationships – from the buyer's perspective, the vendor's reputation and his investment in the relationship are trust boosters. This aspect emerges from some studies where reputation is identified as influencing the trustworthiness of the vendor (e.g. Ganesan, 1994).

As pointed out by Eriksson and Vaghult (2000), a strong relationship between satisfaction and retention exists. Accordingly, as trust is directly linked to loyalty, its role is fundamental.

Trust is affected by the perceived risk in retail purchase. Previous empirical studies have demonstrated that this is a common phenomenon in the retail sector (Diallo, 2012; Grayson et al., 2008; Liljander et al., 2009; Semeijin et al., 2004) both for macroeconomic conditions, and for institutional factors and the business context. The traditional factors, such as brand and price level, have lost their importance to others factors' advantages, such as the quality of service or the behaviour of salespersons. Consumers always hold different attitudes towards different types of retailer. This attitude will have an effect on the retailer quality perceptions, on the resultant choice and on the purchasing behaviour (Ajzen, 1985; Hawes and Lumpkin, 1986; MacKenzie and Lutz, 1989).

Trust is often the output of the consumption experience and of the evaluation of cognitive, affective, goodwill and competence trust.

Cognitive trust is based on the consumer's confidence in the service provider's competence and reliability. It enables him to make a conscious decision. It arises from an accumulated knowledge from observation, reputation and even personal experience (Eastlick and Lotz, 2011).

Affective trust, which refers to a consumer's confidence in a service provider, is emotional in nature and arises from an individual's emotional experiences.

Goodwill trust is "the expectation that some others in our social relationship have moral obligations and responsibility to demonstrate a special concern for others' interests above their own" (Barber, 1983; Das and Teng, 2001).

Competence trust is based on the extent to which one party believes that its exchange partner has the required professional expertise to perform the job effectively so as to achieve relationship benefits (Twing-Kwong et al., 2013).

The Estate Industry

The house is a complex product; it has evolved from a simple structure to an economic product. On the one hand this transformation is the consequence of the evolution of construction techniques and on the other, of the architectural choices. It combines various aspects, from materialistic to emotional. Its complexity (Tidd et al., 1999) has expanded with the appearance of new needs, such as energy saving (*zero energy homes),* sound insulation, and new lifestyles (Abis, 2009; Finizio, 2011).

The house is also a product (an output of a process of production), which combines building materials, capital, work, entrepreneurship and localization. It is a basket of attributes and a set of functional, financial, social and symbolic utilities (Lambin, 2008; Levitt, 1980).

Considering the various aspects mentioned above, one becomes aware of the complexity of the purchasing process and, consequently, the great difficulties firms have in facing the customer, especially if the negotiation is based on a design (Gameson, 1991; Loe, 2000).

The purchase decisions are mainly made within the family. Each of the family members influences the final decision on the purchasing process in a stronger way than other, external incentives do (e.g. advertising, promotion, construction firms, owners and real estate agents) (Brassington and Pettitt, 2000). In fact, a family enables face-to-face interactions, reduces the perception of risk and activates a joint decision process (Antonides and Van Raaij, 1988; Brown and Reingen, 1987; Engel et al., 1995; Wagner et al., 1984).

The construction supply chain is long, complex and well structured. It combines interconnected sectors that correspond to different productive fields and market segments.

The construction firms are situated in the field of "project firms", namely those representing (i) uniqueness of the product, (ii) intermittence of the production process, (iii) transience of the organization, (iv) non-recurring nature of the

commercial transactions and (v) flexible structures of the firms (Genco, 2006).

The construction firm does not offer just a product, but a complete solution to a specific demand. In reference to this, the complementary relationship between systems that integrate physical elements concerning the product and the intangible elements concerning the service, is essential.

Real estate agents are the connecting element between the construction firm and the market. They fill the lack of information, especially with regard to the residential market (Boyd and Chinyio, 2006; Grandori, 1999; Milgrom and Roberts, 1994). They represent a specific type of intermediary, because their originality is based on the nature of the product they are selling.

The real estate agent, after having received the mandate from a client, operates in his own interest to select people, firms or organizations that are interested in a commercial transaction, such as buying, selling or renting a building. This means that they can be considered as a kind of distributor of "building solutions". Their competitiveness depends on the width of the assortment, namely the number and variety of solutions that are proposed to their customers.

Their role is essentially that of a commercial intermediary: (i) **contact** with the customers, namely with all the people interested in buying or selling the property; (ii) **information**, transferring to the counterpart a flow of technical, financial, and economic data and information that are useful for both the decisional process and for ensuring the correct balance among the characteristics of the products and the need for satisfaction; (iii) **fractionation** of the construction firm's production in many parcels, each of which meets the needs of a specific segment or niche; and (iv) **promotion** through a heterogeneous set of tools (signs, brochures, websites etc). In the end, they assume an essential role for all the legal and administrative activities (drafting of the contract, payments, assistance during the notary phase, etc.).

The relationship between the customer and the construction firm is essential for both of them. The choice of house represents a highly delicate moment, because it is very difficult to find the one that meets all the needs of the customer.

The intervention of the real estate agent influences the customer's choice, either in a negative or positive way, directing the interest towards specific residential solutions. For instance, the agent can assume opportunistic behaviour in order to influence the price; furthermore, the agent can appeal to the psychological and emotional variables of the customer, which can be in contrast to the principal's interests.

For this reason, the construction firm has to manage correctly the relationship among its sales force and, at the same time it has to have reasonable control over them.

Research goal and research questions

Despite the importance of the construction industry and of the real estate markets, few researches have been interested in exploring the characteristics and the main aspects concerning this field.

Marketing studies still have not deeply investigated the strategic, managerial and commercial activities. Some researches (Baldini, 2010; Castaldo and Sabbadin, 2009; Sabbadin, 2007; Trio, 2008) analyse, for instance, the distribution policies of building materials companies; others study the clients of the construction firms, the kind of partnerships within the building industry and the building industry itself (Bennett and Peace, 2006; Boyd and Chinyio, 2006; Isakson and Spencer, 2000).

There are no academic studies focused on the relationship inside the sector, and between the actors and clients.

In a previous research (Trio, 2014), we highlighted the company's policies on distribution channels and, specifically, the alternative options between direct and indirect channels in the construction industry. That work aimed at understanding and analysing the determinants of the in/outsourcing processes in the construction sector and especially in the residential market. The results demonstrated an evident preference towards the first option. The enterprises, in 13 cases out of 15, preferred carrying out directly the selling functions and the eventual involvement of the agencies.

This orientation is motivated by a distrust of agents and their abilities.

The entrepreneurs show many prejudices towards the effective contribute of the agent. From their point of view, the agent does not really transmit all the necessary information to the customer and, furthermore, he is not able to make the customer feel at ease.

In addition, the agent just introduces the customer to the builder, so that the customer has all the necessary information about the building. Nevertheless the customer often prefers to meet the manager in person and talk to him rather than to the agent.

The main part of interviewees have confirmed this aspect and demonstrated it with the propensity of buyers for saving the agent's commission and for the opportunity to have a better explanation of all the details of the construction.

Thanks to the interviews, the following evaluations of the builders have emerged, concerning in particular:

Brand-awareness in the local market;

Direct relationship to the final customer.

With reference to the former aspect, the main part of the answers demonstrated the importance of the enterprise's brand as an asset whose strength is their reputation in the local market, which is in turn based on trust.

The client's preferences are based on the firm's reputation, which depends, in turn, on previous experiences of acquaintances and friends. In this context, word-of-mouth is essential to create awareness. It makes the traditional communication tools (advertising, promotion etc.), less important.

The potential client does not feel attracted "*by marketing but by knowing the internal personnel. People come to us because they put their trust in us, they rely on us and they know us directly. The contact is then essential.*" (extract from an interview).

The customer also appreciates "*the continuous, constant and meticulous care of the works*", that is to say, the presence of managers on the building site where they start working with the workers from early morning. Assistance is one of the most important points of strength, which makes the brand stronger.

These answers revealed the great importance assigned to trust by the builders. They do not trust agents and in their opinion neither do the customers.

Starting from these premises, we intend to verify if these conclusions are founded. We aim to understand if the builders' and clients' perceptions are similar and to determine the prevalent customer approach towards the builders and the agents.

Exploring this field has a strategic importance both for the construction enterprises and the agents because it provides some inputs about the customer's attitude in the decisional process and the determining factors for his purchase.

Methodology

For the methodology, we usedthree distinct focus groups. We involved three groups of respondents who were representative of three different segments according to age.

The sampling was based on the saturation theoretical principle (Glaser, 1978). The groups were made up of 8/10 people: the first was of students (age 20-25); the second was of people who were about to be married or about to buy a new house (age 26-35); the last was of people who had lived in the same house for at least ten years or more, were married and had children.

We adopted the focus group method because it is the most suitable for a deep analysis and a wider study and in order to obtain, through a small number of observations, sufficient information about the nature of the phenomenon.

The discussion was carried out by a host, who decided the research's design on the basis of the assumption of the previous research. A participant observer recorded the discussion, wrote the comments and analysed the relationship inside the groups.

We took advantage of the characteristics of the group discussions: (i) interaction; (ii) adaptability and flexibility; (iii) wide information; and (iv) timing.

We adopted the scheme suggested by the literature, as follows:

Opening question: What are the characteristics you want your house to have?

Introduction question: Who is the person from whom you would take advice for your home purchase?

Transaction question: What do you think about the estate agent and builder?

Key question: Who do you prefer between the construction enterprise and the estate agent when choosing your home? Who most inspires your confidence?

Final question and discussion: Are the estate agents and builders adequate for your needs?

The contents of the discussions have been totally recorded, transcribed and then elaborated according to an ethnographic approach that uses the citations of the group members.

Findings: the purchaser's preferences between construction firms and estate agents

We do not consider the answers linked to the first question ("What are the characteristics you want your house to have"), because the theme is not pertinent to the goals. Our focus is on the other questions.

As regards the introduction question **(Who is the person from whom you would take advice for your home purchase?)** there is no clear preference towards the agent or the builder. The agent gives you the opportunity of a wide portfolio of finished products and enables you to analyse different options:

I'd turn to an agent so we can analyze together the various options that are available…..

but according to others the builder is better because the agent "sells an idea", whereas the builder offers a product:

I think that the agent shows you the final product, the builder doesn't. The latter provides a concept, an idea of the house which could be different to what I imagined once it is finished. I want to see the house once it is finished!

The answers to the transaction question **(What do you think about the estate agent and builder?)** describe a highly positive sentiment about the builder. He is considered more

appropriate then the agent in providing the needs of the customer:

I think the builder pays more attention to my needs. He builds my home as I want it, the estate agents don't.

I want to feel the house as my home. The agent does not give you this opportunity. If you turn to him, you must accept what he proposes and you have no alternatives.

The builder is more involved in offering a "home" instead of "a house":

In my opinion the builder sells his product, he is more involved than an agent. He is more responsible. He has a passion for the building he produces. He feels the importance of his work. For these reasons I prefer the construction firm.

The respondents suspect the agents are opportunistic and act at the expense of buyers:

I don't trust the agent because he acts just in his own interest to sell what he has got. In my opinion he tries to influence me according to his interests. I want to be free.

If you turn to a builder, you can buy what he's building. You can see it. You can verify it on site. You can examine the design.

The preference towards the builder also emerges in the following statements where trust in already known entrepreneurs emerges, especially for those that understand the customer's concept of home:

I would turn to an already known builder but I would ask a trusted engineer to support me.

The builder's and my vision enable me to get what I want. The agent doesn't. I don't think the agent provides me with a wider set of options. If a builder is skilful, if he's able to understand my ideas then I have got a wider range of houses compared to the agent.

In the key question **(Who do you prefer between the construction enterprise and the**

estate agent when choosing your home? Who most inspires your confidence?) and in the final question **(Are the estate agent and builders adequate for your needs?)** the orientation towards the builder is confirmed:

I would avoid the agent a priori. I can't trust him. I'm scared of unpleasant surprises. I am so suspicious.

This is the prevalent approach when the customer has to choose between the construction firm and the estate agent, but "Investing" in trust is affected by some important cautions. Firstly we refer to the need to elicit information from parents and friends who have already had previous experience with builders. They enable the customer to be informed about the quality of construction, the reliability, know-how and fairness. Secondly we refer to the need for consultants who support the customer to fill the gap of knowledge on the characteristics of the building.

I prefer an already known builder. He can provide me with all the information I need. I feel safe. However, I would get help from a trusted person.

Between the two solutions, I would prefer the builder even though I would need some references; I would like to know what he built. I would need some advice and opinions from trusted persons.

I feel safer turning to a construction firm because I have the perception it does not want to run the risk of damaging its reputation, its name. On the other hand the agent runs less risk.

I wouldn't buy a house which is already built. I prefer providing a design draft to a trusted engineer who transmits it to a trusted builder for building it. A trusted builder is a person, or an enterprise, that I know as consequence of previous constructions. I would choose it for these factors, not for advertising. It doesn't matter. What does matter is word-of-mouth.

The minority of participants consider the agent's role to be essential. According to them the alternative options are not so evident since

there is a geographic factor which affects the choice.

If I lived in another city I would rely on agents, especially the bigger ones that have to maintain their reputation. I think they make a selection of the most reliable enterprises, they distinguish the houses according to the different energy saving requisites etc. They provide some services that a single person is not able to get hold of oneself.

It depends on the specific case.
If you have to buy a foothold in a city far away, I would rely on an agent because I think he provides me with a wider range. Though I'm aware that agents won't tell me the truth, I prefer them because I could have more options.
The situation is different if I had to buy a house in my geographic area. For sure I would choose a builder after having decided how the design should be.

For some, there is no great difference between having a builder or an agent.
Because of the very deep crisis that has affected the real estate market, many failures have been caused. As a consequence, a great fear in purchasers has emerged:

I thought that I would be safer to rely on a construction enterprise and that this was even the most convenient option. But in this period even the guarantees aren't useful. Large companies have gone bankrupt when they seemed they were in their best period.
I'm scared. How could I sign a contract for a house that will be built many months later? I don't want to run the risk. So, I prefer the estate agent even though there are no real advantages. The only one is that the building is there.

Finally, according to one interviewee there is no question, because they prefer avoiding every channel (agent or builder) and having a direct relationship with the owner, i.e. buying a "second hand" house from him:

I prefer neither one.
The agent does not inspire me with confidence. I feel he wants to sell me something I don't need. And the builder too.

I prefer a house to be restored as I want. Why do I have to build something new? In my opinion turning to an architect who says "there is this nice house, shall we look at it together?" is better. Then, if I like it, I would try to adapt it to my needs.

Conclusions, managerial implications and limitations

On the basis of the findings illustrated above, we can assert that the conclusions regarding builders in the previous research are confirmed. There is an evident preference by the customer for the builders and a high trust in them. Trust has become fundamental, especially for this kind of product, which implies a strong involvement.

In this research we note that all the dimensions of trust drive the buyers:

Cognitive trust: the builder is an expert seller. He has a deeper knowledge, i.e. than that of the agent, about the house, because he is the producer. He enables the customer to make conscious decisions. He is well-known in the local market. He has been in the business for a long time. All these factors strengthen the trust.

Affective trust: the pride that a builder takes in his work transmits to a feeling of safety in the buyer, while the agent is regarded as a calculating person;

Goodwill trust: the builder pays more attention to know the real needs of the customer and in overcoming his fears and doubts;

Competence trust: the builder has the right experience, competence and know-how for a complex product, such as the house.

We can conclude then that a direct relationship with the construction firm is preferred. The latter is perceived as more reliable since it has already exhibited its own competences and know-how in the construction activities.

This research reveals that builders pay more attention to customers' needs and get them involved in the choices concerning the building. Therefore, the customers prefer to rely on well-known builders, on trusted engineers, and the experiences of friends and relatives.

The research has some interesting managerial implications for estate agents. Knowing how they are perceived by clients and builders is an important input for adopting new relationship models. The distance between them and their potential clients and the mistrust from builders are huge limitations. If the agents are aware of these, they will be able to improve both their image and performance.

The limitations of this research are the dimension of the sample and the limited geographic area where the participants of the focus groups live. It would be useful to extend the analysis, both concerning the number of focus groups and the country (the present research was carried out only in Italy) to improve the knowledge of the phenomenon and verify if some different findings would be found.

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THE SOCIAL MEDIA MANAGER AS A REPUTATION'S GATEKEEPER: AN ANALYSIS FROM THE NEW INSTITUTIONAL THEORY PERSPECTIVE

Andrea Moretti & Annamaria Tuan

Abstract: *By drawing on New Institutional Theory, the aim of this paper is to provide an overview on the Social Media Manager as a new professional figure who is gaining an active role in the management and control of the firm's reputation.*
Social Media have indeed increased direct interaction and dialogue across organizations and stakeholders, but, on the other hand, they have expanded the spectrum of reputational risks. In order to monitor and create a dialogue with stakeholder and to gain positive reputational effects, firms have to take into account the need of a specific professional role in charge of the Social Media Strategy on the behalf of organization. After having provided a classification of the Social Media Managers, we have highlighted how Social Media have reached the stage of diffusion in the S-shaped institutionalization process but they have not up until now reached the institutionalization phase yet.

Introduction

Social Media have changed the way society communicates, learns and carries out business (Lewis and Nichols, 2012, Kietzmann et al. 2011). They have become an important communication platform in many organizations (Kaplan and Haenlein 2010, Laroche et al. 2013, Linke and Zerfass 2012, Vernuccio et al. 2012) and the centre of many marketing strategies (Kietzmann et al. 2011, Graffigna et al. 2012, Mangold and Faulds 2009, Pastore 2009). Thanks to the introduction of Social Media, the power of consumer-driven communication is transforming the way in which businesses communicate, thus leading to a "revolution" in corporate communication which is not a one-way communication anymore, where a message is controlled by a business and delivered to its audience, but an interactive, two-way communication (Cosenza 2012). As a result, Social Media have to be taken into careful consideration to exploit new business potentialities (Kaplan and Haenlein 2010,

Romenti et al. 2014) because they allow firms to engage in timely and direct-end-consumer contact at relatively low costs and higher levels of efficiency than those achieved through more traditional communication tools (Kaplan and Haenlein 2010, Mangold and Faulds 2009). Most managers consider Social Media as a highly efficient communication and distribution channel (Kaplan and Haenlein, 2010), as powerful means of influencing customer perceptions and behavior (Laroche et al. 2013, Williams and Cothrell 2000) and as a critical part in driving purchase intent as well as delivering brand engagement (Meadows-Klue 2008, Vernuccio 2014).

On the other hand the most common challenge for managers is to accept the lack of control associated with Social Media, not knowing what people might say or do (DiStaso et al. 2011).

In order to be fully developed, Social Media need a clear strategy and guidelines although, as suggested by Kietzmann et al. (2011) and Macnamara and Zerfass (2012), many executives are reluctant or unable to develop strategies and allocate resources to engage effectively with Social Media. The lack of policies or guidelines for Social Media strategy expose organizations

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to significant risks such as the release of confidential information, legal actions for defamation or damages and reputation damage. One of the main risks related to Social Media is indeed that they exapand the spectrum of reputation risks because they fuel new expectations or beliefs about organizations, to which organizations should respond. As a consequence, the Social Media Manager, or who deals with Social Media networking and marketing on the behalf of organizations as an employee or as a consultant, is gaining an active and important role for firms.

Even though firms are increasing the adoption of Social Media in their communication strategies and this phenomenon has received attention in the practitioner literature, it has, however, remained under-investigated in scholarly research (Garrigos-Simon et al. 2012, Mancamara and Zerfass 2012, Mangold and Faulds 2009, Vernuccio, 2014).

In this paper, by relying on a literature review, after having gained insights about the reputational risks in the Social Media landscape, we provide a classification of the emerging figures who deal with Social Media and who can be seen as new professional roles inside or outside a company (freelance or consultants).

Considering the problems in giving a clear definition of Social Media Manager, by drawing on New Institutional Theory, we try to develop a framework in order to understand whether Social Media Managers require the institutionalization of Social Media or not in order to become legitimate professionals as the other functions in an organization (e.g. CFO, CCO). On the basis of our findings, we argue that Social Media have not become institutionalized yet but they have reached the stage of diffusion. The paper concludes with several research and managerial implications.

1. Theoretical background

Reputational risks in Social Media

Reputation is defined as "stakeholders' perceptions about an organization's ability to create value relative to competitors" (Rindova et al. 2005, p. 1033) and it is viewed as an intangible asset that provides a firm with sustainable competitive advantage. "Buiding

reputation with key stakeholders can lead to market growth and the uncovering of new market opportunities" (Waddock and Googins 2011, 28). Hall (1992) found that CEO's consistently ranked corporate reputation as the most important key intangible resource.

Numerous studies have analyzed the topic of reputation from different perspectives, such as management, economics, sociology, marketing and institutional theory.

From the institutional theory perspective, reputation represents how a stakeholder group perceives a firm and it is formed as a result of information exchange and social influence among various actors interacting in the organizational field (Rao 1998, Rao et al. 2001, Stuart 2000). Since Social Media are platforms based on information exchange where many actors can share ideas and opinions about the company, the products and the activities, we will rely on the institutional perspective to analyze how Social Media can influence firm's reputation.

Institutional theory focuses on the context and it is used to examine how firms gain legitimacy and cultural support within their institutional contexts to build their reputation (Walker, 2010). "Reputation risk presents a threat to organizations in many ways. The loss of reputation affects competitiveness, local positioning, the trust and loyalty of stakeholders, media relations, and the legitimacy of operations, even the license to exist." (Aula, 2010, p. 45).

As suggested by Kietzmann et al. (2011), "reputation has significant implications for how firms should effectively engage social media" (246) because they expand the spectrum of reputation risks by fuelling new expectations or beliefs about organizations, to which organizations should respond. Reputation is indeed one of the seven building blocks of the Social Media honeycomb framework provided by Kietzmann et al. (2011) and it could be defined in different ways: for example on Twitter as "the number of followers", on YouTube "the number of views" and so. This kind of metrics have been also criticized by some scholars (e.g. Peters et al., 2013) because they didn't catch the real impact of Social Media on reputation or on management results. Even if the firm has a lot of

followers on its Twitter page, it doesn't mean that the brand is more appreciated than others. Peters et al. (2013) suggest indeed to shift from quantity to quality in order to measure the impact of Social Media.

Nevertheless the expanding role of new media has changed the way organizations must prepare for and respond to crises that threaten their legitimacy and reputation (Veil, Sellnow, & Petrun, 2011) because, with Social Media, hoaxes and rumors are often "even more provoking in cyberspace" (Heath and Millar, 2004, p. 2) and they go viral in a faster way. These events can give space to organizational crises which have been defined as "specific, unexpected, and non-routine events or series of events that [create] high levels of uncertainty and threat or perceived threat to an organization's high priority goals" (Seeger, Sellnow, & Ulmer, 1998, p. 233). Social Media are "double-edged sword […] On one hand, they provide new platforms and means for organisations to communicate with stakeholders; on the other hand, the same

platforms and means can be used to escalate crisis for the organisation." (Mei, Bansal, & Pang, 2010,p. 153).

A recent example is that of Monclear Spa which faced this challenge after a reportage made by an italian television (see Box).

In order to avoid reputational risks and to try to engage stakeholders, Social Media implies an effort for firms. "Organizations must monitor all channels that can influence brand image and monitor any discussions about brands and products" (Veil et al. 2012, p. 17). They should take in consideration the need of a specific key professional role in charge of Social Media strategy on the behalf of organization: the so-called Social Media Manager. In base of our findings, academic literature has not investigated the specific role of this kind of professionals, their skills, the individual characteristics and the specific role in an organization yet, as in the case of Corporate Communication managers or other managerial functions.

**Box – The example of Moncler's crises**

On 2 November 2014, an italian tv programme "Report" made an investigation into the illegal liveplucking practiced on geese in Hungary. The Reporter wanted to analyse every step that took place in the creation of a trendy down jacket, starting from the filling until the end. They took as a pivotal sample of this investigation the jacket produced by Moncler and they have evidenced that the large margins of profit were incredibly outstanding but, as the report shows, human and animal rights were not respected at all.

This report provoked a backlash on Social Media against Moncler, who tried to defend its brand, ensuring its liability on the outsourcing and the negation of live plucking practices. People throughout Facebook and Twitter reacted immediately on Social Media during the tv programme condemning the brand.

As you can see in the picture, the number of tweets related to Moncler during the month of October were around 30/day but on 2 November they reached 2901. The same happened on their Facebook page.

The hashtag #moncler become trend topic on Twitter in Italy.
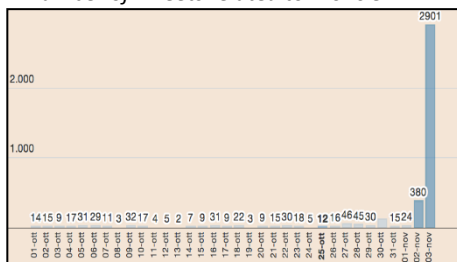
Number of Tweets related to Moncler   Number of posts published on Moncler Facebook page

Source: Caffeinalab.com

In few days stocks in Italian-French fashion brand Moncler edged down by 4 percent.

How did the firm reacted? From the Social Media management point of view, the firm managed the crises in a right way, following the guidelineas suggested also by the literature. We can compare the strategy used by the company with the new media crisis communication model provided by Miu et al. (2010) which is made by 4 steps: issues management, planning and prevention, crises, post-crises. Given that we don't have access to the firms' strategy but only to the public activities they have carried out, we focus only on the third stage, the crises management.

Organisational actions at the crisis stage include:

"streamlined crisis response for both online and mainstream media": Moncler made a press release in which they are

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assuring its down suppliers'compliance with principles outlined by the European Down and Feather Association. The press release has been published on the website and then the main information published on Facebook and Twitter. Also Mei et al. (2010), in their new media crises management model, state that during the crises it is important to provide streamlined crisis response for both online and mainstream media. Morover Jin, Liu, & Austin (2011) suggest that publics "most likely accept crises reponses distributed via traditional media, followed by social media and then word-of-mouth" (p. 351).

"a response from the organisation within four hours after the crisis erupts". On Facebook and Twitter they didn't reply during the hype, but immediately after. It is very important to react in a fast way by providing relevant and transparent information (Veil et al. 2011) but during the initial crises event publics' social media usage increases (Thelwall & Stuart 2007) and providing comment and replies can incite more the followers to react in a negative way.

"the involvement of the CEO or member from the dominant coalition to personally address stakeholders". They didn't follow this guideline, the CEO of Moncler didn't react personally

"the transparent coverage of the crisis on the homepage with a feedback feature". They changed the homepage after the crises.

"links to third-partyendorsements". On their website they published the images of the plumage suppliers certificates.

"the tapping on the "dark" site if necessary" On Twitter and Facebook they published a post, in italian, in which they state that its suppliers are only located in Italy, France and North America, denying a connection to the Hungarian vendor shown in the report. Moncler also tells consumers that its suppliers are "contractually obliged to ensure the principles for protection of animals," which are outlined in the brand's code of ethics. So they used the same channels where the crises occurred (Facebook and Twitter in particular). As suggested by Veil et al. (2012), responding through the same medium in which the crises occurred is imperative.

This brief example underlines the importance of a well defined Social Media strategy, with specific guidelineas related also to the online crises management, and the presence of a Social Media Manager in order to monitor online comments, react in a fast way and try to recover the reputation of the firm because "nothing's faster than the speed of light (except) bad news on the internet" (Ruggless, 2007, p. 6).

For more information: http://bit.ly/1OCqdsl - http://bit.ly/1vEbqGe

New Institutional Theory and Social Media Management

Given that it is quite difficult to define the Social Media Manager and to identify the role and identity, we suggest to adopt New Institutional Theory in order to understand if Social Media Managers need an institutionalization of Social Media or not in order to be fully qualified and legitimated as in the case of other managerial roles inside firms (e.g. CEO, CFO, CCO).

Scholars tend to equate institutional effects in diffusion as institutionalization but, as suggested by Colyvas and Jonsson (2011), diffusion is concerned with spreading, how things flow, institutionalization is concerned with stickiness, how things become permanent and self reproduced. Indeed "the ubiquity of a practice may suggests that it has become widely accepted but activities that diffuse may never develop a foundation that enables them to persist" (Colyvas and Jonsson 2011, p. 27). We have decided to adopt New Institutional Theory to analyze the phenomenon because also other scholars have investigated and provided evidence of an ongoing process of institutionalization of corporate communication function – defined by Invernizzi (2008) as the "widespread and increasing importance of PR/Communication at strategic and operational management levels of large organization" - adopting New Institutional Theory in order to understand its core functions better (Invernizzi and Romenti 2009, Grandien and Johansson 2011, Sandhu 2009). Using this perspective scholars have highlighted the embeddedness of the communication function, the actions of communication professionals in organizing structures and the influence of institutional frameworks on organizations (Grandien and Johansson 2011). Verhoeven et al. (2012) state that PR department controls the strategic aspects of communication with social media (60,4%) and marketing comes in second (30,1%). As we will see later, this result suggest us also that Social Media are not institutionalized yet, it is not a standalone function yet, as other functions like Human Resource Management.

Also in the European Communication Monitor (ECM) the professional practice of public relation/corporate communication is approached from the theoretical perspective of new institutionalism (Moreno et al. 2010). In this perspective, "public relation becomes more institutionalized until it finally becomes a condition for obtaining social legitimacy for the activities of the organization" (Moreno et al. 2010, p. 98).

New Institutionalism argues that the behavior of social actors is driven by contextual factors, societal scripts and schemas. Organizations follow such rules of appropriateness in order to gain legitimacy for their actions (March and Simon 1993, Meyer and Rowan 1977). The process "by which a given set of units and a pattern of activities come to be normatively and cognitively held in place, and practically taken for granted as lawful" is called institutionalization (Meyer et al. 1990, p. 10). Traditional models of institutionalization are typified by the S-shaped diffusion curve (Powell and DiMaggio 1991) but they masks a variety of temporal patterns in base of the pace of the institutional process and the stability of the institutions produced (Lawrence et al. 2001).

Diffusion studies generally investigate the introduction and the widespread of an innovation in the society (Strang and Soule 1998) and the motivations of adoption of a new practice assuming that organizations adopt practices in order to improve their performance (i.e. rational-instrumentality logic) and to appear legitimated to powerful evaluators (i.e. social appropriateness logic). As a result, institutional motives of adoption are clearly present in later phases of diffusion.

Tolbert and Zucker in 1983 have developed a two stage model in which early adopters search the efficiency, the technical or managerial benefits the practice could provide to their activities, by contrast, late adopters gradually choose to adopt a practice to obtain social legitimacy.

The model developed by Greenwood et al. (2002) outlines six stages of institutional change which could be useful to analyze the development and the increasing adoption of Social Media by firms and to read the emergence of the figure of the Social Media Manager as an institutional change.

Stage I occurs when events or "*jolts*" (Meyer, Brook and Goes 1990) destabilize established practices. In the case of Social Media, these jolts take the form of technological disruptions and also social upheaval. As we have seen before, the worlds of businesses and consumers are increasingly overlapping. Facilitated by the explosion of social media and the possibility of interaction, consumer and business co-create brands and companies use social media to support the creation of brand communities or for marketing research thanks to the information and knowledge produced and shared by users for free. Therefore we reach the Stage II (Deinstitutionalization), in which "new players", "existing actors" or "local entrepreneurships" disturb the constructed field-level consensus by introducing new ideas and thus the possibility of change. We can assume that the emergence of the figure of the Social Media Manager could be viewed as a *new player* if he works as a consultant, as an *existing actor* if he comes out from the communication/marketing team, inside the organization, or as a *local entrepreneurship* if he is a freelance. These professional figures develop the Social Media strategy changing the traditional practices and offering opportunities to interact with a wide range of stakeholders (employees, customers, competitors, suppliers, investors, the media) in an easier, faster and more efficient way.

In the III stage, Preinstitutionalization, organizations innovate independently, seeking technically viable solutions to locally perceived problems. Social Media Managers develop their strategies in order to innovate and gain consensus inside society listening to the voice of customers and involving them thanks to Social Networking Sites or Content Communities (Kaplan and Haelein 2010). Customer engagement turns customers into fans and social media allow fans to connect with other increasing mutual satisfaction and advocacy (Sashi 2012).

After the Preinstitutionalization we can reach the Theorization (stage IV), which is the development and specification of abstract categories and the elaboration of chains of cause and effect.
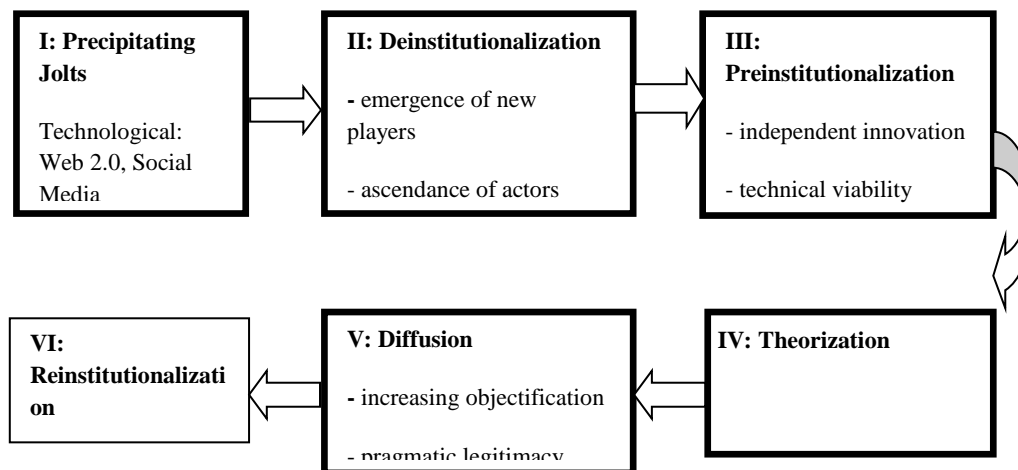
FIGURE 1: STAGES OF INSTITUTIONAL CHANGE
Source: adapted from Greenwood et al. (2002)

It is possible to identify, firstly, at least two processes of theorization connected with the phenomenon of Social Media. The first is the process through which consumers give their personal information for free allowing firms to interact with them in a more direct and personal way. Thanks to brand communities – "a group of ardent consumers organized around the lifestyles, activities and ethos of the brand" (Fournier and Lee 2009) – users can share information and experiences regarding a certain product. From the point of view of firms, this information provide marketers with a means for identifying consumer needs and promoting brand loyalty involvement, with a cost efficient way to retain customers and strengthen relationships (Casalo et al. 2008, Sica and Scotti 2007).

The second contribution of theorization is related to the concept of "crowd" (e.g. crowdsourcing, crowdfunding) where the access and the autonomous, shared usage of knowledge and of resources (e.g. human, capital, social) could be the reasons to adopt Social Media. In this perspective firms could operate as platform enabling crowd experience by users (and/or community members) and value production guided by the crowd itself.

Successful theorization is followed by diffusion (stage V). As innovations diffuse they become objectified, gaining social consensus concerning their pragmatic value and thus diffuse even further. Full institutionalization (stage VI) occurs when the density of adoption provides idea with cognitive legitimacy and ideas can survive across generations, uncritically accepted as the definitive way of behaving (Greenwood et al. 2002).

The difference between diffusion (stage V) and institutionalization (stage VI) is well defined by the matrix provided by Colyvas and Jonsson (2011). "The quadrants indicating low or high levels represent both the behavioral elements of diffusion (how widespread a practice or organizational structure has become) and the cultural and cognitive aspects of institutionalization (how legitimate it is)." (Colyvas and Jonsson, 2011, p. 28).

TABLE 2: MATRIX COMPARING DIFFUSION AND INSTITUTIONALIZATION

		Institutionalization	
		No	Yes
Diffusion	Yes	**Ubiquitous but not accepted**	Widespread, conventional, appropriate
	No	Uncommon and inappropriate	Accepted, but not prevalent

Source: adapted from Colyvas and Jonsson (2011)

Since the practices which are not diffused are rarely studied, we will focus our attention on the upper cells. The upper right cell represents practices both diffused and institutionalized. For example, human resource management departments are now commonplace in organizations, so much so that we hardly question their existence (Dobbin and Kelley 2007).

The upper left cell represents practices that are common but not accepted yet. Even more firms are aware of the benefits related to the adoption of Social Media but the practice to have a Social Media Manager who deals with these tools inside the company has not been institutionalized yet. According to Schwartzmann et al. (2009), indeed, the public relations/corporate communication department has widely become the department which is responsible for organizing and maintaining a company's Social Media presence, followed by Marketing Department and IT Department. Also Owyang's report (2011) claims that Social Media teams reside mostly in marketing department (40%) and Corporate Communication/PR (26%). We can therefore state that the presence of a Social Media Manager could be considered as a common practice that has reached the level of diffusion in the S-shaped curve but not the institutionalization level.

The implication related to this situation are twofold: on one hand, if the Social Media Manager is not instituzionalized the firm doesn't fully invest on Social Media because they are considered only one part of the communication strategy and maybe they don't receive enough budget to implement them. Social Media need, indeed, an ongoing feeding to survive (Peters et al. 2013). On the other hand it gives rise to problems related to the collection of big data from consumers and stakeholders. Thanks to a Social Media Manager, for example, it would be possibile to implement a Social Customer Relationship Management which would help the firm to collect and use data in order to tailor special offerings for clients.

2. The roles of the Social Media Manager

After having developed the theoretical background on which we rely, in this paragraph we are going to specifiy the roles of the Social Media Manager.

Given that the figure is not well defined in the academic literature, we can argue that the Social Media Managers or who deals with Social Media on behalf of the organization can be considered as a middle manager. Middle manager, indeed, are often closer to external stakeholders than are top managers (Dutton, Ashford, Neill, and Hayes, 1997). They "perform a co-ordinating role where they mediate, negotiate and interpret connections between the organization's institutional strategic and technical operational levels" (Floyd and Wooldridge, 1997). Floyd and Wooldridge (1997) articulated four strategic roles of middle managers: the traditional role springs from thinking that is consistent with existing strategy and from attempts to integrate subordinates' activities around this strategy. They have also a role of synthesizers who interpret information and channel it to top

management and of champions because they try to reshare upper management's concept of strategy. As facilitators, "they encourage organizational actors below and around them to engage in idea generations and other experiemental efforts"(Wooldridge, Schmid, and Floyd 2008, p. 1203).

Social Media Managers, indeed, on one hand, have to communicate the firm's strategy to external stakeholders and, on the other hand, they have the role to react to stakeholders comments and needs in order to avoid reputational attacks.

Grey literature or practitioner literature provide many definitions which try to summarize the roles and the skills of the manager who deals with Social Media. Among them, we have decided to rely on three sources because they are recognized in the practitioner literature and they represent reliable sources instead of blogs or web pages which don't allow a real comparison. In Table 1 we present both the contributions provided by Owyang (2011), Xhaet (2012), an american and an italian social media consultant, and International Webmaster Association (2013) and our classification. Since we have noticed some common elements among the profiles provided by previous authors, we have classified them in four areas which represent, in our opinion, the main tasks of the Social Media Manager: analysis, content development, strategy and community management. Then, we have associated a label to each group in order to summarize the four main roles of the Social Media Manager:

Social Analyst: for a Social Media Manager it is very important to monitor and to analyze the power of an effective Social Media program in terms of its ability to generate positive buzz about a firms, its good and services (Castronovo and Huang 2012). The importance of the discipline "social media analytics" is increasing with the aim to help firms to measure, evaluate the performance of Social Media strategy and provide useful insights in order to improve firm's strategy (Owyang 2011, Cosenza 2012). A lot of analytical tools are provided to measure the performance of each Social Networking Site (Cosenza 2012).

Content Manager: in order to develop a relationship with users, content has to be always

fresh and dynamic. Managers have to engage in discussions, beyond responding to negative comments and defending product offerings, but allowing users to become "prosumers" (Toffler 1980)

Social Media Strategist: it is crucial for firms to have a set of guidelines that can be applied to any form of Social media (Kaplan and Haenlein 2010, Macnamara and Zerfass 2012); the Social Media Manager shuould develop a clear strategy in order to know how to react to a question or to a crises situation. In addition, as suggested by many scholars, integration among social media and traditional media is the key. Bruhn et al. (2012) have demonstrated that traditional media exert a stronger impact on brand awareness whereas Social Media on brand image. Therefore, "the joint implement of these different communication instruments offers opportunities for further increasing brand equity" (Bruhn et al. 2012, p. 781).

Community Manager: is the spokesman of the community, he has the role of enhancing the enthusiasms of the community by ensuring a good relationship between companies and communities. He/she has to improve organization's marketing activities, promote products and events, and improve the organization's reputation by enhancing the participation and collaboration of a variety of stakeholders in order to improve some "crowdsourcing" processes at different points of the value chain (Garrigos-Simon et al. 2012). Ang (2011) has introduced the term Community Relationship Management (CoRM), in order to overcome the limits related to the topic of Social CRM. The last one is related to customers, CoRM highlights a more generic community because it reflects more accurately what people do in online communities - connect, converse, create and collaborate (Nadeem, 2012, Micelli, 2010).

As we can see, it is quite difficult to provide a clear and unique definition of the manager in charge of Social Media because Web 2.0 is a transforming and ongoing world that needs a lot of skills, experiences and practices.

In most small and medium enterprises the four roles should be integrated in one person, given the time and resources restrictions. In big firms, as suggested also by Owyang (2011) we can have

a Social Media Team which deal with Social   Media from different perspectives.

TABLE 1 – CLASSIFICATION OF SOCIAL MEDIA MANAGERS

	Owjang (2011)	Xhaët (2012)	IWA (2013)	Our classification
Analysis	**Social Analyst**: by using brand monitoring, social analytics, web analytics, and traditional marketing tools, he is responsible for measurement and reporting across the entire program and for individual business units.	**E-reputation manager** is specialized in the analysis of online word of mouth by managing and interpretating linguistic and semantic elements; **Web analyst** reads, evaluates, compares analyses in order to adapt and improve strategy and metrics; **SEO** (Search Engine Optimizer) provides the project with the highest online visibility, especially on search engines.	**Web project manager** is responsible of the project, plans and coordinates all the activities, therefore has to monitor constantly time, costs, quality, risks and results..	**SOCIAL ANALYST**
Content	**Social Media Manager**: this role coordinates business units to launch Social Media initiatives. The Social Media manager may straddle internal and external communications, direct resources, and formulate program plans.	**Transmedia web editor**: is the person in charge of the web contents. He uses a particular voice, an unmistakable style, which is the result of an ongoing work of refinement. **Content Curator** is the person in charge of the filtering and aggregation of online information.	The **Web Content Specialist** deals with contents, texts and multimedia and pays attention to the target and the platform which is going to be used. He has also to monitor the usability of the website and customer satisfaction.	**CONTENT MANAGER**
Strategy	**Corporate Social Strategist**: responsible for overall vision and accountability towards investments. The strategist is primarily internally-facing and rallies business units.	**Digital PR** is the evolution of the PR in the digital world. He integrates online and offline in order to gain and maintain relationships; **All-line advertiser** is the person in charge of online promotion tools even though offline channels must not be forgotten.	**Digital strategic planner**: supports the strategic choices of the top management and give inputs to the other professional figures involved in the process.	**SOCIAL MEDIA STRATEGIST**
Community	**Community Manager**: Is the manager who deals with the online community. He/she has to develop empathy with the community in order to involve and engage stakeholders.			**COMMUNITY MANAGER**

3. Discussion and conclusion

Despite the fact that Social Media provide a very unique and cost-effective way for business to communicate with a large body of consumers and that they have improved the way in which companies communicate, the development of Social Media strategy, as examined before, could be considered as a common practice that is not been legitimated yet, that has reached the level of diffusion in the S-shaped curve but not the institutionalization level. We can consider the Social Media Manager as a new player if he works as a consultant, as an existing actor if he comes from the communication/marketing team, inside the organization, or as a local entrepreneurship if he is a freelance. These professional figures develop the Social Media strategy by changing the traditional practices and offering opportunities to interact with a wide range of stakeholders (employees, customers, competitors, suppliers, investors, the media) in an easier, faster and more efficient way (Castelló et al. 2013, Driessen et al. 2013, Schultz et al. 2013).

The analysis and the classification of the roles of the Social Media Manager have identified the competences which characterize the figures. As we have seen, the Social Media Manager can have different roles inside the organization. He/she can develop the analysis, the strategy, create the content or manage the community. Since most of the italian firms are small and medium entreprises, Social Media are usually managed by only one person. It is quite difficult that Social Media are managed by teams. Nevertheless, Social Media Managers assume an important role because, if we considered them as middle manager, they stand between the company and the stakeholders and they represent a filter from the inputs received by the stakeholders and the firm.

As regard the reputational risks related to Social Media, every professional profile has a specific role on the reputation's management.

The *Social Analyst*, by analyzing and monitoring what happens on Social Media, has to monitor stakeholder's perceptions through an analysis of online conversations and act upon possible misunderstandings in order to save the reputation of the firm and to adopt the most efficient strategies. As before mentioned, the

dark side of Social Media is that individuals can create and widely distribute unsubstantiated accusations about an organization. As a consequence, if the content goes viral, spreading exponentially through social networks, it can cause an organizational crisis (Ulmer, Sellnow and Seeger 1998). For example, one of the most cited case study is the Domino's pizza case (Veil et al. 2012). Back in 2009 they found themselves launched into a viral attack when two employees in their Conover N.C. franchise uploaded a video to Youtube of themselves doing disgusting things to a sandwich before it went out on delivery. They quickly set up a Twitter account to respond and reassure customers that this was an isolated incident and that they were in the process of taking the necessary measures to correct it. Immediately after Dominos released a brilliant official response to the crisis via Youtube, the same channel used before by the employees in order to counter the hoax message for the same audience that received it.

The *Content Manager,* on the other hand, has to think about the most suitable content for each channel used by the firm. In order to avoid reputational risks, the underlying message has to be the same but each social media requires different contents. As suggested by Mangold and Faulds (2009) Social Media are an "hybrid component of the promotional mix" and therefore have to be incorporated as an integral part of the organization's Integrated Marketing Communication strategy. For example Dove campaign for Real Beauty (Singh and Sonnenburg 2012) started with "The Evolution Spot" on YouTube which showed a normal looking woman being transformed into the stereotype of a beautiful woman. Following the success gained, the campaign expanded into other media: to its own Internet website inviting woman to discuss beauty, on Facebook allowing to post pictures, as well as offline through tv spots and print advertisements.

The *Social Media Strategist* will develop the strategy by taking into account the risks and the benefits related to each Social Media. Kietzmann et al.'s framework (2011) will help managers to choose the most efficient Social Media in relation to their objectives. Even if the most popular Social Media is Facebook, as suggested by Cosenza's Social Media Positioning Map (2012, p.223), Facebook is useful to improve

relationships with a large audience without any specific interests, therefore it is located within in the space "delocalization conversation". On the other hand LinkedIn is more suitable to stimulate focalized conversations about specific topics with a niche-public (Cosenza 2012, Kietzmann et al. 2011). As suggested by Cosenza (2012) one of the key elements of Social Media Strategy definition is given by the positioning on the Social Media Map in order to "allocate resources to engage effectively with social media" (Kietzmann et al. 2011, p. 242). For example, an italian multiutility has decided to not join Facebook or Twitter since they are not considered as strategic tools for the company, given the industry in which they are involved (Moretti and Tuan 2013). They have created a LinkedIn page which enable them to manage a more direct and formal approach with potential employees and with stakeholders in general.

The *Community Manager* has an important role to understand the needs and the opinions of different stakeholders. Even more companies are using co-creation and innovation communities to involve consumers in company's development processes and increase loyalty (e.g. Gebauer et al. 2013, Füller 2010). On the other hand, communities need an ongoing management because they can also evoke angry reactions, as happened for example for Henkel in Germany. Engaged participants were not satisfied with the selected winners of the label design contest and they reacted with negative word of mouth. In cases like this, the Community Manager has to react immediately to manage consumers' complaints by developing a rich and open dialogue with the community (Varey and Ballantyne 2006). As a consequence, as suggested by Walker (2010), even if reputation is viewed as an aggregate perception of all stakeholders, it should be measured for each stakeholder group because it differs from one to another.

Nevertheless, in this paper we have focused the attention on the reputation but it represents only one of the topics which can be related to the Social Media Manager. As before suggested, Social Media are not only a communication tool but they should be considered as a phenomenon which needs to be placed within an economic and managerial perspective: the evolution of the

production of value based on knowledge which is created, disseminated and shared, where ICT plays a role of enabling drivers (Rullani 2004a, 2004b).

It would be interesting to analyze if the presence and the activities of the Social Media Manager have an impact, for example, on the customers' loyalty and on the stakeholder relations, on the firm's financial performance and on the attractiveness to potential employees.

In this context, in order to allow a complete understanding of the role of Social Media Manager, we suggest at least two future research paths dealing with:
- the training processes of Social Media Managers;
- the management and control of Social Media Managers by firms.

Considering the first path, we need to identify which kind of elements are functional to the training process of Social Media Managers. A first list of elements could be the following: mono or plural dependency relations from firms; single or multiple industrial experience and operations; contemporary presence of plural projects in different stages of Social Media development.

For example it could be interesting to know if a value added element is given by the fact that a Social Media Manager is a freelance working with more than one firm or if the multi-dependency generates bad results in terms of community management or users engagement. Another aspect to be taken into careful consideration, when dealing with training, is given by the variety of industrial/territorial/genre setting in which a manager is involved. A Social Media Manager needs to operate in different industries to be able to be legitimated in terms of its role, or on the contrary is it more important to have a multiple presence in the same industry to be legitimated?

Does a Social Media Manager improves its performance if he is involved in projects characterized by different evolutional step or it more effective working in similar project (e.g. all start-up community sites)?

These kinds of questions have important managerial implications which could be better investigated through clinical interviews with

those who identify themselves as Social Media Managers.

With regard to the second path, the management of the Social Media Manager has important implications for the firm's strategy. We can have Social Media Manager inside a firm, inside a consultancy agency, inside an ICT company, or they could be freelance working for more than one company. If we do not know their organizational role, hierarchical dependency, contractual performance management, we could have problems in term of their management. The possibility of incongruity between the aim of Social Media strategy and the organizational position of the Social Media Manager may negatively affect the SM strategy.

It is also possible to highlight how a clear understanding of the characteristics of the role (internal, external agencies and/or other) can be achieved through a good integration with the definition of the specific duties and responsibilities of this kind of condition. For example, how can the contributions to the achievement of the results of a Social Media strategy given by a Social Media Manager working in a communication agency be measured? Which are the levers which a Social

Media Manager can deploy when he/she is internal or external to the company? Which are the specific timing relationships between Social Media Managers and the business? For example, if a Social Media Manager working for a communication agency goes free lance, do the clients who are loyal to him/her become a "personal asset" of the manager or, on the contrary, is the Social Media Manager simply replaced?

This paper is the first step of an explorative process which needs to deepen the aspects related to further analytical empirical implications. The two areas of empirical research on Social Media Manager and the paths of development which have been previously identified, are the aim of further research in this area. The lack of Databases on professional figures which are, or can be identified as Social Media Managers, represents the main difficulty in developing the second research path. Therefore the first stage of development of future research will consist in a number of specific researches (through clinical interviews, observed participation) concerning operators who are already available and play a key role in companied with regard to the topic.

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SKILLS AND NEGOTIATION BEHAVIOUR OF CROATIAN BUSINESSMEN

Marija Tomašević Lišanin, Andrea Razum & Nina Marić

Abstract: The purpose of this research was to get an insight into the skills and negotiation behaviour of businessmen in Croatia and to look closely at the factors that affect the negotiation process adversely. Cognitive ability, social and emotional intelligence were chosen as the features that determine the level of negotiation abilities. Often business negotiators encounter obstacles arising from their nature; limitations and negotiating abilities; insufficiently developed emotional and social intelligence and negotiator's biases result in making non-objective and poor in the settlement of conflict. Furthermore, the aim was to detect the level of businessmen's self-consciousness and self-esteem in negotiation situations in order to detect possible discrepancies when compared to the level of their skills. The quantitative research was conducted on a sample of 80 businessmen in Croatia with the intention to examine the perceptions about their own negotiating skills. The sample consists of highly educated individuals who own small and medium size entrepreneurship and the ones that are employed in companies at the positions that entitle frequent negotiation. The research has shown that Croatian businessmen do not have sufficiently developed emotional and social intelligence in the context of negotiation process but at the same time consider themselves to be successful negotiators with developed negotiation skills. The paper provides useful insight into the perception of businessmen's skills and abilities in negotiation processes which deserves further research attention.

Key words: Negotiation behaviour, negotiation skills, businessmen

Introduction

Negotiation is a process that takes place at all business positions, among individuals with different levels of education, skills and abilities. Pruitt (1983 cited in Elfenbein et al., 2008) defined negotiation as a mutual decision-making process to allocate scarce resources which is greatly influenced by the individual differences of the opponents.

Insufficiently informed and self-conscious negotiators often have a distorted sense of their own negotiating skills, and often think they are much better at negotiating than they really are. Their performance benchmark is primarily based on how successful they are in achieving their own goals, at the same time ignoring the other's side perception of those same methods. Such negotiators are prisoners of their own illusions that negotiation skills and abilities are a natural talent. Negotiation is an acquired skill which requires both training and a complex combination of different types of intelligence, attitude and skills.

Much of negotiation research up to date has focused on identifying personality traits that ensure more successfully negotiation performance but since it has not been clear if the negotiators are consistent in their behaviour together with the limitations of the chosen methodology we set the broader disposition of desirable negotiator's characteristics and behaviour through the Triple Competency Model

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(Benoliel and Cashdan, 2006). Successful negotiators possess all the three types of intelligence; cognitive, emotional and social. The combination of those desirable personal characteristics helps them to develop three main pillars of superior negotiation; the ability to master the matter of the negotiation, the capacity to build relationships and trust and the competence to lead the negotiation process (Tomašević Lišanin, 2010, p 440).

The final result of negotiations is never predetermined and often well-prepared and

experienced negotiator can dominate his/hers opponent just by using just his skills and abilities in achieving firm goals (Tomašević Lišanin, 2004), Consequently, the purpose of this article was to determine the level of negotiation competences and behaviour of Croatian business professionals but also to determine their own perception of how good or bad they are when dealing with negotiation.

Literature review

Negotiation is a pervasive and important form of social interaction and is essential for anyone who must interact with other people to accomplish their objectives (Thompson, 1990).According to De Dreu, Weingart & Kwon (2000), negotiation increasingly gains importance as a popular and constructive way to do business, to settle international disputes, and to manage interpersonal conflict. Spoelstra and Pienar (1999, pp 3) argue that negotiation is an exchange of information through communication whereas the purpose of this communication exchange is to reach agreement between parties who have certain things in common while disagreeing on others. Furthermore, Guasco and Robinson (2007, p 7) believe that negotiating is a complex communication process between two people which requires their mutual agreement to succeed. Raiffa, Richardson, Metcalfe (2002, p 6) claim that negotiations involve multiple individuals cooperating to arrive at a joint decision. The joint decision entails joint consequences, or payoffs, for each individual. All the previously stated definitions have in common the element of the continuity which leads to a conclusion that negotiation is a

process. According to Guasco and Robinson (2007, p 2), every negotiation has two aspects: the substance (the what of negotiating) and the process (how to negotiate strategically and effectively). Successful negotiators are aware of the fact that it is more important to recognize that the process by which people negotiate is more important than thing being negotiated (the what). This is the reason why we examine the attitude of the negotiators in negotiation process according to level on the intelligence developed (cognitive, emotional, social intelligence), due to fact that intelligence level enables progress of the successful negotiation outcomes.

Although every negotiation process is unique, Benoliel and Cashdan (2006, pp 166-170; 229-238) argue that most of the negotiations require negotiators developed technical skills, psychosocial skills, PR skills, skill of seeing the big picture, along with the qualities as harmony, pragmatism, innovation, visionary and strategic thinking. According to Thompson (2005, p 3) the five key reasons for the importance of negotiation skills include the dynamic nature of business, interdependence, competition, the information age, and globalization. Weitz et al. (cited in Tomašević Lišanin, pp 441) argue that there are several characteristics or personality traits of the superior negotiators which are universal: patience and resistance, willingness to take risks, the ability of tolerating ambiguity, self-confidence and communication skills. Guasco and Robinson (2007, pp 84-85) point out that in order to achieve mutual benefit in negotiation, negotiators must use creativity or i.e. „thinking outside of the box", along with discipline and patience.

Individual differences

It is widely assumed that personal characteristics of negotiators are highly relevant for the understanding of negotiation processes and outcomes (Barry and Friedman, cited in De Pauw, Venter, Neethling,). Recent research firmly attests that about half of the variance in negotiation performance can be attributed to individual differences (Elfenbein et al, cited in De Pauw A.-S. Venter D. Neethling K.). According to them, individual differences are consistent patterns in performance across multiple negotiations at the same time arguing that traits

as self–efficacy, endorsement of the appropriateness of price negotiation, endorsement of the appropriateness of traditional bargaining techniques, implicit beliefs that negotiation skills can be learned and formal experience-all relate to negotiator's' confidence, comfort, and willingness to work hard at the often challenging task of integrative bargaining. However, despite the fact that it has been proven that individual differences have relevant influence on negation behaviour they will not be considered in this article as its primary purpose is to picture the level of skills and abilities Croatian businessmen have rather than what makes them good negotiators.

Smithey Fulmer and Barry (2004) explored which individual differences matter to negotiator's success, and under what condition, can lead to better negotiator selection for the organizations and constituencies when selecting the negotiator-representative of their interest in front of third party. Relationship between negotiators intelligence, as one of the most interesting individual differences, and negotiator performance through the years has drawn much attention of the researchers.

The Triple Competency Model

Benoliel and Cashdan (2006, pp 227), authors of the Triple Competency Model, assume that superior negotiator possess three types of intelligence: cognitive, emotional and social intelligence. Those three types of intelligence are ground for development of the triple competency that is essential for a master negotiator: mastering the substance, building relationship and trust and managing the negotiation process. For example, cognitive intelligence is important for the ability of mastering the substance, while developed emotional and social intelligence are important for the relationship and trust building. For the ability of managing of the negotiation process, all three kinds of intelligence are equally important.

Cognitive intelligence is essential for the ability of mastering the content of the negotiations. It ensures the negotiator's ability of planning, abstract thinking, understanding of the complex ideas, problem-solving deliberation, accelerated learning, and learning from experience. If level of the negotiators cognitive intelligence is insufficient, it becomes harder to negotiator to gather information about the negotiation opponent and understand the underlying interests of negotiation counterpart. Thus, decision-making performance is less rational which accelerates the occurrence of judgement error.

Interest for the cognitive intelligence in the negotiation process has been growing, but not much as the interest for the emotional intelligence in the negotiation process. Emotional intelligence, as well as the cognitive intelligence, is significant for building the relationship and trust between counterparts in the negotiation process. Emotional intelligence enables negotiator understanding and controlling of his emotions, which mitigates the implementation of the emotionally-based negotiation strategies. Emotional intelligence is useful because it assign negotiators the possibility of reading the nonverbal, emotional signs that the other negotiating party sends by their behaviour. Also, emotional intelligence helps the negotiator to understand and master emotions which facilitates the implementation of emotionally-based negotiation strategies. Caruso & Salovey (2004, xi) have developed a multidimensional model of emotional intelligence where they argued that emotionally intelligent negotiator is able to identify emotions, understand them, use as appropriate, and above all manage emotions. According to Smithey Fulmer and Barry (2004), emotional intelligence is beneficial for negotiators because it provides greater sensitivity to emotional cues, it may minimize the negative effects of emotion on decision-making, and it facilitates the implementation of emotion-based tactics in negotiation. Negotiators with insufficient emotional intelligence are not able to recognize their own emotions or emotions of their counterparts, neither to control them. In absence of emotional intelligence, it is not possible to develop a relationship with the negotiation opponent or successfully manage the negotiation process.

Social intelligence is significant for building the relationship and trust between negotiation counterparts, and it assumes possession of the

interpersonal skills. According to Buzan (2002, pp 4), social intelligent negotiators must obtain the attitude that encourages other to deployment, creation, communication and friendship, but also must know how to become and stay a friend. If the negotiator does not have sufficiently developed social intelligence, it becomes difficult to manage the negotiating process due to the failure in developing the relationship with the other negotiating party. Poor communication between counterparts in negotiation process becomes insuperable while searching for mutually satisfying solution. In fact, negotiator with undeveloped social intelligence is deprived of sensitivity for the needs of the other negotiation party as well as the motivation for mutual cooperation. Thus, wish for integrative bargaining does not exist.

Negotiation is an inherently interpersonal activity that nonetheless requires each participant to make individual judgements and decisions (Korobkin & Guthrie, 2004). But, individual judgements and negotiator's decisions are subject to irrationalities: heuristics and biases. Heuristics are mental shortcuts or strategies of simplified information processing that people unconsciously use during the thinking process. They enable managers and professionals that under time pressure simplify normally complex thinking process and decision-making. In fact, economists would argue that individuals use heuristics such as this because the benefit of time saved often outweighs the cost of any potential reduction in the quality of the decision (Bazerman, 2006, pp 8). In conflict situations (those that require resolution through negotiation) use of heuristics leads to wrong decisions because of the complexity of the negotiation situation, which by simplification can lose its essential elements and make negotiators biased. Biased negotiators one who has an irrational tendency to favour one alternative to negotiations. In a seemingly hopeless negotiation situation, creative thinking about the cause of the problem and its possible solution enables negotiators to find a satisfying negotiation outcome. Also, the negotiator can use creative thinking techniques to deal not only with the biases of the negotiating opponent, but also with their own biases.

Guasco and Robinson (2007, pp 84-85) claim that effective strategic negotiators create elegant deals by thinking outside the box; whereas box is defined as the rigid or inflexible concept we may form about how to solve a problem. Using the power cooperative negotiating means looking beyond the "box" to embrace potential solutions that best meet parties' underlying needs and interests, even those that seem far-out that have been previously rejected.

In a negotiation context, as in many workplace settings, much of an individual's success is dependent upon his or her ability to grasp the facts and dynamics of a situation on the fly and to be able to figure out the other party's interests quickly (Thompson, 1990b) Therefore desirable negotiation behaviour can be viewed through the prism of information acquisition, recognition of relative importance of own interests, setting agreement boundaries, development of scenario analysis and perception and usage of creativity in order to overcome biases. All of which postulates more rational decision-making performance and less judgment error in negotiation settings.

Research goals
The aim of the research was to examine the level of emotional and social intelligence Croatian businessmen have in negotiations.

Also, the goal was to investigate behaviour and attitudes the Croatian businessman have in negotiation's information acquisition, acknowledgment of the opponent's interests, recognition of relative importance of own negotiation interest, alternatives development, the usage of manipulation techniques, the development of scenario analysis and the perception of creativity as a part of negotiation process.

Finally, the purpose of the research was to determine the relationship between the level of emotional and social intelligence and the negotiation attitude mainly to detect if the higher level of emotional and social intelligence induces more professional attitude and more thrall approach towards negotiation.

More accurately, more emotionally and socially intelligent negotiators will give more importance togathering more and richer information about

their opponent and its underlying interests, the recognition of relative importance of their own negotiation interests more, setting agreement boundaries, scenario analysis development, usage of manipulation techniques more often in order to induce desired emotion and to perception of creativity as an important part of negotiation than less emotionally and socially intelligent negotiators.

Methodology

In accordance to the research objectives the unambiguous highly structured survey questionnaire was administer on the selected sample of businessmen in the Republic of Croatia. For the purpose of the research the concept of a business professional implied a person in a possession of a small and medium sized entrepreneurship as well as a person in a managerial or advisory position not necessarily having the ownership share.

The questionnaire consisted of 20 questions that were aligned to the aims of the research. The first 7 questions regarding emotional intelligence were tailored according to the Mayer, Salovey, & Caruso Emotional Intelligence Test (Mayer, Salovey, & Caruso, 2002) which is widely used performance based emotional intelligence test. The social intelligence in negotiation was tested according to Tony Buzan's test adjusted for negotiation situations (Buzan, 2007). In this article, we did not test the level on the cognitive intelligence of entrepreneurs in Croatia because cognitive intelligence is usually tested by IQ test. Otherwise, recently scientific literature started to test and measure negotiator's cognitive intelligence, namely by the method of observation of the proceedings of the negotiation process between negotiation parties. Due to extensive questionnaire and the time constraints, we decided not to examine the businessmen's level on cognitive intelligence, yet it is very logical to assume that the level of cognitive intelligence is above average due to professional positions of

the respondents that constitute intentional sample.

In all the other questions related to negotiation behaviour and attitude Likert five point scale was in order to explore the frequency of respondents actions in particular negotiation situation or context.

The survey was conducted via e-mail in the period from April to June in 2010. The results were analysed using statistical software package SPSS using descriptive statistics, correlation and multivariate analysis.

The questionnaire was sent out to 150 e-mail addresses and out of 102 received, 80 were complete and valid for the analysis, creating a response rate of 53%. The sample comprised 65% male and 35% female respondents with the age ranging from 23 to 60, 50% belonging to the age group between 31 and 50 confirming the relevance of the sample. 86% of the sample has a university degree or higher implying advanced educational background which is yet recognition of the sample's significance.

The structure of the sample itself implies that participants should have developed cognitive, emotional and social intelligence as well as developed skills necessary for effective negotiation performance.
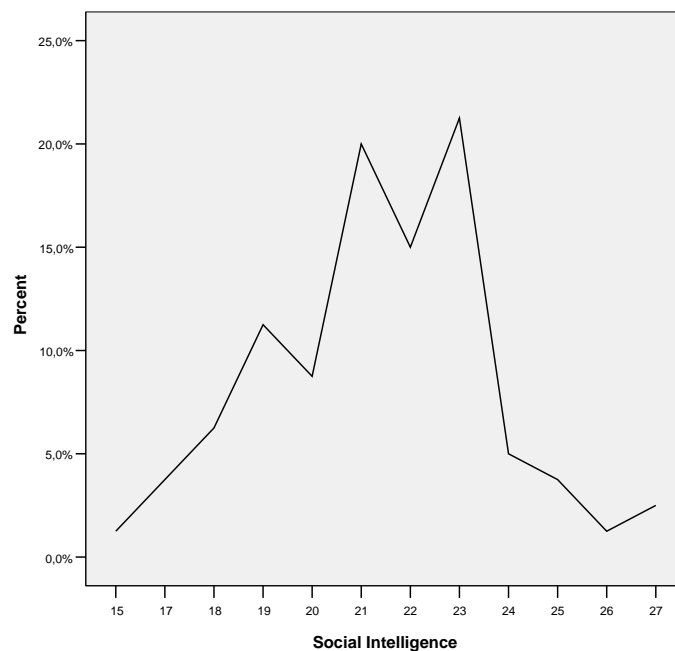
Research results

The results regarding the emotional intelligence were analysed according to the original MSCEIT scoring scale with the maximum of 14 points. And the results show that despite the fact that the sample was composed of highly educated professionals most of them presented average emotional intelligence. The average score is 8,86 with the standard deviation of 1,76. The graph clearly portrays the middling level of the emotional intelligence in negotiations that the respondents have shown and it indicates that despite the fact that the sampled individuals deal with negotiation on a regular bases due to their professional positions on average they do not have sufficiently developed emotional intelligence in such situations.
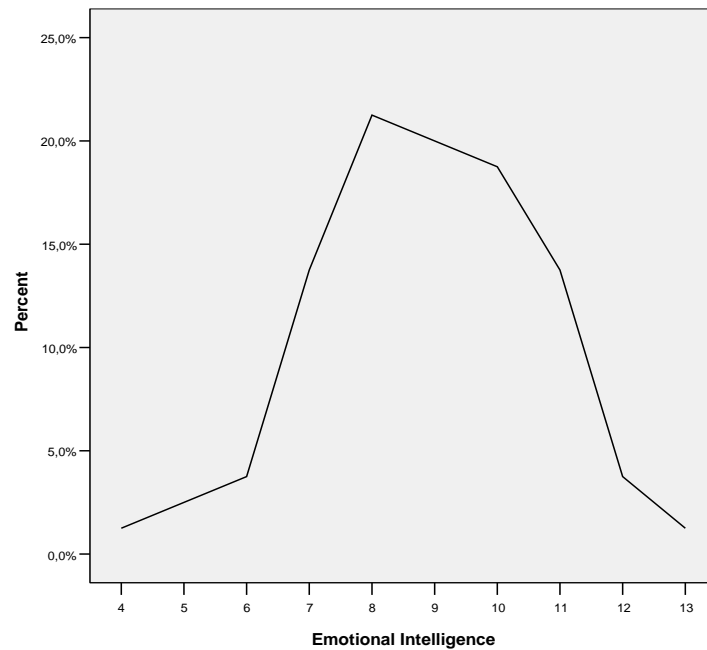
Graph 1 Emotional intelligence

Along the lines of the results in emotional intelligence the level of social intelligence did not prove itself to be any superior. The maximum number of points in the social intelligence test was 35 and the average score was 21,36 with the standard deviation of 2,313 which is a slightly better score than in emotional intelligence scores. Only 33,7% per cent of all respondents have scored more than average which again clearly indicates insufficiently developed social intelligence or the perception of it.

Graph 2 Social Intelligence

When analysing the results on the negotiation skills the results of the research are somewhat better. On a five point Likert scale the respondents were asked to state the frequency of relevant negotiating conduct that serve as a good predictor of negotiating effectiveness.

55% of respondents always gather information about their opponent which is one of the most essential and that is also the most frequent answer and 95,1% of them consider thurally opponents underlying interest always or very often. 18,8% of respondents always ensures

recognition of relative importance of own negotiation interests whereas 68,8% of them do that very often. Prior and during the negotiation 93% of them either always or very often set agreement boundaries and 77,5% develop scenario analysis. Quite interestingly only 47,5% of respondents often develop and use manipulation techniques in order to induce desired opponents emotion that is very much in accordance with the averageness of previously presented emotional intelligence results.

	Acquiring information about the oponent	Thinking about the oponents interests	Thinking about the relative importance of own interests	Setting agreement boundries	Developing and using manipulation techniques	Scenario analisys development
Mean	4,513	4,363	4,038	4,313	3,413	3,875
Mode	5	4	4	4	3	4
Always	55,00%	43,75%	18,75%	38,75%	7,50%	17,50%
Very often	41,25%	51,25%	68,75%	55,00%	40,00%	60,00%
Sometimes	3,75%	3,80%	10,00%	5,00%	40,00%	16,25%
Rarely	0,00%	0,00%	2,50%	1,25%	11,25%	5,00%
Never	0,00%	1,25%	0,00%	0,00%	1,25%	1,25%

Table 1 Negotiation behaviour

The results have shown significant positive correlation at the level of α=0,01 between emotional intelligence and the acquisition of information about the opponent with correlation ρ=0,296 and the consideration of the opponents underlying interest with ρ=0,349. There is also positive correlation at the significance level α=0,05 between emotional intelligence and scenario analysis development with ρ=0,221. It is interesting to note that there has not been proven any significant relationship between emotional intelligence and the usage of manipulation techniques which implies itself intuitively but that can be explained both with the negative suggestion of the word manipulation. These correlations should be interpreted through the uniqnues of the negotiation process rather than the facets that increase the level of emotional intelligence.

More precisely, the respondents that prove to acquire more information regarding their opponent, consider opponents underlying interest as well as develop scenario analysis on average have more developed emotional intelligence.

As for the perception and usage of creativity in negotiation the respondents have proved that the ability to deal with novel and unfamiliar situation is extremely relevant in negotiating environment. More accurately, 77,5% of them agree that creativity is an important part of negotiation process. This result is rather applauding as by using creative techniques negotiators go beyond obstacles and with collaboration achieve mutually satisfactory resolution.
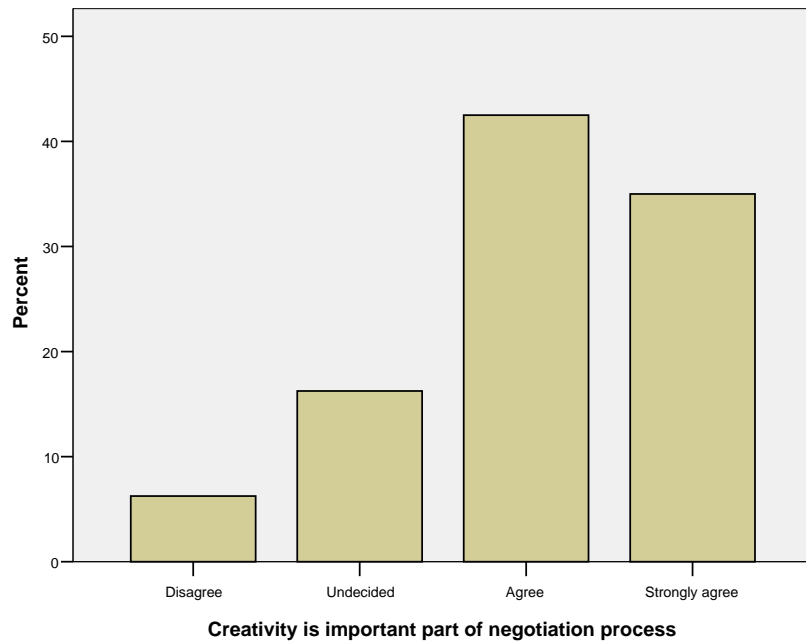
Graph 3 Perception of importance of creativity in negotiation

In regards to the level of businessmen's negotiating self-consciousness the research as shown that 61,3% of the respondents have strong confidence that they have good negotiation skills. When comparing that particular score with all the other previously mentioned findings it is quite clear that their level of self-esteem does not perfectly match proven negotiating skill and abilities.

Moreover, the research has shown very significant positive correlation between the measured emotional intelligence and the perception of own negotiation abilities with correlation $\rho=0,346$ meaning that self-confidence does to given extent influence emotional intelligence or better said, business people who claim their proficiency in negotiation have on average higher level of emotional intelligence.

		I have good negotiating skills
Emotional Intelligence	Pearson Correlation	0,346**
	Sig. (2-tailed)	0,002
	N	80
Social Intelligence	Pearson Correlation	0,135
	Sig. (2-tailed)	0,234
	N	80
**Correlation is significant at the 0.01 level (2-tailed).		

Table 2 Emotional and social intelligence in correlation with the negotiators' self-confidence

Discussion

The underlying purpose of this article was to identify the level of negotiating abilities Croatian businessmen have mainly through the level of their emotional and social intelligence in negotiation as well as through their stated negotiating behaviour. As stated earlier, it has been assumed that cognitive intelligence of

respondents is above average due to the demands of their professional position that requires advanced intellectual ability.

The research has shown that Croatian business professionals do not have sufficiently developed emotional and social intelligence in negotiation but at the same time show very high level of self-esteem in negotiation. These intelligences are

important for the ability to build relationships and trust, and capacity to manage the negotiation process according to own underlying interests, as two of the three key skills of top negotiators according to the Triple competency model of top negotiators. If negotiators do not have sufficiently developed emotional, cognitive and social intelligence they are more vulnerable to biases that present aggravating circumstances in negotiation. High level of confidence in terms of negotiating skills is not unforeseen as it has been proven that most unqualified negotiators more often than not has very unrealistic view of own negotiating capabilities as they do not know what it takes to be a good negotiator (Benoliel and Cashdan, 2006, pp 220).The discrepancy between the insufficient levels of necessary intelligence and very high level of self-esteem is most probably the origin of many biases that are primarily subconscious and therefore cannot be measured in this kind of research.

The ability to develop responsiveness for situations and for people is quite an important facet of any good negotiator. And even though the difference between cognitive and social intelligence intuitively comes quite clear, there are persistent problems in empirical validation of that distinction. Moreover, since social intelligence is viewed as a trait-like individual difference there are no empirical constructs with specific measurements. Therefore the results of the social intelligence should be interpreted in the context of negotiating behaviour that the respondents claim to have in certain situation and in the context of multifaceted negotiating competences rather than the level of social intelligence as a sole. It can definitely be concluded that Croatian businessmen should have more knowledge and sensitivity for social relations in terms of negotiation.

The lack of emotional intelligence or better said compassion for the opponent that gives the negotiator quite a substantive advantage in negotiation can definitely be explained through the prism of Croatian business environment that is quite manly and harsh. More often than not business negotiations are being perceived as bargaining occurrence rather than professionally demanding activity which requires a thrall preparation and perceptive attitude.

It is obvious that the results are somewhat different when the respondents are asked indirectly about their negotiation behaviour, i.e. giving several optional reactions and when they are asked to state the frequency of particular negotiation routine that manifest every professionally approached negotiation situation. The respondents have presented fairly plausible behaviour in gathering information about their opponent and its interests, in recognizing the relative importance of own interests, in setting agreement boundaries and the development of scenario analysis as well as in usage of manipulation techniques. The overall results of how they approach and carry out the negotiation process in terms of frequency of actions are better than expected. However, the actual result should be interpreted together with the indirect questions regarding negotiations representing the level of social and emotional intelligence.

Most of the respondents have desired perception of creativity being an important part of negotiation process, nonetheless combined with all the other conclusions it is hardly believable that they approach it in professional manner as a set of methods which can be learned.

The empirical results of this study clearly show that although Croatian businessmen show a significant level of negotiating skills there is evident implication of the insufficient development of the overall negotiation competences.

Limitations and further research

Emotional intelligence measures, on the other hand, are still largely in the developmental stages. Researchers are actively exploring whether emotional intelligence is distinct from other constructs, with mixed results depending on the type and version of the emotional intelligence test used. Therefore, the limitation of this study is the validity of the MSCEIT test. Furthermore, our study is limited by its sample size and by the fact that it was impossible to verify the background of the respondents due to the nature of questionnaire distribution. Finally, further research on this matter should be augmented with the cognitive ability test in order to grasp fully the level of negotiation

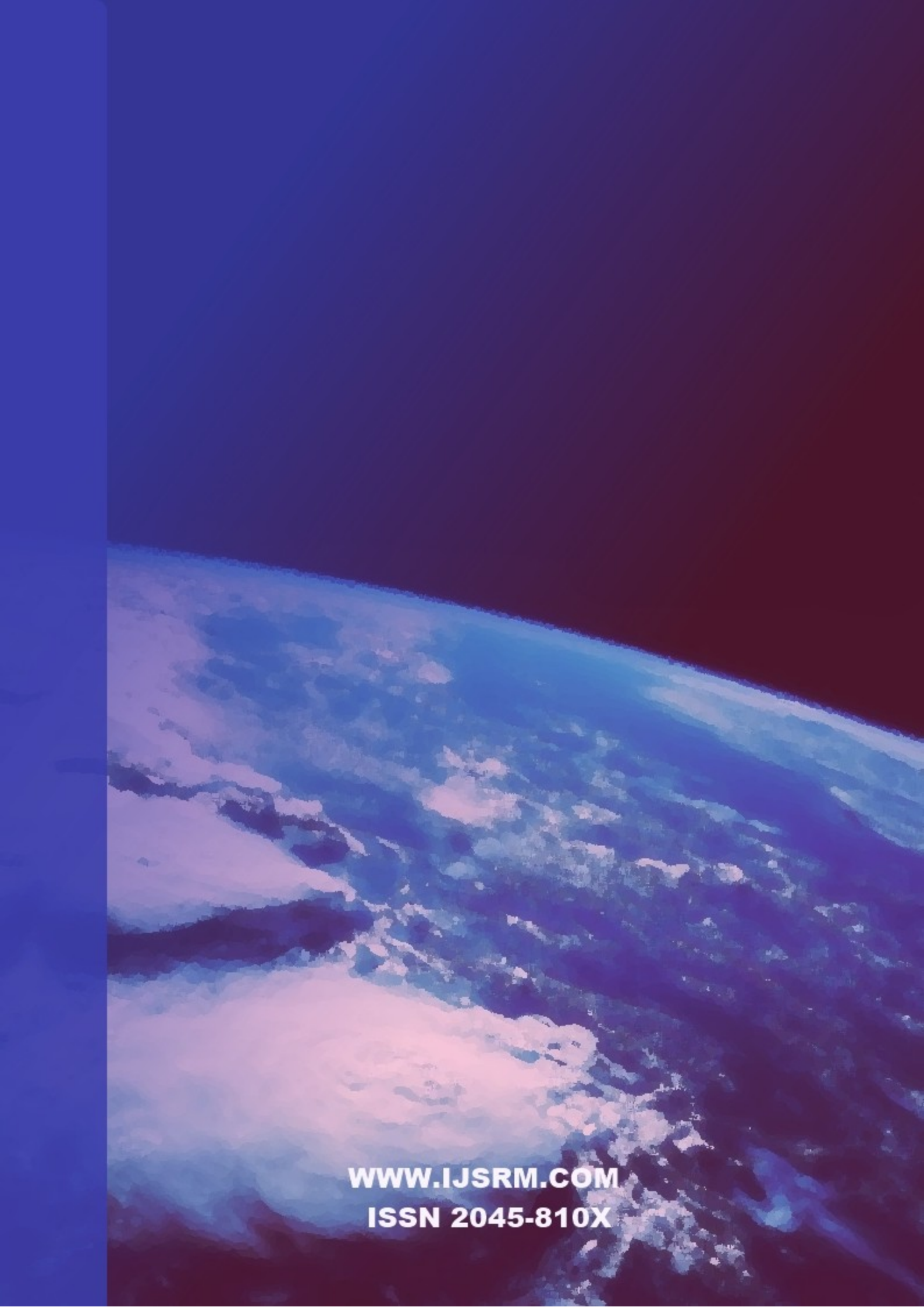competences under the chosen theoretical construct.

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