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Contents

Management Tracks

Tourism Tracks

Marketing Tracks

Fashion Tracks

Social Media and Social Capital: A Literature Review in the field of knowledge management

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Abstract

Among trust and norms social capital theory incorporates the concept of relationships. Interaction between community members bears the value of the creation of new social capital using the intelligence of the collective. Hence benefits of social relations are innumerable in terms of sharing, combining and coordination of information and knowledge in a trusted network.

So far social media tools for knowledge sharing (KS) have been widely discussed in the intra-organizational context. This article aims on the creation of an acceptance model of social media for KS on a general basis focusing on a non-organizational audience in the field of automotive repair.

To create this model an extensive literature review had been conducted bringing together the notions of social capital, knowledge management and social media to propose hypothesis to predict virtual knowledge sharing in communities of practice.

Introduction

The presence of the adjective "social" in the expression "social media" clearly states the importance of factors concerning interaction between individuals. The significance of interaction through social software is anchored in the human behavior of communication. Communication through social software bears a lot of challenges and risks (Riege 2005). Also not every communication via social interaction fostering media can be considered the same it strongly depends on the target audience and the motives these tools are in use for.

Social Media have evolved to be a part of social life involving many actors with all kind of motivations to engage online. Over the last decade social media have found their way into workflows and organizations' Barachini (2009), IT policies and were incorporated into organizational communication providing platforms for innovation, exchange of information and knowledge. Using social software plenty of companies have established internal platforms which not only connect people with the same interest, but often reflect physical communities in virtual space. Often working communities so called communities of practice (CoP) are duplicated on a social networking infrastructure owned and managed by a company. The company benefits from the shear immensity of information and knowledge its employees share and disseminate explicitly throughout their network. Barachini (2009) argues that most of the goals a company has set can only be reached by sharing of information or knowledge. The value information and knowledge possess is what enriches the value of the company and makes it gain a competitive advantage. Many academics have researched online knowledge sharing as part of knowledge management in the last 5 years (Peet, 2012;Alajmi, 2012; Kietzmann & Silvestre, 2012; Majewski, Usoro, & Khan, 2011; Wu & Sukoco, 2010; Chen & Hung, 2010; Ford & Staples, 2010; Gagne & Deci, 2005; Levy, 2009; Hersberger, Rioux, & Cruitt, 2005) looking for enabling factors to make target audiences engage in knowledge sharing behaviour online.

Social Media and User generated Content (UGC)

Social Media are internet-based applications, which enable users to converse (interact with each other), to create and to participate in publishing user generated content (UGC) that have been developed under own creative efforts and are processed online by the collective of individuals by contributing own contents in a professional or non-professional environment. The participant functions as consumer and producer of information, knowledge and know –how, opinions and experiences that are acquired and disseminated via texts (comments, threats, ratings, reviews,…), photos and graphics, video-, movie- and audio files.

UGC thus is the sum of social activities users share explicitly with their network or community. In social media the user becomes an active participant who adds value to this content by contributing according to the social media tool's spectrum of "social features". Value according to the knowledge-based view of an organization (Teece 2001; Spender 1996) is generated only through knowledge which is the cornerstone of the competitive advantage of any firm (Finkbeiner and Dean, 2012; Bock, Zmud, Kim, & Lee, 2005). UGC thereby can take on different forms of media content that are accessible by the general public or a restricted group and have been created by the end-users ((Kaplan & Haenlein, 2010, p. 61, OECD, 2007).

In the run of the discussion what defines user created content the OECD (2007, p. 8) describes three characteristics that narrow down a possible spectrum: The publication requirement of UGC on "a publicly accessible website or on a page on a social networking site", the creative effort when adding value to tasks through own personal creative effort and collaboration, and creation of UGC "outside of professional routines and practices". Outside an institution, business or without organizational contexts UGC can be created by professionals as well as non-professionals who do not expect to receive any kind of remuneration.

While the concept seems simple user participation and engagement is a major issue of many online communities and under-contribution is a wide spread issue (Beck, 2009, p. 20)

In its publication about participative web the OECD (2007) considers a range of motivational factors that might lead target audiences to participation. The primary factor was the one of connecting with peers followed by reaching a level of notoriety fame or prestige and the desire for self expression.

Social Capital Theory

The connecting conception of social capital have been discussed by famous theorists like Bourdieu, Coleman and Putnam (Field 2012) According to Nahapiet & Ghoshal, 1998 social capital is a term of community studies (p. 243) and makes the creation of intellectual capital easier. They define social capital as the "sum of the actual and potential resources embedded within, available through and derived from the network of relationships (p. 243)." Furthermore they consider structural, relational and cognitive elements of social capital. Herewith structural refers to network ties between actors and the configuration of networks, while relational aims on the relations they have with other individuals and are carried by respect, trust and norms which influence behaviours. Interpersonal trust is a essential requirement for effective cooperation (Pavlou & Gefen

2004; Fukuyama 1995) however considering social capital as an investment "in social relationships with an anticipated return of relational dividends from such actions." (Hersberger et al., 2005, p. 9) "Resources embedded in social networks and subsequently accessed and used by individuals in a network is the operationalized definition of social capital" (Lin, 2002, p. 24 – 25 in Hersberger et al. 2005)

Similar as in social media human relationships are an essential element to social or community capital. These interpersonal connections are based on interaction (Field 2012) While the debate of social capital had been raised to discuss the "decline of community" (p.7) online interaction has become a major driver for sharing and exchanging ideas, opinions and knowledge. Neither Bourdieu, nor Coleman have written about social media referring to social capital. Putnam (2000, 1995) however discusses the topic of internet and social capital in his book Bowling Alone.   Referring to communication as the "fundamental prerequisite for social and emotional connections" (p. 171) Putnam rates the internet as a dramatic communication enhancer. According to Borgatti & Halgin (2011)a   theory of interpersonal tie formation and the theory about the "advantages of social capital could be considered network theory" (p. 1170)

Network Ties

By eliminating the barriers of distance and time virtual networks maintain intermediate, strong ties and weak social ties "that provide information and social support in both specialized and broadly based relationship (Wellman, Salaff, & Dimitrova, 1996, p. 213, Wellman, 2001). As social capital is about networks computer-mediated communication speeds up the interaction of community members while switching between relationships of different ties and "tie strength" (M. Granovetter, 1983; 1973). Fukuyama (1995) shares the opinion that "internet erodes the established relationships", while Castells (1996)had understood new technologies as the centre of "opening up the social space, for they provide unparalleled opportunities for linking disparate and scattered elements into a fluid but structured whole"(Field, 2012, p. 102). While early research suggests that individuals that are frequently online are more involved in community (Haythornthwaite 1998) contrary studies show that extensive use of internet took community members away from their physical communities (Nie & Erbing, 2000). Wellmann (2001, p. 2032) states that internet does not destroy community however "is resonating with and extending the types of networked community" as existing ties can be maintained online and new ties can be developed when sharing the same interest. He predicts a society that is networked by composed of single groups. Wellmann further argues that the extension of community is facilitated in virtual space by connecting with friends and increasing the density of social connections by extension e.g. adding friends of friends. Anderson & Tracey (2001) argue that the internet use in daily life is a too vast field to be researched as a whole; rather research should "consider the patterns of usage of the various applications or services that the Internet delivers."(p. 456)

The acceptance of internet among new users requires time to gain experience. Once experience is gained the social contact increases and with it the social online interactions (Kraut et al. 2002). Studies conducted by Anderson and Tracey (2001) as well as a study by Dimmick et al. (2000) have revealed that internet increases community interaction.
Weak ties and relationships

Wellmann (2001) clearly points out that the impact of internet is positive on a community ties regardless whether nearby or far away living. Most surveys mentioned point out that people who are active users of internet and thus have plenty of active physical connections, which are rather complemented than replaced by interacting in online (p. 2032). Field (2012) states that internet is not harming the creation of social capital. Rather online interaction and face to face interaction are not incompatible rather he describes them as "complementing" (p. 105)

In a longitudinal study Steinfeld et al. (2008) have investigated the relationships between social networking services use (Facebook), "measures of psychological well-being, and bridging social capital" (p. 434). They refer to "bridging social capital" as "weak ties" in the context of "loose connections between individuals who may provide useful information or new perspectives for one another but typically not emotional support" (p. 436). This social capital of weak ties is what concerns the level of inter-individual connections that had been conceptualized in the context of community (Hurtz & Williams 2009; Field 2012; Putnam 2000). They find that SNS facilitate social interaction especially in the first stages. Steinfeld et al. (2008) consider the contacts people gather in their lists as "a collection of weak ties" (p.434) which supply new information. The means for maintaining these remote relationships in form of weak ties lie in social media services in form of tools such as friendlisting, wall posting, tagging. The general provision of "social and technical support for social interaction"(p. 444) in SNS is understood to "reduce the barriers to interaction with weak ties for those with lower self-esteem" (p.444).

Knowledge Sharing Behaviour

The term social network only allegorizes one part of social media, there are many other social options internet users can take to interact and engage. Engagement in the context of social media means contributing and participating in social media tools. This social presence is increased by adding pictures, videos and sound to any virtual conversation adding up to UGC.

Sharing can take place by the application of a knowledge archive and is strongly connected to the willingness of the individuals to share (Bock et al. 2005). If knowledge is present in individuals in form of tacit knowledge (Nonaka 1994, p.20; Nonaka & Krogh 2009) it will stay there unexposed and thus not recognized by people who could benefit from it, as long as the "knowledge owner" (Bock et al. 2005, p.89) decides to make it available explicitly by verbal or written communication. Gibbert and Krause (2002) state that knowledge sharing is purely volitional and can thus only be facilitated and encouraged. Therefore then challenge according to Riege (2005, p. 20) is to optimize value from tacit knowledge of "employees, customers and external stakeholders" in order to create the right system where "individual creativity contributes to the growth of the collective knowledge". Bock et al. (2005) define this challenge as changing the individuals' behaviours towards a knowledge-sharing mindset, while finding factors that lever or motivate this behaviour. Many authors (Von Krogh et al. 2012; Hu et al. 2011; Nonaka & Krogh 2009; Chua 2003; Spender 1996) argue that creation of new and the sharing and dissemination of existing knowledge takes place in the "interaction between tacit and explicit knowledge" (Riege 2005, p.21). Knowledge sharing is the process of mutually exchanging knowledge and jointly creating new knowledge (Gagne & E. L. Deci 2005). According to Gagné (2009, p. 573) it "implies synergistic collaboration of individuals who work toward a common goal." Von Krogh et al. (2012) apart from Nonaka's SECI model of knowledge creation refer to two ingredients a system or

organization has to offer for disseminating and knowledge creation. They refer to one as Ba the Japanese word for "place" that considers a "shared place for interaction that can be physical, mental or virtual" (p.242) while all knowledge is anchored in social and cultural context. The other ingredient to share is represented by knowledge assets such as "outputs, inputs and moderating factors"(p. 242) while Ba is the place for the exchange and creation of new knowledge.

While the issue of proprietary knowledge is important for knowledge intensive organizations, they name "collective knowledge" or intellectual capital (Levy 2009; Rangachari 2009; Noorderhaven & Harzing 2009; Amin & Roberts 2008; Riege 2005; Ipe 2003) as result of social interaction to a valuable collective good. The knowledge that is created in social communities according to Noorderhaven and Harzing (2008) is collective knowledge. They state that "as the emphasis on authority relations" within multinational corporations decline, "attention on knowledge flows increase."(p.7) Noorderhaven and Harzing argue that social interaction, in the nature of informal face to face contact, is an essential factor to knowledge sharing while social interaction is regarded as the "channel" for the transmission of "complex, content-dependent knowledge" (p.7).

They argue that the channel for knowledge sharing cannot explain the "flow it accommodates" and that the means for sharing can only positively or negatively "moderate" the behaviour of knowledge sharing in its framing. Thus it all depends on the receivers or senders individual motivation for dissemination of knowledge.

Motivational Factors for knowledge sharing

Researchers classically divide rewards into two categories: extrinsic and intrinsic ones (Von Krogh et al. 2012; Kietzmann & Silvestre 2012; Michael Chui et al. 2012; Jeon et al. 2011; Swift et al. 2010; Tan et al. 2010; Tohidinia & Mosakhani 2010; Hsu & J. C.-C. Lin 2008; Gagné 2009; Bock et al. 2005; Sharratt & Usoro 2003; Chua 2003) which correspond with according intrinsic or extrinsic motivational factors (Vuori & Okkonen 2012; von Krogh et al. 2012; Hu et al. 2011; Jie et al. 2011; Chen & Shiu-wan Hung 2010; Tan et al. 2010; Cruz et al. 2009; H.-F. Lin 2007; E. Deci et al. 1999)

Fang et al. (2005)developed a framework that involves physical teams, their knowledge sharing routines and their way of communication and conflict resolution. They point out the impact of interpersonal communication and the need of relationships within the team for building a unit within the organization.

Lerman (2007) studies incentives to user participation in social media. She is able to observe the typical format that (Nielsen 2006) named participation- inequality scheme as in the time observed "3% of the top 1,000 users made 33% of the weekly submissions, 21% of the [votes] and 60% of the stories promoted to the front page" (Lerman, 2007, p. 3). Similar to a pareto principle where 80% of the work is done by 20% of the members this observation confirms unequal distributions in contributing. Lerman (2007) consequently looked into factors that could impact on user participation in social media. Competition in regards of the individuals position in the community, social factors, being accepted within the community and "internal factors" such as getting own contributions and stories published and voted on. The top user list hereby was introduced to encourage users to share their stories while expecting motivation by ranking. When the list was deleted in course of the research lower activity was the consequence. For Lerman (2007, p.3) "social recognition is the glue that holds the community together and is a

more powerful motivator than competition". This recognition Lerman (2007) explains arises out of the features such as commenting, voting on submitted content of other users and "friend requests". Being positively recognized motivates the user to further contribute, "remain active or increase activity, while negative recognition can destroy community" (p.3).

Motivation is the key determinant of general behaviour (Lin, 2007,p. 137). In their social media framework Kietzman and Silvestre (2012) also consider intrinsic and extrinsic motivational factors. While intrinsic motivation can be "involvement in the activity itself, curiosity, enjoyment, peer recognition, a personal sense of challenge, accomplishment or belonging, they refer to extrinsic motivation as the "desire to achieve some external reward that is apart from the activity itself such as money, deadlines, directives, threats, competition pressure, expected evaluation, surveillance or job promotion (p. 115; Ryan and Deci, 2000)

Leaders are often go-to Persons and play roles "innovator', "mentor", or "facilitator". According to Yang (2007) organizational leading cultures that involve strict policies and measures will be less encouraging and supportive for knowledge sharing than those "emphasizing human interaction, affiliation, morale, cohesion, and workplace harmony" (Von Krogh et al. 2012, p.244). All these factors may influence on a target audiences intention to share and disseminate knowledge.

Theory of Planned Behaviour

In order to predict sharing behaviour in virtual social networks the social behaviour has to be defined previously. Fishbein and Ajzen (1975) suggested that human social behaviour has its determinants in only a number of factors. These factors built the basis for the approach of their Theory of Reasoned Action (TRA). Based on TRA Ajzen and Fishbein found behavioural intentions to be the most important "immediate antecedents of behaviour" (Mattarelli 2007) As knowledge sharing is an intentional behaviour it can be approached with Ajzens TPB where human intentions (KS) "are assumed to capture the motivational factors that influence a behavior" (Ajzen 1991, p. 181)

The Theory of Planned Behaviour evolved out of Fishbeins's (1967) Theory of Reasoned Action (TRA) that in turn was largely adapted from the Theory of Attitude and Dulany's theory of propositional control.

From its roots in propositional control and expectancy theory, TPB emerged as a major framework for understanding, predicting and changing human social behaviour that has been widely applied. Knowledge sharing behaviour has been studied by researches applying the TPB (e.g., Shin-yuan Hung & Cheng 2012; Jie et al. 2011; Gange, 2009; Bock, Zmud, Kim, and Lee, 2005; Cabrera and Cabrera, 2005; Ryu et al. 2003; Bock and Kim, 2002). Academics (e.g. Bock et al., 2005) predicted that TPB can be used as a framework for explaining knowledge sharing intention or online behavior. In the field of knowledge sharing TPB has therfore been applied in the research of virtual communities. Ajzen and Fishbein (Ajzen & Fishbein, 1980, 2002) propose that behaviour is determined by intention which in turn is determined by three fundamental factors, which influence intentions:
>   (1) Attitude towards the behaviour,
>   (2) Subjective norms regarding the behavior, and
>   (3) Perceived behavioural control (PBC) about one's behaviour.

Attitudes are the positive or negative evaluations of the behaviour in question, while subjective norms represent the perceived social pressure to engage or not engage in the behaviour in question (Fishbein & Ajzen 2010, p. 21; Gagné, 2009).

Perceived behavioural control, is about having the required skills, resources and opportunities to engage in the target behaviour behaviour (Gagné, 2009) The person's belief of having the control over a behavior is similar to the concept of self – determination or autonomy (Deci and Ryan, 1999) where the need of competence describes the need of certainty about oneself to control and implies self-efficacy in a behaviour (Bandura 1994).

As noted before the three components of the model are based on beliefs towards the behaviour. Attitudes are believed to develop automatically and inevitably as new beliefs are formed about an object. Specifically, people are assumed to have pre-existing evaluations of certain attributes of an innovation that become linked to this object in the process of belief formation. Thus, in future, the attitude object will automatically activate the summated evaluative response, that is, the overall attitude towards the behaviour (Fishbein & Ajzen 2010, pp. 96–97).

Figure 1: Diagram of Theory of Planned Behaviour on knowledge sharing behaviour (Ajzen 2006)
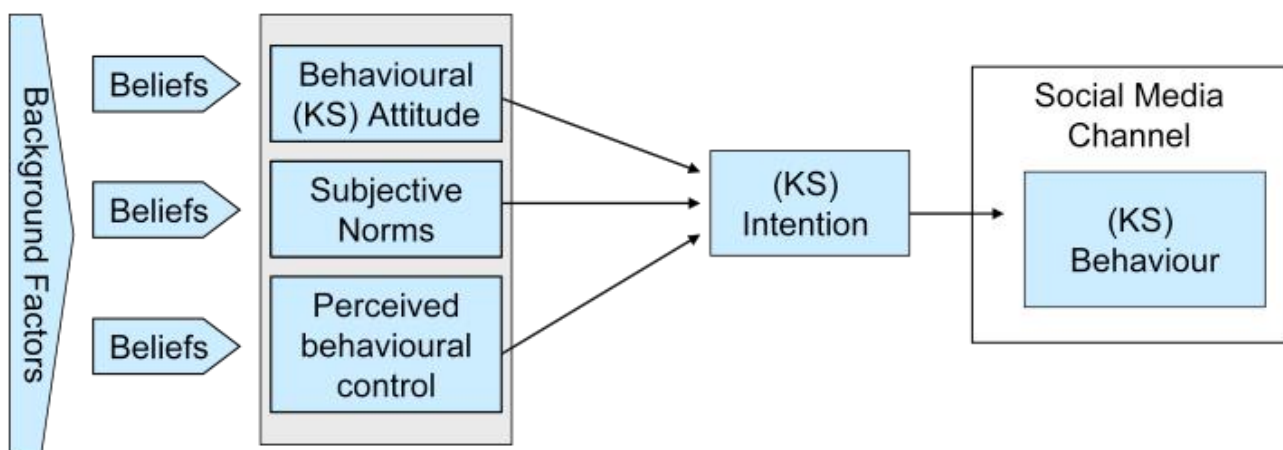
The beliefs are not predetermined; rather they reflect a gathering process over time. Behavioural, Normative and Control Beliefs are developed individually by experiences and interaction with the real world and by own inferences based on the given set of information, as every person perceives the environment differenty.

Differences in individual beliefs must therefore be the result of different experiences or interactions over a span of time.

These real life experiences, are influenced by personal characteristics, social and cultural factors and exposure to media and other sources of information (Venkatesh et al. 2003, p. 469). These individual characteristics shall be regarded as background factors in the TPB model influencing on the beliefs that again impact on the predictors of intention. As the number of factors could be considered endless, the range of personal characteristics must be adapted closely to the target behaviour and t. Important to notive is the factor of experiences with social media tools which could impact on the beliefs and thus the KS intention. Therefore there is a link from KS interaction to the background factors as it is assumed, that most people have already engaged somewhat in social media channels.

Being heavily employed in contemporary social psychology, the model developed by Ajzen and Fishbein has proved to be successful in many behavioural domains.

Subjective and descriptive Norms: The Social Factor in TPB

In a study by Alajmi (2012) TRA and TPB were employed to investigate knowledge sharing behaviour in online communities. An online questionnaire was sent to an online community of professional educators with the focus on improving teaching quality by the development of virtual approaches. Alajmi considered five predictors to knowledge sharing behaviour in an educational online community: those of the TPB (attitude, subjective norms without perceived behavioural control) plus descriptive norms, controllability and "knowledge sharing self – efficacy". Descriptive norms according to Alajmi (2012, p. 3) "focus on the individual's perception of the behaviours or attitudes" of others.

Rivis & Sheeran (2003) describe subjective norms as an injunctive norm in contrast to descriptive norms. The difference is that subjective norms focus on "what significant others think that the person ought to do" (p.219) while descriptive norms describe what they really do" (p. 219). For Rivis and Sheeran (2003) Fishbein and Ajzen's subjective norm is focusing on "perceived social pressure, that is the person's potential to gain approval or suffer sanctions from significant others for engaging in a behaviour" (p. 219). In their meta analysis of 14 TPB studies (N= 5810) they prove that the strength of descriptive norms which they attribute significant theoretical value as it contributed an extra 5 percent to the variance in intention following the variables attitude, subjective norms and PBC. Therefore descriptive norms, referred to by others as "group norms" (White et al. 1994) or "behavioural norms" (Grube et al., 1986), according to Rivis and Sheeran (2003, p. 228) "warrants inclusion in the model".

They also proved that correlation between descriptive norm and intention would be stronger among younger than older samples as they are attempting to gain more acceptance within their social groups. They suggest that the relation between descriptive norm and intention is stronger for individuals who do want to define themselves according to their group's norms. Following this reasoning research found that correlation between intention and the group norms for persons who identify with a group that carries out the same tasks (Astrom and Riese, 2001; Terry and Hogg, 1996). Pointing out the lack in research regarding relationships descriptive norms and intention more conclusions could be drawn according to Rivis and Sheerman (p. 229). Alajmi (2012) incorporates the notion of descriptive norms into his TPB approach extending the existing social injunctive predictor "perceived social pressure" (subjective norm). Results of Alajmi (2012) showed that normative pressures with subjective and descriptive norms significantly impact the intentions of individual virtual knowledge sharing.

According to Alajmi's (2012, p. 8) research virtual community members "are more likely to intend to share their knowledge — not only if they have strongly perceived subjective and descriptive norms, but also if they have a strong confidence in their abilities to share." Thus they divided perceived behavioural control (PBC) into two latent variables: self-efficacy and controllability in order to understand the individuals confidence in their own behaviour more deeply. Their outcome showed that the major determinant for intention to share knowledge was subjective norm. The "impact of the significant others" (Fishbein and Ajzen, 1975) has again (Kuo & Young 2008; Bock et al. 2005; Ryu et al. 2003) shown to be main predictor for knowledge sharing intention.

Conclusion

Literature provides a lot of insight into TPB. However each of the approaches is different as soon as the target audience is of a certain quality. When discussing questions of new technologies being accepted by a certain target audience Davis's (1989) Technology Acceptance Model (TAM) comes into debate. Having evolved out of Ajzen and Fishbein's TRA Davis's (1989) TAM also incorporates behavioral elements such as attitude and intention and to "use behavior" (Sykes et al. 2009). Venkatesh (2003) has developed extensions of Davis's TAM model ranging from TAM2 and TAM3 as well as the Unified Theory of Acceptance and Use of Technology (UTAUT). Both TPB and the evolutions of TAM however are restricted by factors such as limited ability to use certain technology, limited time, restricted environmental and organizational frameworks. While TAM as a prerequisite for "system use" requires an existing online tool or an IT program considered a "system" that is reference point for the target group (Davis, 1989) TPB provides a more general approach towards a behavior in question. Asking for the factors that promote sharing behavior on any social media platform does not necessarily refer to one special system or software application. Variables of TAM such as ease of use or effort expectancy both accounting for the degree of ease that a system provides, as well the variable of perceived usefulness also referred to as performance expectancy (Venkatesh et al., 2003) describe the degree an individual believes that system use will help attaining a rise in working performance. These variables have to have a clear point of referral in form of a certain defined technology, so that the target group can answer questions along this framework. It is of great importance to display social factors incorporated in the predictors of subjective norm and descriptive norm (Alajmi 2012) in order to understand which social factors influence knowledge sharing behavior.

In the course of this literature review many target audiences have been research regarding certain behaviors raging from clinical studies, to inner organizational studies. However the motivations for blue collar target groups to engage in online knowledge sharing online have so far not been discovered in literature. Therefore the author suggest deeper investigations of motivational factors and in-depth understanding for people earning a living in the blue collar section of the industrial sector as this is where know-how and knowledge still can be found in a tacit manner.

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Income situation and living condition of Czech households according to statistics EU

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Abstract

The paper deals with the income situation and living conditions of households in the Czech Republic. The monitoring covers a period from 2005–2011. The period has been chosen based on the available dataset from a survey of the project EU-SILC (European Union Statistics on Income and Living Conditions) - using a unified EU methodology. The basic characteristic of this is the average monthly income equalised member of households. In the file used for analysis the individuals are divided into different social groups (i.e. employees, self-employed, pensioners and unemployed). According to widely used methodology within the European Union, households are considered to be at risk of poverty. Income differentiation is expressed in terms of the Gini coefficient and for the depth of poverty Sen Coefficient is used. Another important indicator of the standard of living is material deprivation. The paper will also deal with the expenditure side of household. In more detail, structure of consumption expenditures will be analysed by socio-economic classes. For quantitative observations were used on household expenditure data for individual items according to the COICOP (Classification of Individual Consumption by Purpose) database of the European Commission's statistical office Eurostat.

Key Words: income situation of households, living conditions, income disparities, risk of poverty

Introduction

The standard of living is closely related to real income and expresses the material and economic conditions of life (Vaďurová, Mühlpachr, 2005). According to Wolff (2009, p. 24) „it is still not obvious what is the best way to measure the average standard of living." Jílek (1998) states, that standard of living also includes intangible aspects and defines it as the satisfaction of not only tangible, but also intangible needs. Svatošová (2010) classifies to the standard of living income, property, consumption, health, education, self-realization, environment, interpersonal relationships. Wolff (2009) states, that there are four common measures for the numerator of standard of living - gross domestic product, net national product, total personal income and total personal disposable income.

According to the author Blažej (2005) quality of life depends on the level of material consumption, the level of social security, lifestyle and environment. Večerník (2001) states that due to the economic and social transformation since 1989 there have been significant fluctuations in the distribution and structure of income in the Czech Republic.

Author Buchta (2003) distinguishes inequality in labor income inequality in ownership and pensions. Economic analysis is most effective if focused on a clearly defined group, such as households (Stutely, 2011). Sitauation that does not allow to live a dignified life and the satisfaction of needs is called poverty. The poverty is not only pertain to the lack of funds (Boháčová, 2007). Structural changes in society create not only new opportunities but also new risks and threats. Among the risk factors of poverty and social exclusion belong long-term, long-term low income, low skills, poor health status, age, homelessness, discrimination, racism, family dysfunction or life in disadvantaged areas, where it appears as high unemployment and poor access to transport. These risks may be combined (Kotýnková, 2003).

The seniors are one of the groups at the risk of poverty. Some people think that one way how pensioner could alleviate tier poverty is to continue working. To keep older people independent and out of poverty by providing them with practical support, financial help and lifelong friendship. The support should be focused on those who are over 70, in financial need, lonely or isolated or have a significant contribution to society (House of Commons Work and Pensions Committee, 2009).

Housing policy is dealt with comprehensively and linked to other social problems that are linked to it (eg, unemployment, social support). Access to housing is a basic prerequisite for satisfying other needs. Lack of access to housing contributes to social exclusion of individuals and their families (Obadalová, 2001).

Methodology

The primary source of date set was used from the survey EU-SILC (European Union Statistics on Income and Living Conditions). This survey is mandatory for all Member States from the European Union. SILC deals with objective and also subjective aspects of income, social groups, risk of poverty, income differention, material deprivation and other living conditions. All member states have to follow the unified methodology. In the Czech Republic the monitoring covers a period 2005–2011. The primary unit of the survey is the household. Table 1 shows the total number of households in each year of this survey.

Table 1: Number of households involved in the income survey

Year	2005	2006	2007	2008	2009	2010	2011
Number of households	4 351	7 483	9 675	11 294	9 911	9098	8866

Source: EU-SILC (CZSO[1])

The basic variable of the set is the monthly disposable income per equivalent household member. Equalization is performed in compliance with EU methodology. The methodology has the following structure: the first adult member of household has assigned coefficient 1.0, children up to 13 years of age have assigned coefficient 0.3 and other children or adults living in the household have assigned coefficient 0.5 (Longford at al., 2010). The basic sample was later divided according to the different social groups. These are: employed, self-employed, unemployed, seniors (elderly) with an economically active members, seniors without economically active members and others. For each group are stated basic characteristics that relate to their site of income and living

conditions. At the end of the paper their items of expenditure are also discussed. For individual social groups also show the percentage of households that are at the edge of poverty. Percentage of households at the risk of poverty is obtained based on the poverty line, which is determined according to the EU definition, as 60% of median income. Households that have a month income less than 60% of median income, fall into poverty line (so called households at income risk). Households were ranked according to the income level and divided into deciles. Gini coefficient was used to measure income inequality. Absolutely equal distribution of income occurs when Gini coefficient G = 0. If G is equal to 1, the society experiences an absolute inequality, and all income goes to only one household. For a graphic illustration of income inequality will be depicted by Lorenz curve. Another characteristic necessary for the evaluation of the income situation and standard of living in the Czech Republic is the indicator of the depth of poverty – Sen Index (Proctor, Dalaker, 2002). For its calculation, it is necessary to know the mean income of households at risk of poverty ("a") and the poverty threshold (A). Based on relation (A-a)/A, the Sen Index, or the relative indicator of the depth of poverty (income deficit of households), is obtained, ranging between 0 (perfect equality) and 1 (perfect inequality). The main sources of secondary data, which are used for investigation related to the structure of household spending in the Czech Republic, are provided by the Czech Statistical Office. In this study, data in percentage formulation are used, which convey the information of household spending in single years for individual items according to the COICOP (Classification of Individual Consumption by Purpose). Data are available on the website of the Czech Statistical Office. Due to this classification the gathered data are comparable to each other. Individual items by COICOP are listed in Table 2.

Table 2: COICOP/HICPs

FOOD AND NON–ALCOHOLIC BEVERAGES	bread and cereals, meat, fish, milk, cheese and eggs, fruit, potatoes, vegetables, sugar, jam, honey, chocolate and confectionery, food products, coffee, tea and cocoa for consumption at home, mineral waters, soft drinks, fruit and vegetable juices, non-alcoholic beverages
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	spirits, wine, beer, alcoholic beverages for consumption at home, tobacco, narcotics
CLOTHING AND FOOTWEAR	clothing materials, garments, other articles of clothing and clothing accessories, cleaning, repair and hire of clothing, shoes and other footwear, repair and hire of footwear
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	rentals for housing, maintenance and repair of the dwelling, water supply and miscellaneous services relating to the dwelling, electricity, gas and other fuels
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	furniture, furnishings, carpets and other floor coverings, household textiles, household appliances, glassware, tableware and household utensils, tools and equipment for house and garden, goods and services for routine household maintenance
HEALTH	medical products, appliances and equipment, out-patient services, hospital services, other treatments, health products and services, other health related incurred costs

TRANSPORT	purchase of vehicles, operation of personal transport equipment, transport services
COMMUNICATIONS	postal services, telephone and telefax equipment and services,
R E C R E A T I O N A N D CULTURE	audio-visual, photographic and information processing equipment, other major durables for recreation and culture, other recreational items and equipment; gardens and pets, recreational and cultural services, newspapers, books and stationery, holidays
EDUCATION	pre-primary and primary education, secondary education, post-secondary non-tertiary education, tertiary education, education not definable by level
R E S T A U R A N T S A N D HOTELS	catering services, accommodation services
MISCELLANEOUS GOODS AND SERVICES	personal care, prostitution, personal effects, social protection, insurance, financial services, other services

Source: CBS

Within the SILC project, attention is not devoted to quantitative data only; also a complex evaluation of living standards is conducted using subjective opinions on the "quality of life". The assessment of the answers allows for an establishment of the degree of material deprivation, which can be understood as physical or psychological deprivation.

Results

The paper aims to analysis of the income situation of households and living conditions from 2005 – 2011. SILC provides many important variables; however as one of the most important variables is consider the monthly disposable income per equivalent household member. For a better understanding, we rather calculated the average monthly ratios. The table 3 shows an overview of the basic variables of household incomes.

Table 3: The income situation of households in the Czech Republic

Characteristics	2005	2006	2007	2008	2009	2010	2011
Monthly disposable equivalised income per person SILC (in CZK)	12,232	12,629	13,620	14,627	15,872	16,496	16,818
Inflation rate (average annual CPI – consumer price index, in %)	1.9	2.5	2.8	6.3	1.0	1.5	1.9
Basic index of inflation rate (%)	100	102,5	105,4	112,1	113,3	114,9	117,1
Median (in CZK)	10,500	10,958	11,815	12,798	13,856	14,435	14,689
Poverty threshold (in CZK)	6,300	6,575	7,089	7,679	8,314	8,661	8,813
Number of households at risk of poverty (%)	6.80	6.49	5.97	5.56	6.16	6.50	7.09
Interannual growth of GDP (%)	6.8	7.0	5.7	3.1	-4.7	2.7	1.9

Source: EU-SILC (CZSO[1]), CZSO[2], CZSO[3]

The seven-year research showed that the mean monthly income per equivalent household member was increasing, however in 2011 the year-on-year revenue growth was lowest compared with another years.

The value of basic index equalized income increased over the seven years of monitoring by almost 37.49%. Incomes adjusted for inflation show that the increase in income for the seven-year period is 17.4%. In 2008 was the highest annual inflation and in the same year the percentage of households at risk of poverty began to increase, as the survey entitled "Living Conditions 2009" refers to the year 2008, when it could show the economic crisis that began in 2007.

The file for further analysis was divided into the following social groups: employed, unemployed, self-employed, seniors with an economically active person in the household, seniors without economically active persons in the household and others. The following graph shows the representation of individual social groups in 2005 and 2011. Decrease in the frequency occurred in the groups of the employed, the unemployed and other groups. The most significant increase occurred in the group of seniors without economically active member in the family, but also in the groups of self-employed persons and seniors with an economically active member. The increasing proportion of seniors (elders) in the population in the set corresponds to actual demographic development in the Czech Republic.

Figure 1: Representation of various social groups in the sample SILC (%)
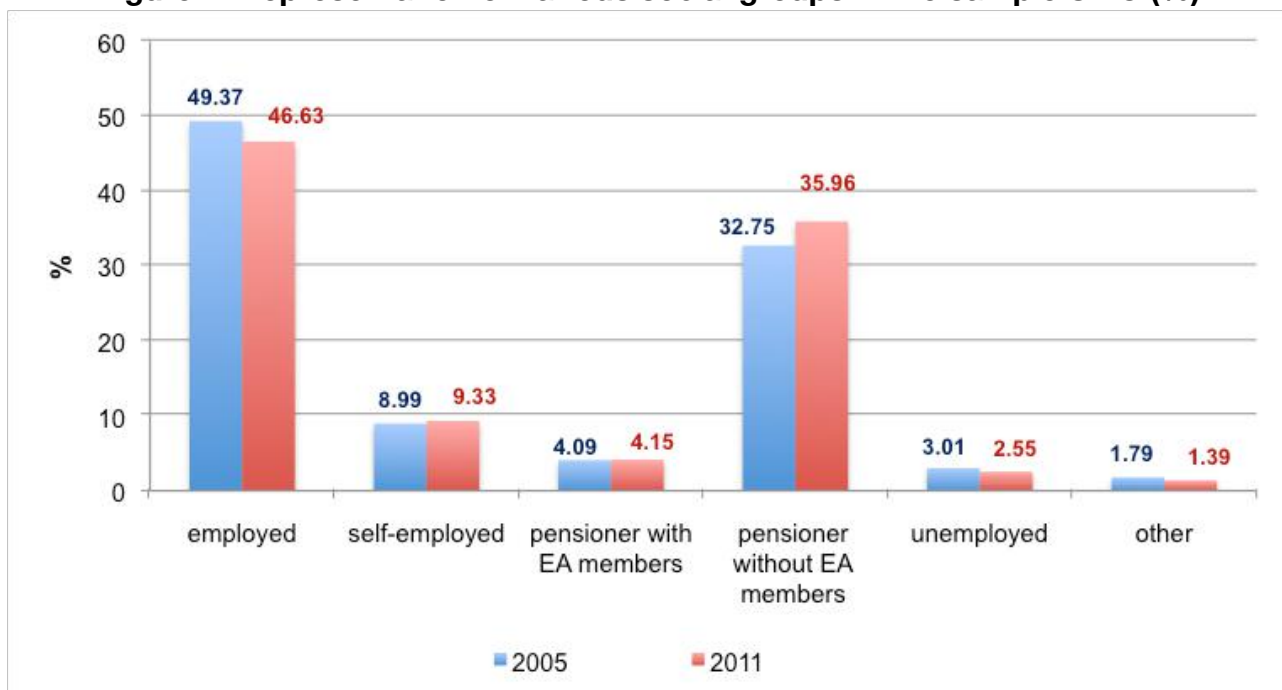
Source: authors' work, EU-SILC (CZSO[1])

The graph below provides a more detailed analysis of the household's revenue of various social groups. This is specifically, the average monthly equalized income per household member for all the years. The following graph shows that the highest incomes are in households where the head of household is self-employed. However in group self-employed incomes were falling and gone to close to income employees since 2009. For

employees the situation is better each year and their incomes since 2005 have increased by more than 40%. Considerable difference is in household income of seniors with EA member and without EA member. In 2005 was the difference between their incomes more than 4000 CZK. In 2011 was a difference already more than 5500 CZK. Seniors with EA member have equalized income much higher than seniors without EA, but this is a very small group of seniors with EA members who have this income. Seniors with EA member have equalized income much higher than senior without EA, but this is a very small group of seniors with EA member who have this income. Very unstable development of incomes reported in group of unemployed and other types of households. The largest revenue increase from 2005 is in group of unemployed, in 2011 was an increase of this group more than 55% and in 2010 it was increased by even 59%.

Figure 2: Average monthly equalized income per household member (CZK)
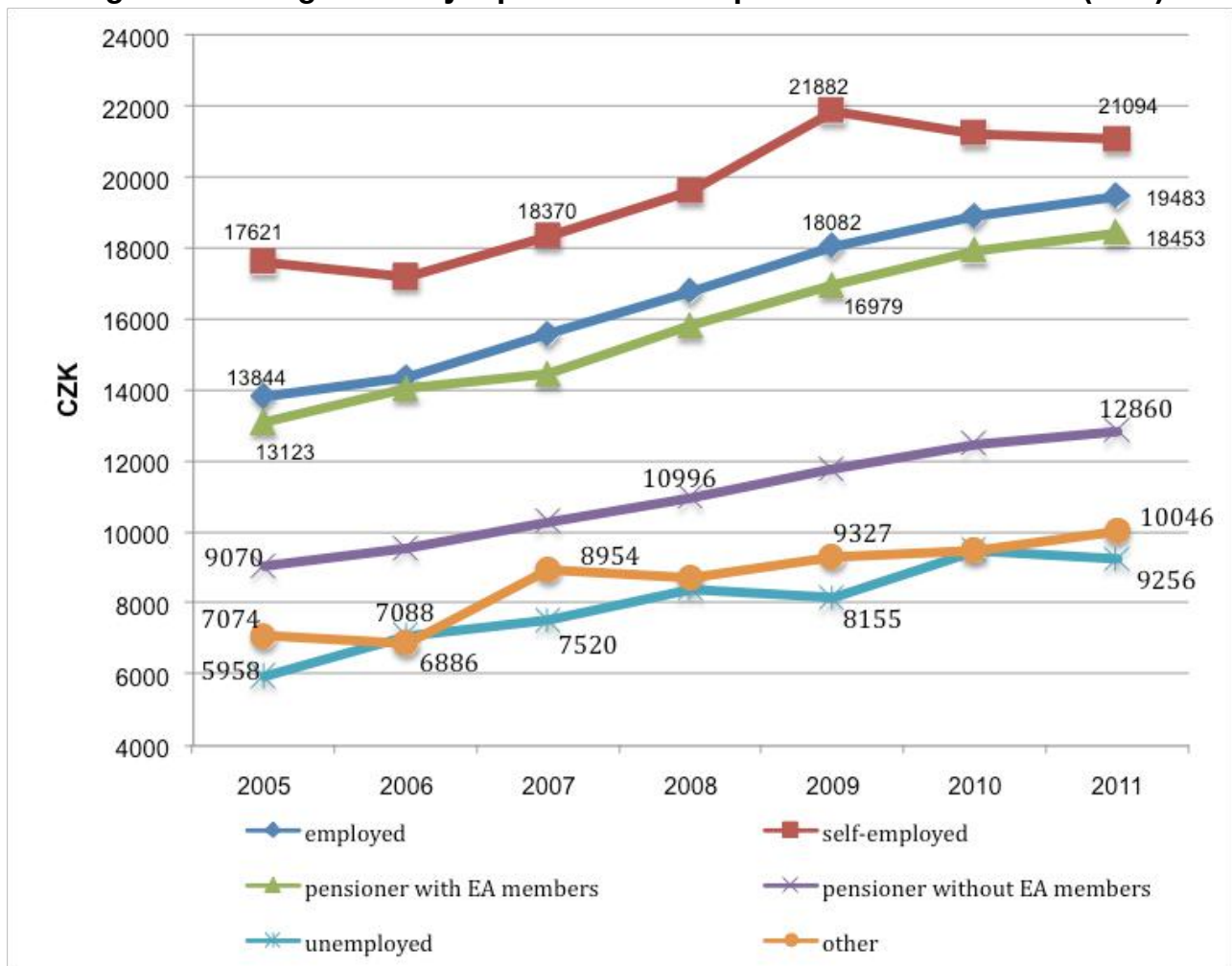
Source: authors' work, EU-SILC (CZSO[1])

In the present days, it is very important to address the issues of poverty. There are many different ways to measure poverty. For a comparison of results among the other Member States was respected uniform methodology of the European Union. The poverty line was established as 60% of median income. The poverty line changes for each year, for individual social groups is poverty line uniform. Because there was a significant difference between the types of households, that fall into the poverty line, so two charts were created. The following chart provides an overview of households of employed, self-employed persons and the seniors, which move under the poverty line.

Figure 3: Households at risk of poverty for different social groups
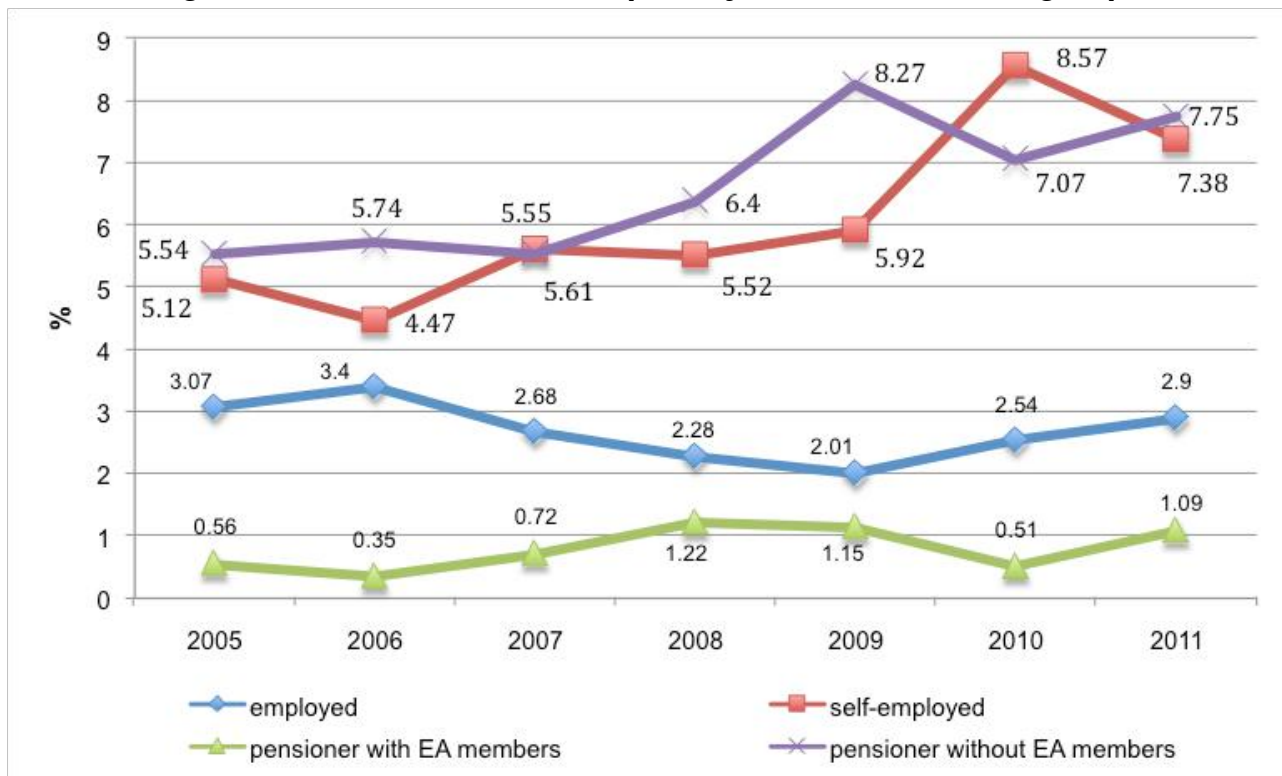
Source: authors' work, EU-SILC (CZSO[1])

Of the above displayed groups were most at risk of poverty households headed by a senior without economically active members, however significant change was only in 2010, when it was at risk of poverty almost 9% of households headed by self-employed. For a very negative can be considered the development of households at risk of poverty with senior without EA member, as this group of the seven monitoring increased its share by more than 2%. A very similar trend was recorded in households headed by self-employed. Number of households at risk of poverty at the forefront of the employee gradually declined, but since 2009 the increase has been observed. The number of households at risk of poverty headed by a senior with EA member during the investigation showed fluctuations. The best situation for the seniors was in the years 2006 and 2010. But overall, the situation for this group was worsen in 2005. The next chart provides an overview of the number of households at risk of poverty, headed by the unemployed on the other.

Figure 4: Households at risk of poverty for different social groups
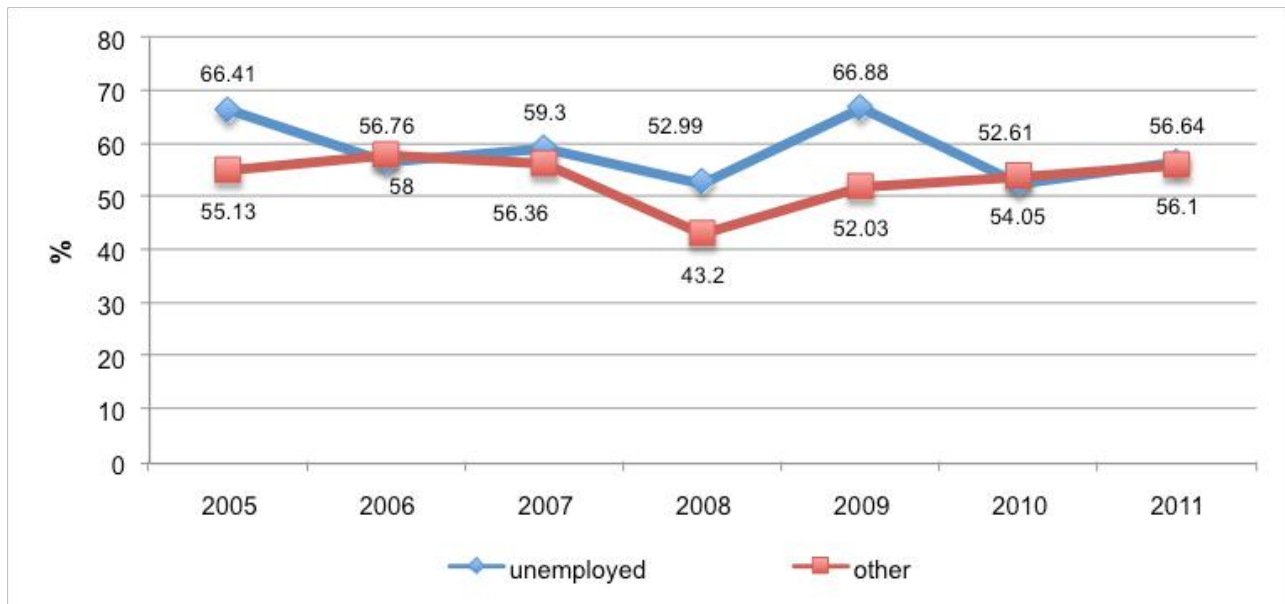
Source: authors' work, EU-SILC (CZSO[1])

Figure 4 shows how the high percentage of households at risk of poverty is found among the unemployed and other social groups. It is very positive that the percentage of households at risk of poverty, headed by the unemployed decreased during the seven years period of almost 10%, but more than half of the households in this group fall into the poverty line. The highest increase in the number of households at risk of poverty was in 2009. In 2011 the value of households at risk of poverty was around 56%.

Based on the results it is evident that the value is unfavorable for the group of older people (seniors) without economically active member. The group of senior with EA member is very small, for that reason was these two groups for the following analysis related to income differentiation and depth of poverty, merged. In 2005 the value of Gini coefficient was 0.14 in a group of senior and for file all households it was 0.245. In the group of seniors was income differentiation during the research gradually increasing. In 2011, the Gini coefficient was 0.159 for groups of seniors. On the other hand, in the whole set of households Gini coefficient slightly decreased. In 2011, the value of Gini coefficient was 0.239 for the whole set. On the basis of calculations of the Gini coefficient for 2011 Lorenz curve was compiled. The senior's Lorenz curve shows the curve of senior households that is close to the ideal Lorenz curve.

Figure 5: Lorenz curve 2011
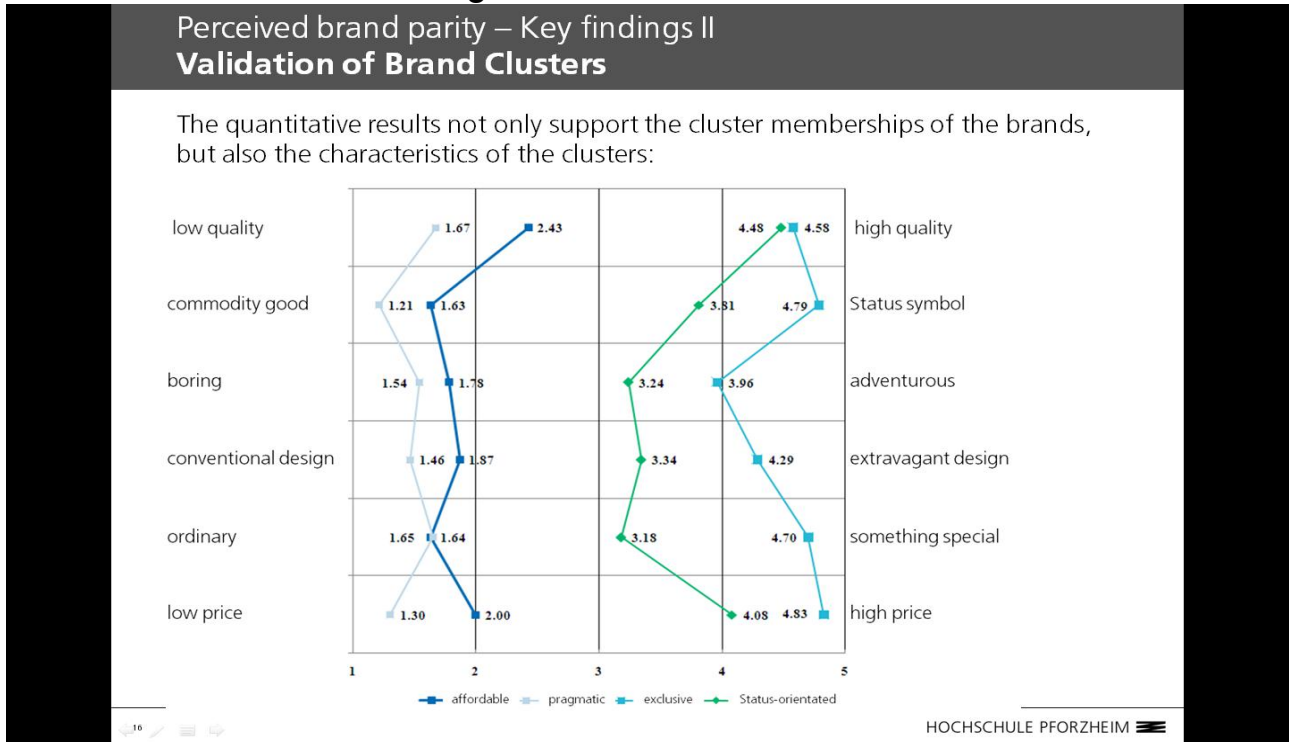
Source: authors' work, EU-SILC (CZSO[1])

To express the depth of poverty was used Sen Coefficient that tells how much money households need to get to above the poverty threshold. The following table shows the depth of poverty rates for the seniors and for all households. It is therefore evident that the whole set of households need more money than households of seniors. In 2011, every household at risk of poverty needed CZK 1,885 to get above the poverty line. If we would take into account only the senior households, so every household at risk of poverty should be get 1,076 CZK, to get above the poverty line. According to Sen Coefficient it can be said that poverty is higher at all households of the set than only for seniors. The depth of poverty fluctuates every year in the whole set, but the depth of poverty was deepening in senior's group, what means that Sen Coefficient was increasing to 0.13.

Table 4: The depth of poverty

Characteristics	A	a All households	a Seniors household	(A-a)/A All households	(A-a)/A Seniors household
2005	6,300	4,999	5,586	0.207	0.113
2006	6,575	5,276	5,769	0.198	0.123
2007	7,089	5,669	6,245	0.200	0.119
2008	7,679	6,142	6,730	0.200	0.124
2009	8,314	6,715	7,336	0.192	0.118
2010	8,661	6,776	7,585	0.218	0.124
2011	8,813	6,951	7,671	0.211	0.130

Source: authors' calculations based on EU-SILC (CZSO[1])

The second part of this article deals with evaluating of the structure of expenditures of Czech households by social group. Before the individual social groups will have attention, at first it proceed to analyze how the consumption expenditure of households in the Czech Republic developed from 2005 to 2011. Figure 6 shows the changes in the individual items of consumption expenditure of Czech households. It is obvious from the table that during the period the increased spending of household was on Housing, water, electricity, gas and other fuels most from all. This expenditures cost 22.3% of household budget, i.e. 2.2% more than in 2005. The greatest increase of this expenditure was noticed in 2009, as it grew by 1.5%. This can be attributed to the debit of the economic and financial crisis, which broke out in 2008, but only in 2009 began to effect on consumer's behavior of households. Further items which grew in the followed period are expenditure on Health, other goods and services, and recreation and culture. On the other hand the biggest decrease was set in consumer household expenditures on good and non-alcoholic beverages. In 2011, expenditures decreased by 1.5% since 2005. In all years, households cut down expenditures on Clothing and footwear, Recreation and culture, Furnishings, household equipment and repairs. Basically, the same proportion of income household spent on Alcohol and alcoholic beverages, restaurant and hotels, education, communication and transport in following years.

Figure 6: Changes in particular items of household consumption spending in the Czech Republic between 2005 and 2011 (2005 = 100)

Source: authors' work; CZSO[4], CZSO[5], CZSO[6], CZSO[7], CZSO[8], CZSO[9], CZSO[10]

Furthermore, attention will be devoted to the analysis of household consumption spending in the Czech Republic by different social groups. Expenditures will be analyzed by household of employed, self-employed, the unemployed and pensioners without EA. To analyze the structure of household consumption spending in EU member states, four important categories of expenditures were selected: food and non-alcoholic beverages, clothing and footwear, housing water, gas and other fuels, transport. For a more detailed analysis was selected year 2007. First of all, this is the last year before the start of the economic and financial crises, as well as data for 2005 are not available, because in given

year it is used for sorting different methodology in social groups. In 2007, it was observed that all four social groups constitute the largest item in the family budget expenditure on Housing, water, electricity, gas and other fuels and expenditure on food and non-alcoholic beverages. However, unlike what percentage of total household expenditure occupy. In social groups, employed and self-employed, expenditure on Housing takes 18.1%, 17.2% respectively. While in the socially disadvantaged groups such as unemployed and seniors, these costs create almost a third of total expenditures. Specifically, it is 26.9%, 27.3% respectively.

Figure 7: Structure of consumption spending in the Czech Republic by social groups in 2007
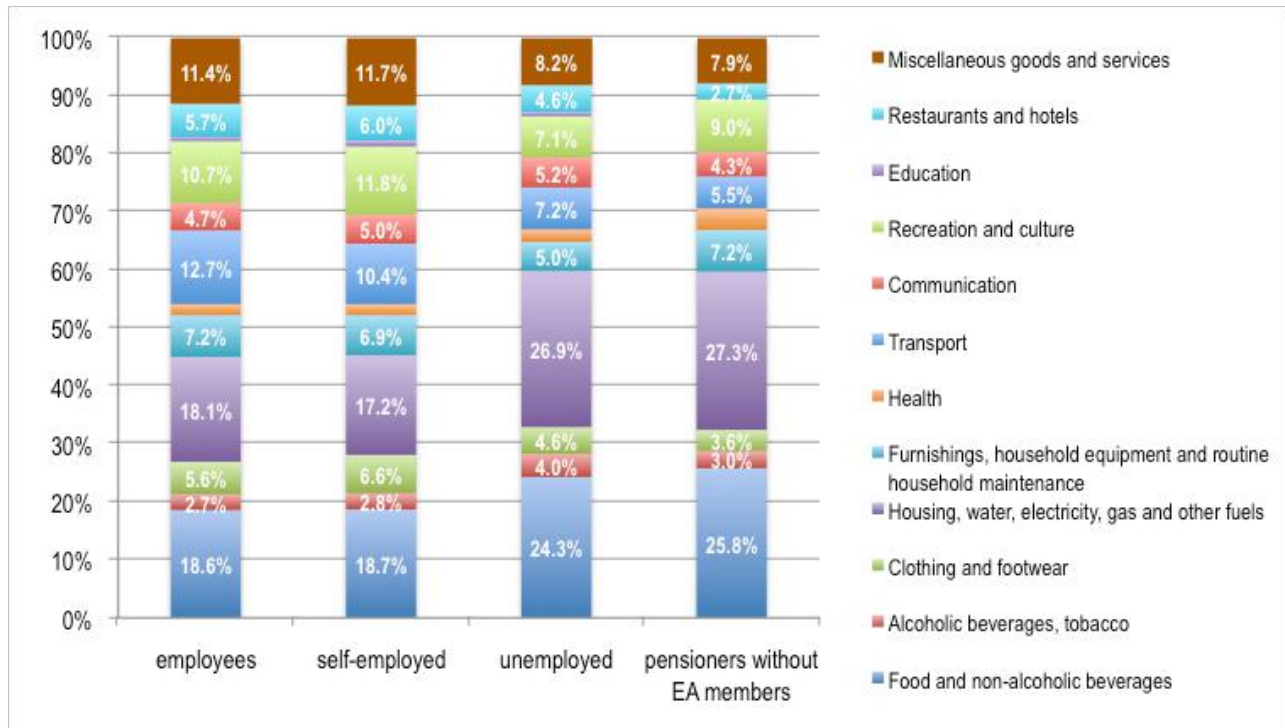
Source: authors' work; CZSO[6]

Even for expenditure on Food and non-alcoholic beverages there is a noticeable difference between social groups. Household consumption spending of employed and self-employed on this item are almost identical (18.6%, 18.7% respectively). Seniors spend most on this item, exactly 25.8% of total consumer spending. Unemployed is not doing much better. The Figures 8 shows the changes indices in individual items of household consumption spending in social group between 2007 and 2011. The results show that during these four years, there was a change in the structure of consumer spending and it is time to put this change at the expense of the economic crisis.

Figure 8: Changes in particular items of consumption expenditure of households in the Czech Republic by social groups between 2007 and 2011 (2007 = 100)

Source: authors' work; CZSO[6], CZSO[8], CZSO[10]

The largest expenditure increase is seen in all social groups in spending on Housing, water, electricity, gas and other fuels. While the employed and self-employed households only increased spending by more than 2%, the socially disadvantaged (unemployed and senior without AE members) increased by more than 3%. The big difference is in what fraction of these expenditures represent. For the unemployed and the elderly without AE members represent a third of the total consumption expenditure of households. That's 10% more than for employed and self-employed. Structure of consumption expenditure of households by social groups in 2011 is shown in Figure 4.

Figure 9: Structure of consumption expenditure of households in the Czech Republic by social groups in 2011
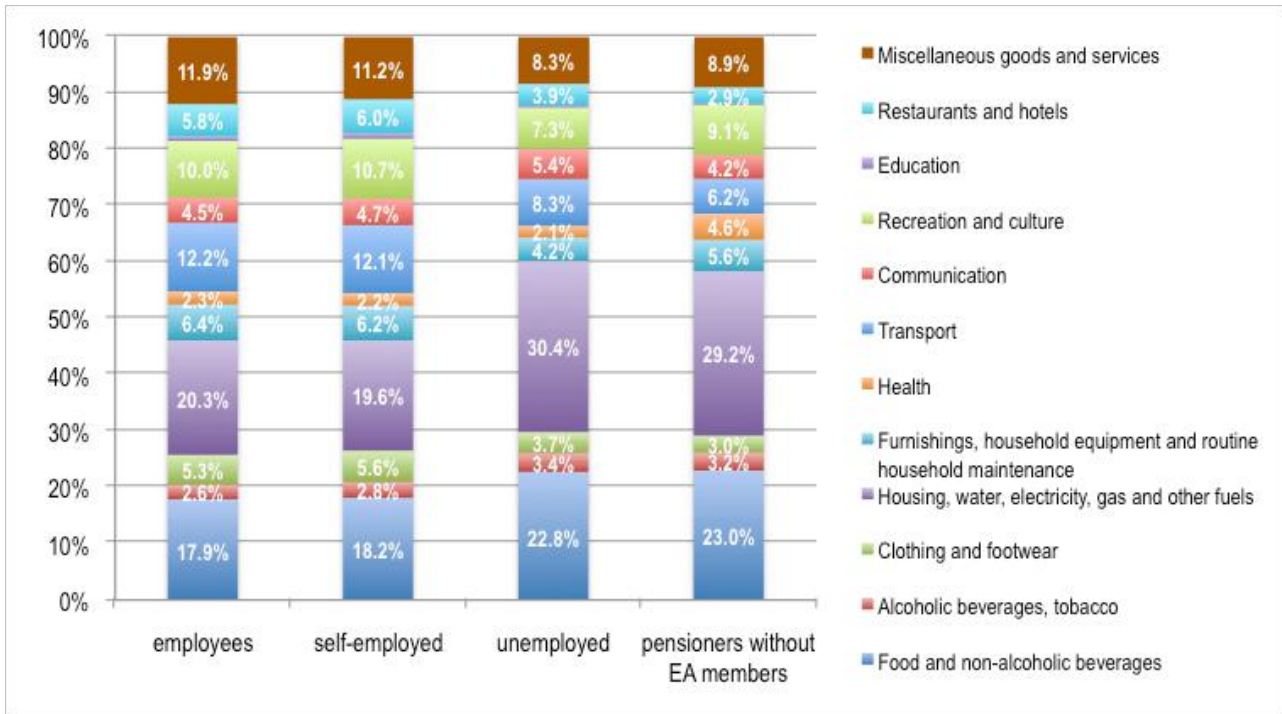
Source: authors' work; CZSO[10]

Expenditures on food and non-alcoholic beverages decreased in all social groups in the following period. The largest decrease was noticed in seniors without EA member, exactly 3%. This item creates 23% of the total consumption expenditure of households in the social groups. All social groups reduced the spending of Furnishings, household equipment and repairs. Opposite trend can be observed in expenditure on Transport. Employed decreased the expenditure on this item, but other social groups had to spend more. The largest increase occurred in senior without EA member, almost 3%. Self-employed paid for transportation 1.7% more than four years ago. The transport costs for social groups employed and self-employed occupy more than 12% of the total consumption expenditure of households. It's twice more than by senior without EA member (see Figure 9).

The issue of social exclusion has many dimensions. Therefore, it is necessary to deal with the social situation of inhabitants in a wider context, using not only quantitative but also qualitative indicators such as material deprivation. Subjective opinions of household members on how they perceive their income situation are a demanded supplement to the analyses. The following table will once again compare the group of seniors with total households in 2005 and 2011. The first question was: How the household makes ends meet? The answers have been very similar. More significant change did not take place either during the research. Almost for one-third of households is very difficult to scrape by with their income, more than 60% of households manages to scrape by with their income with less difficulty or fairly easy and only around 10% of households with incomes scrapes very easily. More accurate values are given in Table 5.

Table 5: How the household makes ends meet (%)

Characteristic			With high difficulties or with difficulties	With small difficulties or quite easily	Easily and very easily
A	I	I 2005	28.59	61.00	10.41

households	2011	27.57	63.47	8.97
Seniors households	2005	29.76	61.32	8.92
	2011	29.25	63.50	7.26

Source: authors' calculations based on EU-SILC (CZSO[1])

For the evaluation of material deprivation were chosen following items: a week holiday away from home, allowing you to eat meat or fish every second day, sufficient heating of the place of living, and ability to pay an unexpected expense. Unexpected expenditure in 2005 amounted to CZK 6,000 and in 2011 this amount increased to CZK 9,100. The following Table 5 shows that all households are less materially deprived. In 2011, all values increased, except "week of holiday away from home", in the sample of total of households was reported a slight decline.

Table 6: Material deprivation

Material deprivation – essentials in %								
Number of households	A week's holiday		Meat, fish, poultry every other day		Sufficient heating of the place of living		Unexpected expenses	
	2005	2011	2005	2011	2005	2011	2005	2011
All households	57.02	56,44	80.83	88.15	89.20	92.89	55.73	57.66
Seniors households	41.67	46.23	74.67	85.10	85.90	91.37	49.28	53.21

Source: authors' calculations based on EU-SILC (CZSO[1])

Conclusion

Positive living conditions should be one of the priority objectives of every developed country. For objective assessment of living and income situation in the Czech Republic contributed significantly SILC survey of the European Union. Revenue analysis showed that income equalized member grows, but more slowly from year to year. As a negative effect can also be seen the rising percentage of households at risk of poverty. Split file according to particular social groups confirmed the fact that in a society the proportion of seniors is increasing. Seniors are very specific segment, which in the future will bring many changes in social and economic areas, which each developed country would be ready for. For this reason can be a detailed analysis and comparison of this group very useful for making forecasts and recommendations, especially in the creation of social policy of the Czech Republic. Highest income by social groups had self-employed, but on the other hand, this group recorded in recent years decrease of their income. Very similar incomes have households of employees and seniors with an economically active member. Much worse is the income situation of the seniors without economically active members in the household. The most significant revenue increase was in the group of unemployed, which over the observation period was more than 55%. At risk of poverty are mainly the unemployed and others. During the follow up period of seven years, the number of unemployed people in the group of households at risk of poverty fell by almost 10%, yet both these groups in 2011 fell into poverty line of more than 55%. The question is if it is

good to encourage unemployed people to such an extent that their social benefits can take motivation to work. Very negative aspect is also, that the next households at risk of poverty are seniors without EA member but there is also an increase in the group of seniors with EA members. The only positive development group which reduces its share in the number of households at risk of poverty are employed. Lorenz curve revealed that income differentiation is much lower in the groups of seniors, although in recent years has slightly increased, and differences in income for this group are not significant. Sen Coefficient confirmed that in the Czech Republic is poverty at a very low level. It is clear that the financial and economic crisis was reflected in the structure of consumption expenditures of all social groups as it is obvious from above. However, the four major categories negatively affected especially the expenditure pattern of unemployed and the elderly without EA member. It still cannot be attributed to any changes to the debit of the current crisis. Behaviour of individuals and households is a complex process and discover what exactly affects their consumer behaviour is a difficult task. Subjective opinions of households showed that during seven years period were not any significant changes in their make ends meet. Almost for one-third of households is very difficult to scrape by with their income, more than 60% of households manages to scrape by with their income with less difficulty or fairly easy and only around 10% of households with incomes scrape by very easily. There has not been registered any difference in views between the whole set of households and households of seniors to this question. Material deprivation showed that the living conditions in the Czech Republic have largely improved.

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Measuring and evaluating the added value of human resources management, knowledge management, and organisational learning

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Abstract

The strategic importance of certain areas (such as human resources management, knowledge management, organisational learning) are given increasing attention nowadays. Their importance should be recognized and taken into account, furthermore sufficient measurement and evaluation in reference to these areas are also essential for an organisation, which wants to survive in today's (global) competition. However there is a difficulty in case of these areas: these are in connection with intangible, immaterial resources of the organisation, which makes the measurement and evaluation complex.

Evaluation of the certain areas in connection with intangible, immaterial resources is in the centre and the paper concentrates on exact measuring and evaluating methods, which help define the added value of human resources management, knowledge management, organisational learning. Authors examine national and international literatures in the field of performance evaluation, statistics and economics (evolutionary economics), in connection with the measures and by a comparative analysis they examine the main peculiarities of these. The examination is based on previous researches (by one of the authors), and (new) measuring solutions from the mentioned fields will be analysed as well. Main results of the paper are conclusions in connection with the suitable measurement and evaluation techniques of intangibles in organisational level.

Key words: knowledge management, organizational learning, evaluation, intangibles, immaterial resources, intellectual capital

Strategic importance of intellectual capital – introduction

The strategic importance of certain areas (such as human resources management, knowledge management, organisational learning) are given increasing attention nowadays, especially if the concept/definition of immaterial or intellectual capital (IC) is taken in account and is integrated into the topic of the above-listed fields. Alcaniz, Gomez-Bezares, and Roslender (2011) mentioned that the 'emergence of the intellectual capital topic in the mid 1990s has produced a voluminous literature spanning a range of disciplines' (Alcaniz, Gomez-Bezares, and Roslender, 2011, p. 104) and the relevance, significance of the intellectual capital had become obvious. Even though the interest in intellectual capital started to decrease a bit at the beginning of 21st century, the number of published literatures in connection with this type of capital (business and management journals, journals in connection with the accounting discipline) later started to increase. (Alcaniz, Gomez-Bezares, and Roslender, 2011)

Alcaniz, Gomez-Bezares, and Roslender (2011) concluded, with the help of a literature review in connection with the definition, usage, and theoretical perspectives of intellectual

capital that it has become an 'important category of business asset in the present era'. (Alcaniz, Gomez-Bezares, and Roslender, 2011, p. 113) They also conclude that intellectual capital should be viewed in a strategic way because this can help managers maximize the benefits and manage them effectively. (Alcaniz, Gomez-Bezares, and Roslender, 2011) In their work they examined different theoretical perspectives of intellectual capital, which – in our opinion – can express the complexity and importance of this resource. They examined economic, strategic, managerial, and accounting perspectives, however, one important relation is highlighted from the strategic perspectives for the purposes of this paper: the two-way relationship between intellectual capital and strategy (Alcaniz, Gomez-Bezares, and Roslender, 2011). Furthermore, they mentioned that there was a casual relation between intellectual capital resources and value creation – because these resources are often performance drivers –, and cited Marr (2005) in connection with the interrelation between these which is to create more value. They argued that 'the success of a company's strategy is critically dependent on these assets, but the accumulation or depreciation of intellectual capital is also determined by strategy' (Alcaniz, Gomez-Bezares, and Roslender, 2011, p. 106).

In accordance with Alcaniz, Gomez-Bezares, and Roslender (2011), most of the sources (e.g., Wiig, 1997; Ramezan, 2011; Costa, 2012) dealing with intellectual capital point to the fact that intellectual capital can have significant contributions and serve as a basis for competitive advantage, especially in the so-called knowledge era or knowledge-economy (e.g., Wiig, 1997; Lev, 2003b in Costa, 2012; Gowthorpe, 2009; Ramezan, 2011; Ricceri & Guthrie, 2009 in Guthrie, Ricerri, and Dumay, 2012) of the 21st century.

Harangozó (2012) examined the relation between the concept of the resource-based view of the firm and intellectual capital. At the end of his literature review he concluded that resources of the firm which take part in value creation, are connected to knowledge, and has no material appearance are called intellectual capital. He also considered that some of the elements of intellectual capital appear in accounting (immaterial goods) while more are out of accounting – they does not appear in the book value. (Harangozó, 2012) The noticeable difference in book value and real value is a concept that appears elsewhere in the literature (e.g., Prahalad and Hamel, 1990 in Becker and Gerhart, 1996) as well. Strategic management and management control interprets the intellectual capital wider than accounting does (Harangozó, 2012). This strategic interpretation (role, importance) of intellectual capital results in the need for wider knowledge in connection with its elements and also the evaluation of this capital.

One of the authors of this paper has also examined the importance of intellectual capital in her previous publications (e.g., Harazin and Kósi, 2011) with special attention to the importance and usage of evaluation of this capital, and to the viewpoint of sustainability (environmental, social, and economic point of views). In the present paper the authors go further on with the topic of evaluation of intellectual capital and integrate new aspects of the examination while concentrating on the exact measuring and evaluating methods, which help define the added value of certain areas such as human resources management, knowledge management, and organisational learning. The selected and examined methods, which are the results of a non-exhaustive national and international literature review, represent the peculiarities of evaluation techniques of intangibles on the organizational level.

Relations between strategically important areas of organizations

The strategic importance of certain areas – such as human resources management, knowledge management, organisational learning, and intellectual capital – are given increasing attention nowadays. Their importance should be recognized and taken into account; furthermore sufficient measurement and evaluation in reference to these areas are also essential for an organisation that wants to survive in today's (global) competition. However there is a difficulty regarding these areas: they are in connection with intangible, immaterial resources of the organisation, which makes their measurement and evaluation complex. Before presenting some applicable methods and solutions for the evaluation of intangibles on the organizational level, the authors highlight the relation between the concept of intellectual capital (management) and (1) human resources management, (2) knowledge management, and (3) organisational learning by non-exhaustively citing definitions of the mentioned concepts.

Concepts, definitions

Intellectual capital

Edvinsson and Sullivan (1996) started with a clear interpretation about what knowledge means in the business context and finally defined intellectual capital 'as knowledge that can be converted into value'. (Edvinsson and Sullivan, 1996, pp. 357-358) They also determined two major components of this capital: the first one is human resources, which is 'the collective capabilities of employees to solve customer problems' (p. 358), while the second one is structural capital which includes intellectual assets. (Edvinsson and Sullivan, 1996)

Tóth and Kövesi (2008) examined the definitions of different experts and claimed that according to Gyökér (2004) there is no single solution in case of the elements of IC; however, one can find similarities and noticeable relations between different models in the field of elements of intellectual capital. (Tóth and Kövesi, 2008) As numerous sources on the topic (Guthrie, Ricerri, and Dumay, 2012; Abdullah and Sofian, 2012; Costa, 2012; Petrash, 1996) have also concluded: human, structural, and relational (or customer) capital (supplemented by their overlapping peculiarities) appeared to be the common elements of IC definitions as a result of the literature review.

Based on their literature review, Guthrie, Ricerri, and Dumay (2012) also mentioned that several classifications of the intellectual capital exist, the result of which are the three main components and related elements of the capital. 'While these components may have different names, they basically refer to: human competencies, the knowledge embedded in people; structural capital, the knowledge embedded in the organisation and its systems; and relational capital, the knowledge embedded in customers and other relationships external to the organisation.' (Guthrie, Ricerri, and Dumay, 2012, p. 70)

Tóth and Kövesi concluded that 'the importance and honoured role of human capital is stressed by every expert' (2008, p. 4).

It is worth noting that beside the three main types of intellectual capital, which are generally accepted by now, Abdullah and Sofian (2012) examined the need for a fourth type, namely 'spiritual capital'. They cited Zohar and Marshall (2004) who defined spiritual

capital 'as «the wealth that helps sustain future humanity and wealth that nourishes and sustain human spirit»'. (Abdullah and Sofian, 2012, p. 538)

Greco, Circelli, and Grimaldi (2013) examined the strategic management framework of tangible and intangible assets and aimed at an understanding of which tangibles and intangibles influence the sustainability of competitive advantage of organizations (the most). In their paper a critical asset group, called 'value drivers', appeared and the categories and components of the value drivers' theoretical tree was represented (the influence of these was also examined in their research). Tangible assets as well as different categories and components of intangible assets are presented in the tree in a hierarchical structure (Greco, Circelli, and Grimaldi, 2013), which also represent the wide spectrum of intangibles.

Human resources management

According to Longo and Mura (2011, p. 278), 'IC is a resource that is embedded in the actions and capabilities of the individuals that operate in the company' and 'studies [e.g., Ramezan, 2011] have identified specific human resource configurations and organisational structures as antecedents of IC' (p.278).

According to the traditional approach, human resources (HR) – both as a business function and as labour – were solely seen as costs to be minimized. However, a more recent approach, which focuses on value creation and supports the idea of HR's new strategic role, 'suggests that HR (both the function and the system) contributes directly to the implementation of the operating and strategic objectives of the firms' (Becker and Gerhart, 1996, p. 780).

Although, human resources' strategic role is not yet reality only a stated aim (at most) for most of the companies, more and more authors (e.g., Huselid, Beatty, and Becker, 2009 in Schuler, Jackson, and Tarique, 2010; Fernandez-Aráoz, Groysberg, and Nohria, 2011; Strack, et al., 2011) argue that human resources management (HRM) should become a strategic partner within the organization. This is a particularly valid argumentation given that human capital is a type of intellectual capital, which latter is proved to be an important component and driver of competitiveness.

'Unlike capital investments, economic scale or patents, a properly developed HR system is an «invisible asset» (Itami, 1987) that creates value when it is so embedded in the operational systems of an organization that it enhances the firm's capabilities', argued Becker and Gerhart (1996, p. 782).

Irrespectively of the above, while 'most companies say they value human capital, in reality, few are run that way' (Lawler, 2008, para. 3); the reason for which might be that 'the mechanisms by which human resource decisions create and sustain value are complicated and not well understood' (Becker and Gerhart, 1996, p. 780). Furthermore, for instance, while 'an influx of personnel can augment a firm's knowledge' (Madsen, Mosakokwski, & Zaheer, 2003 in Sydler et al., 2013) talent is also one of the critical issues: 'It's no secret that these [multinational] companies struggle with talent shortfalls.' (Brook, 2012, p. 34). The list why HRM's strategic role is crucial for the survival and the success of a company could be continued for long, e.g., Cascio and Aguinis (2008) pointed to the fact that, 'workforces are likely to become even more global than

they are now' (p. 137), but it is undoubted that HRM has to face challenges, also regarding issues of knowledge sharing, especially in today's globalized environment.

Organizational learning and knowledge management

'If organizations are to formulate effective strategies they need to have the capacity to learn from their experience and to use this learning to modify the shared mental model that guides the way they manage strategic change.' (Hayes, 2007, p. 61) Having referred to several sources, Jimménez-Jiménez and Sanz-Valle (2011) claimed that organizational learning plays a key role in 'enhancing a firm's competitive advantage' (p. 408) and that 'some studies provide evidence of a positive relationship between organizational learning and firm performance' (p. 409).

According to Hayes (2007, p. 65), 'Organizational learning involves the acquisition of knowledge, the recognition of its potential and its application to improve organizational performance.' In accordance with this, Buckley and Carter (2000) said that 'learning is either the transfer of existing knowledge from one individual to others – replication in the minds of recipients – or the discovery of new knowledge, that is knowledge creation' (p. 56).

Levine (2001) also discussed the concept of organizational learning and pointed to its fuzziness, highlighting that 'researchers and practitioners also talk about «learning organizations»' (p. 23). According to her, 'organizational learning (…) can be taken to mean learning by individuals and groups in the organization' (p. 23), while the concept 'learning organization (…) emphasizes learning by the organization as a total system' (Levine, 2001, p. 23).

Hayes refers to Huber (1991) regarding the importance of information distribution, because, as he argued: 'Knowledge may exist within an organization, but it may not be available to those who can make the best use of it.' (Hayes, 2007, p. 65) Furthermore, Erden, von Krogh, and Nonoka (2008) expressed that a 'critical factor for competitive advantage is enabling new knowledge creation' (p. 4) as it contributes to the firm's capability to respond quickly even in today's turbulent environment.

Irani, Sharif, and Love (2009) presented that 'organizational learning (OL) might be the ideal that organizations want to accomplish, knowledge management (KM) is the reality of what can be achieved' (Irani, Sharif, and Love, 2009, p. 200).

Having cited other experts, Irani, Sharif, and Love (2009) aimed at the understanding of the relationship that exists between knowledge management and organizational learning and mentioned that it was 'important to recognise that organizational learning and knowledge management are similar in some ways but have different aims' (p. 202): while knowledge management tries to find people, processes and technology to better manage and make use of intellectual assets, organizational learning is the realization and usage of knowledge management concepts. (Irani, Sharif, and Love, 2009)

Berghman et al. (2013) stressed the importance of the so-called deliberate learning mechanisms with the hope of inspiring firms to create more conscious knowledge management designs in order to achieve not only 'information-rich' (Prahalad and Bettis, 1995 in Berghman et al., 2013, p. 60) but also interpretation-rich systems.

Relations – conclusion

Wiig (1997) examined the integrated approach of intellectual capital and knowledge management. He claimed that there is an overlap in the scope of intellectual capital management and that of knowledge management (the two fields complement each other) and stated that intellectual capital management 'focuses on building and governing intellectual assets from strategic and enterprise governance perspectives with some focus on tactics. Its function is to take overall care of the enterprise's intellectual capital.' (Wiig, 1997, p. 400) According to the paper, knowledge management has tactical and operational perspectives and 'focuses on facilitating and managing knowledge related activities' and 'its function is to plan, implement, operate and monitor all the knowledge-related activities and programs required for effective intellectual capital management' (Wiig, 1997, p. 400). Intellectual capital management's focus is to renew and maximize the value of intellectual assets, while similarly knowledge management's aim is to maximize 'knowledge-related effectiveness and returns from its knowledge assets and to renew them constantly.' (Wiig, 1997, p. 401) Wiig (1997) also pointed to the fact that a connection exists between KM and HRM, saying that approaches and processes regarding knowledge management are aiming to augment human resource management.

Referring to Choo and Bontis (2002), Ramezan (2011) explained that 'learning helps organizations to create knowledge and this in turn leads to intellectual capital improvement' (p. 93), and also claimed that the improvement of intellectual capital comes from knowledge creation. There are two endpoints of organizational processes in the framework for strategic knowledge management of Choo and Bontis (2002): 'locus of knowing/learning' and 'intellectual capital'. Between these endpoints, there are processes in connection with knowledge: namely knowledge creation, knowledge transfer, and knowledge utilization. In this framework one can find 'organizational learning' hierarchically under the process of knowledge creation, and 'managing intellectual capital' under knowledge utilization. (Choo and Bontis, 2002 in: Ramezan, 2011, p. 94) This framework emphasises the relation between the examined fields and areas, and additionally, it also strengthens their strategic importance as all components in the framework are characterized as 'strategic levers'.

Examining the relation between strategically important areas of organizations such as intellectual capital, human resources management, knowledge management and organizational learning, the authors have found a real complex and sensitive field: there are relations; however it is hard to define obvious ones. The authors have found several overlaps between the examined fields and concepts, which also makes the examination hard and difficult. In addition, it makes the management's work and the interpretation, evaluation of its value added more complex in practice. Based on the literature review, the authors of this paper found the human capital element of intellectual capital to be more emphasised than other elements. Human capital is in the centre of human resources management while knowledge management also deals with this type of capital. Other elements of intellectual capital as relational capital and structural capital are in connection with knowledge management, which concentrate on the processes, activities in connection with these types of capitals. All of the elements of intellectual capital are handled by intellectual capital management.

When interpreting, defining, and evaluating the (added) value of these areas and fields, a holistic approach should be followed as well as these concepts should be interpreted in a

holistic way. Interpretation can be especially interesting in case of the (performance) evaluation of these areas as the following questions arise: Are the evaluating methods of intellectual capital usable in case of knowledge management, organizational learning, or vice versa? How can these intangible values be evaluated easily, trustworthily? It is unsure whether a common, integrated method for evaluation exists, but through the interpretation of the relations between these areas, one can get closer to a usable, effective evaluating framework.

Evaluation

There is no doubt in connection with the necessity and produced added value of certain areas such as human resources management, knowledge management and organisational learning, and of course, intellectual capital. This makes it really necessary to deal with the evaluation of the value, effectiveness of these areas. Ramezan (2011), for example, claimed that there is a competitive advantage for organizations that measure, report and manage their intellectual capital.

Traditional (financial) and also new, up-to-date methods (indicator-based methods, scorecards methods) exist in connection with the evaluation of intellectual capital, as it was analysed by the literature review and was presented in former works of one of the authors (cf. Harazin and Kósi, 2011). This paper aims to 'update the list': some further existing methods are presented to strengthen the importance and complexity of evaluation of intangible values.

Wu, Ong, and Hsu (2008) examined the knowledge-based organization evaluation. Although they claimed that relatively few methods are offered for evaluation in connection with the knowledge-based organization, they mentioned the traditional evaluation methods, but also concluded that these are inadequate when valuing knowledge-based organizations. They presented the Real Options theory, which framework (according to the paper) offers a new and more realistic way for evaluation of strategic opportunities and uncertainty. (Wu, Ong, and Hsu, 2008)

In the introduction of Kai's paper (2011, p. 733) enterprise knowledge management is defined, which 'is capture to the collective knowledge and skills of an enterprise.' In the next chapters factor analysis is presented, which enables the performance evaluation of enterprise knowledge management (using indicators). With the help of the theory of the analysis and the software, it has been found that there are mainly four factors which influence the enterprise knowledge management performance. These are the following ones: knowledge management factors; organizational structure factors; market adaptiveness; and human factors. The effective combination of these is necessary for the improvement of enterprise knowledge management performance. (Kai, 2011)

Using a literature review in connection with knowledge conservation, Mavridis and Vatalis (2012) defined intellectual capital as a sum of learning capital, human capital, structural capital, and relational capital, and they also defined indicators in connection with these elements of intellectual capital. Using a balance sheet formula and different structures of these elements and indicators, they presented different concepts which are built, combined from these four elements. These concepts (and connecting indicators) help define, for example, the intellectual capital profit and loss account or balanced sheet. (Mavridis and Vatalis, 2012)

The presented methods can be integrated into a usable, effective evaluating framework of certain areas such as human resources management, knowledge management, organisational learning, and of course, intellectual capital. While it is important to again emphasise it is unsure whether a common, integrated method for evaluation exits at all, the authors believe that with the help of the interpretation of the relations between these areas, a step was taken towards a usable, effective evaluating framework.

It is important to discuss the evaluation of these areas in order to see what kind of management characteristics are in connection with them. Ramezan (2011) claimed that 'entering a knowledge area, organizations will need to become more adaptable and flexible in order to enhance intellectual capital and capture opportunities in the dynamic environment' (p. 94). Based on the findings of Sveiby and Lloyd (1987), Wiig (1997, p. 399) explained that 'organizations have increasingly realized that knowledge and intellectual assets and capital must be managed deliberately, systematically and with expertise to survive'. Ramezan (2011) built on the importance of intellectual capital and offered knowledge-based organizational structure, and stated that for the improvement of intellectual capital, organizations need a knowledge-based structure. According to the paper, it is also important to find new types of organizational forms to facilitate knowledge management, knowledge flow, which results in the fact that the 'boundry-lessness' becomes an important characteristic of effective management of knowledge. The paper examined the relation between intellectual capital and organic structure[1] and concluded that there is 'the importance of organic structure in improving intellectual capital and enhancing firm profitability and revenue growth.' (Ramezan, 2011, p. 94) Organic structure is flexible and interactive and it can help transferring and sharing the knowledge across the organization, in addition to establishing a vertical information systems. (Ramezan, 2011)

For being able to prepare a usable, effective evaluating framework, it is important to examine the management characteristics in connection with human resources management, knowledge management, organisational learning, and intellectual capital and additionally in connection with the relation of these areas.

Summary – conclusions

In the paper the authors aimed to go further on with the topic of evaluation of intellectual capital and integrated new aspects of the examination while concentrating on the exact measuring and evaluating methods, which help define the added value of certain areas such as human resources management, knowledge management, and organisational learning. Before proceeding to the evaluation, the authors highlighted the relations between the above-mentioned concepts and realized that there is relation between them; however, it is hard to define an obvious, unequivocal relation. The authors have found several overlaps between the examined fields and concepts, which undoubtedly makes the management of these areas hard and difficult. When interpreting, defining, and evaluating the (added) value of these areas and fields, a holistic approach should be followed as well as these concepts should be interpreted in a holistic way. Management characteristics of these areas should also be taken into account in order to a usable, effective evaluating framework to be created.

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[1] 'Organic structure is widely sought and proposed, as opposed adversely to the mechanistic organization, and has the least hierarchy and specialization of functions.' (Ramezan, 2011, p. 92)

Acknowledgement

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The Country of Origin Effect: a condition to attain Viable Territory Systemic Survival : research in Southern Italy

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Abstract

Purpose -
For the last decade, studies on the management of the region ('territory') have focused on a scientific approach that evaluates the territory, from a holistic perspective, as a viable system that survives thanks to the ability of those forces that govern it to create dyadic relationships (structural coherence or consonance) with the supra-systems of reference.
On the basis of this methodological approach the present study proposes research into the perception that some people/stakeholders have about territory and product place-of-origin.

Methodology -
The research was tested at two events, organized in a small area of Southern Italy. Research goals were to discover and analyze those factors that might influence perception of the locality, the level of Country of Origin effect, related to the consumption of local products. The method used is explorative quantitative research, performed by means of a semi-structured questionnaire and analyzed in a multidimensional approach, helpful in designing the user profile of the territory.

Practical implications -
The paper provides some implications about both the theoretical studies on the management of the territory and the practical considerations on the constant role of perceptive analysis into territorial behaviour with the supra-systems sufficient to attain consonance and to survive.

Keywords: Viable Systems Approach, Positioning, Country of Origin Effect, Consonance

Introduction

The objective of this study is to supply a contribution to the scientific discussion relative to the ability of the territory to survive by means of creation and/or maintenance of dynamic relationships with the context of reference.

The work is based on methodology which no longer looks at the territory as a mere geo-physical extension but as a vital system which is represented, beyond the spatial/physical/geographical point of view, according to a conceptual and symbolic vision (Miller, 1978; Thom, 1985), which survives thanks to the ability to create relationships with the supra-systems of reference. In the opinion of the Italian scientific community, to think

of the territory in this way means it is represented according to the Viable Systems Approach (VSA) (Barile, 2009; Golinelli, 2010)

According to this approach, the territory is perceived as a system with survival as an objective, achieved through pursuing a distinct identity in respect of other territorial systems, guaranteeing an adequate level of satisfaction to the sub-systems and supra-systems of reference, in constant touch with them.

This is accomplished by the control and coordination of the management. The organ of government, in fact, is engaged in the selection of contexts, as well as being relevant as holders of critical resources and, therefore, necessary for the survival of the System Territory.

This selective activity is conducted simultaneously with mapping the capabilities of the area (both tangible and intangible), and identifying the purpose / destination that, in such capacity, the government decides to allocate.

Therefore, based on the destination (Echter and Ritcher,1991; 1993; Buhalis, 2000; Cai, 2002, Blain et al, 2005;) identified and the supra-systems defined, the management plans a series of actions aimed at the creation and / or maintenance of connections with the identified contexts.

The continuous exchange of information/communication (Maturana and Varela, 1980) between the territory system and the context of reference represents the condition for the creation of reciprocal values.

Relations between the Territory System and the supra-system are dyadic, insofar as they continually supply, in a reciprocal way, the necessary feedback to adapt behaviour in order to make those relationships durable in time and, therefore, sustainable. (Martin and Schouten, 2012) .

These types of relationships are the basis for achieving the condition of consonance, "structural coupling" á la Maturana, which is the ability of the territory system to create and maintain relationships based on a common language, expressed thanks to its management (Golinelli, 2010; Barile, 2009).

The condition of dyadic consonance, between territory system and supra-system of reference, is indispensable for the reciprocal creation of values, and is intended not only as an increase in the value of the individual components of the territory, but also the value of the entire system.

The term value, in this situation, is regarded as the result of the dyadic phenomenon, typical of cybernetics, according to which a systemic entity in connection with another entity, considered relevant to the achievement of a vital objective, remodulates its behaviour by means of receiving feedback in its relations (Wiener, 1970).

Therefore, according to ASV, the territory is an entity with its own personality that evolves its own distinctive capabilities, in the context of created or pre-existing relational dynamics, with that part of the environment considered to be relevant.

Creation and/or maintenance of relations with the contexts of reference allow the territory to survive. Survival, being a condition linked to the ability to establish relations with the context of reference, is achieved through interpretation and satisfaction of the needs expressed by relevant supra-systems (tourists, investors, organizations, users, etc.). , ie those supra-systems capable of arousing interest with respect to objectives defined by OdG.

In this, the condition of consonance refers to the compatibility and harmony between the structures and systems involved, through the ability to establish syntactic, semantic and pragmatic language / behaviour, (Watzlavick et al, 1967; Bateson, 1972) able to meet the expectations and requirements that the contexts of reference have towards the territory.

According to Barile (2011), as well as being the condition that expresses synchronization / harmony in the interaction between the systems involved, consonance can diversify depending on the degree of variety and influence deriving from the context. With regard to the level of influence, consonance may be represented directly, shown by the supra-systems of reference with which the system decides to establish dyadic relationships in order to obtain the resources needed for survival, and indirectly, represented by a series of contexts that are not directly related to the system but influential on behaviour (Suchman, 1995; Freeman et al, 2004). In this way we can distinguish dyadic consonance from context.

While dyadic consonance can be understood as "a progressive alignment that sees two systems converge from different conditions, to a joint evolutionary direction, shared and, therefore, equifinal (Ashby, 1956)", the consonance of context "must be understood as a dynamic of progressive re-orientation not only by the viable system, but by all systems related to the system itself" (Barile, 2011).

Consonance, therefore, must be interpreted with respect to analysis of the context of reference, and especially with the ability of the governing body to establish rapport, relationships and interaction with relevant contexts.

As previously stated, the process by which it is possible to establish and maintain mutual satisfaction between territory and contexts is highlighted, and reveals a fundamental element underlying the viable system approach:

in order to survive, the territory system must be able to create and maintain relationships and interaction between hard and soft components, products, culture, skills and know-how of the territory, and between these and relevant systems in the context of the dynamics of dyadic exchange of information, aimed at reciprocal creation of value.

Literature Review

By virtue of the previously demonstrated necessity that the territory create relationships with relevant contexts to achieve survival, in this paper we consider the Country of Origin effect (COO) in a broader sense than that of variability in support of consumer behavior and determining the value of the brand, as argued by Keller in 1993.

Therefore, we intend to create a framework for the COO effect through the literature review related to this concept, paying particular attention to the criticality met with in respect to the way in which it is mainly interpreted.

The concept of COO assumed scientific relevance in the mid-Sixties, a time when the first studies came out, according to which it was found to be important to analyze the effect that place of origin has on consumer choice (Schooler, 1965; Reierson, 1966; 1967; Schooler e Sunoo, 1969, Anderson e Cunningham 1972; Nagashima 1977; Chasin e Jaffe 1979; Bilkey e Nes 1982).

This perspective, which does not take other variables into account that can influence subject behavior, was soon expanded thanks to more sophisticated research methods, in order to simultaneously consider the most relevant variables, for example related to the product, the brand or the consumer (Keller, 1993; Fishbein, 1963; Fishbein and Ajzen, 1975).

An ever greater number of scholars have therefore adopted the view of *multi-cue*, which could be observed from the outset as early as 1983, when studies and empirical research carried out in relation to the COO effect greatly increased.

Authors such as Johansson (1985) and Ettenson (1988) have, in fact, challenged previous contributions proposed in the literature, stating that the variables that may help to generate the COO effect are also to be found in the consumer's perception of price and quality. These variables have a stronger effect with respect to valuation than the consumer has to the products.

The late Eighties was also the period in which interest grew in analysis of the connection between perception of territory and perception of products made in that territory (Ofir e Lehmann 1986), above all compared to the dichotomy of national and international products (Morello 1984). In addition to place of origin these variables, which according to the studies help to determine the COO effect, can be studied both in differences in product (Heslop and Wall 1985), in the places where these studies were conducted (Becker 1986), and in the cultural dimension in which the region of origin is identified by consumers (Han 1990).

According to recent studies, in fact, the variables affecting the intensity of the COO effect can be explained by the greater propensity of the young, the affluent and the better educated to interact with cultures other than their own (Shimp e Sharma, 1987; Smith, 1993; Ahmed e d'Astorus, 2004).

Han (1989), who made one of the most cited contributions in the literature, provides an analysis of the role that the country of origin plays in evaluation of the consumption of televisions and cars by consumers. According to these studies, the image of the country of origin may become a construct that summarizes consumer beliefs about product attributes.

In addition, Roth and Romeo (1992) emphasize the relationship between product category and perception of the area of origin. Analysis of the literature shows that the magnitude of the COO effect varies in respect to the actual intention to purchase (Verlegh and Steenkamp, 1999).

Another relevant contribution in the literature was proposed by Papadopoulos (1993), who criticizes the concept of COO with respect to the globalization process, where the area the product is produced cannot actually be identified because the product can be prepared in one country but designed and assembled in another. According to the author

it is known as Product Country Image (PCI). This concept was later re-elaborated by Heslop (1993), Askegaard and Ges (1998), Li, Murray and Scott (2000); Phau and Chao (2008).

From the observations supported by Papadopoulos, therefore, we see that COO can no longer be understood by its original meaning, but that this concept must be able to interpret the dynamics of evolved production processes, thus assuming additional significance as in *made in* or *assembled in*, concepts such as *designed in*, *engineered in*, *manufactured in* and *parts supplied by* (Han e Terpstra, 1988; Chao, 1993; Ahmed e D'Astorus, 1996; Chowdhury e Ahmed, 2009).

Other authors have studied deeper into the strength of the links between brand management, product and territory of origin (Parameswaran and Pisharodi 1994; Nebenzahl and Jaffe 1997; Kim 1995; Ahmed and d'Astous 1995; Thakor and Kohli 1996) while others have studied the effect not only in reference to the product but also with respect to the services offered by the territory (Javalgi, Cutler and Winans 2001).

There has recently been a conversion by scholars towards expanding the COO model, no longer applying it to one country but more generally to any geographic region, from cities to districts, as long as they are capable of passing on distinctive characteristics to the minds of consumers (Lentz et al., 2006; Andehn and Berg, 2011). This trend shows a return to the study of the concepts of Product Country Image (PCI) (Papadopoulos and Heslop, 1993; Liefeld, 2004) and Country Image (CI) (Roth and Diamantopoulos, 2009), to analyze the factors that contribute to creating the image and reputation of the territory.

The proposed analysis of the literature shows that the concept of COO has changed considerably because of different approaches, the process of globalization and the variables taken into consideration.

In reality, what never seems to change in these studies is the way in which the COO effect is considered, ie as a support to consumer behavior and the product or brand of product. In the writer's opinion, analysis of the literature presented raises a methodological gap in the definition of the COO effect. Consequently, all the studies consider the COO effect as a linear and sequential support to consumer behaviour, overlooking, in the way it is represented in the course of research, how that effect retroactively expresses an essential role in the support and development of the territory (Pharr, 2005;40).

Effectively therefore, the objective of this research is to demonstrate the relationship between knowledge, the COO effect and the extent the production area is used by the consumer.

In this study, therefore, we no longer intend to consider the COO as a construct that plays a supporting role but, above all, as a value of the territory through which the management seeks to create a relationship with the stakeholders.

According to the proposed approach, the COO represents, within the strategies and policies for management of the territory, both the perception that the key stakeholders have of products from the territory and the awareness that they develop in favour of the territory, due to its use.

However it should be noted that this perception is not a resource, perhaps the only one, that belongs to the territory, but rather it is a resource that belongs to the stakeholders, contrary to what was stated by *Resource Based Theory* (Salncik and Pfeffer, 1978).

The territory, therefore, evolves in the system (Territory Viable Systems-TVS-) when behaviour is put into place to create and then to maintain rapport between relations (called 'interconnections' in systemic jargon) in harmony with the relevant stakeholders.

As mentioned previously, the syntonic relationship between TVS and key stakeholders expresses the condition of consonance, and in this regard the COO effect can be considered as a variable that contributes to enriching the informative variety of contexts of reference (consumers, users, investors, etc..), therefore supporting the creation and maintenance of relational commonality.

At the end of this study and on the basis of the methodological approach proposed, the COO effect can be considered as the result of a dynamic retro-active expression of both the support provided to consumer behaviour by knowledge / perception of the territory and the value of the product brand, as opposed to the representation of a moment of creation of relations / perception between the reference context and the territory as an appreciated value distinct from the product.

Thus the idea that we want to demonstrate in this work is that the COO widens from *factors influencing consumers' evaluative judgement of the product* to *factors influencing both consumers' evaluative judgement of the product and the origin of the product that the individual/consumer chooses.*

In this way, the perception of local resources by consumers and the territory to which these resources belong are necessary elements for the creation and maintenance of the condition of dyadic consonance necessary for the survival of the territory system.

The "territories" in the survey

The methodological and conceptual effort represented so far is the basis of research conducted in two areas in the province of Avellino, a city in Southern Italy.

The territories involved in the survey are the municipalities of Summonte and Ospedaletto d'Alpinolo, both located in the province of Avellino. The land area of the town of Summonte covers 12 square kilometers, while the territory of Ospedaletto d'Alpinolo covers 5 square kilometers.

Figure 1 The territories of Summonte and Ospedaletto d'Alpinolo
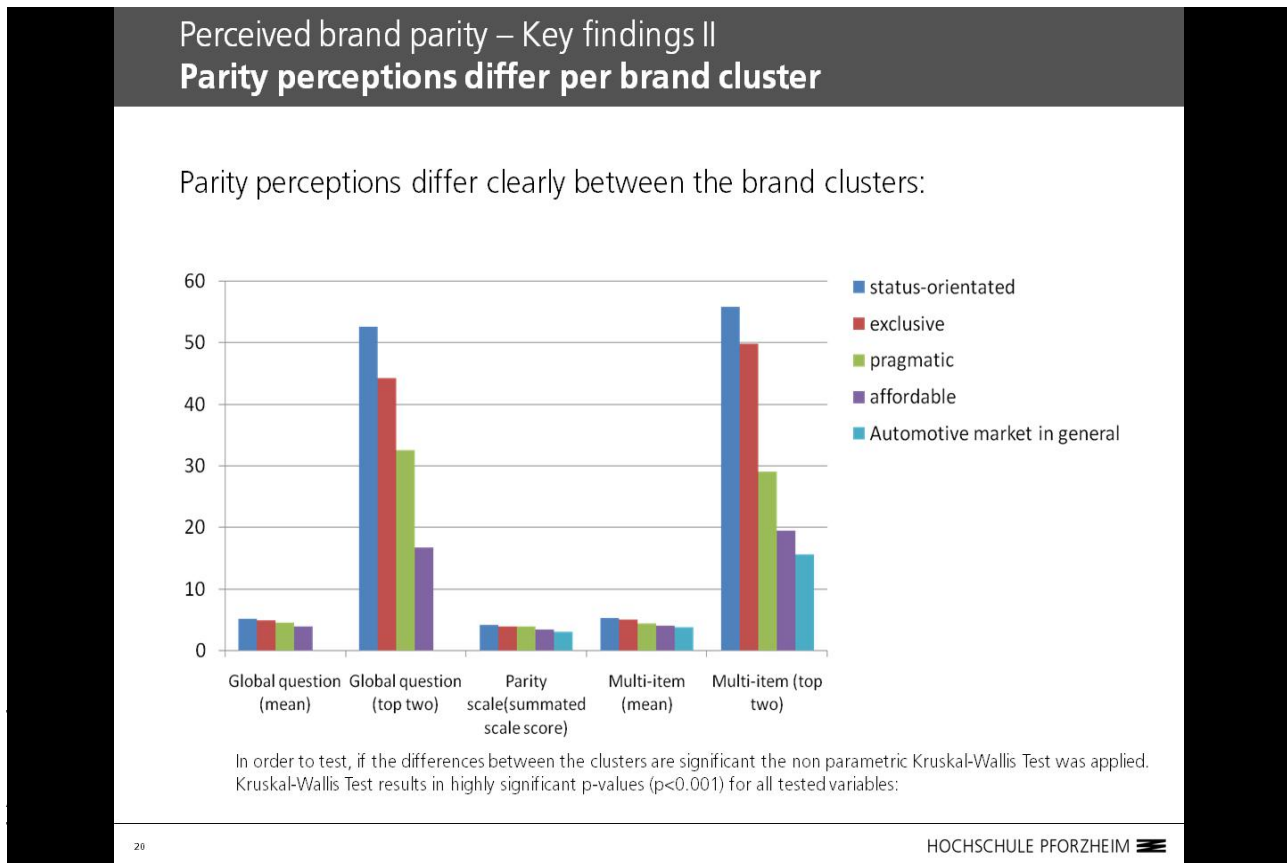
For a description, albeit brief, of the territories under consideration we give values for three significant demographic indicators: *the ratio of elderly residents, the ratio of structural dependancy* and *the replacement rate*.

The distribution of the *ratio of elderly residents,* that is, the relationship between the percentage of the elderly (over 64) and the young (under 15), reveals the difference in composition of the resident population by age.

Both towns show a significant presence of the elderly. In Summonte there are 128 elderly for every 100 young people; while in the territory of Ospedaletto d'Alpinolo the presence of the elderly is 119%.

The *structural dependency ratio* is the percentage ratio between the population of non-working age (0-14 years and 65 years and older) and potentially active population (15-64 years), and provides information with respect to the load that the non-working population, presumably not economically independent, places on the potentially active population, ie of working age. The difference between the territories is minimal: in Summonte there are 42 dependent individuals for every 100 of potential working age, while in Ospedaletto d'Alpinolo there appear to be 45 dependent individuals.

The *replacement rate* of the active population is calculated as the ratio between the population in the 60-64 age group and the population in the 15-19 age group. This index summarizes the dynamics of change over a short period, between the age group that moves towards a situation of inactivity and the age group that enters a situation of potential activity. In the case of Summonte the index shows that, for 100 subjects who are

approaching a condition of inactivity, there are 82 young people moving towards a situation of potential activity. In the case of Ospedaletto d'Alpinolo there are 111 individuals who are entering a phase of potential activity.

Descriptive and comparative analysis of the territory

The survey was carried out in the territories described above during the two major cultural events that characterize the economic and social life of the host communities:
"Sentieri Mediterranei" ("Mediterranean Pathways") in the town of Summonte, the only exhibition of International Ethnic Music in Campania; "A Juta a Montevergine", an event linked to the popular procession of Candlemas along the path of Mother Schiavona. This is a traditional pilgrimage to honor the "Heavenly Mother" during which the faithful come to Ospedaletto, are housed in the homes of the local community and resume the journey on foot the next day to the Montevergine Sanctuary.

The present study, exploratory in nature, was conducted during the two events by giving a structured questionnaire to visitors from outside the province of Avellino that, in the case of Summonte - Mediterranean Pathways, took place from 24 to 26 August 2012 and in the case of Ospedaletto d'Alpinolo took place during the "A Juta a Montevergine" from 8 to 12 September.

Overall, 220 questionnaires were collected.

Table 1. Distribution of items relative to knowledge of the territory (%)

Items	Place of the event		Total
	Summonte	Opedaletto d'Alpinolo	
Frequency of visit			
Once	48,0	9,2	26,8
Sometimes	28.0	21,7	24,5
Often	16,0	27,5	22,3
Usually	8,0	41,7	26,4
Total	100	100	100
Channels of knowledge of the area			
Mass-media (tv, radio, etc.)	21,0	6,7	13,2
Personal information	29,0	27,5	28,2
Friends/relatives	50,0	26,7	37,3
By attending the event	0	39,2	21,4
Total	100	100	100
Knowledge of the area compare to the rest of Avellino's province			
not at all/a little	58,0	44,2	50,5
somewhat/a lot	41,0	55,8	49,1
do not know	1,0	0,0	0,5
Total	100	100	100

Source: data processed from our survey.

Comparing knowledge of the territory by participants in the events, (see tab. 1), it is possible to point out a significant difference between the two municipalities. In the town

of Summonte, one person out of two interviewed claimed to be present at the event for the first time; only 8% claimed to be regular visitors.

In contrast, about 42% of the participants present at the Ospedaletto event claimed to be regular visitors. The *novices*, in this case, slightly exceed 9%.
From the table we see that those interviewed at Summonte know the territory mainly through friends and relatives (50%); secondly, through information gathered personally (29%).

Respondents' knowledge of the territory of Ospedaletto d'Alpinolo, however, is acquired through participation in the event. There is an interesting aspect concerning the role that the media plays in broadcasting the event and therefore the territory: the share of visitors informed by the media is higher in the municipality of Summonte (21%). This result partly reflects the greater media exposure of the "Mediterranean Pathways" event.

The positioning of the two municipalities with respect to the rest of the provincial territory emphasizes the greater characterization of the town of Ospedaletto d'Alpinolo (56%).

Graphic 1. Distribution of respondents relative to their reasons for visiting the territories
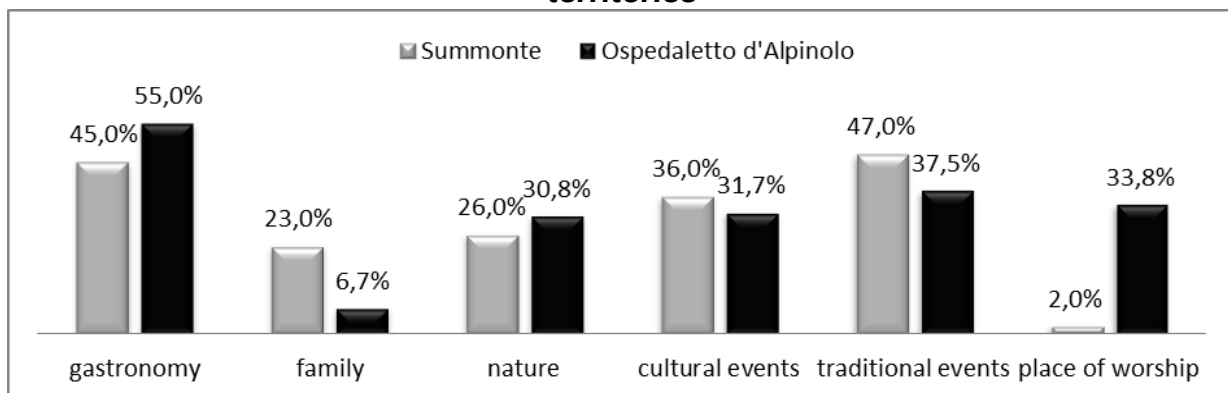
Source: data processed from our survey.

By analyzing the reasons that led respondents to visit the two territories (see Graph. 1) the difference between the two events is very clearly revealed. Visiting sacred places is prevalent in respondents from Ospedaletto. To this motive we can add those related to gastronomy and therefore to the possibility of going to a restaurant and / or tasting typical products (55%), and traditional events (37.5%). The motivation of gastronomy is essential for visitors to the territory of Ospedaletto d'Alpinolo (see Graph. 2), so that these same people state that the main reason for visiting the area is to taste typical products (56.7%).
From these first observations the COO effect is clearly revealed as stimulating the remodelling of 'the consumer of products from the territory' into 'the visitor seeking a deeper relationship with the Country of Origin'.

In the case of Summonte, the family (23%), cultural events (36%) and traditional events (47%) seem to be the main reasons why the respondents visit the territory.

Graphic 2. Distribution of respondents relative to attributes associated with the territories
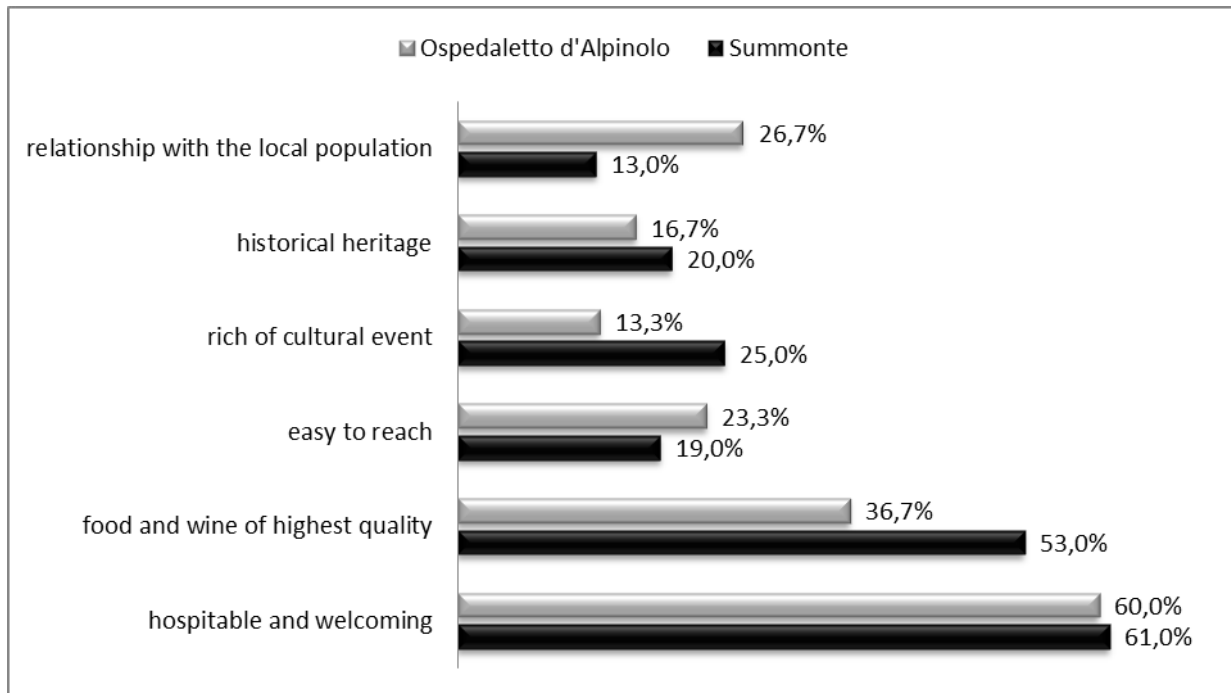
Source: data processed from our survey.

Looking at graphic 2, the attribute given to both areas lies in the hospitality and welcome shown by the local community.

Compared to Ospedaletto d'Alpinolo, the territory of Summonte is characterized by its top quality food and wines (53%), for being a territory rich in cultural events (25%) and for its historical heritage (20%). The territory of Ospedaletto is associated with ease of reaching the territory (about 23%) and feeling part of the local community (about 27%). This last element becomes more meaningful when compared to the religious significance of the event which takes place in Ospedaletto and its evocative power to create community among the faithful.

From this graph we see the result of the perception of a characterized identity for the territory of Summonte, based, however, on the recognition of generic attributes and not on the knowledge of a specific and explicit purpose / destination of the territory.

Graphic 3. Distribution of respondents relative to the consumption of local products
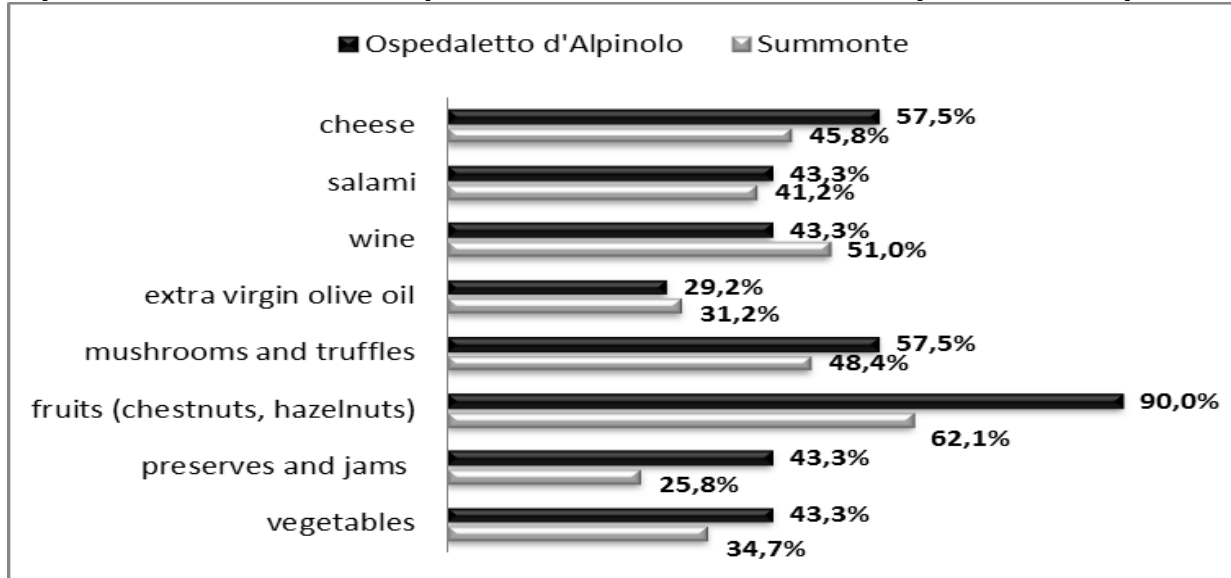
Source: data processed from our survey.

Consumption and the recognition of typical products is an important dimension revealed under the "Country of Origin" lens of our investigation.

Continuing our comparative analysis of the two territories, we investigated the dimension of consumption relative to some typical products.

Graphic 3 shows the distribution of consumption. 90% of respondents in Ospedaletto d'Alpinolo consume typical nuts (chestnuts, hazelnuts), about 58% consume cheese, mushrooms and truffles.

Respondents from the territory of Summonte, however, consume more wine (51%) compared to respondents from Ospedaletto (43.3%).

Respondents evaluated some of the characteristics of the territory by using a Cantril Ladder that allowed them to assign a score from 0 (min) to 10 (max). The main differences are found in relation to infrastructure and accommodation facilities. In effect, comparing these two items, the average expressed by visitors to Summonte is, respectively, 5.81 and 5.77, against the average value expressed by visitors to Ospedaletto d'Alpinolo: 4.71 and 4.93 respectively.

These results reveal a greater tendency by the management of Summonte to encourage the vocation of hospitality / tourism rather than the expression of specific characteristics, tangible and intangible, based on Product / Brand

Table 2. Distribution of items relative to knowledge and consumption of local products (%)

Items		Event location		Total
		Summonte	Ospedaletto d'Alpinolo	
To taste traditional food products is the main reason for my participation in this event	Agree	45,7	56,7	51,9
	Disagree	54,3	43,3	48,1
	Total	100	100	100
Before coming I already knew some of these traditional food products	Agree	40,0	85,8	65,6
	Disagree	60,0	14,2	34,4
	Total	100	100	100
When I come here I often offer traditional food products as a present	Agree	42,1	100,0	74,4
	Disagree	57,9	0,0	25,6
	Total	100	100	100
If I didn't come here, I would never taste these traditional food products	Agree	52,2	85,8	71,4
	Disagree	47,8	14,2	28,6
	Total	100	100	100

Source: data processed from our survey.

Looking at table 2 we also see that visitors to Ospedaletto d'Alpinolo know about typical products before visiting the area (approximately 86%) and everyone buys these typical products as gifts. They show a greater awareness, therefore, regarding goods produced in the territory, and a greater propensity to spread their knowledge of the territory through word of mouth, caused by giving products to family and / or friends.

However in 60% of cases, visitors to Summonte claim they do not know the typical products.

These data confirm the existence of the Country of Origin and Country of User dyadic relationship. Indeed, many users of Ospedaletto decide to visit the territory where the products they appreciate or have received as gifts were made.

Characteristics of the product and the territory are converging elements, resulting in the need to defend the "reputation" of the territory even before that of the product.

These indications confirm, however, how Summonte is appreciated as the expression of a set of tangible and intangible components, but does not enjoy a perception fostered by the Product of Origin effect.

About 72% of all respondents recognize the event has a strong relationship with local products. The same value, however, may also indicate a lack of popularization of the typical product other than at the event.

Table 3. Distribution of items relating to the recognition of typical products (%)

Items	Event location		Total
	Summonte	Ospedaletto d'Alpinolo	
Which of the following attributes you would use to describe traditional food products			
They are natural	51,0	31,7	40,2
The are craftmade	33,0	25,0	28,5
They are produced in this place	16,0	43,3	31,3
Total	100	100	100
Which of the following products is the one which best represent this place?			
chestnut	24,0	20,0	21,8
hezelnut	20,0	15,8	17,7
nougat	4,0	63,4	36,4
other	52,0	0,8	24,1
total	100	100	100

Source: data processed from our survey.

What has been stated so far is confirmed by analysis of the attributes that respondents associate with the typical product (see tab. 3), the word 'genuine' is recalled by more than 40% of those surveyed; one out of three, however, associated the product as being inseparable from the territory.

Looking at the differences in the two municipalities, the product is more strongly associated with the territory in the case of Ospedaletto d'Alpinolo (43.3%). This trend is reinforced by the significant proportion of respondents (63.4%) indicating *nougat to be the flagship product of the territory*.

In the case of the respondents during the event of Summonte, half of the subjects take refuge in the *other product* category. Thus, there is greater difficulty in bringing a product to this territory even though a *generic label of authenticity* is recognized (51%).

Event, product and territory: a multidimensional analysis

After the use of descriptive analysis in the previous section, in this section we analyze simultaneously, through a multivariate process (Lebart et al., 1997), the main dimensions which underlie the concept of Country of Origin as explained above: consumption and knowledge of the typical product, evaluation of events and services in the territory; reasons that affect visiting the territory.

This is the first step to identify, under a specifically exploratory and descriptive lens, a typology of visitors and users of the points of interest in the research.

Our aim is not to identify configurations of personality, but to define user groups in the territory who share certain characteristics with respect to the topics of the research.

The path of multivariate analysis has provided, in the first place, the extraction of the principal components through Multiple Correspondence Analysis (Acm) and,

subsequently, the application of the analysis of groups on resulting and selected factors (Cluster analysis) in order to identify a typology.

The process of selecting items to be submitted to ACM, carried out with the theoretical-methodological observations revealed earlier as a starting point, has led us to consider 84 active modes to be useful.

The first three components extracted reproduce about 27% of the total variance (see Table 4). The first axis represents the Country of Origin scale, the negative semi-axis, defined by the rules for consumption and knowledge of local products, is opposed to the positive semi-axis defined by the mode that expresses the lack of knowledge of local products and the inability to assess services offered by the region.

Observing the modes that characterize the second axis we felt we should call it *Perception and consumption of the territory*.

The third axis contains the assessments expressed (*evaluation*) relative to the event and to local services. The negative pole of this axis is defined by complete dissatisfaction.

Table.4 - Multiple correspondence analysis. First three components extracted.

	Categories	Item	Poids	V.test
	consumption products	Consumption typical product: fruits (chestnuts, hazelnuts)	179.00	-9.33
	agree	When I come to this place I usually buy the typical products for presents	160.00	-8.88
	agree	Before coming to this place I already knew some typical products	141.00	-8.51
	consumption products	Consumption typical product: cheese	113.00	-8.34
	consumption products	Consumption of typical products: preserves and jams	76.00	-8.04
	consumption products	Consumption of typical products: salami	92.00	-7.95
	consumption products	Consumption of typical products: mushrooms, truffles	115.00	-7.44
	consumption products	Consumption of typical products: wine	101.00	-7.14
	consumption products	Consumption of typical products: vegetables	85.00	-6.90
I Axe – (Var. 12,92%)	*consumption products*	Consumption of typical products: extra virgin olive oil	65.00	-6.82
	nougat	Typical products represent in the best way the area	80.00	-5.56
	very satisfied	Satisfaction with places of worship	118.00	-4.95
	usual	Types of visitor	58.00	-4.63
Central area of dimension				
	disagree	When I come to this place I usually buy the typical products for presents	74.00	8.30

do not consumption products	Consumption typical product: cheese	103.00	8.42
disagree	When I come to this place I usually buy the typical products for presents	55.00	8.95
do not know	Satisfaction with the environment (nature)	13.00	9.14
do not know	Satisfaction for event	20.00	9.25
do not know	Satisfaction for catering	24.00	9.43
do not know	Satisfaction for the relationship with the local population	21.00	9.57
do not know	Satisfaction for gastronomy	14.00	9.84
do not know	Satisfaction for places of worship	37.00	9.95
do not consumption products	Consumption of typical products: fruits (chestnuts, hazelnuts)	36.00	9.99
do not consumption products	Consumption of typical products: extra virgin olive oil	151.00	-9.83
do not consumption products	Consumption of typical products: wine	115.00	-8.97
do not consumption products	Consumption of typical products: salami	125.00	-8.81
do not consumption products	Consumption of typical products: vegetables	130.00	-8.56
do not consumption products	Consumption typical product: cheese	103.00	-8.56
do not consumption products	Consumption of typical products: preserves and jams	137.00	-7.66
do not consumption products	Consumption of typical products: mushrooms, truffles	100.00	-5.77
I Axe – (Var. 7,54 %)	*products produced in this place*	Attribute given to the typical product	67.00	-4.97
agree	When I come to this place I usually buy the typical products for presents	160.00	-4.55
craft	Attribute given to the typical product	61.00	-4.24
religious	Motivation to visit the place	45.00	-4.07
Central area of dimension			
consumption products	Consumption of typical products: mushrooms, truffles	115.00	5.67
other goods	Typical products represent in the best way the area	53.00	5.94

consumption products	Consumption of typical products: preserves and jams	76.00	6.81
consumption products	Consumption of typical products: vegetables	85.00	8.30
consumption products	Consumption typical product: cheese	113.00	8.39
consumption products	Consumption of typical products: salami	92.00	8.76
consumption products	Consumption of typical products: wine	101.00	8.81
genuine	Attribute given to the typical product	86.00	9.10
consumption products	Consumption of typical products: extra virgin olive oil	65.00	9.76

III Axe – (Var. 6,48 %)	*little or nothing*	Satisfaction for the relationship with the local population	16.00	-9.13
	somewhat satisfied	Satisfaction for catering	71.00	-7.24
	little or nothing	Satisfaction for places of worship	11.00	-7.23
	little or nothing	Satisfaction for catering	8.00	-7.14
	little or nothing	Satisfaction for the cultural offer	24.00	-6.46
	somewhat satisfied	Satisfaction for places of worship	54.00	-6.09
	little or nothing	Satisfaction for event	16.00	-6.05
	easy to reach	Attribute given to the area	47.00	-5.95
	Central area of dimension			
	very satisfied	Satisfaction for the environment (nature)	157.00	4.80
	friendly environment	Attribute given to the area	133.00	5.39
	hard to reach	Attribute given to the area	173.00	5.83
	very satisfied	Satisfaction for event	124.00	6.45
	very satisfied	Satisfaction for places of worship	118.00	6.67
	very satisfied	Satisfaction for catering	154.00	6.71
	very satisfied	Satisfaction for catering	117.00	9.01
	very satisfied	Satisfaction for the relationship with the local population	102.00	9.08

Source: data processed from our survey.

After having named the axes we proceed to a hierarchic cluster analysis.

We now describe the composition of the four groups of visitors.

The *first group* includes 40% of the respondents, they present many characteristics that recall *knowledge of the event*, often retrospective, and *products typical of the territory*. About 50% of respondents belonging to this group assign nougat with the synthetic capacity to represent the territory.

In addition, those belonging to this group expressed very positive evaluations, in approximately 90% of cases, in relation to gastronomy and catering (71%). From the emergent characteristics we defined this group as *informed consumers in loco*.

The typical product is physically associated with a territory that has origins in the distant past and which reproduces, much more in the imagination than in reality, the methods of production of its origins. Enhancement of the typical product feeds, in effect, on symbolic references to the world of tradition; in the case of the event at Ospedaletto, history for this group of people becomes a powerful tool for the "objectification" of cultural operation, an extraordinary pool of references to moods, lifestyles and symbolic worlds.

In this case it is history, and therefore memory, which becomes the main element of legitimization of the product. To feel satisfied with the relationship with the community, and the reference to it, expresses a mode of consumption built on the selective recovery of the past: memory becomes the main key to bring the past up to date, reintegrating it with the present. So much so that during the last decade a strand of literature is emerging in the context of consumer behavior, named Country of Origin Brand (COBO), and argues that given confusing information about the country of origin, also due to globalization , individuals / consumers tend to seek the cultural dimension (Lim and O'Cass, 2001)

The *second group* comprises over 16% of respondents and is characterized, instead, by a widespread dissatisfaction towards local services. One in two members of this group, previously at the event, did not know about local products. This group comprises the *dissatisfied*.

The third group (33%), however, includes individuals whose characteristics enable them to be labelled as *users* of the territory. Over 76% of this group recognize the authenticity of the products of the territory and, as a consequence, consume any product, even if not particularly typical.

In this case, the ritual of consumption appears to have a fundamental role in supporting the authenticity of the product, aimed especially at a "naive" contraposition to an industrial type of production.

The *fourth and last group* is the least significant quantitatively and is characterized by the notable inability to express their views on services and local products. More than half of these respondents attended the event in the territory for the first time and, in most cases, were completely uninformed about local products. This last group has been labeled as the *confused*.

Table 5 – Cluster analysis. Characterization by categories of group.

Item	Categories	% of category in group	% of category in set	% of group in category	Test-value	Prob.
Group: 1 / 4 (Count: 87 - %: 39.55)						
Consumption of typical products: extra virgin olive oil	*do not consumption products*	100,00	68,64	57,60	9,11	0,000
Consumption of typical products: salami	*do not consumption products*	81,61	56,82	56,80	6,03	0,000

Satisfaction with places of worship	very satisfied	78,16	53,64	57,60	5,88	0,000
Consumption of typical products: wine	do not consumption products	75,86	52,27	57,30	5,62	0,000
Attribute given to the typical product	produced in this place	51,72	30,45	67,16	5,38	0,000
Consumption of typical products: vegetables	do not consumption products	80,46	59,09	53,85	5,20	0,000
Satisfaction for the relationship with the local population	very satisfied	67,82	46,36	57,84	5,06	0,000
Consumption of typical products: preserves and jams	do not consumption products	81,61	62,27	51,82	4,76	0,000
Satisfaction for catering	very satisfied	87,36	70,00	49,35	4,56	0,000
Consumption of typical products: mushrooms, truffles	do not consumption products	64,37	45,45	56,00	4,44	0,000
Satisfaction for catering	very satisfied	71,26	53,18	52,99	4,25	0,000
Knowledge of the site	by attending the event	33,33	21,36	61,70	3,31	0,000
Typical products represent in the best way the area	nougat	49,43	36,36	53,75	3,10	0,001
Group: 2 / 4 (Count: 37 - %: 16.82)						
Satisfaction for the relationship with the local population	little or nothing	40,54	7,27	93,75	6,93	0,000
Satisfaction for catering	little or nothing	21,62	3,64	100,00	4,98	0,000
Satisfaction with places of worship	little or nothing	21,62	5,00	72,73	3,97	0,000
Attribute given to the territory	easy to reach	48,65	21,36	38,30	3,95	0,000
Satisfaction for catering	somewhat	62,16	32,27	32,39	3,95	0,000
Satisfaction for the cultural offer	little or nothing	32,43	10,91	50,00	3,85	0,000
Satisfaction with places of worship	somewhat	51,35	24,55	35,19	3,73	0,000
Satisfaction for catering	somewhat	43,24	19,09	38,10	3,61	0,000
Satisfaction for catering	little or nothing	18,92	4,55	70,00	3,56	0,000
Satisfaction for event	little or nothing	24,32	7,27	56,25	3,53	0,000
Before coming to this place I already knew some typical products	disagree	54,05	33,64	27,03	2,63	0,004
Group: 3 / 4 (Count: 72 - %: 32.73)						
Consumption of typical products: extra virgin olive oil	consumption products	81,94	29,55	90,77	12,00	0,000
Consumption of typical products: salami	consumption products	91,67	41,82	71,74	10,78	0,000

Consumption of typical products: wine	*consumption products*	88,89	45,91	63,37	9,14	0,000
Consumption typical product: cheese	*consumption products*	91,67	51,36	58,41	8,68	0,000
Consumption of typical products: vegetables	*consumption products*	79,17	38,64	67,06	8,57	0,000
Consumption of typical products: preserves and jams	*consumption products*	73,61	34,55	69,74	8,36	0,000
Attribute given to the typical product	*genuine*	76,39	39,09	63,95	7,83	0,000
Consumption of typical products: mushrooms, truffles	*consumption products*	87,5	52,27	54,78	7,47	0,000
Before coming to this place I already knew some typical products	*agree*	83,33	64,09	42,55	4,14	0,000
Attribute given to the area	*it is rich of cultural events*	30,56	18,64	53,66	2,91	0,002
Group: 4 / 4 (Count: 24 - %: 10.91)						
Satisfaction for catering	*do not know*	79,17	10,91	79,17	8,72	0,000
Satisfaction with places of worship	*do not know*	87,50	16,82	56,76	8,15	0,000
Satisfaction for catering	*do not know*	58,33	6,36	100,00	8,05	0,000
Satisfaction for event	*do not know*	66,67	9,09	80,00	7,78	0,000
Satisfaction for the relationship with the local population	*do not know*	66,67	9,55	76,19	7,60	0,000
Satisfaction for the cultural offer	*do not know*	70,83	15,45	50,00	6,48	0,000
Satisfaction with the environment (nature)	*do not know*	45,83	5,91	84,62	6,30	0,000
Consumption typical product: fruits (chestnuts, hazelnuts)	*do not consumption products*	70,83	16,36	47,22	6,29	0,000
When I come to this place I usually buy the typical products for presents	*disagree*	75,00	25,00	32,73	5,31	0,000
Consumption of typical products: mushrooms, truffles	*do not consumption products*	91,67	45,45	22,00	4,81	0,000
Before coming to this place I already knew some typical products	*disagree*	79,17	33,64	25,68	4,65	0,000
Types of visitor	*first time*	58,33	26,82	23,73	3,26	0,001

Source: data processed from our survey.

Table 6 – Distribution of the main socio-demographic characteristics according to the clusters identified. Val. %

Socio demographic data	Cluster			
	Conscious consumers on the site	Unsatisfied	Users	Confused
Area				
Summonte	21,8	59,5	48,6	100,0
Ospedaletto d'Alpinolo	78,2	40,5	51,4	0,0
Total	100	100	100	100
Genre				
Male	49,4	45,9	52,8	47,1
Female	50,6	54,1	47,2	58,3
Total	100	100	100	100
Ages				
Young	35,6	45,9	44,4	37,5
Adults	46,0	37,8	40,3	54,2
Elderly	18,4	16,2	15,3	8,3
Total	100	100	100	100
Residence				
Province of Naples	37,9	45,9	50,0	29,2
Other Provinces	62,1	54,1	50,0	70,8
Total	100	100	100	100
Work conditions				
Self-employed	32,2	29,7	26,4	33,3
Employee	40,2	35,1	41,7	29,2
Temporary worker/ unemployed	12,6	8,1	15,3	8,3
Inactive (Retired/ Housewifes)	6,9	10,8	4,2	8,3
Students	8,0	16,2	12,5	20,8
Total	100	100	100	100
Education				
Graduate	52,9	45,9	44,4	54,2
Not graduate	47,1	54,1	55,6	45,8
Total	100	100	100	100

Source: data processed from our survey.

To detail those belonging to the different groups extracted, we proceeded with bivariate analysis (see tab.6)

Among *informed consumers in loco* about 80% participated in the event which takes place in Ospedaletto. In this territory there is a lower share of *dissatisfied* than the territory of Summonte, where the percentage is 59.5%. *Users*, on the contrary, are distributed evenly in the two territories under investigation. This data once again confirms the greater awareness by the majority of visitors attending the event at Ospedaletto, in terms of the typical characteristics of the territory and its products.

Dissatisfaction and confusion, however, seem to characterize visitors to the cultural-musical event at Summonte, who evidently are not able to evoke the distinctive elements of the territory.

This confirms the weakness of the characteristics necessary for the survival of the territory as represented by the methodological approach. Indeed, based on the ability to build relationships with the contexts of reference, the government of the territory must map out the resources and create a relationship / purpose between them. In addition to justifying the relationship between the components, this purpose will be the basis on which first to identify, and then to create and / maintain, the consonant relationships with the relevant contexts.

The analysis, therefore, expresses an inability, on the part of the territory, to evoke clear distinctive elements.

With regard to gender, the highest proportion of *women* is found in the *confused* group (58.3%). The main difference between the sexes is evident, however, in the group of dissatisfied.

A smaller proportion of young visitors belong to the group of *informed consumers*. Among the latter, in addition, about 62% come from different Neapolitan areas. The proportion, however, of older *informed consumers in loco* is about twice as high as in the group of *confused*.

Among the *confused* and *informed consumers in loco* we find the highest proportion of people with a university degree.

Conclusion

This paper sought to contribute to the emergence of a holistic and cybernetic reading of the territory and the Country of Origin effect. This effort has been made with the aim of contributing to the evolution of management and place marketing studies, providing a methodological approach, that of the viable system, useful to both practitioners and researchers.

In effect, the Systemic Approach is intended to help provide practitioners, and the government of the territory, with an interpretative reading of the dynamics, useful to the strategic and operational planning process.

So much so that the research presented provides practitioners / territorial government with useful information to support the reading of the characteristics of the territory and to identify a specific purpose / destination, on the basis of which to create relationships between the components of the territory and the contexts of reference. This effort appears to be necessary in order to plan adequate policies for marketing and communication, aimed at reaching the condition of consonance with the reference contexts. The typical product, for example, can produce and revive experiences, especially if related to the territory from which it originated. And it is no coincidence that typical products are considered a source of tourist attraction and therefore a vehicle for development of entire territories. The latter, however, must become "a celebration" for visitors, able to explain, express and evoke memories within the experience that we have during the events consumed in that territory. This paper seeks to contribute, within the

framework of scientific development, the identification of an interpretative methodological approach useful for adapting the concept of the territory to constructs that go beyond physical structure. This methodological contribution tends to raise awareness among scholars towards a systemic reading, increasingly interdisciplinary, of the territory, with the aim of adding a wide variety to the general outline, the result of multi-dimensionality and multi-subjectivity, emerging on both strategic and operational levels .

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e-Delphi Pilot Experiment of Quality of Equity Predictions in Online Groups

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Abstract

This paper presents the results of a pilot experiment of stock price predictions by online groups, including the research process and a summary of the results. The overall objectives of the planned research study are three-fold: to assess the effect of individual and remote group decision-making approaches to stock price predictions; to assess whether a learning effect exists through the feedback loop of an e-Delphi process; and to identify the underlying key mechanisms of the individual and of the group that influence the decision-making process. The pilot run was performed with a small group (11 participants) and three financial analysts to benchmark the group over five e-Delphi cycles (five weeks). Each participant in the pilot was asked to provide an estimation of the movement (up or down) over a one-week and three-month period of four shares as well as enter a stock price prediction for a three-month period. The pilot run has provided some indications that, in certain situations and with careful group design, stock price predictions can be superior to the predictions of experts.

Key Words: e-Delphi, Online community, group decision-making processes, collective intelligence, equity predictions, stock-trading

Introduction

The purpose of this study is to inform understanding of the group decision making process of Internet communities which focus on stock-trading, based on predicting share prices. Equity research is a topic that is relevant for academic research as well as for business purposes. The work of academics that focus on financial markets and of business financial analysts has a special significance for brokers and investment banks, but it is also true that almost every financial newspaper, stock market journal or TV programme that deals with financial topics, reverts to these putative experts (Stanzel, 2007). Studies have already been conducted to assess the quality of the resulting forecasts from financial analysts (Bolliger, 2004; Clement, 1999; Fleischer, 2005; Stanzel, 2007). Generally, these studies show little evidence that it is possible to generate predictions that create, in the long run, and after transaction costs, profits higher than the market average (Malkiel, 2007; Stanzel, 2007).

The lack of reliable predictions appears to be one of the reasons why the investment community is still looking for new approaches to conducting traditional equity research and predicting future share prices. One of the alternative approaches to conducting equity research, generating investment ideas and creating stock market forecasts is the group decision approach (eg. Kaplan, 2001), which is used by several special interest (stock trading) communities on the Internet. This approach follows the proposal that a group-based decision may be able to outperform the decision of an individual (Page,

2008; Sunstein, 2008; Surowiecki, 2005).

Other authors doubt that groups can decide better than an expert; for example, essayist Henry David Thoreau, stated that "the mass never comes up to the standard of its best member but on the contrary degrades itself to a level with the lowest member" (as cited in Menschel, 2002, p.51). The philosopher Friedrich Nietzsche (1989), wrote that madness is rare in individuals, but he regarded it as the rule in groups, and Gustave Le Bon regarded crowds as "organisms", but argued that they can never attain a high degree of intelligence (2009). These two contrasting, but equally compelling views—regarding groups as "smarter" or groups as unintelligent—arguably rest on how the respective author views the "operation" of the group, and lead to an examination of the issues that influence group processes.

A pilot test using a small sample was conducted of the operation of the online process for the proposed research. The purpose of the study, following the pilot, was to gain an understanding of the group decision-making process used by Internet communities, focusing on stock trading based on the prediction of share prices. The design and methodology, as well as some preliminary results based only on the one week predictions of this pilot study have already been presented at the Second Annual Doctoral Colloquium in Berlin on July 14th (Endress, 2012). This paper presents the results of the pilot experiment, including an analysis of the three-month predictions as well as the price recommendations.

Pilot Stage Experiment Design and Data Analysis

To test and refine the process, the questions and the group design, a pilot run was performed with a small group (11 participants) and three financial analysts to benchmark the group over five e-Delphi cycles (five weeks).

The field experiment was conducted following an e-Delphi (Dalkey & Helmer-Hirschberg, 1962; Lindqvist & Nordänger, 2007) approach. Each e-Delphi cycle in this experiment consisted of a first stage for data collection of predictions. These data were compiled and distributed back to the group. In a second round, participants were able to provide different responses.
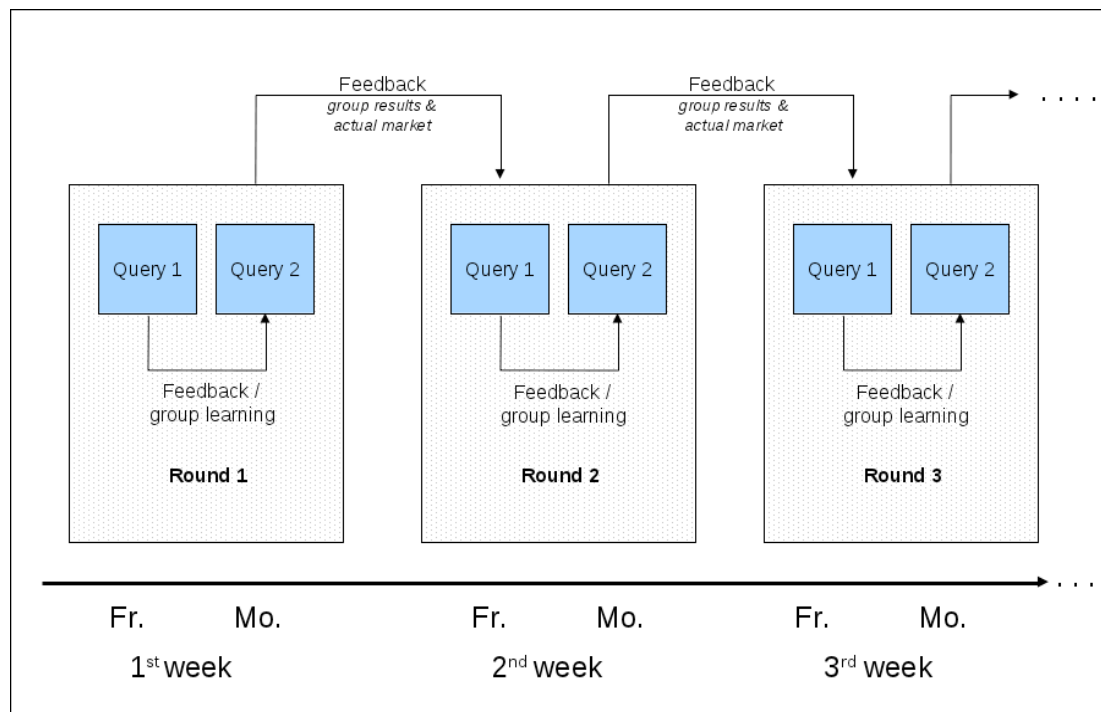
Figure 1. Group process within one round and between rounds from group as well as actual market results (Fr = Friday and Mo = the following Monday).

The shares were selected from four different companies in four different sectors: consumer goods (Adidas), chemicals (BASF), utilities (RWE) and industry (ThyssenKrupp). Each participant in the pilot was asked to provide an estimation of the movement (up or down) over a one-week and three-month period for every share as well as to enter a stock price prediction for a three-month period.

One-Week Predictions Pilot Stage

The pilot run of the group decision-making experiment demonstrated that a mixed-method approach (Creswell, 2009; Johnson & Onwuegbuzie, 2004; Tashakkori, 2010) works in this context. Handling the e-Delphi survey is possible given the set-up, software (Limesurvey) and Internet infrastructure that were used. The feedback from most participants was that the set up was simple to use and the questions were easy to understand. The analysis of the short-term predictions (one week) were analyzed and preliminary results and findings have been presented at the Second Annual Doctoral Colloquium in Berlin on July 14 (Endress, 2012).

The examination of the first estimations (for one week) showed that the group of lay people was slightly better in predicting stock price movements than the experts (see Table 1). From 40 predictions (m=40), the group had 22 (59.5%) correct predictions, the expert group had 16 (40%) correct predictions and the single expert had 18 (45%) correct predictions. In three rounds, the lay group came up with no recommendation (meaning that exactly 50% of the participants voted up and 50% voted down); these undecided rounds have been excluded from the analysis. The group's performance was better during weeks when the stock price was declining. From 17 predictions (m=17), the group had 10 (71.4%) correct predictions (three undecided rounds have been excluded), the expert group had six (35.3%) correct predictions and the single expert had nine (52.9%) correct predictions.

Table 1. Aggregated One-Week Pilot Run Predictions

	Single Expert		Expert Group		Lay Group			Measurements
	right	wrong	right	wrong	right	wrong	excluded	
Adidas	6	4	3	7	6	4	0	10
BASF	3	7	4	6	4	5	1	10
RWE	4	6	4	6	6	2	2	10
ThyssenKrupp	5	5	5	5	6	4	0	10
Sum	18	22	16	24	22	15	3	40

The group's overall decisions did not change from the first to the second e-Delphi round (see Table 2), Almost all group members stated in the interviews that they were not influenced by the group feedback from the e-Delphi rounds. The group may have a tendency towards conforming , in particular with price predictions. Additional data would be helpful to provide more knowledge of process.

Table 2. Pilot Run One Week Predictions in e-Delphi Round 1 and Round 2

	Single Expert		Expert Group		Lay Group			Measurements
e-Delphi	right	wrong	right	wrong	right	wrong	excluded	
Round 1	9	11	10	10	11	7	2	20
Round 2	9	11	6	14	11	8	1	20

Table 3 shows the performance of the individual members of the lay group and their self-estimated knowledge of the stock market (scale 1-10, from 1=no knowledge to 10=expert).

Table 3. Pilot Run One-Week Predictions of Lay Participants

	right	wrong	Measurements	Success Rate	Skill (Self Est.)
Proband 1	17	15	32	53,1%	3
Proband 2	20	16	36	55,6%	3-4
Proband 3	20	12	32	62,5%	2-3
Proband 4	22	14	36	61,1%	6
Proband 5	23	13	36	63,9%	1
Proband 6	22	18	40	55,0%	2
Proband 7	22	18	40	55,0%	7
Proband 8	26	10	36	72,2%	2
Proband 9	17	14	31	54,8%	7-8
Proband 10	17	15	32	53,1%	5
Proband 11	14	18	32	43,8%	2
Ø				57.3%	

All participants of the pilot were interviewed. The questions (see Appendix: Interview Questionnaire) were intended to gain a deeper understanding of the decision-making process and improve the design of the planned experiment. All participants agreed that the questions were easy to understand and all felt that they were able to make estimations or at least enter 'guesses' as to whether stock prices were going up or down. One participant felt uncomfortable giving a forecast of the stock price over a three-month period. He stated that he did not know the current stock price and, therefore, was not able to provide a forecast in terms of a concrete price target. In the interviews, some

participants asked why the survey did not ask for a one-week price target. Accordingly, asking for one-week and three-month price targets might be interesting, but not as mandatory fields in the online survey; it may be left to the participants to enter a concrete price target.

Three-Month Predictions Pilot Stage

The three-month predictions consisted of two components: an estimation of whether the share would go up or down, and an actual target price estimation for a 3-month period. Each participant had to enter both components for the four stocks in the pilot experiment independently.

Accuracy of Individual Predictions of e-Delphi Group Members

Table 4. Results Overview: Three-Month Predictions of Lay Participants

3 Months	Right	Wrong	Measurements	Success Rate	Skill (Self-Est.)
Proband 1	20	12	32	62.5%	3
Proband 2	23	13	36	63.9%	3–4
Proband 3	22	10	32	68.8%	2–3
Proband 4	10	26	36	27.8%	6
Proband 5	16	20	36	44.4%	1
Proband 6	20	20	40	50.0%	2
Proband 7	26	6	32	81.3%	7
Proband 8	22	14	36	61.1%	2
Proband 9	20	12	32	62.5%	7–8
Proband 10	12	20	32	37.5%	5
Proband 11	16	16	32	50.0%	2
Ø				55.4%	

The analyses of the individual results showed that 8 of 11 participants had a success rate of higher than 50% of the predictions (Table 4). Most participants missed one or two of the 10 e-Delphi rounds (= 5 x 2 rounds), but there was no "drop out" in terms of a participant leaving the panel during the five weeks without returning. All participants had been interviewed in parallel to the e-Delphi rounds. In the interviews, all participants were asked to provide self-assessment of their investment expertise on a scale from 1 to 10 (1 = no knowledge; 10 = expert). It may be hypothesized that there is a high correlation between success rate and self-estimated skill. An interesting observation is that this could not be confirmed by the results of the pilot experiment. Contrary to this hypothesis, for three-month predictions, there was a correlation of 0.12 and even a slightly negative correlation of self-estimated skill and success rate for the one-week predictions (-0.20). Table 6 shows the accuracy of the individual predictions of the experts (professional financial analysts) for the three-month estimates.

Comparison of Three-month Predictions of Each Share

In the examination of the longer-term estimations (for three-month) the group of lay people was again better in predicting stock price movement than were the experts (see Table 5). From 40 predictions (m = 40), the group had 17 right. In four rounds, the lay group came up with no recommendation (that is, exactly 50% of the participants voted up

and 50% down); these predictions have been excluded from the analysis. The expert group had 10 correct predictions (25%) and the single experts had 15 right (37.5%).

Table 5. Comparison of Three-Month Predictions Per Share

Three-Month	Single Expert		Expert Group		Lay Group			Measurements
	correct	wrong	correct	wrong	correct	wrong	excluded	
Adidas	5	5	4	6	6	4	0	10
BASF	4	6	4	6	0	8	2	10
RWE	6	4	2	8	4	5	1	10
ThyssenKrupp	0	10	0	10	7	2	1	10
Sum	15	25	10	30	17	19	4	40

The comparison of the three-month predictions of each share (see Table 5) shows that the lay group had more correct predictions than the expert group and also slightly more than the single expert within their narrow field of expertise. This result contradicts the hypothesis that while lay people might 'guess' the price movement more correctly in the short term, while over a period longer than a week, the expert opinion (based on rational valuation models and market insight) would outperform the lay group. The pilot experiment did not deliver any evidence for such an advantage on the part of the experts. Actually, even the best individual analysts did not perform better than the lay group (see Table 6).

Table 6. Results Overview: Three-Month Predictions of Experts

3-Month	Correct	Wrong	Measurements	Success Rate
Expert 1	9	31	40	22.5%
Expert 2	9	31	40	22.5%
Expert 3	19	17	36	52.8%
Ø				32.6%

Comparison of Three-Month Predictions from e-Delphi Rounds 1 and 2

From the initial experiments at RAND with the Delphi method. Dalkey and colleagues (1969) and Dakley and Helmer-Hirschberg (1962) concluded that there was a convergence of answers and an improvement in the second round. Dalkey (1969) stated "that without feedback there is either no improvement or degradation. The same groups showed definite improvement with feedback" (Dalkey, 1969, p. 66). Since that time, the Delphi method has become popular and has been used many times in a wide range of applications (Chen & Yang, 2004; Lindqvist & Nordänger, 2007; Linstone & Turoff, 2002). Nevertheless, now, some decades later, the application of the Delphi method in scientific research is not without criticism (van de Ven & Delbecq, 1974; Fischer, 1978; Linstone & Turoff, 2002). Despite all the controversy about the correct application and the value of the method, in the literature there is still a consensus that there is generally an improvement from the first round to the second round and that there is a tendency toward conforming with group opinion in the second Delphi round (Fischer, 1978; Linstone & Turoff, 2002; Rowe & Wright, 1999; Rowe, Wright, & McColl, 2005).

Table 7. Comparison of 3-Month Predictions from Rounds 1 and 2

3-Month e-Delphi	Single Expert		Expert Group		Lay Group			Measurements
	Correct	Wrong	Correct	Wrong	Correct	Wrong	Excluded	
Round 1	6	14	5	15	9	8	3	20
Round 2	9	11	5	15	8	11	1	20

It is relevant to note that many studies using the Delphi method have no stringent follow ups, and it is often unclear whether the predictions made with the Delphi panel turn out correct or not (e.g., Cole, 2008; Hsu, 2005; Kuhn, 2004). The results of the e-Delphi pilot experiment (see Table 7) involved a follow up, and even though it was only three months later, it is possible to assess whether or not the predictions were correct. The results of the pilot experiment are contrary to the opinion that there is an improvement with the second Delphi round. This might be attributed to the research design and feedback loop. Since participants received information about share prices and company development not only from the Delphi group but also from other sources, it might be possible that they relied more on the information from outside the group. In interviews with the group participants, some also said that they had not read the feedback before they made their second predictions. Some participants also mentioned that they did not trust the group because they did not know the degree of expertise of the group participants, or their rationales for their predictions. Linstone and Turoff have pointed out that "poor techniques of summarising and presenting the group response and ensuring common interpretations of the evaluation scales utilised in the exercise" (2002, p. 6) is a common weakness in Delphi surveys. Accordingly, it might be interesting to conduct a follow-up with variations in the feedback loop for the group.

Group Learning During the Pilot Run

Tables 8 and 9 show the correct and incorrect answers in the first half and second halves of the experiment. The short-term predictions improved considerably, but with the longer-term predictions, only the lay group's improved. The single experts and the expert group did less well in the second half of the pilot experiment.

Table 8. Comparison of One-Week Predictions from Weeks 1-5 and Weeks 6-10

One-Week e-Delphi	Single Expert		Expert Group		Lay Group			Measurements
	Correct	Wrong	Correct	Wrong	Correct	Wrong	Excluded	
Weeks 1-5	8	12	6	4	9	9	2	20
Weeks 6-10	10	10	10	10	13	6	1	20

Table 9. Comparison of Three-Month Predictions from Weeks 1-5 and Weeks 6-10

Three-Month e-Delphi	Single Expert		Expert Group		Lay Group			Measurements
	Correct	Wrong	Correct	Wrong	Correct	Wrong	Excluded	
Weeks 1-5	11	9	7	13	7	10	3	20
Weeks 6-10	4	16	3	17	10	9	1	20

Recommended Changes of Lay Group Participants

An analysis of the change behaviour of the participants shows that thay did not change

recommendations very often; however, when they did change, it was more often to a correct result than to an incorrect result. Overall, there where 56 actual changes of prediction during the pilot (see Table 10). That means only 14.9% of change options (N = 376) were used by the participants. In particular, the short-term predictions were better after the change: of 29 changes, 18 turned out to be correct and 11 wrong. This might be partly attributed to the shorter prediction period because the second round was only Monday to Friday, while the first round of predictions was from Saturday to Monday. This difference was needed to administer the e-Delphi experiment and organize the feedback loops. The changes of three-month predictions did not bring about such a big improvement: of 27 changes, 14 were correct and 13 wrong. This means for the three-month predictions, there was an overall improvement of only one recommendation.

Table 10. Changes of Recommendation of Lay Group Participants

	1st e-Delphi Week		2nd e-Delphi Week		3rd e-Delphi Week		4st e-Delphi Week		5st e-Delphi Week	
Adidas	Up	Down	Up	Down	Up	Down	Up	Down	Up	Down
1 W	1	1	1			1			1	
3 M		1		1				1	1	
BASF										
1 W	2	1	3			1			1	1
3 M				1		2		1	2	2
RWE										
1 W	2		1	1			1		2	
3 M			1			2		1	1	2
Thyssen Krupp										
1 W			2	1	1			1	3	
3 M		2		1	1	1		1		2
1 W Changes	5	2	7	2	1	2	1	1	7	1
3 M Changes	0	3	1	3	1	5	0	4	4	6

Accuracy of 3-Month Price Predictions

The analysis of the accuracy of 3-month price predictions (see Table 3 in the Appendix) shows that there was not a big difference in prediction accuracy overall between the lay group and expert group. The price estimate of the lay group averaged 17.58% off the target from actual market prices, the single expert 17.41%, and the expert group 17.63%. For individual shares, there were some big differences: the single expert was better for RWE three-month price estimates, and the group outperformed the experts in the case of ThyssenKrupp (see Table 3). This finding supports a hypothesis and observation that the lay group performed well in comparison with experts, especially in the case of falling stock prices. ThyssenKrupp lost about 40% of market value (see Table 2), by far the highest loss of all shares in the pilot experiment.

Price Movement Changes

An analysis of the change events during the one-week predictions showed that there were nine changes of direction (in terms of movement change from up/down) during the five weeks of the pilot. Adidas changed price movement direction four times, Bayer changed direction four times, ThyssenKrupp changed twice, and RWE changed twice. These nine changes where correctly predicted by the group of experts six times, by the single experts six times and by the lay group five times.

An analysis of the change events during the three-month predictions showed that there where only six changes of direction during the five weeks. Bayer and ThyssenKrupp did not change, but continuously went down. RWE changed once and Adidas changed direction five times. These six changes where correctly predicted by the group of experts three times, by the single experts three times and by the lay group two times. Overall, the experts did slightly better than the lay group in the analysis of predictions of change events only, but,– due to the small data set of the pilot run,– it has to be noted that only one correct prediction for each prediction period made this difference.

Figure 2. Group comparison: three-month performance.
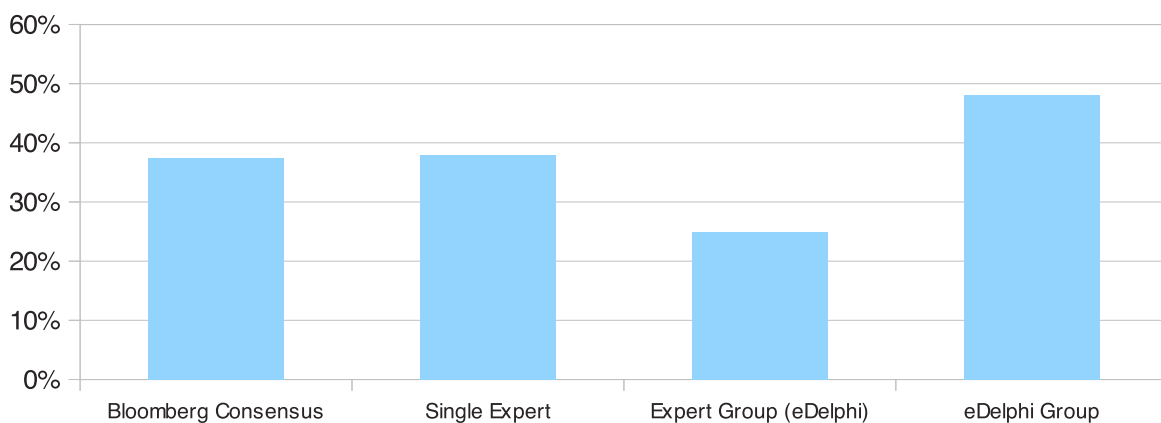
Value and Knowledge Contribution of the Pilot Run

The pilot run of the proposed experiment provided a few indications for an online group: in certain situations and with careful group design, predictions that are superior to predictions of experts are possible. In particular, the pilot run helped to identify the basic procedures for the individuals' decision-making approaches. These preliminary results are the basis for the later survey design. The results have indicated that some potential exists to improve the survey design and adjust the structure and process. In general, the pilot experiment demonstrated the feasibility of the experiment and showed that the tools and set up can be used to conduct the proposed experiment.

The pilot experiment was aimed at gaining a deeper understanding of the planned research. The overall research objectives of the planned research was to assess the impact of individual and remote group decision-making approaches to stock price predictions; to assess whether there was a learning effect through the feedback loop of

an e-Delphi process; and to identify the underlying key mechanisms of the individual and of the group that would influence the decision-making process. The three-month results generally confirmed the results from an examination of the one-week predictions (Endress, 2012). The pilot run of the group decision-making experiment demonstrated that a mixed-method approach works in this context, but it also showed some weaknesses and pitfalls of the planned research design. The pilot also provided valuable insight for improving the planned research approach; in particular, the e-Delphi survey. Reflective development of the research design is an iterative process during the research journey. Different ideas come up often, and old ideas were redefined accordingly. One interesting idea as a follow up might be to test a group with a stronger feedback loop, such as by having a short conversation involving group participants between Rounds 1 and 2. The pilot run of the proposed experiment also provided some indications that it might be possible for an online group to create (in certain situations and with careful group design) predictions that are superior to the predictions of experts.

Key Learnings From the Pilot Experiment

The pilot experiment generally demonstrated the feasibility of the research project to address the research questions with the research design. The pilot experiment provided some indication, of how the research design might be improved, as follows:
  - Adjusting the group design and feedback loop
  - Assessing the participants
  - Enhancing the online questionnaire

Adjusting the Group Design and Feedback Loop

The group size of the pilot experiment (n=11) turned out to be quite appropriate in terms of manageability and explanatory power. However, it might be true that more data points and the coverage of more market phases (bull market and bear market) could help to increase the quality of the experiment. Accordingly, the main experiment should run longer than the five weeks of the pilot.

Another finding of the pilot was that the people did not change their predictions very often after they received the group feedback with the e-Delphi method. The literature suggests that there are more changes, and a stronger convergence in the group decisions (Dalkey, 1969; Dalkey & Helmer-Hirschberg, 1962). Therefore, it might be interesting to test the effect of the feedback loop more carefully. The literature suggests that one reason might be that the feedback loop is not strong enough. An interesting experiment might be to implement a stronger feedback loop for one group. This stronger feedback loop would be facilitated with an audio conference (with Skype) between e-Delphi round one and two. A second control group would be set up with no feedback from the group at all. With these three groups (regular e-Delphi Group, Interactive-/Conference call Group, and No-Feedback Group), it may be possible to more clearly determine the effect of the feedback on the groups' decision-making.

Assessment of the Participants

To understand more about the group decision making process it might be helpful to understand more about the decision-making process of the individual group participants as well. In order to gain more understanding of the individual decision-making process an

individual assessment of the participants should be conducted for all participants of the main experiment. This assessment should include age, gender, education level, profession and decision making type. While the questions about age, gender, education level and profession are quite easy to answer the question about decision-making type might not be. An approach to address this question was developed by Cornelia Betsch (2004; Schunk & Betsch, 2006; Traufetter, 2009). She created and thoroughly tested a questionnaire to determine the preference for intuition and/or deliberation of persons. An assessment of all participants might help to understand the reasons for particular predictions and to ensure that the three groups are equally diverse in terms of the assessed criteria.

Enhancements of the Online Questionnaire

The analysis of the procedure and the results of the pilot experiment also provided some indications in terms of how to improve the online questionnaire. The questions about the share movement (up or down) turned out to be useful and easy to understand, but not many participants provided information about their decision-making processes in the free text field on the online form. Nevertheless, the interviews with participants during the pilot run indicated some clusters of different types and sources for the decision-making process (see section below). In order to simplify the answer options and to obtain more information, these types will be provided as a tick-a-box field for the share estimations group of participants; that might make them more likely to provide more information about the reasoning behind their decision-making at the very moment they actually put their predictions into the online form. One participant of the pilot study did not feel comfortable providing a prediction of an actual price target for the three-month period; accordingly, it might be a good idea to change the question from a concrete stock price to a price movement in per-cent for this period. Additionally, this question should be changed to an optional question, for those who might still feel uncomfortable answering. Another change might be to introduce a question about 'conviction levels' for predictions (from not at all to absolutely sure, 1-5). Even though it might be interesting to include a few more questions, it also has to kept in mind that some participants indicated that they would not be willing to fill in a much longer questionnaire twice a week. In order to minimize the drop out rate, this needs to be taken seriously and the questionnaire should remain simple to answer and to understand.

Participant Interviews

All participants of the pilot were interviewed. The questions were intended to gain a deeper understanding of the decision-making process and to improve the design of the planned experiment. All participants agreed that the questions were easy to understand and all felt able to make estimation or at least enter guesses as to whether a stock price was going up or down. One participant felt uncomfortable making a forecast of the stock price over a three-month period. He stated that he did not know the current stock price and, therefore, was not able to provide a forecast in terms of a concrete price target. In the interviews, a few other participants asked why the survey did not ask for a one-week price target. Accordingly, asking for one-week and three-month price targets might be interesting, but should not be mandatory fields in the online survey. This should be left to the participants to decide whether they feel able to and comfortable in reference to entering concrete price targets with their predictions.

The interviews of the pilot experiment participants indicated different reasons for the

individual decisions In particular to the questions of the semi-structured interview: "How did you make your decision?", "Did you prepare for the survey rounds? If yes, how?" and, "Did you use external sources for the experiment? If yes, which ones?" The answers grouped in nine clusters of different decision-making influences in Table 11.

Table 11. Clusters of different decision-making fundamentals/influences

Company	Products, brands, customers, innovations, company development
Experts	Financial analysts and other expert opinions
Financial ratios	Market cap, P/E, dividend yields etc.
Fundamental analysis	Discounted cash flow, dividend discount model, peer group analysis etc.
Group results	Feedback from the e-Delphi group (last week or first round)
Intuition	Like gut feeling, instinct, guess
Market sentiment	General market situation and market outlook
News	Including daily press, Internet, business- and finance news
Technical analysis	Chart development, price-movement, momentum etc.

These clusters need to be presented as easy to understand options for the lay participants of the main experiment. They would be asked to tick a box or add a comment if they used something not mentioned there.

Synopsis and Conclusion

The pilot experiment was aimed at gaining a deeper understanding of the planned research. The overall research objectives of the planned research were to assess the impact of individual and remote group decision-making approaches to stock price predictions, and assess whether there was a learning effect through the feedback loop of an e-Delphi process, and identify the underlying key mechanisms of the individual and of the group that would influence the decision-making process. The three-month results generally confirmed the results from an examination of the one-week predictions (Endress, 2012). The pilot run of the group decision-making experiment demonstrated that a mixed-method approach works in this context, but also showed some weaknesses and pitfalls of the planned research design. The pilot also provided valuable insight to improve the planned research approach, in particular, the e-Delphi survey. Reflective development of the research design is an iterative process during the research journey. Different ideas often come up, and old ideas need to be redefined accordingly. An interesting idea as a follow up might be to test a group with a stronger feedback loop, such as by holding a short conversation among group participants between Rounds 1 and 2. The pilot run of the proposed experiment also provided some indications that it might be possible for an online group to create (in certain situations and with careful group design) predictions that are superior to the predictions of experts.

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Appendix

Interview Questionnaire (Pilot Experiment)
Topics and sample questions to be explored in the semi-structured interviews with all participants of the pilot experiment:

Question	German Version	English Translation	Topics
1	Hattest Du das Gefühl, dass die Fragen leicht zu beantworten sind?	Did you feel it was easy to answer the questions?	General / Initial Situation
2	Musstest Du Dein Internet verhalten ändern, um an der Umfrage teilzunehmen?	Did you need to change your Internet usage in order to participate at the survey?	General / Initial Situation
3	Wie würdest Du Deine Kenntnisse zum Aktienmarkt selbst einschätzen? (1 gar keine; 10 Experte)	How would you self-assess your knowledge about the stock market? (1, no knowledge; 10, expert)	General / Initial Situation
4	Was war die Grundlage für Deine Entscheidungen?	How did you make your decision?	Decision-Making Process
5	Hast Du Dich auf die Umfrage-Runden vorbereitet? Wenn ja, wie?	Did you prepare for the survey rounds? If yes, how?	Decision-Making Process
6	Hast Du für das Experiment auf externe Quellen zugegriffen? Wenn ja, welche?	Did you use external sources for the experiment? If yes, which ones?	Decision-Making Process
7	Hast Du selbst Aktien gekauft? Auch welche die in dem Experiment vorkommen?	Did you ever buy shares? Did you buy some used in the experiment?	Personal Impact
8	Denkst Du das e-Delphi-Experiment bzw. die Gruppenergebnisse hat Deine Entscheidungen beeinflusst?	Do you think the e-Delphi-experiment / the group results influenced your decisions?	Personal Impact
9	Du hast Deine Entscheidung [X mal von Y to Z] in Runde 2 geändert, warum?	You changed your decision [X times from Y to Z] in round 2; why?	Personal Impact
10	Denkst Du, dass Du neue Expertise oder Erkenntnisse hinzugewonnen hast?	Do you think you gained new expertise or knowledge during this experiment?	Personal Impact

11	Achtest Du jetzt mehr auf Nachrichten, insbesondere zu den Unternehmen der Umfrage-Runden?	Do you care more about news now, in particular news of the companies of the survey?	Personal Impact
12	Was denkst Du über das Web-Umfrage-Tool?	What do you think about the usability of the web survey tool?	Survey Structure / Web Tool
13	Was würdest Du an der Umfrage verbessern?	What would you like be changed for the survey?	Survey Structure / Web Tool
14	Hast Du weitere Kommentare oder Anregungen?	Any further comments or suggestions?	General Issues

The cultural consumption habits of the graduates of Professional Schools of Music (North of Portugal)

Carla Soares Barbosa

Abstract

Cultural capital is one of the main factors which influence individual decisions regarding the demand and consumption of cultural goods. The empirical literature (Bourdieu, 1979, DiMaggio & Useem, 1980) demonstrates that the habits of cultural consumption depend on an individual's past consumption and the accumulation of cultural capital, also proving the existence of variables on which we can act directly, through teaching and learning, and which affect the consumer's behaviour during their lifetime.

Professional Schools of Music (PSM), created in Portugal in 1989, contributed greatly to the formation of a stock of musical capital, enriching the process of appreciation of symbolic goods. The main purpose of this paper is to compare the habits of cultural consumption in childhood and in adulthood of the graduates of PSM, specifically classical music concerts. The data are the result of a survey applied to such students over 24 years of age from the four PSM that exist in the North of Portugal, and they allow us to understand the role of the PSMs in developing music consumption habits.

Key Words: cultural habits, cultural capital, classical music concerts, consumption, professional schools of music.

Introduction

This study focuses on the behaviour of graduates of Professional Schools of Music (PSM) as consumers of concerts, with the aim of contributing to later reflections on the domain of educational policies. It forms part of wider research which is being carried out to study the creation of cultural capital through the professional teaching of music in the North of Portugal. The purpose is to understand the subjective evaluation of the value that is attributed to cultural goods before they are consumed in terms of the consumer's previous experiences, in order to understand the role of the PSM in developing musical capital.

In order to motivate young people's aesthetic interests, their perception in this regard has to be developed and enhanced, thus equipping them with the necessary critical tools to codify and de-codify symbolic systems in a cultural context (Gardner, 1990). Aesthetic development is related to the progressive increase in a person's ability to think about, and respond to, aesthetic objects (Chen, 1997) and cultural capital is one of the main factors which influence individual decisions regarding the demand and consumption of cultural goods. The empirical literature (Bourdieu, 1979, DiMaggio & Useem, 1980) demonstrates that the habits of cultural consumption depend on an individual's past consumption and the accumulation of cultural capital, also proving the existence of variables on which we can act directly, through teaching and learning, and which affect the consumer's behaviour during their lifetime.

Thus, the main interest of this presentation is to explore and describe the factors that affect the behaviour of the graduates of PSM, in terms of consumption of cultural goods,

specifically classical music concerts, exploring their habits in childhood and the importance of parents' education level in their consumption. The data are the result of a survey applied to such graduates over twenty-four years of age from the four PSMs that exist in the North of Portugal. We used SPSS (originally Statistical Package for the Social Sciences) statistic correlation, Sperman's coefficient, to analyse the variables.

This paper is structured as follows: first, we present Portuguese Professional Schools of Music and secondly the literature background. Next we describe the research methodology and, finally, we present our results and conclusions.

About the professional schools of music in Portugal

The professional teaching of music - integrated into the Portuguese education system in 1989 and aimed at 13 to 18 year-olds – led to the creation of a network of Professional Schools of Music (PSM) which were the starting point of extensive changes in Portuguese society in terms of increasing musical experiences. A result of innovative educational policies, PSM changed the curricular paradigm and the traditional models of music teaching-learning which had been carried out by the conservatoires, and today they are reflected clearly in both the production and dissemination of classical music in Portugal (Vasconcelos, 2010: 418).

There is one aspect of these projects which needs to be emphasised and that is that PSM are mainly found in suburban, and even rural, environments, thus taking in young people who, in normal circumstances, would not have had access to this type of learning and there are a large number of students belonging to the lower class and lower middle. The students of PSM are highly motivated in terms of becoming musicians, the success rates are high and they are based on educational projects rooted in the local and/or regional reality with a strong sense of territory. Their curricula are integrated and intensive, including an artistic and sociocultural component. Of the 1200 class hours per year, 50% are dedicated to the technical side, and include work placements (last Government Dispatch, 2007). PSM are free, and the majority of their students come from middle and lower middle class backgrounds who are also entitled to subsidised transport and accommodation (Government Dispatch, 2012).

The first PSM were founded in 1989 in the town of Caldas da Saúde, in the Vale do Ave, region of the Minho, and in Espinho, in the metropolitan area of Oporto. They were then opened in other cities and in others regions of the country, in the towns of Viana do Castelo, Porto, Mirandela, Covilhã, Almada and Évora, reaching a total of eight by 1998. Only five of these are still open, four in the north and one in the central region of Portugal and their teaching centres on developing performance skills as soloists or orchestra musicians in the full range of instruments.

The opening of the PSM coincided with an influx of migrants from Eastern Europe who were highly qualified in the field of music, and who found the possibility of employment in Portugal, transmitting their knowledge and skills to young Portuguese music students. The relatively high salaries paid by the PSM until 2011 was another incentive for musicians from other parts of Europe and other continents to come to teach in Portugal.

The teaching framework of classical music went through many changes in the 1990s as a result of the application of the model of professional, or vocational, training to the PSM, as well as the internal dynamics created by these schools (Vasconcelos, 2010: 418).

Nowadays, in places where cultural offerings like those promoted by the PSM were almost, or entirely, non-existent, concerts are given by the young music students and their families and friends are always in attendance. During the six years that make up the whole course of the PSM, students are required to do their school work and also have close contact with the local community through the concerts they give. The numbers speak for themselves: according to data provided   orally by APROARTE (Associação Nacional   do Ensino Profissional da Música e Artes), in the last 24 years, in the North, more than 1400 students have performed in public in hundreds of semi-professional concerts as symphony orchestras accompanying soloists of international status, in woodwind ensembles, chamber music ,or as soloists, and these structured activities have been attended by more than 2800 family members and a large audience.

This is essentially a phenomenon that exists in the North of Portugal, and it motivates needy, often isolated, families to become more connected to the world of knowledge and culture. Another challenge has, therefore, emerged: how to maintain this emerging cultural offering; that is, intervene to keep the educational community's patterns of preference and taste so that young people can be prepared and then expand their desire for, and consumption of, classical music.

According to the latest available data, between 1999 and 2006, 736 students who were enrolled in the PSM of the Northern Educational District completed their studies at professional level III, with a success rate of 85.4%, and a very high rate of progression into higher education (Fernandes et al, 2007: 159-161). This has resulted in the existence of a population that is capable of taking part in professional life in many forms, as creators, producers and disseminators of music.

Literature background

Education and cultural consumption

Since the last decade of the 20th century, education has come to be recognised as key in the construction of preferences and individual choices of the consumption and creation of lifestyles, giving them more importance than material wealth or social status, and this belief has strengthened (Katz-Gerro, 2004). Education familiarises people with potential future preferences, promoting contact with diverse forms of artistic and cultural products that might later be assimilated into their individual tastes. Education gives people the skills to interpret, understand and eventually appreciate this cultural consumption.

Yet no one is born with the ability to appreciate and participate in the arts. To enjoy a musical performance or a visit to a museum, one must possess the knowledge, motivation, attitudes, and experience necessary to understand what one is hearing or seeing. Any artistic work -and this is as true of jazz or rock music as it is of a symphony - embodies a language of signs and conventions. Learning is required to crack the code (DiMaggio & Useem, 1980: 57)

In the study carried out by DiMaggio and Useem (1980) into the importance of education and involvement in the arts and in cultural activities, based on research into audiences undertaken by the National Endowment for the Arts in USA, they state that the socialisation practiced in schools is the most important factor in promoting museum visits or attendance at concerts of the performing arts. Education is seen to be the most vital individual attribute which impacts on cultural participation, together with family

socialisation. Research into cultural consumption shows that education is, in fact, a critical predictor of consumption of high culture, but not of popular culture, suggesting that it is only important for understanding the more complex codes that prevail in the arts. Thus, products that are based on stereotypes, on repetitions, redundancies and primary codes are considered to guarantee their easy reception (consumption), while more elaborate and innovative codes lead to a more critical and creative interpretation by the public, needing more skill and ability to handle cultural symbols, guaranteed by the expansion of formal education (Santos, 1994: 424).

In fact, cultural capital is an important tool which makes the connection between individual abilities – whether they are developed intentionally or as a result of family socialisation – and taste for cultural goods. Cultural capital develops our taste and it is usually produced in the family context, between couples and by education, being understood as a skill used to differentiate and appreciate different art forms (Bourdieu, 1979). Consumer activity in terms of symbolic goods, normally referred to as reception, thus presupposes a process of reconstruction, carried out through experimentation of the cultural/symbolic goods to which each person had access (Santos, 1994).

The lines of investigation, in the field of economics, which focus on observing and studying the phenomenon of the demand for goods, firstly consider that cultural and artistic goods are not different from each other and that the option to consume one instead of the other depends on the usefulness we, as consumers, attribute to them, with regard to how far they satisfy our preferences according to our financial resources at the time (Ibáñez, 2003). The effect of past consumer practices is considered to be a good indicator of present appreciation, through the productive factor known as capital of accumulated cultural consumption. The fact that preferences for art are based on endogenous factors is seen to have great importance at the point of demand and, therefore, the principle methodologies used by the economy of culture have come to be used more and more in the study of how preferences are formed.

Among the theoretical models of approximation of the economy to human behaviour to highlight the importance of cultural capital and the accumulation of previous experience as a determiner in singling out goods for consumption, we can refer to the rational addition of Stigler and Becker (1977) and that of consumer learning of Lévy-Garboua and Montmarquette (2002). The model of rational addition explains past consumption as a positive factor affecting later consumer behaviour, due to the accumulation of experience which is transformed into consumer capital, thus determining the will to satisfy the cultural needs created in the meantime. For Becker, this habit is expressed through the endogenous modification of personal efficiency to produce satisfaction, in terms of the human capital resulting from past choices. In the consumer learning model, cultural goods are considered to have the characteristics of goods we have experienced, and that we need to consume in order to find out whether we like them or not. This model uses the function of accumulation, with the hypothesis of including negative experiences, through which the possibility of de-accumulation capital is foreseen.

In the behaviour model presented to describe consumer habits, Abbé-Decarroux (1995) shows that the processes by which preferences are formed play an important role in the demand for symbolic goods. Endogenous preferences describe a process in which individual preferences in the period t depend on the consumer choices made at previous times; either diminishing the desire for demand or reinforcing it. In this way, an endogenous reinforcement of preferences will be translated into a consumer habit,

directly reflected in the demand for artistic goods. Based on Scitovsky's two categories of satisfaction, Abbé-Decarroux (1995; 984) contemplates two types of motivation. The first groups together the feelings of having satisfied a need, while the second identifies the satisfaction obtained from turning a desire into a reality. The latter is called stimulus or pleasure. For an artistic manifestation to be considered pleasant, it must combine "novelty" and "redundancy" (Eco, 1968), concepts which were already addressed by Bourdieu and Darbel (1969) regarding observing art works in museums.

Psychology, mainly through Csikszentmilhalyi (2002) and "Flow" theory, has shown that novelty and unexpected situations attract our attention and, consequently, are stimulating. However, for stimuli to be pleasant, the degree of novelty needs to be balanced, and the amount of new information transmitted has to be average. This means that a high degree of novelty runs the risk of becoming the source of threatening stimulation, and that can cause displeasure. The most pleasant sensation is felt when the level of novelty is not too high or too low (Csikszentmilhaly, 2002; Bourdieu & Darbel, 1969).

Throsby (2001) considers that cultural goods are related to human creativity, they contain symbolic meanings, and they can be identified as having a degree of intellectual property. In fact, the etymological meaning of the word 'culture' takes us to the influence of campus and habitus referred to by Bourdieu (1979), confirming that art consumption depends on a series of anthropological and sociological factors – in particular, our sociocultural context and the institutional structures to which we, as individuals, belong– which can effect a person's consumer motivations.

Cultural competence and education

The issue of cultural competence is frequently considered to be of great importance for cultural consumption, although its construction process is by no means unanimously agreed on in the literature. For Bourdieu and Darbel (1969) artistic competence is based on previous knowledge of the codes that function as systems of classification and which allow the specific stylistic characteristics of a work of art to be deciphered and different categories to be manipulated. The degree of artistic competence not only depends on the extent to which this system of classification is mastered, but also on the degree of complexity or refinement of these schemata. It is also measured by the aptitude for carrying out a greater or lesser number of successive divisions in the universe of these representations and for categorising classes that are more or less differentiated. For Bourdieu (1979) cultural capital defines one's taste for cultural goods, and the cultural competence to appreciate art is a pre-requisite for preferring high culture to popular culture. Both DiMaggio and Useem (1980) and Bourdieu (1979) emphasise the importance of habitus and they share the idea that education tends to reinforce the social structures and the reproduction of class, where the capacity for interpretation of elitist cultural goods depends on a degree of knowledge.

Van Eijck (1997) sees experimentation with cultural goods as being as important as education, and even potentially more so. Foe this author, individuals with a higher level of education have developed cultural competences and specific abilities during their schooling, and this allows them to process information, and thus understand and have more appreciation for the erudite product in the moment of consumption. Kesler (2003) states that cultural competence, just like cultural capital, generally reproduces in the heart

of the family and in formal education, and that the differences that are seen in individual abilities to differentiate are sub-products of those family and school contexts.

Taru Virtanen addresses the issue of cultural competence, in his study Across and beyond the bounds of taste published in 2007, in discussing patterns of taste and the importance of the social reality surrounding the creation of these patterns – namely the questions of education and cultural capital. He presents an extensive review of the literature, referring to studies on this theme and highlighting the opinions of those authors who support the idea that cultural competence is a pivotal resource in cultural consumption, constructed by education and experience (Virtanem, 2007: 61-63). In this matter, Scitovsky (1976) underlines the importance of training and of investing time in the process of appreciating the objects of cultural consumption .

In sum, researchers recognise the importance of education to cultural consumption, considering it to be part of the formation and accumulation of cultural capital, although they do not all agree that this accumulation is a result of education. In fact, the accumulation of cultural capital depends on the greater lesser extent to which a person is involved in artistic experiences and cultural participation. Some authors distinguish between education and cultural capital, considering that there are other factors which affect the construction of cultural capital, besides the education system, and they see education as having the function of being able to process information. For Van Eijick (1997) cultural capital is the ability to process information in the cultural domain, independently of the way in which it was acquired.

The first empirical observations carried out in the field of the economy of arts, in the 1960s and 70s, regarding the audiences of the performing arts, in the USA, show that consumption is associated with an elite, in terms of salary, education and profession (DiMaggio & Useem, 1978). These results were confirmed to a more or less similar degree in other countries, including Australia, the United Kingdom and Canada. Research by Throsby and Withers in 1979 as cited by Seaman (2005: 8) confirmed that elitism in art is not attributable to only one country and   Van Eijick (1997) refers that the patterns of consumption in communities, independently of the educational systems and the different cultures, are generally maintained. Results presented in 1966 by Baumol and Bowen, and by the National Endowment for the Arts (USA) in the annual report, published over several years, confirm the important role played by higher education or by artistic practices. To a lesser extent, but not universally verified, salary and high professional status are seen as determinants in the demand for performing arts, in a wide range of international environments.

Other studies covering other art forms as well as those mentioned above, have been carried out in countries including the UK, Spain, Holland, Switzerland, Japan, Italy, Sweden, Germany, Ireland, Norway and Denmark, and their findings have been similar(Seaman, 2005:8). The importance of a lengthy education, salary and professional status as predictors of consumption, is equally visible when simony orchestra and theatre audiences are analysed. Nevertheless, there is no general consensus regarding the determinants of supply and demand of the arts, and other factors   such as quality of performance and lifestyle take on particular importance in consumers' decisions, often overtaking those of socio-professional and financial status, and even educational level (Seaman, 2005: 8).

A systematic approach to the supply and demand of cultural goods has contributed to a re-think on the conditions of access to such goods, and a re-defining of the strategic guidelines of both formal and informal educational policies regarding culture in public and private institutions all over the world. The consensus has been that it is essential to maximise interactions between supply and demand, as well as to promote the quantity and quality of the experiences that are necessary in order to increase future participation in the arts. If a person is to recognise the distinctive stylistic details of a range of musical genres, then they need to have some knowledge of the historical and cultural context of these musical works, and this leads to a more complete appreciation and understanding of each work, in all its dimensions ((Zakaras & Lowell, 2008: 17-23). This knowledge will allow the listener to recognise the codes that function as classification systems, and to be able to identify certain characteristics and how they fit into a specific class. Levinson (1990: 19) believes that the assimilation of this knowledge, which he calls contextual knowledge, allows us to be able to access musical works, and he stresses that the development of real competences in terms of appreciating a work depend on the accumulation of listening experiences.

For art to be a communicative experience, the necessary elements are the artist and the artistic product, and the spectators' perception of the work when they are in contact with it; it is this perception which depends on their previous aesthetic experiences. Over the past few decades, cultural participation has become a focus for those responsible for education, culture and the economy, as they come to recognise that, besides the creation and production of art, it is important to do something about the processes which affect the reception of cultural or symbolic goods. The different theories on aesthetic development which emerged during the 20th century confirmed that there is a universal system in which aesthetic competences are related to a person's cognitive development, and with his or her experience of art. In fact, the cognitive domain has become the focus of an increasing number of studies, and has subsequently been reflected in teaching, learning and curricular developments (Chen, 1997). Therefore, it is interesting to know whether young students who have completed their secondary education in a PSM (up to 18 years age), where they have more than four hours' contact daily with a certain type of repertory, have developed specific preferences in terms of appreciation which differ from those normally observed in other consumers.

On the other hand, socio-cognitive theory and those aspects related to behavioural theories of motivation can help us to understand the role played by schools and teachers in creating students' motivational needs, and to identify the incentives which can involve them in certain activities. It has been proved that motivational cognitions, such as beliefs, perceptions, judgments and anticipations, condition individual behaviour and can be constructed in a school context (Lemos, 2005:197). Thus, schools are important as they play a part in the formation of interiorised schemata of perception, as well as in how cognitive structure and forms of appreciation are acquired by students through their learning experiences.

Given that most of the students who attend PSM are from middle and lower middle class backgrounds in rural and culturally lacking areas and from lower parental education level, the question arises regarding whether the quality of the learning experiences they have throughout their adolescence, as well as the opportunities afforded them by their constant contact with artists and performers are decisive for the future involvement of these young people with classic music. Is the principle of homology, defended by Bourdieu, out of date and, similarly to what has happened recently in more developed

societies, are the differences between cultural taste, consumption and lifestyle losing their direct connection with social status?

Hypotheses and research question

The hypotheses and research question presented below follows on from the conceptual framework discussed above:

The education level of the parents has reflects on the consumption of cultural goods of the children in adulthood. Is the consumer behavior of the graduates of PSM affected by the level of parental education?

Attending concerts and consume others cultural goods in childhood are reflected in the consumption habits in adulthood. What changes take place in the cultural consumer habits of the graduates of PSMs between childhood and adulthood?

Methodology

The physical environment in which this study was carried out is situated in the North of Portugal, and the population to which the questionnaire was applied are students who graduated from PSM up until 2006; that is, students who are now twenty-four years of age and over. This criterion guarantees a target group who, due to their age, would normally not be in any form of further education, but rather in employment and with defined consumer habits.

It was not possible to determine the precise number of students who would fall into this category and, thus, be part of the target group as this information was not available. However, based on information provided by each PSM, the sample population to which we had access was of 408 graduates. As sampling is not - probability objectively, based on an intentionally typical criterion, the aim was to select and observe a very specific sector of the general population (Hill, 2008).

The questionnaire design was based on a qualitative and quantitative logic with, on the one hand, the aim of bringing together subjective aspects related to the participants' demand for classical music concerts and, on the other, verifying the strength of the qualitative analysis in terms of analysing the sample population's consumer behaviour and exploring the different factors that are seen to be behind their appearance. A preliminary study was carried out in April 2011, with a pilot questionnaire applied to twenty-four people, with similar characteristics to those of the actual sample. The aim was to find out if there were any issues with the questions in terms of inconsistency or complexity, unclear language and superfluous or sensitive questions, as well as how long it would take on average to complete the questionnaire and if the questions followed a logical sequence. All errors were corrected and adjustments made based on the feedback received to guarantee that the questionnaire satisfied three important aspects: reliability, validity and operability (Maroco, 2010). Once the definitive online version was drawn up, this was sent to five experts to test its operability and make any further changes that were deemed necessary.

A socio-demographic matrix was applied, using nominal variables to classify the participants and a psycho-sociological matrix, using mainly ordinal variables to identify cultural habits in childhood and cultural consumption as adults. The variables used to

measure the frequency of cultural habits in childhood, in the family context, apply an ordinal scale with the categories – never, rarely, occasionally and frequently – and they are: (i) attendance at concerts, according to music genre (ii) other cultural activities carried out in leisure time (read a book, go to the theatre, visit a museum, visit exhibitions). The variables used to measure the frequency of cultural habits in adulthood are: (i) attendance at concerts, with the same scale as above (ii) participation in music concerts as spectator, according performative genre in the last year, using an ordinal scale with the categories: never, once or twice, three or four times, five or six times, more than six times, more than twelve times (iii) cultural consumption in last year, using an ordinal scale with the categories: never, once or twice, three or four times, five or six times, more than six times, more than twelve times.

In order to administer the questionnaire online, the services of a company were acquired.

Table 1. Technical data of empirical research

Target population   Graduates of PSM in the North of Portugal until 2006 Access possible population - 408

Data collection method   Questionnaire self-administered electronically

Sample size 182

Sampling technique   Sample not-probability objectively

Period of field work July 2011 to November 2012

Source: Author

Results

Descriptive statistics

The descriptive statistics shows us that in the breakdown by gender, 53.3% of the sample consists of the male sex and 46.7% of the female sex. According to age, it is verified that the most represented level is of those graduates who are 30 years of age or over (54%). The other significant age group, from 24 to 29 years of age (45.1%), have a lower representation at 10,2%.

The parents' school rankings are mainly largely below mandatory schooling (M=57,6%; F=53,3%), with predominance by primary school. 14,48% of the respondents' mothers concluded secondary school, lower value than the value presented by the fathers (17,0%). Within the various school levels the higher education courses are less in representation, with the mothers presenting a higher completion rate of 4,4% (F= 14,8%, M= 10,44%). The academic degrees higher than degrees or graduations are residual (1, 7%).

From the school resource point of view it is verified that the PSM graduates possess high qualifications, resources which are not held by their parents.   According to the respondents' information it is verified that the majority (87,1%) hold university courses. The highest percentage lies in the bachelor conclusion or graduation (57,7%), followed by the holders of a Master's degree (18,7%). 13,2% declared having other degrees, referring to the attendance of Master Degree and PhD courses or to their professional qualifications. It is almost residual representation for those who maintain the professional secondary course as maximum schooling (3,3%), not having continued on to higher

education and 7,1% attended, but have not (yet) concluded higher education, on a graduation or bachelor level.

About their consumption habits of attending music concerts, in childhood, more than 54% of the PSM graduates declared not having attended these cultural demonstrations during childhood, with the exception of concerts performed by philharmonic bands. This performing genre is the one which represents the highest rate of participation, where 28% attend frequently, 30,8% attend occasionally. These results can also elapse the existent popular cultural offer, to the season, in the graduates' residential area, mainly rural, where the philharmonic band concerts are an obligatory presence in all traditional festivities, in the majority of the towns and villages in Portugal.

The pattern of concert attendance regularity by PSM graduates is characterized by values which are strongly differentiated from those verified in the studies of European and national consumption available, for samples extracted from the population by quota method. In the study carried out in 1998 about the cultural habits of the people from Lisbon (Pais et all, 1998: 171), the predominance is overwhelming of the individuals that claim never having practiced this type of cultural output, regardless of the musical genre associated. 79,1% of the population claimed never having been to a classic music musical performance and 56,5% never attended a popular or modern music concert.

In this research, the symphony orchestra concerts are the ones that reach the highest assiduity rate, with approximately half of the respondents (49,5%) having declared to have frequently attended a performing genre of classical music. The solo recitals and chamber music arise with equal assiduity values for the "occasionally" category (48,9%) and with a residual difference (1,1%) for the "frequently" categories (recitals=30,8%, chamber music = 29,7%). The concerts of contemporary classical music (15,4%), and the philharmonic bands (19,8%) present a difference of 4,4% in the "frequently" assiduity, and of 1,1% in the "occasionally" category, this assiduity rate being higher for contemporary music (philharmonic bands=35,2% and contemporary music=36,2%). Opera is a musical genre which presents a higher rate in the non-frequency reaching the value of 70,9% for the categories "never or rarely" and only 3,8% of the respondents declared a "frequently" assiduity. Also in the "occasionally" category opera is the musical genre that presents lower values (25,3%). The assiduity to easy music concerts presents the lowest rate for "frequently" (11%).

When comparing the cultural habits of PSM graduates with those of the inhabitants of the 27 European Union member countries (age 15 and over), the following differences were found (Eurobarometer Eurostat, 2002): 4% of Europeans said they had been to the Theatre more than five times in the last year; 2% of Europeans said they had been to the Ballet/Dance/Opera more than five times in the last year; 13.7% of PSM graduates said they had been to Theatre /Balletmore than six times in the last year; 7% of Europeans said they had visited Museums /Exhibitions more than five times in the last year; 22.6% of PSM graduates said they had visited Museums / Exhibitions more than six times in the last year.

So, the graduates of the Professional Schools of Music show higher indices of cultural attendance than the population of the European Union in general.

And comparing the attendance at classical music concerts of PSM graduates with those of the inhabitants of the 27 European Union member countries , and of the Spanish

Autonomous Region of Galicia in other statistics, we can find also the following differences: 95.1% of PSM graduates said they had been to one or more classical music concerts in the last year; in which 21.9% had attended more than 6 concerts, and 44.9% more than 12 in the last year. 23.9% of Europeans said they had been to classical music concerts either once, twice or three times in the last year (Eurobarometer 2007).12.96% of the population of Galicia, aged five and over, said that they had been to a classical music concert once a year, and 1.15% said that they had been to a concert once a month. 85.89% said that they had never been to a concert as these services were not available where they live, or for other reasons (Instituto Galego de Estatística, 2006).

Test of hypothesis

Hypothesis 1: Attendance at concerts in childhood is associated to parental education level.

Results (table I in the appendix): There is a highly significant negative correlation between parental education level and attendance at concerts of philharmonic bands by their children in childhood. (sig = 0,000; rs= - 0,339). There is a significant positive correlation between parental education level and attendance of concerts of classical music (sig=0,028; rs=0,163). For the other musical genres, easy music (pop, rock, etc.), and traditional/ folklore/ fado there is no correlation between parental education level and attendance at concerts in childhood.

Hypothesis 2: Cultural habits in childhood is associated to parental education level.

Results (table II in the appendix):There is a highly significant positive correlation between the parental education level and the culture habits of the children in terms of going to the theatre (sig. 0,000, rs= 0,329), visiting museums (sig= 0,00; rs = 0,289), visiting exhibitions (sig=0,000; rs=0,276) in childhood. There is a highly positive correlation between the parental education level and the habit of to read a book (not a study one) by their children in childhood. (sig=0,032: rs= 0,159).

In their childhood, we observed that higher levels of education in the family mean a greater consumption of goods that are considered 'high culture', and the rejection in music manifestations of a popular type, as was seen in the negative correlation found in terms of attendance at concerts of philharmonic bands.

Hypothesis 3: Attendance at concerts by the graduates of the PSMs, in adulthood, is associated to parental education level.

Results (table III in the appendix): There is no correlation between parental education level and the attendance at concerts of 'symphony orchestras', 'chamber music', 'opera' or 'contemporary music'. For concerts of philharmonic bands, there is a highly significant negative correlation between parental education level and regular attendance at concerts of such orchestras. The higher the level of parental education, the lower the frequency of attendance at philharmonic band concerts in adulthood as it happens in childhood (sig = 0.002; rs= - 0.230). We observed the same negative correlation in terms of appreciation the popular culture as the philharmonic bands

Hypothesis 4: Cultural consumption of PSM graduates in adulthood, in terms of going to the theatre or ballet, visiting museums and exhibitions, or reading books is associated to parental education level.

Results (table IV in the appendix): There is a significant positive correlation between parental education level and frequency of attendance at theatre or ballet (sig = 0.05; rs= 0.146). For the other variables (reading books, or visiting museums and exhibitions) there is no correlation between parental education level and the consumer practices of PSM graduates in adulthood.

Hypothesis 5: The frequency of cultural consumption of PSM graduates in adulthood regarding going to the theatre, to the ballet, visiting museums and exhibitions, or reading books is associated to how often these activities were carried out in childhood.

Results (table V in the appendix):There is a highly significant positive correlation between all the variables of cultural consumption in adulthood   and the variables regarding the same type of activities carried out in childhood: read a book (sig= 0,000; rs=0,420); go to the theatre (sig=0,002 ; rs=0,234); visit museums (sig=0,000; rs= 0,356); visit exhibitions (sig=0,000; rs=0,309). There is also a highly significant positive correlation between reading books as children and visiting museums and exhibitions as adults (sig=0,001; rs=0,240); There is a significant positive correlation between visiting museums in childhood and going to theatre or ballet in adulthood (sig=0,000; rs=0,276). There is a significant positive correlation between visiting exhibitions in childhood and going to theatre or ballet in adulthood(sig=0,015; rs=0,180;)

It should be noted that there is a difference in the attribution of the variable(s) regarding 'visiting museums' and 'visiting exhibitions' in childhood and adulthood. The question asked in the questionnaire about the frequency of these habits in childhood included a variable to measure how often visits to museums took place, and another variable to measure visits to exhibitions. However, with regard to measuring habits in adulthood, only one variable was used for both these activities – visiting museums and exhibitions.

Hypothesis 6: The frequency of attendance at concerts of PSM graduates in adulthood is associated to how often music concerts were attended in childhood.

Results (table VI in the appendix): There is a highly significant positive correlation between all the variables which measure the frequency of attendance at the same genre of concerts, both in childhood and in adulthood. Hence, there is a highly significant positive correlation between: the habit of attending concerts of easy music (pop, rock and others) in childhood and in adulthood (sig= 0.000, rs 0 =.348); the habit of attending concerts of philharmonic bands in childhood and in adulthood (sig=0.000; rs=0.541); the habit of attending concerts of classical music in childhood and the habit of taking part in concerts of symphony orchestras in adulthood (sif= 0.226; rs= 0.002); the habit of attending concerts of traditional popular music/folklore/fado in childhood and in adulthood (sig=0.000, rs=0.260).

Taking into consideration the different performative genres which make up classical music concerts, it was observed that the higher the frequency of attendance at classical music in childhood, the higher it is in adulthood for all the different types. There is a significant positive correlation between: the habit of attending concerts of classical music in childhood and the habit of attending concerts in adulthood, in terms of chamber music

(sig= 0.049; sig=1.46), solo recitals (sig= 0.019; rs=0.146), and contemporary music (sig=0.019, rs= 0.173). Regarding opera, the value of significance (0.052) is close to <0.05, which means that there is a significant relationship to be considered in this variable also.

With regard to the existence of a correlation related to different musical genres, there is a highly significant positive correlation between: the habit of attending concerts of traditional popular music/folklore/fado in childhood and the habit of attending concerts of philharmonic bands in adulthood (sig=.002; rs= 0.230); the habit of attending concerts of traditional popular music/folklore/fado in childhood and the habit of attending concerts of light music (pop, rock and others) in adulthood (sig=.000; rs= 0.260);

Taking into consideration the different performance genres which make up popular culture (symphonic bands and traditional/folklore/fado), it was observed that the higher the frequency of attendance at popular music genre in childhood, the higher it is in adulthood.

Conclusions

This study investigates two important indicators that can explain the cultural consumption behaviours in adults: parents' education level and cultural consumption in childhood. We focus in the case of the graduates of Professional Schools of Music in the North of Portugal.

Using SPSS software and a Spearman's correlation statistical analysis, the findings show (i) that the habits of cultural consumption of the graduates of Professional Schools of Music in adulthood are associated to a person's past consumption - the more frequently these graduates took part in cultural activities as children, the greater their participation in activities mainly of the same type as adults - and (ii) that higher levels of education in the family mean a greater consumption of goods   that are considered 'high culture', in childhood, as stated in the empirical literature (Bourdieu, 1979; DiMaggio & Useem, 1980). However, it was observed (iii) that parental education level is no longer associated with the habit of attending classical concerts of PSM graduates in adulthood, and we observe a rejection of participation in cultural manifestations of a popular type, as was seen in the highly significant negative correlation found in terms of parental level and attendance at concerts of philharmonic bands.

Bearing in mind the curriculum of PSM in Portugal and that all students are in contact with music for at least four hours a day for six years (13 to 18 year-olds), it can be concluded that socialisation in professional music schools translates into intensive learning, training and time invested in developing an appreciation of symbolic goods, all of which are decisive in the creation of music capital (Scitovsky, 1976). This context promotes the training of arts appreciation, develops cultural capital and increases the demand of symbolic goods, as is generally observed in the literature (DiMaggio, 1979; Bourdieu, 1979). We can also claim that it reduces the effect of low parental education level and could offer an explanation for the lack of correlation between those variables (parents education level and attending classic musical concerts in adulthood).

Regarding the intensity of the consumption of different genres of classical music concerts, as adults, and the curriculum organization of PSM, we corroborate that arts appreciation is a trained capacity (DiMaggio & Useems, 1978) and we observed that the

graduates of the Professional Schools of Music have developed specific preferences in terms of appreciation and show slightly higher indices of attendance. In fact, such levels revealed a marked difference to those observed in Galicia and other European Union consumers.

It was also found that PSM graduates achieved high levels of educational certification compared to their parents.

All the above allows the following conclusion to be drawn: Professional Schools of Music in the North of Portugal promote the accumulation of musical capital, an increased cultural competence to appreciate specific music genres, a high level of cultural/musical education and a higher level of intergenerational social mobility.

Appendix

Table I: Attendance at concerts in childhood associated to parental education level

Correlations

	Concerts attendance in childood		Parents education level
Spearman's rho	Easy music (pop, rock, etc.)	Correlation Coefficient	0,058
		Sig. (2-tailed)	0,433
	Philharmonic bands	Correlation Coefficient	-,339[**]
		Sig. (2-tailed)	0
	Classical music	Correlation Coefficient	,163[*]
		Sig. (2-tailed)	0,028
	Traditionall, folklore, fado	Correlation Coefficient	-0,112
		Sig. (2-tailed)	0,134

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table II: Cultural habits during childhood associated to parental education level

Correlations

	Cultural activities during childhood		Parents education level
Spearman's rho	Read books (not study books)	Correlation Coefficient	,159[*]
		Sig. (2-tailed)	0,032
	Go to the theatre	Correlation Coefficient	,329[**]
		Sig. (2-tailed)	0
	Visit museums	Correlation Coefficient	,289[**]
		Sig. (2-tailed)	0
	Visit exhibitions	Correlation Coefficient	,276[**]
		Sig. (2-tailed)	0

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table III: Attendance at music concerts in adulthood, by performing genre, associated to parental education level

Correlations

	Concerts attendance in adulthood		Parents education level
Spearman's rho	Easy music rock, pop and others	Correlation Coefficient	0,113
		Sig. (2-tailed)	0,13
	Symphonic orchestra	Correlation Coefficient	0,018
		Sig. (2-tailed)	0,811
	Phillarmonic bands	Correlation Coefficient	-,230**
		Sig. (2-tailed)	0,002
	Chamber music	Correlation Coefficient	0,026
		Sig. (2-tailed)	0,729
	Solo recitals	Correlation Coefficient	-0,004
		Sig. (2-tailed)	0,955
	Opera	Correlation Coefficient	0,1
		Sig. (2-tailed)	0,18

**. Correlation is significant at the 0.01 level (2-tailed).

Table IV: Cultural habits in adulthood associated to parental education level.

Correlations

	Cultural consumption in adulthood		Parents education level
Spearman's rho	Read a book	Correlation Coefficient	0,103
		Sig. (2-tailed)	0,168
	Go to the theatre or a ballet	Correlation Coefficient	,146*
		Sig. (2-tailed)	0,05
	Visit museums or exhibitions	Correlation Coefficient	0,092
		Sig. (2-tailed)	0,217

*. Correlation is significant at the 0.05 level (2-tailed).

Table V: Cultural habits in childhood and in adulthood

Correlations

	Cultural consumption in adulthood		Cultural activities during childhood			
			Read books (not study books))	Go to the theatre	Visit museums	Visit exhibitions
Spearman's rho	Read a book	Correlation Coefficient	,420**	-0,014	,213**	,175*
		Sig. (2-tailed)	0	0,849	0,004	0,018
	Go to the theatre or a ballet	Correlation Coefficient	0,108	,234**	,276**	,180*
		Sig. (2-tailed)	0,149	0,002	0	0,015
	Visit museums or exhibitions	Correlation Coefficient	,240**	0,068	,356**	,309**
		Sig. (2-tailed)	0,001	0,365	0	0

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table VI : Attendance at music concerts in childhood and in adulthood, by performing genre

Correlations

			Concerts attendance in childhood			
Concerts attendance in adulthood by performing genre			Easy music (pop, rock, etc.)	Philharmonic bands	Classical music	Traditional/Folclore/Fado
Spearman's rho	Easy music (pop, rock and others)	Correlation Coefficient	,348**	0,093	0,129	,260**
		Sig. (2-tailed)	0	0,213	0,084	0
	Symphonic orchestra	Correlation Coefficient	0,074	0,137	,226**	-0,017
		Sig. (2-tailed)	0,318	0,065	0,002	0,821
	Philharmonic bands	Correlation Coefficient	0,027	,541**	0,048	,230**
		Sig. (2-tailed)	0,715	0	0,524	0,002
	Chamber music	Correlation Coefficient	0,102	0,007	,146*	0,117
		Sig. (2-tailed)	0,17	0,928	0,049	0,115
	Solo recitals	Correlation Coefficient	0,124	-0,02	,174*	0,052
		Sig. (2-tailed)	0,094	0,785	0,019	0,484
	Opera	Correlation Coefficient	0,103	-0,049	0,144	0,106
		Sig. (2-tailed)	0,168	0,513	0,052	0,154

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

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An Investigation of Food Tourism in Chongqing

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Abstract

Food has been playing an important role in tourism. It is suggested that food is regarded as one of the most important factors in deciding a destination and adding extra value to the image of destination. This paper aims to investigate the role of food in motivating tourists to visit Chongqing and explore the importance of food tourism to Chongqing. A questionnaire survey was carried out, resulting in a total of 565 respondents contributing their opinions. The result indicates that in the pre-stage of travel, food do have an influence in motivating tourists to visit Chongqing. However, the role of food is still not highly rated by the tourists, which needs a better promotion to let tourists know about the Chongqing food.

Key Words: Food tourism, Chongqing, China

Introduction

It is widely acknowledged that food is one of the basic needs for people (Selwood, 2003; Holloway, 1998 cited in Tikkanen, 2007). Food has pleasant memories for the tourists, providing enjoyment and opportunities. Tourism is a context full of novelty, offering tourists new opportunities in food consumption rather than for merely maintaining their food habits and routines (Quan & Wang, 2004; Henderson, 2009). Consequently, it is claimed that gastronomic experience could become one of major motivations for travel (Du rand et al., 2003). As Hall and Mitchell (2001) suggest that now there exists an increasing recognition that food is an indispensable factor of the tourism market as well as an indispensable part of the travel experience. There is a growing interest of studies and research on food tourism(Everett & Aitchison, 2008；Hijalager & Richards, 2002). Many researchers (e.g. (Hjalager& Corigliano, 2000; Boniface, 2003; Quan & Wang, 2004; Everett & Aitchison, 2008) argue that food tourism is of great significance in many different aspects including economy, marketing, culture, enhancing place identity and achieving sustainable development. This research chooses Chongqing, a significant city in the south west of China who is well known for its spicy food, as a case study. The aim of this research is to explore the importance of food tourism to Chongqing. This paper critically reviews the existing literature related to food tourism and focuses on exploring in the pre-travel stage, how food affects the motivation of the tourists to visit Chongqing.

Literature Review

With growing interests and information on food tourism, it has become one of the most popular topics in tourism industry (Quan & Wang, 2004; Kim et al., 2011). When it comes to the definition of food tourism, there are some arguments among the literature sources. Based on the analysis of definitions of food tourism from different literature sources, it could be concluded that food tourism refers to a term, which involves the tourists taking tasting or experiencing a particular type of food and the specific production region learning local culture and food features as their primary motivation (Hall & Sharples, 2003;

Hall & Mitchell, 2005; Wang, et al., 2007;Tikkannen, 2007;Everett& & Aitchison, 2008; Kim, et al., 2009).   It is argued that not any trip to a restaurant is food tourism, this kind of travel must take the desire to experience a particular type of food or the produce of a specific region or even to taste the dishes of a particular chef as the major motivation (Hall & Sharples; 2003). As the pursuit of unique and memorable eating and drinking experiences, food tourism provides a way of linking local food systems with the tourist experience (Green & Gougherty, 2008).

It is widely acknowledged that food is one of the basic needs for people (Selwood, 2003; Holloway, 1998 cited in Tikkanen, 2007). As a physical necessity, food is an influential eye-catcher and it strongly represents the quality of life (Hialager & Corigliano, 2000; Hall & Sharples, 2003; Frochot, 2003). It is acknowledged that there is a positive link between food and the destination (Sims, 2009; Okumus, et al., 2007). Similarly, it is put that food and the travel destination are mutually beneficial for the reason that the destination could make food a perfect product for tourist consumption (Fields, 2002). It is then accepted that food is regarded as a fundamental and essential element of the tourist product (Reynolds, 1994cited in Hjalager & Corigliano, 2000). Likewise, there exists an increasing recognition that food is an indispensable factor of the tourism market as well as an indispensable part of the travel experience (Hall & Mitchell, 2001; Hjalager & Richard, 2002).

However, the reality is the importance of food has often been ignored (Hall & Sharples, 2003; Rand et al., 2003). Tourism is reported to be the world's largest industry after the Second World War with food consumption takes up nearly one-third of all tourists spending (Torres 2000 cited in Torres, 2002;Mowforth & Munt, 1998 cited in Torres, 2002；Hashimoto &Telfer,2006；Wu,2010; Wu & Tang,2010). It is indicated that food is a primary trip motivator in the touristic experience (Quan & Wang, 2004). As Kim, et al (2011) claim, food tourism should be paid special attention to for its important values and contributions to the destination in various aspects. Precisely, it is of great significance in many aspects including politics, economy, culture, technology and environment and all of them come together when we consume (Beer, 2008).

As Handszuh (2002); Green and Dougherty (2009) suggest that local food could contribute to the local economy, making the destination authentic. The economic impact of food tourism was emphasized in the earlier research (Handszuh, 2000 cited in Lee & Arcoia, 2011). It is suggested that the different expressions of food tourism could create lots of economic opportunities, which would benefit a range of tourism and tourism-related businesses (Meler & Cerovic, 2003; Henderson, 2009; Wu, 2010). It is not only a good way to increase tourist spending but also a means of extending the tourist season and assisting marketing (Everett & Aitchison, 2008). What's more, food consumption could generate revenues as well as generate jobs and incomes for the destination (Elmont, 1995cited in Rand, et al., 2003; Dittermer, 2001cited in Quan & Wang, 2004). As a result, it is suggested that food tourism has an important role in generating economy (Jones & Jenkins, 2002; Okumus et al., 2007; Kivela & Crotts, 2006).

Moreover, food tourism is of great importance in the destination marketing. Gastronomy is suggested to have already become the focus of tourism policies (Du Rand et al., 2003). It is indicated that local food could act as a necessity, an innovation or a pull factor in regional tourism marketing strategy (Hjalager & Richards, 2002; Sharples, 2003; Boniface, 2003). As well as the marketing of food by tourism businesses, the appeal of food to tourists has been recognised by destination marketers at a national, regional and local

level (Frochot, 2003; Okumus et al., 2006; Henderson, 2009). As Du Rand et al.(2003); Boyne and Hall (2004); Tellstrom et al (2006) put that food tourism is becoming a useful marketing tool in destination branding and promoting.

Mason and Paggiaro (2009) suggest that a large number of tourists want to get themselves involved in the culture of the place they are visiting by having appealing experiences with people, cuisine and other cultural activities. It is explained that tourists are now beginning to take food as a key component of their travel experience and as a necessity to understand the local culture (Macdonalds, 2001 cited in Telfer & Hashimoto, 2003;Boyne & Hall, 2003). As a result, it is asserted that food could act as an affecting reminder of the cultural identity and traditions (Westering, 1999; Frochot, 2003; Tellstrom et al., 2006). It is helpful in identifying a destination as well as enhancing the identity of the destination (Boniface, 2003; Long, 2004; Okumusa, et al., 2004; Quan & Wang, 2004).

It is widely acknowledged that as the growing importance and popularity of food tourism, there is an increasing number of studies and research on food tourism (Everett & Aitchison, 2008；Hijalager & Richards). However, there are still many limitations in the existing research. Specifically, most of the food tourism researches are examined from the suppliers' perspective instead of the visitors' perspective (Wang & Zhong, 2007; Henderson, 2009; Gao & Yang, 2011). It does not actually examine the food experience of tourists and their perspectives. Moreover, it is hard to find a combined research that analyses the definition, forms and the importance of food tourism and also works out the promoting strategies for the DMOs.

Methodology

In order to achieve the purpose of this study, both secondary and primary sources of information were used. Based on the review of relevant literature, it is apparent that there has already existed a lot of research in food tourism, which could provide a substantial source of data to the study. Secondary research involved an analysis of materials like books, journals; information posted on the Internet websites; and some databases. However, it has been realized that the secondary data might have some mistakes which could be difficult to recognise, the sources might contain some old information and there might have limitations in the research design and data analysis, which might not be ideal for the current project (Frankfort-Nachmias & Nachmias, 1996; Bailey, 1987; Veal, 2006).

As the special context of this paper is to investigate the food tourism in Chongqing, therefore, the research still has to rely on the primary data. Specifically, it is clearly illustrated that after a detailed review of relevant literature sources, a questionnaire survey with a series of structured questions was designed. To design the questionnaire, a range of secondary sources both in the English context and Chinese context were consulted (Boniface, 2003; Okumusa, et al., 2004; Lee & Arcoia, 2011; Song & Zhang, 2010; Xu, 2011). Questionnaire survey could result in large sample sizes, which could provide enough information, and the information could be easily summarized and analysed using computers (Brunt, 1997; Bryman, 2008; Cooper & Emory, 2011).

The sample for this study could be defined as people who are now travelling in Chongqing or who have ever travelled to Chongqing before. The research mainly involves two different ways to collect data. One is to use the on-site survey in Chongqing, which is conducted on the street by the interviewers. The interviewers choose the respondent from every two people passing by. It is recognized that every tourist who is now visiting

Chongqing has the same chance of being selected. This survey is also open to the tourists who have been to Chongqing in the past, who are widely scattered geographically. Consequently, it is suggested that the on-site survey might be impossibly expensive and achievable; therefore, the respondent-completed way should also be included (Frankfort- Nachmias & Nachmias, 1996; Veal, 2006; Bryman, 2008). Precisely, the questionnaire is put on the Internet and the people who have been to Chongqing for travelling could get access to answer it. The sample for this study could be defined as people who are now travelling in Chongqing or who have ever travelled to Chongqing before. 565 usable questionnaires were collected during the data collection stage.

As Brunt (1997) put that data analysis is a crucial part in the travel and tourism research. It is recognized that using software to analyse data is practical and effective (Brunt, 1997; Zikmund, 2003; Bryman & Bell, 2011). In this research, one of the most commonly used and effective software applications SPSS is used to analyse the quantitative data (David & Sutton, 2004; Bryman & Teevan, 2005).

Results and Discussions

The profile of the respondent is presented in Table 1 below. The majority of the respondents (70%) were in the age group 18-30,takeing up around three times than that of the middle-aged group (31—40). Gender groups were distributed almost evenly, with 47.8% was male and 52.2% was female.

Table 1   Profile of Respondents

Variable	Frequency	Percent
Education		
Junior School Or Below	3	0.5
Senior School	33	5.8
Bachelor	479	84.8
Master or Doctor	50	8.8
Age		
Below 18	5	0.9
18-30	389	68.8
31-40	130	23.0
41-50	35	6.2
Above 51	6	1.1
Gender		
Male	270	47.8
Female	295	52.2

Reviewing the basic information of the respondents, it is suggested that the respondents were characterized by high educational level, shown in Table 1 Profile of Respondents, with around 93.6% having bachelor degree or above. The findings above appear to have some similarities with the demographic profile of the tourists in the previous researches about food tourism that the tourists were younger and have a high education level (Mckercher et al, 2008; Kim et al, 2011).When it comes to the first question in the questionnaire, reviewing the statistics shown in Figure 1 'Visiting Times of Tourists to Chongqing' that of all the respondents, around half of them have visited Chongqing more than one time and all of them have at least visited Chongqing for once.

Figure 1. Visiting Times of Tourists to Chongqing
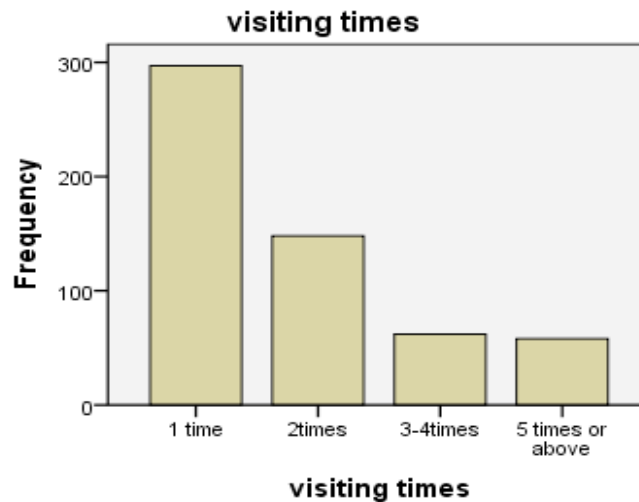
Regarding the factors that describe tourists' interest to visit Chongqing, each of them was scored using a 7-point Likert scale (1-least interest, 7-most interest). It is shown in Table 2 'Interests to Visit' that the highest average rating (5.46) of the interest to visit Chongqing is visiting for sightseeing. Visiting for food was in the second place, which has an average rating of 5.13. As for the other two interests like visiting for work or study and visiting for friends or families, the rating is below 4.

It could be seen that traditional tourism form of sightseeing is still people's biggest interest. Chongqing has picturesque landscapes. Its landform is uneven and the buildings there distribute in an intriguing way. There are many famous tourist attractions include People's Liberation Monument, Three Gorges, Dazu Rock Carvings and Ci Qi Kou village that motivate tourists to come. However, it is also quite surprising that food also got a very high rating of 5.13, indicating that visitors to Chongqing do have very high interests in the food. It is widely acknowledged in China that Chongqing cuisine is very spicy and is known for its creative new dishes with various materials. It is a branch of Sichuan cuisine which is the leader of the four major cuisines of China. The representative dishes include Chongqing hotpot, boiled fish, boiled fish with pickled vegetable, old duck soup, hot and sour rice noodles, spicy chicken, Quanshui chicken, etc, among which hotpot is most famous. In addition, it is suggested that the city center of Chongqing is filled with restaurants and food stalls where people could easily pick up the exciting spicy delicacies. Reviewed from the statistics, it is indicated that the various Chongqing food do have the potential to appeal to the tourists.

Table 2   Interests to Visit Chongqing

	Mean	Std. Deviation
Visiting for sight-seeing	5.46	1.551
Visiting for food	5.13	1.667
Visiting friends or families	3.94	2.158
Visiting for work or study	3.87	2.122

When referring to the appropriateness of the image of Chongqing, as observed from the Table 3 'Image of Chongqing' that the image 'Paradise of hot pot' was rated as being of the most appropriate image, which got an average score of 5.85. However, it is also shown that the image 'Mountainous City' was in the second position, getting a very close average rating of 5.74. As for the image 'Base of red tourism' and 'Beginning of three gorges', their average ratings for appropriateness are around 4.8. Here, it could be inferred the important role of hot pot in the identity of Chongqing.

Table 3 Image of Chongqing

	Mean	Std. Deviation
Paradise of hot pot	5.85	1.291
Mountainous city	5.74	1.369
Base of red tourism	4.88	1.366
Beginning of three gorges	4.82	1.417

The findings above are consistent with the other research that food is helpful in identifying a destination as well as enhancing the identity of the destination (Boniface, 2003; Long, 2004; Quan & Wang, 2004). Hot pot, as the special Chongqing local food, has helped Chongqing build its own identity. Similarly, hot pot also has an important role in the famous Sichuan cuisine and Sichuan cuisine has become an identity for Chengdu, the capital city of Sichuan Province (Liu, 2011).

Moreover, when indicating the importance of food in affecting the motivation to Chongqing using a 5-point Likert scale(1-not important, 5-very important), the average rating of the importance is 3.68, which is just a little bit higher than the middle of the rating. It means that food is affecting tourists' motivation to visit Chongqing, however, it has not been rated of great importance. The findings above show that food affects the motivation of the tourists to visit Chongqing to some extent. However, it seems to be contradictory to what Wang (2011) has stated that food is only taken as the lowest level of need for tourists by lots of the destinations in China and could not be an important factor to attract tourists. The reason for the difference might because the food tourism resources have not been well developed and promoted in such kind of destinations. Although the food has some importance in affecting tourists' motivation to Chongqing, the rating is not that high, which seems to support that food could be a primary motivator for some people and a secondary aspect for others (Hall & Sharples, 2003).

As for the ways to know about the Chongqing food, it is indicated in the Figure 2 that most (441 people) of the respondents have used Internet to know about the Chongqing food, also a large number of respondents have used newspaper, radio or TV (around 500 respondents in two groups).The findings appear to support what the literature have pointed out that website, newspaper, radio, TV could be effective promotion tools for food to be used as engaging eye-catcher, which could make the tourists have a general

and clear image of the destination (Hjalager & Corigliano; 2000; Wu & Kang, 2010). However, the findings seem to be different from the previous research, (Tao, 2007; He, 2008: Wu, 2010), which did not illustrate that Internet could be the most popular way for promoting. This difference might be due to the recent increasing popularity of Internet and also nearly 70% of the respondents are in the young age group 18-30.

Figure 2 Ways to Know about Chongqing food

Ways to know about Chongqing food

Ways to know about Chongqing Food
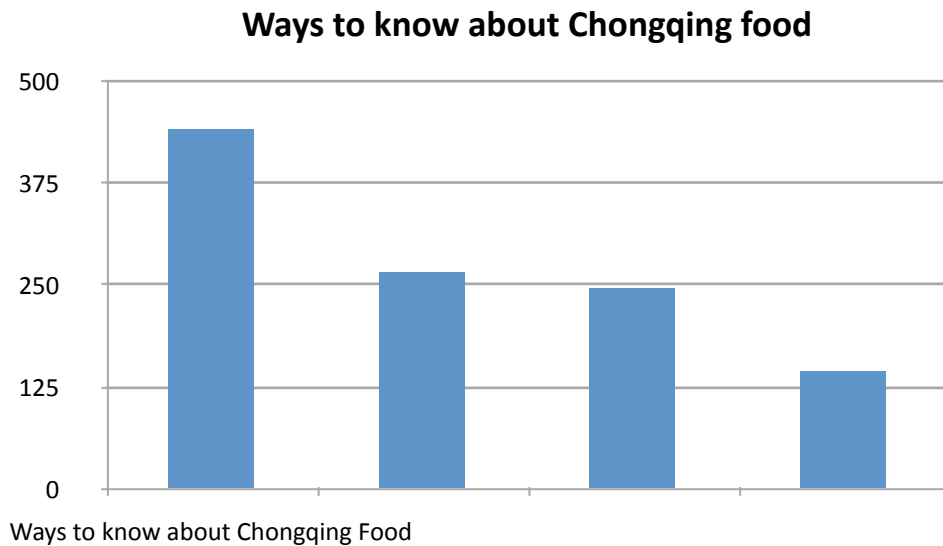
When talking about the important role of food in Chongqing tourism', the average rating of the importance is 3.87 by using a 5-point Likert (1-totally disagree, 5-totally agree), which indicates that in the pre-travel stage, the tourists might think food is important but not that important in Chongqing tourism. The finding is consistent with that there still exist a large number of people who do not realise the importance of food in tourism (Wang, 2011). However, food is increasingly being recognized as an important part of the tourism market (Hall & Mitchell, 2000; Hjalager & Richards, 2002).

Moreover, reviewing from Table 4 above that a Chi-square test was conducted on the association between the rating of food important role and gender. It is shown that the proportion of cells with an expected count of less than 5 is no more than 20% and also the Pearson chi-square value of significance is 0.027, lower than 0.05. Thus, there is an association between the rating of food role and gender of the respondents. It is suggested that women put more importance than men on the role of food in Chongqing tourism. However, observed from other researches (Boniface, 2003; Boyne & Hall, 2004; Wang et al; 2007), it does not show any result regarding the impacts of the gender difference on the importance.

Table 4 The Association between the rating of food important role and gender

		Gender of respondent		Total
		Male	Female	
Rating of food important role	Disagree	6	0	6
	2	16	13	29
	3	77	67	144
	4	106	134	240
	Totally agree	65	81	146
Total		270	295	565

Conclusions

To sum up, this paper clearly illustrates and analyses the findings regarding tourists' perception of Chongqing and the role of food in affecting their motivation to visit Chongqing. It is suggested that the image 'Paradise of hot pot' was indicated by tourists as the most appropriate image of Chongqing, however as for their motives to visit Chongqing, food is as important as sight-seeing. Moreover, this paper identifies an association between the rating of food role and gender of the respondents. It is suggested that women put more importance than men on the role of food in Chongqing tourism. In the meantime, it should also been seen that the role of food is not rated very highly in affecting tourists´ motivation to visit Chongqing. As Internet is rated as the most popular way to know about Chongqing food, Chongqing DMO or tourism businesses in relation to food should pay more attention to their Internet marketing strategy.

This research really makes a contribution to the food tourism development and research in Chongqing. However, there might have some limitations of this research. By reviewing the profile of the respondents, it should be noticed that the age (the age group 18-30 taking up around 70 %) and the education level (93.6% having bachelor degree or above) might have influence on the results of the study. It is anticipated that the future research could encompass a larger sample of respondents, which will be advantageous to access tourists with a wider range of ages and education levels. Moreover, in order to better explore the importance of food tourism to Chongqing, tourists' food experience during the travel in Chongqing and their rating of food after travel could also be investigated.

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New Marketing Approaches and Emerging Tourism Products

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Abstract

The paper is based on a research project conducted by students of Sofia University for the purpose of developing a new marketing strategy of a Bulgarian travel agency specialised in exotic travel and destinations. It deals with problems faced by the intermediary sector in finding relatively new tourism segments and providing new tourism products. The assumption is that in the ever growing competitiveness in the tourism market environment it is very important to find new opportunities and target new customers.

The process of targeting a new market segment and the formation of a product suitable for it is described. The segments chosen are: 1) people who like to collect, view, wear and in general enjoy various gemstones; 2) newlyweds. E-questionnaires are developed, sent and processed. Both tourist segments are defined, analysed and described.

The relevant products are defined and chosen destinations offering them across the world, including Bulgaria, are characterised. The attractions, accommodation, services, facilities and activities offered in them are described and analysed.

In conclusion the paper stresses upon the necessity of continuous research and penetration of new tourism market segments and of the need in diversification of travel agencies' portfolios with new products satisfying emerging specific tourism demand.

Key words: marketing, tourism product, tourism segments, competition, marketing strategy

Introduction

The ever growing competition in tourism caused by the increasing tourism supply worldwide forced many tourist companies and enterprises to take a step back and review in a new light some of the oldest tourism concepts and especially those of tourist marketing. This was prompted mainly by the need of finding new ways and instruments for increasing or even simply keeping their market share.

One such instrument is market segmentation so that marketing effort can be better focused and revenues thus improved. Actions and efforts are directed to the identification of niches which have not yet been developed, as well as to the better and more successful focusing of marketing activities to already known tourism market segments.

The ideal market segment should meet the following criteria (Middleton, 2000):
- It is measurable.
- It is large enough to earn profit.
- It is stable enough so that it does not vanish after some time.
- It is possible to reach a potential customer via promotion and distribution channels.

- It is internally homogeneous (potential customers in the same segment prefer the same product qualities).
- It is externally heterogeneous, that is heterogeneity between segments is quite clear (potential customers from different segments have basically different quality preferences).
- It responds similarly to a market stimulus.
- It can be cost-efficiently reached by market intervention.

A Bulgarian Travel agency organizing excursions to exotic places addressed the Tourism department at Sofia University asking it to help with the development of a new marketing strategy. It was facing problems in finding relatively new tourism segments and providing new tourism products. The general idea was to identify extraordinary excursions to various destinations having unique attractions (gemstones) or attracting unique customers (newly weds and honeymooners).

The task was given to the students of the Master's programme in Tourism studies. The first step of the research was to collect as much information as possible about the local and international market of gemstones. The collected data was used to determine various market segments and the best for the purpose chosen.

The information was collected via sample quantitative research – a smaller number of people or cases drawn from a population and representative of it in every significant characteristics, and by using an E-mailed questionnaire survey. Under the guidance of Department lecturers the following two market segments were developed:

Gemland

A gemstone or a gem (also called a precious or semi-precious stone, a fine gem or jewel) is a piece of mineral, which in cut and polished form is used to make jewelry or other adornments. Historically gems have been divided into precious and semiprecious classes. There are a number of semiprecious gems, many quite beautiful, but diamonds, rubies, sapphires, and emeralds continue to qualify as "precious„. Minerals and gems are classified by their physical properties, including hardness, luster, color, density, and magnetism.

In this case the targeting strategy is customized marketing - the marketing effort is directed by the need to satisfy the clients. The market segment consists of people, who are connoisseurs of gemstones. It is considered that this market segment is quite substantial because it is big enough to be profitable.

The market segment is defined as connoisseurs of gemstones. These are people of all ages. Their lifestyle is much more relevant than their age. They have different wants, needs and reasons why they buy and collect gemstones.

The main reasons for buying gemstones according to the survey results are:
- Affection – Marriage, engagement, anniversaries or any other statements of affection and affiliation.
- Indulgence – Any commitment that bypasses what is sanctioned by society requires expensive gifts. Girlfriends and mistresses come under this category.

- Repentance – Misbehavior of any sort is sure to attract a full-blown emotional warfare. The only way to get out of this smoothly is to buy gems.
- Impulse – Many men and women buy gems because they see something they like and cannot resist the dazzling brilliance of gems.
- Value – As the price of gems climbs up, many people are beginning to invest in them.
- Rarity – Many people buy gems because of their perceived rarity and worth.
- Healing properties – Gems can cure diseases.
- As amulets, talismans – Gems bring luck, health, success, they protect against evil forces.

Main destinations of Gemland

Most respondents cited India and Sri Lanka as one of the world's largest producers of gemstones.

Today, India houses the world's largest diamond processing (cutting and polishing) industry with an estimated 1,000,000 processors. It is said that 11 out of 12 stones (diamonds) set in jewellery are cut and polished in India. Jaipur and Manipur are famous as world class polishing and designing centers.

Manipur, literally meaning "Land of Gems", is a state in northeastern India, with the city of Imphal as its capital. It is one of the most important places for the production of gems and jewellery.

Sri Lanka is ranked as the top five gem-bearing nations in the world, for its greatest concentration of gems found in most parts of the island. All types of gems such as blue sapphire, cat's eye, alexandrite, star ruby, yellow sapphire, star sapphire, amethyst are found here, specially in the city Ratnapura, literary meaning "City of Gems".

Accommodation

Although tourism in Manipur is in a formative stage, accommodation is not a problem. The standard of accommodation in Manipur is definitely pleasant and comfortable. There is also the option of staying in guest houses and bungalows if you do not prefer hotel surroundings.

There is an array of accommodation options in Ratnapura including luxury hotels, budget hotels and inns. One of the best hotels is the Lake Serenity Boutique Hotel, a hidden gem in gem city of Ratnapura. The Lake Serenity is bordering the private lake called Bird's serenity and its surroundings are very elegant with paddy cultivations, tea plantations, rubber estates and lofty mountains.

Attractions

The most famous one is the Gem Palace, where history lives on in the shape of precious jewellery. The Gem Palace was established in 1852 by the erstwhile Kasliwal family. Jewellers for over eight generations, the Kasliwals even had the distinction of being court jewellers to Moghul emperors. From antique jewels from the coffers of Maharajas to contemporary designs studded with the precious gemstones, the shop has it all.

Manipur State Museum - The museum has a fairly good display of Manipur's tribal heritage and a collection of portraits and items such as costumes, arms and weapons of Manipur's former rulers.

Shri Govindajee temple, the palace of the former rulers of Manipur is a simple and beautiful structure with twin gold domes and a paved court.

Activities and excursions

There are quite a lot of outdoor activities that you can take part in while in Manipur, e.g. Mukna - a popular form of wrestling. It has fundamental rules agreed by all Mukna organizations and with Royal Consent. Traditionally the game is controlled and organized by the ruler of the state and village organizations.

Hiyang Tannaba is a traditional boat race held during the month of November in which two boats are racing each other.

For people staying at hotels guided tours are organized around the gem and other type museums. For more inquisitive guests there are guided tours around some of the gem excavation sites.

Honeymoon and wedding trips

Most large tour operators understand the value of having a honeymoon and wedding section within their tourism business. All large tour operators offer a "romantic holiday" (or similarly named section) that is likely to attract honeymooners.

Once the wedding is over and the last guest has left, most couples look forward to their honeymoon - five days, a week, maybe more, of unwinding, relaxing and spending quality time together in an exotic spot somewhere around the world. Honeymoons come in all shapes and sizes - a beach vacation, a safari, a ski trip - and are based more on the couple's joint-personality than on tradition.

This segment is defined through demographic segmentation - amongst the most popular bases for segmenting customer groups. In this case the basis is the family cycle and a specific stage in it – the wedding. So the segment consists mostly of newlyweds.

Very often psychographic segmentation is applied within various demographic groups to determine specific niche markets - consumers are divided according to their lifestyle, personality, values. People within the same demographic group can exhibit very different psychographic profiles.

Also segmentation according to occasions is implemented: the market is segmented according to a certain occasion – the honeymoon.

The wedding and honeymoon tourism market segment can be generally referred to international trips that are taken by tourists to either get married or celebrate their wedding.

Estimate of global market size

Whilst global data on the industry does not exist, the US honeymoon market is reported as being worth an estimated $15.7 billion in 2010. UK citizens took 45,000 weddings abroad in 2009, and whilst a survey of UK couples showed that the majority prefer a domestic wedding, nearly all stated that they wanted to honeymoon abroad. On average, UK consumers spend $12,000 on a wedding abroad, and $6,000 on a honeymoon. Overall, the global market size for weddings and honeymoons is estimated at being between 3 and 6 million trips per annum.

No matter the regional differences, modern honeymoons are now a global phenomenon and a multibillion-dollar industry.

US wedding and honeymoon statistics
- Every year an average of 2.4 million weddings are performed in the U.S.
- Today's median age for first-time brides is 27 years. For grooms, it's 29 years.
- The median age for remarriage is 34 for brides and 37 for grooms.
- $28,082 is the average amount spent on a traditional American wedding.
- 88 % of Americans marry at least once in their lifetime.
- One-third of those getting married have been married previously.
- Estimated number of honeymooners: 1.4 million U.S. couples per year.
- Among couples who choose a traditional wedding, 99 % take a honeymoon.
- On average, the honeymoon is booked 4 months before the wedding.
- Honeymoons comprise a $12 billion-dollar-a-year industry.
- Couples spend an average of $4,466 on their honeymoon.
- The length of an average honeymoon is eight days.
- 62% of couples pay for most of their honeymoon on their own.
- 10 % of newlyweds take cruises for their honeymoon.
- 37 % of honeymoon trips are to domestic locations; 63 % are foreign.
- Luxury honeymooners represent 15% of the market and spend more than $7,000.
- Most popular "international" destinations (% of overall honeymooners): Mexico (15%), Hawaii (12%), Jamaica (7%), The Bahamas (5%), Italy (5%), St. Lucia (5%), France (3%), U.S.V.I. (3%).
- Most popular continental U.S. destinations (% of overall honeymooners): Florida (8%), California (5%), Nevada (3%).
- Most popular luxury honeymoon destination regions (% of luxury honeymooners): Europe (28%), Caribbean (21%), Hawaii (18%), South Pacific (11%).

Potential for growth

Growth of this niche segment is expected to be good. However, there are certain elements of the wedding and honeymoon market that will experience particular growth. Second marriages, and those marrying later in life (the 35-45 age group), will generate demand for weddings and honeymoon tourism. The number of remarriages is increasing, and is set to continue. Hence the number of second honeymoons will also increase.

The gay/lesbian market has significant potential. Generally they have above average annual income and have a disposition to travel that makes them a particularly strong demographic group for honeymoons.

Due to strenuous work demands, particularly in the US where holiday time tends to be used at certain times of the year, there is an ever-increasing trend of newlyweds taking a honeymoon that suits their employer, thus foregoing the traditional holiday immediately after the wedding. Consequently there is more inclination to travel further and for longer when the honeymoon is taken.

Overall, it is expected that this market will increase by 75% over the period to 2012 (around 12% per annum), compared to 10% per annum growth over the period 2005-2009.

By 2012, the U.S. market is expected to explode to $23 billion annually or it will almost double in a very short period of time. Many countries put forward numerous attractions and facilities to capture the honeymoon tourists.

Brief profile of consumers
- Honeymooners choose destinations that offer a very special experience.
- They tend to use travel agents to buy packages.
- They are highly engaged in the planning process and rely on tourism services.
- The average age of wedding and honeymoon tourists is increasing, largely due to the general trend of later marriages and more second marriages.
- Younger married couples are the least likely to honeymoon.
- More honeymoons are taken quite later than the wedding itself thus
- turning into a full-time holiday.
- Majority of honeymooners are not affected by the economy. A majority of couples (60%) did not scale back their honeymoon budget because of the economy. In fact, 1 in 4 couples spent more than they originally budgeted, and 21% spent more than $6,000 on their total honeymoon. In addition, 12% of couples are registering for their honeymoon, and 20% use travel rewards toward their honeymoon.

Main source markets and main competing destinations

The main source markets are those most predisposed to marrying abroad, and have sufficient wealth to holiday abroad after a domestic wedding. Typically these are: USA, United Kingdom, Germany, Italy, France and Scandinavia.

Destinations that have marketed and promoted themselves strongly as wedding and honeymoon destinations include: Hawaii, Caribbean (several countries), Mexico, Sri Lanka, Maldives, Mauritius, Cyprus, Italy, Jamaica, France, Greece and Australia.

Destination weddings

Destination wedding is a wedding that you have to travel to. Some of them also include guests. In the past couples had gone off by themselves to marry. But nowadays couples bring their families and friends along for the adventure! Destination weddings usually cost less than traditional weddings.

Properly planned, a destination wedding can save up to $20,000 off the cost of a traditional wedding, it also turns your a wedding day into an unforgettable "mini-vacation". A four-day wedding weekend costs less than a meal and reception for 150-200 people at a luxury hotel in New York. At a resort in Jamaica, for example, it might cost $40,000 to invite 20 couples to spend four days at a destination wedding. That includes a rehearsal dinner on the beach serving the island's traditional barbecued foods and exotic tropical drinks while a reggae band plays -- as well as a formal sit-down wedding in an air-conditioned room or on an outdoor terrace and a farewell brunch.

The etiquette of a destination wedding generally calls for invited guests to pay their own airfare. The bride and groom pick up the tab for the lodging, food, and beverages at a destination wedding. Destination weddings are not seasonal.

What are the advantages of a destination wedding?
- The wedding and honeymoon can be amalgamated together (just stay a few extra days).
- The bride and groom usually just pay for themselves.
- The guests pay for their own package (flight and hotel) to get there.
- There usually aren't as many guests (average is around 50 guests) because most people (e.g. colleagues, acquaintances) won't usually spend $1000+ to see someone for a wedding. Thus the people who would just come because they feel guilty if they don't attend the local wedding are weeded out.
- No elaborate (read: expensive venue and decorations) reception is needed because the location (beaches!!) speaks for itself.

The costs to be considered for a destination wedding are: the flight and hotel package; the reception; the destination wedding planner.

Main wedding destinations are: Las Vegas, Hawaii, Mexico, Europe, Disneyland/Walt Disney World, Santorini island, Greece.

Cruise honeymoon

For many people, the honeymoon is the most romantic and luxurious time of their life, so they tend to go beyond the normal vacationing expenses to ensure a memorable time. Cruise ships are the embodiment of luxury, with the exotic destinations that can be visited, the gourmet dining and world class entertainment. They have become increasingly more popular, especially with newlyweds.

The most convenient part that attracts people is the chance to unwind. After a frantic pace of wedding planning, preparations and festivities, cruises offer the ultimate relaxation, surrounded by the sounds of the sea, and experiencing a new world. The port is the only place that needs to be driven to.

It's important to note that every line offers a different set of activities. Some focus on parties and having an overall good time, others on being a family friendly cruise, or specializing in on- and off-shore activities. Some also emphasize on cruising with fewer stops, while others make sure to stop more frequently. It's important to have your own desires in mind when booking a ship. At first glance, a cruise seems more expensive than a traditional vacation, but it offers a great variety of top-class service that would be even more expensive otherwise.

Cruises offer a great chance to taste new cuisine. There's never a dull moment on cruise ships. There are more than enough cultural activities, water sports, educational tours and sightseeing offered on any cruise line. Cruise ships offer many amenities that can be purchased either as packages or on-board to create a romantic atmosphere. Larger ships on longer voyages host a reception for honeymooners, giving the opportunity to meet others and share experiences.

Honeymoon packages typically include champagne with engraved flutes for private toasts, chocolate-dipped strawberries, roses, a honeymoon cake presented at dinner, intimate spa treatments for two and other various romantic endeavors.

An issue for many couples is that there are bound to be other honeymooners on the cruise, or even weddings held on-board, which may detract from the overall experience, giving the impression that their honeymoon isn't all that special. However, the excellent room service on cruise ships makes it easy to stay in the typically spacious rooms and enjoy a quiet time. And since the tours of the port cities aren't mandatory, couples can hire a taxi and explore on their own, or avoid them altogether. Some couples, on the other hand, welcome the presence of other (newly) married couples and exchange of stories and experiences; many even make lifelong bonds with people they meet on the ship.

Main cruise destinations are: the Caribbean, Hawaii, Europe and Polynesia.

Honeymoon ideas for adventurous newlyweds

An adventure honeymoon takes a bit more research and planning. Often the amenities aren't the same as those at a sophisticated resort, and appropriate packing becomes a necessity. The skill level of both bride and groom has to be determined. Proper choice and planning can turn the adventure-packed honeymoon in a terrific bonding experience for them. Once the skill and the ambition level are clear, an activity or activities should be chosen. There is the choice of mountain climbing, rock climbing, week-long kayaking journeys, hang-gliding, sky-diving or, even trying an extreme sport!

There are many great destinations for outdoor adventure sports. Some of them are:
- Go zorbing in New Zealand.
- Dive down under.
- Bike Western Ireland.
- Hike Glacier National Park.
- Ride the Roof of Africa.
- Climb a volcano in Costa Rica.
- Do some humanitarian work.
- Go "free ride".

Wedding and honeymoon tourism in Bulgaria

Though the number of weddings has fallen drastically in recent years, those who choose to marry prefer ceremonies in caves and castles, at monuments and sea and rives sides, in museums and picturesque villages. Often the traditional official white dress and tail coat are substituted by ancient Bulgarian folklore costumes. In mountains sometimes the bride and the groom dressed in rafting costumes arrive to the wedding site down full flooded rivers in rubber riverboats. Weddings beside or under water cascades or in forest reserves are also very popular.

In Sofia popular wedding sites are the National History Museum, parks, botanic gardens. Many couples prefer to say "I Do" on the stage of the ancient Roman theatre in the second biggest city in Bulgaria - Plovdiv.

Many couples choose the Rhodope mountain for its folklore, cuisine and low expenses. Since 2009 it is a popular marriage destination for eco-weddings organized on vast meadows with an altar made up of flowers, with marquees, pipers, folk music and singers. The ceremony can replicate the wedding of a famous couple depicted in one of the most popular Bulgarian novels – Time of Violence. Retro cars are offered for a ride to the newlyweds.

Each year the number of weddings in the famous cave of Yagodina increases. After the ceremony all wedding guests and the newlyweds walk along the 1 km long tourist route in the cave. Most of the couples come from the capital Sofia and the average guest number is 30-40.

In the mediaeval castle "Baba Vida" near the town of Vidin in the North-West of the country the wedding couples can choose between a symphonic quartet and a folk music band. Another popular wedding place in this part of the country are the Belogradchik rocks nominated for one of the seven new wonders in the world.

The seaport city of Varna attracts couples from all over the world for their wedding day. More than half of all marriages in it are between foreigners and especially from countries outside the EU: Canada, Indonesia, Brazil, Russia, Israel, etc. Most popular are ceremonies on small dirigibles flying over the sea or in diving suits near a sunken ship on the sea bottom.

Another popular place for wedding ceremonies is the ethnographic museum village of Arbanassi situated near the old capital of Bulgaria Veliko Turnovo. Its guests come from France, Italy, USA, UK and Armenia. Among the extras is a phaeton ride for the newlyweds.

A very ancient a specific local wedding ceremony can be observed but not organized for non-locals in the remote mountain village of Ribnovo. Nevertheless it attracts a lot of visitors during winter – the only season when it takes place.

Conclusion

Gem oriented and wedding and honeymoon tourism becomes more and more popular in many countries including Bulgaria. So far underestimated as a target segment it can prove to be a long-term lucrative niche for many world travel agencies. Their products are already defined, but the main generating areas and destinations are still developing. These segments need to be investigated and a more reliable statistics and information about them at various levels should be provided.

Quite obvious is the necessity of continuous research and penetration of these new tourism market segments and of the need in diversification of travel agencies' portfolios through these two relatively new products satisfying a quite substantial specific tourism demand.

So far in Bulgaria there is no data about these two types of tourism and the participation of Bulgarians in them. Still the growing popularity of such trips are obvious and it can be recommended to some travel agencies to undertake more thorough territorial, marketing and financial investigations in these fields. Special marketing tools should be developed in order to increase their marketing shares and revenues.

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From 'mass & fast' to 'small & slow' - the development of ecogastronomic tourism

Paul Van Oers

Introduction

Today's food service sector knows two different sides. On one hand, we see a competing and growing sector that is of great importance to a country's economy. The mutual channels together shape an efficient machine that provides the consumer with enough food at low prices and responds to the high demand for fast food at low costs. On the other hand, we see a sector that deals with a lot of pressure. Competing companies in the sector are paying the price for the constant need for producing big volumes at the lowest possible prices.

The traditional food service industry is confronted with big losses because consumers buy less and pay less. There's a risk for food becoming less personal and, at the same time, this pressure has a stifling effect on the companies' ability to innovate, which raises the question as to whether the food service sector is able to optimally respond to market demand. In addition, problems concerning the environment, sustainability and health are also on the rise. Research reveals that a large number of consumers have a positive attitude concerning innovation in the food sector, but the food sector itself doesn't respond to that. These problems require a change in the traditional concept. They require a new, innovative, 'slow' way of thinking: Slow food.

This paper will focus on the facts and figures of present-day food service in the Netherlands and how to combine this present world with an entirely new world of food service; a world in which innovative concepts have to be developed in order to maintain our biodiversity, traditions and knowledge. A special focus is given to the province of Limburg and the initiative to create an Agroproduction and Leisure Park (ALP) in this province, known for its rich biodiversity.

The present world consumer trends

In order to create a clear image of the present food service sector, consumer trends have to be visualized. The Food Service Institute of the Netherlands differentiates seven C's that are of great importance to the future development of the food service market and are nationally and internationally recognized.

Convenience

Firstly, we see the trend of convenience. The consumer attaches more and more importance to time saving with regard to food and beverages. In the Netherlands, we see a 3% increase in revenue in the convenience market in the out-of-home channels, while the classic hospitality sector and catering sector are losing revenue[2].

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[2] FSIN Foodservice monitor

Care

We see health becoming more important in the consumer's mind. Roughly 70% of Dutch hospitality businesses notice their guests asking for health(ier) products and about 80% of these businesses respond to this health trend[3].

Culinary

The trend of enjoying food, taste, quality and pleasure are becoming more important during meals.

Concious

Fourth, we see more attention being paid to sustainability, the environment, organic products, animal welfare and fair trade. The consumer is becoming more conscious of these aspects and wants to know the origin and the story behind their food. Last year, sustainable food sales in the Netherlands grew by 30.5%, triggering an increase in the market share of sustainable food[4] from 3.5 to 4.5%. Sustainable food can therefore be seen as the most important growth market in the retail and food service sector[5].

Choice

On one hand, consumers want the possibility to choose from an ever-growing selection of food and beverages. On the other hand, it is important that suppliers pay attention to simplifying the process of choice.

Cheap

What used to be considered luxury and premium products in the eyes of the consumer are now considered normal products. They want them as cheap as possible.

Concepts

As a final trend we see consumers looking for solutions instead of products. They value brands and strong formulas. The future success of businesses therefore rests on paying more attention to building concepts.

Facts and Figures

The Netherlands is a country spanning 41,526 km^2, in which approximately 16.7 million people work, sleep and eat. This makes it a country with one of the highest population densities in the world. The Dutch economy is the seventeenth largest economy in the

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[3] http://www.horecaentree.nl/upload/pdf/Zet %20producten%20op%20de%20kaart.pdf

[4] Sustainable food contains the following labels: Beter Leven kenmerk. The 'groene blaadje', EKO, FAIRTRADE/Max Havelaar, Label Rouge, Marine Stewardship Counsil (MSC), Milieukeur, Rainforest Alliance, Scharrelvlees, UTZ Certified, Vrije Uitloop

[5] Monitor Duurzaam Voedsel, Ministerie van Economische zaken, Landbouw en Innovatie.

world and the fifth largest economy in the Euregion. As such, it is also the fifth largest export country in the world. Despite the country's small size, it is the second largest exporter of agricultural and food products.

The Netherlands has had a strong agricultural production sector and has been an important trading nation for decades because of its geographical location. This explains the relatively high degree of supply for several product groups and the important role it plays as a European transit country for agricultural products.

Import and Export distribution

The distribution of Dutch export is more concentrated than that of other European nations, with 60% of its export ends up in five European countries: Germany, Belgium, France, the UK and Italy. Dutch import, on the other hand, is less concentrated than that of the average European country. Some 47% of the Dutch import and export of 'fresh' agricultural products largely takes place within the EU.

In absolute figures, grain is the most imported product, followed by fresh fruits and fish. The most exported products (in absolute terms) are vegetables, fruits, grains, potatoes and dairy products. About 70 to 85% of the imported fresh fruits and vegetables gets exported (this is excluding imported vegetables and fruits after processing)[6].

The Netherlands is noted for its stable industrial relations, moderate unemployment and inflation rates, sizeable trade surplus and its important role as a European transportation hub[7].

Dutch Supermarkets

Dutch supermarkets have the lowest prices in Europe, with Dutch food and beverage prices being 8 to 12% cheaper than in other European countries. A contradiction can be seen with regard to the hospitality business: These organizations are showing prices 8 to 10% above other countries in Europe. This contradiction is caused by the ongoing price wars in the Dutch supermarket channels and high labour costs in the out-of-home market.

Food service forecast

When we look at the projected facts and figures for the Dutch food service market in 2013, we see a total of almost €56.5 billion in food and beverage expenses. Roughly one-third of this comes from out-of-home channels and two-thirds from channels in which supermarkets play a dominant role. The revenue of the out-of-home channels faces a lot of pressure, as it is losing against the upcoming convenience markets and on-the-move concepts are winning over those sitting down. Specialty stores and the hotel and catering industry are losing to the competition.

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[6] Report: Verduurzaming, voedselproductie,
  Wageningen UR

[7] CIA Factbook

Supermarkets have shown a growing increase in revenue in recent years, even in times of crisis. They offer cheap meal solutions and instant meals of high and culinary quality. Consumers are increasingly opting to eat at home and as cheaply as possible; a concept known as downtrading. This downtrading trend is evident throughout the Western world.

Food service expectations

Expectations in the Dutch food service sector are showing a continuing pressure on consumer expenses and are expected to decrease by €1.5 billion. This pressure is passed on to almost 40% of food service companies and will lead to a significant increase in bankruptcies or acquisitions. It is clear that larger companies and multinationals will survive to the detriment of small-scale organizations.

Predictions for 2013 and 2014 indicate the ongoing expansion of formula restaurants (like McDonalds, Starbucks and Subway) and how they are taking over classic hospitality businesses as a result of the trend in convenience concepts. Recent studies are showing that 37% of out-of-home expenses come from formulas[8] and 25% of the revenue produced through out-of-home channels can be attributed to the top 25food service businesses in the Netherlands[9]. The power in the food chain is increasingly being taken by multinationals.

At present, 40% of food is wasted during the process from plough to plate. In the Netherlands, €2.4 billion of food gets thrown away unnecessarily[10]. If we continue like this, the future will offer no chance for traditional hospitality organizations (and with that a country's traditions, rituals and local products) to survive.

Before focusing on the initiative of the Agroproduction and Leisure Park (ALP) – a perfect example of ecogastronomic tourism – some knowledge of the province of Limburg is necessary. This will focus on the strengths, weaknesses, opportunities and threats.

The province of Limburg

Limburg is the most southern province of the Netherlands. It is located in the south-eastern part of the country and is bordered by the Dutch provinces of Gelderland to the north, North Brabant to the north and northwest, Germany to the east and Belgium to the south and part of the west. Its capital is Maastricht. Limburg has a highly distinctive character and is known as 'the Piemonte of the North'.

Its goal is the ongoing professionalisation as a quality region with superb regional gastronomy and slow food and local products as its leading pillars. But the social and economic trends of recent decades have impacted the province and generated a process of change and renewal. This has enabled Limburg to transform its national peripheral location into a highly globalized regional nexus, linking the Netherlands to the Ruhr metro area and the southern part of the Benelux region.

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[8] 'Daar zit Limburg in' Strategische visie en uitvoeringsprogramma "streekgebonden gastronomie"

[9] FSIN Foodservice Monitor 2013

[10] http://www.tastethewaste.nl/

Limburg has a population of 1,121,483 inhabitants who occupy an area spanning 2,209,22 km². The province has a great feeling for gastronomy and hospitality, reflected in the large number of hospitality businesses (4,037) and the 14 Michelin stars within the region. Limburg is renowned for its rich biodiversity, especially in the south. We find a 5-star landscape and a rich gastronomic playground there, with vineyards, beer breweries, castles, monasteries and a lot of local producers.

Strengths

As a province, Limburg has recently taken up a very prominent position. Compared to other provinces in the Netherlands it is known as the ideal gastronomic tourist destination. It has a distinctive, unique and international location and environment that can be experienced as 'being abroad in your own country'. People associate Limburg with an epicurean lifestyle, good food, gastronomy, intimacy and tradition. 94% of Limburg's tourists believe you can have good food and drinks in the province[11]. The province is extremely knowledgeable about food and offers a wide range of local products, such as cheese, beer, wine, syrups and pastries. All of this contributes to the province of Limburg being seen as 'the Piemonte of the North'.

Weaknesses

More and more it seems like the divide between reality and the cohesion described above is growing. The relationship between traditional Limburg with its local products and the province's tourism is showing inconsistency. The province is facing a decrease in restaurant visits. Limburg is making use of its epicurean image without maintaining it. While there is a wide range of unique and local products available in the province, this is barely offered to the tourist nowadays. The reason is the lack of an unequivocal vision and cooperation between producers of local products and the lack of effective and efficient production, marketing and promotion.

The important potential of local and traditional products is lacking branding and identity. Limburg is increasingly following the direction of the average Dutch hospitality company. With this, the great potential of the province is starting to lose its unique character.

Opportunities

With food being a key ingredient in the quality of any touristic portfolio, Limburg has the perfect opportunity to anchor its traditional food/gastronomy within the tourist sector. Experience is becoming increasingly important to consumers. They want the story behind their food and local products. The growth of multifunctional agriculture is offering opportunities for agro-recreation and tourism, and trends in experience economy and local products are on the rise.

But the most important opportunity of all is the presence of hospitality education. These days, hospitality students are barely educated in traditional hospitality. If we don't

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[11] "Daar zit Limburg in" Strategische visie en uitvoeringsprogramma "streekgebonden gastronomie"

intervene and change our perspective on hospitality education, traditional hospitality, rituals (and eventually biodiversity) will slowly disappear. The minor in Food Service offered by the HMSM tries to tackle this by breaking from existing thought patterns.

Threats

Limburg has to find a way to break the trend in consumer's tendency to buy more for less by pointing out the importance of good, fair and traditional products. With that, it has to find ways to escape the competition from current hospitality businesses.

The new world combining old and new

If we want to escape such a future in food service, we have to leave our old thinking patterns and teaching methods behind and start a revolution. We have to use the talent of young students and make them aware of what is happening to our food. One this is for sure: The cost leaders have determined our food consumption and our flavour pallet for too long!

An example of combining the old and the new world of food service is the conception of the Agroproduction and Leisure Park in the south of Limburg.

The scenic and touristic-recreational value of Limburg is decreasing with the disappearance of traditional paddocks, fruit cultivation and livestock farming. As a reaction to the current situation, Limburg asked itself the following question: How can the province, with its local products and biodiversity, make itself interesting to today's cultural tourists? In other words: How can the experience value of Limburg scenery be utilized and converted into financial gain? To answer this question, the Agroproduction and Leisure Park Foundation South Limburg was established; an initiative that combines Limburg's current situation with its opportunities, threats and food service trends.

Agroproduction and leisure park

The Agroproduction and Leisure Park is a dual concept that combines the two largest economic sectors in the province: traditional agriculture and leisure. The idea is to realize a concept in which local products/production can provide benefits by utilizing its own production channels and commoditization and provide tourism benefits by serving as a touristic day trip. In addition, the creation of local food brands has to lead to branding of and collaboration within the entire Limburg region.

Europe has plenty of examples in which primary products are loaded with local experience value and thereby support the local economy.

The ALP focuses on dairy products and fruit, as these products provide Limburg with the most potential in terms of production possibilities, visibility and experience value. On the ALP grounds, visitors can find a restaurant, a farm shop, the possibility for excursions and workshops, the farmers themselves and more.

In order to make the concept of the ALP successful, we have to combine some aspects of the old world of food service with certain aspects of the new world. First of all, we have to break our old thinking patterns and, with that, the idea of getting more for less. The old, traditional way of teaching has to be left behind and we must challenge our young,

ambitious talents to creatively innovate our traditional hospitality sector. In order to accomplish this, new learning programmes must be gradually developed, with respect for traditional rural aspects. We have to take the rich biodiversity and local products of Limburg with us and transform collaboration between producers, marketers and consumers. We need to bring market leaders back to the world of artisanal food producers. We need to design new food concepts of our own rural biodiversity and we need to tell the story behind our products. Concepts (like the ALP) have to be developed in order to make it an ongoing success.

Conclusion

The beautiful, unique Euregional location of Limburg together with its image, availability and concentration of knowledge institutes and (inter)nationally renowned companies, culinary events and passion for regional producers offers possibilities to challenge the province's strengths. What has to be done in order to position Limburg as a first-rate gastronomic region?

First of all, Limburg must make the schools and the provincial government aware of the importance of teaching students about the diversity of its landscape and fields. Students should then get the chance to familiarise themselves with these products and learn how to use them as chefs or cooks. Thanks to these cooks, restaurants will be able to tell inspiring stories about the way specific products are produced.

Collaboration among entrepreneurs can help raise awareness among cultural tourists. When starting businesses like the ALP, tourists and inhabitants of Limburg will be able to buy these products for use at home and thereby reinforce their underlying stories.

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E- and blearning in European Tourism Higher Education courses: benefits, barriers and challenges

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Abstract

Having changed the nature of services and work within the hospitality industry, technological developments and the use of ICT are also having an effect on tourism education and training.

This paper presents a literature review focusing on recent research as to how European Higher Education Institutions are incorporating flexible learning models, namely e- and b-learning, into their tourism courses and programs. Using a variety of sources, including articles, conference proceedings, reports and thesis published within the last 5 years, it outlines a range of learning models available and discusses the overall perceptions of faculty staff and students involved, presenting some of the most recurrent advantages, as well as challenges and barriers.

In addition to this more general outline, special attention will be given to the Portuguese case, concluding that, even though it is a growing trend, the process of adoption of flexible online based learning models in tourism education is still at an early stage of development.

Key Words: Tourism education, e-learning, b-learning, ICT

Introduction

The 1960s witnessed significant changes regarding the hospitality industry in Europe, which ultimately resulted in the emergence of tourism as a distinct area of study (Airey, 2005).The growth of tourism activity raised the interest of both public and private sectors and created the need for a more skilled workforce and more professional services, which prompted educational institutions to create and develop tourism courses and programs (Fidgeon, 2010). Trying to keep up with he industry's needs and developments, Higher Education Institutions (HEI) also founded independent research centers that were instrumental in helping the industry keep up with the markets and technological developments and changes (Airey, 2005).

Considered to have been going hand in hand for years (Buhalis et al, 2011), technological progress and tourism are closely interrelated. Referring to this synergy, Buhalis & Law (2008) argue that 'the energetic growth and development of the [tourism] industry are perhaps only mirrored by the growth of ICTs', which have brought significant changes to the industry taking it 'to new levels of interactivity, propelling management by wire' (p609).

Werthner & Klein (1999), on the other hand, consider that 'tourism incorporates many of the features of the information society such as globalization, mobility and information richness' (p256) making them natural partners and mutual enablers.

Being one of the 'strongest driving forces for changes within the tourism industry' (Werthner & Klein, 1999 p256), Information and Communication Technologies (ICT), as well as the internet itself, have played an increasingly important role in promoting not only innovation, new business models and new ways of organizing work, but also the learning process (Buhalis & Law, 2008; Cantoni, 2009; Collins et al, 2003). Nevertheless, even though the impact of ICT in the tourism industry has been widely recognized and studied, research on this area is still emergent (Buhalis et al., 2011; Gomezelj & Čivre, 2012). In fact, recent literature reviews focusing on information technology in the hospitality industry reveal that research in this area is dominated by applications, automations and the internet's effects on distribution, pricing, and consumer interactions (Buhalis & Law, 2008; Collins et al, 2003; Gomezelj & Čivre, 2012). The attempts made to catalogue and analyze the use of technology and specifically e- and blearning in tourism education have shown that, while there is an increasing number of tourism and hospitality HEI that are incorporating the internet into their instruction (Bailey & Morais, 2005; Christou & Sigala, 2001; Sigala, 2002) and acknowledging its relevance and advantages (Kasavana, 1999), when searching for literature in the area of online learning in tourism there are very few studies available (Cantoni, 2009; Gomezelj & Čivre, 2012; Haven et al, 2003; Inui et al, 2006). It was only very recently that the strategic dimension of ICT and the role it plays in supporting flexible models of learning have started to consistently emerge in the literature (Buhalis & Law, 2008; Bustelo et al, 2010; Donnelly, 2010; Fortune et al, 2011; Hjalager, 2010; Liburd, 2012).

Considering this interest and the increasing focus on the topic of innovation in tourism (Hjalager, 2010), it is therefore necessary to gauge the current state of play regarding the role of internet pedagogy in tourism higher education in Europe. Based on that premise, and after briefly discussing how e- and b-learning can benefit tourism and hospitality education, we will analyze the research carried out on this topic in the last five years. Focusing on the European situation, we will describe how HEI are implementing e- and b-learning initiatives and how they are perceived by faculty staff and students, also discussing the challenges and constraints associated with this shift.

Flexible and online models in tourism education

The evolution of technology has led to a confusing variety of concepts in the field of education, such as distance education, e-learning, online learning or blended learning, that are often used interchangeably, even though they entail different dimensions. While distance education is regarded as an 'umbrella concept' that includes distance learning, open learning, networked learning, flexible learning, distributed learning and learning in connected space (McIsacc & Gunawardena, 1996), e- and b-learning are more specific terms that apply to specific situations.

The European Union defines e-learning as 'the use of new multimedia technologies and the internet to improve the quality of learning by facilitating access to resources and services as well as remote exchanges and collaboration' (European Comission, 2001, p1). It can include: (1) online education and training; (2) the use of ICT; and (3) the transformation of education and training through the use of ICT (Cantoni, 2009; Kalbaska et al, 2013; Kalbaska et al, 2012).

As for b-learning, the concept conveys the idea of 'blend' and refers to different situations in which technology is used to complement classroom activities (Dziuban et al, 2004). Heinze & Procter (2004, p12) define it as 'learning that is facilitated by the effective combination of different modes of delivery, models of teaching and styles of learning, and founded on transparent communication amongst all parties involved with a course'. E- and b-learning should represent a 'transformation of how we approach teaching and learning' (Garrison & Vaughan, 2008) and have a significant impact in the way students work and learn in and outside the classroom, making courses more participated, interactive and student-centered.

All these premises can be applied in the field of tourism, a field in which ICT and the internet have had a great impact and are considered crucial for the future of institutions, namely those: 'in economically depressed regions that wish to contribute to the economic upliftment of such areas by distributing up-to-date information and offering quality tourism and hospitality instructional programs' (Tassiopoulos, 2010, p54).

Europe is currently undergoing an economic crisis and experiencing major transformations in higher education structures (Bustelo et al., 2010). In this context, the use of ICT and the internet offers great flexibility and can help HEI by 'establishing international linkages, information and knowledge transfer and improving delivery and the quality of material received by learners' (Tassiopoulos, 2010, p54). E- and b-learning can also appeal to a broader audience. With a growing number of working students that cannot attend traditional classes on a regular basis and companies that require flexible training for their staff, implementing these courses can be strategic for reaching previously untapped markets (Collins et al, 2003; Sigala, 2002; Stuart-Hoyle, 2007).

With tourism students becoming increasingly interested and reliant on using online resources to enhance their learning, some studies even suggest that using online environments increases student involvement, reduces absenteeism, and improves overall student achievement (Bailey & Morais, 2005).

In addition to these features, technology based instruction is also considered to help learners: (1) adjust to the technological changes taking place in the tourism environment and get used to the technological changes occurring in the tourism workplace (2) experience multicultural diversity; (3) improve their managerial skills; (4) overcome time and space barriers, and (5) improve communication and listening skills (Chernish at al, 2005; Christou & Sigala, 2001; Liburd, 2012; Sigala, 2002).The importance of collaboration, critical thinking and communication skills is stressed by many authors (Buhalis & Law, 2008; Christou & Sigala, 2001; Sigala, 2002) – with Liburd, (2012) going as far as stating that it gives all those involved the 'opportunity to organize into new professional communities and to be an unbiased cultural actor on the civil society axis' (p128).

There are many different ways tourism educators use technology to support their teaching. Besides the use of Virtual Learning Environments (VLEs), such as Moodle or Blackborad, to support their class teaching, distribute notes, link to resources, stimulate discussion and facilitate marking and course administration (Buhalis & Law, 2008), there are studies documenting the use of internet and computer simulations (Di Blas et al, 2010; Cantoni & Kalbaska, 2010; Evans, 2008; Johnson & Levine, 2008). But despite these developments and investment, research has shown that the focus is still on facilities and procedures rather than on pedagogy and the promotion of innovative

practices. As put by Christou & Sigala (2001) most educators exploit the internet to automate rather than to transform their instructions and foster pedagogical innovation.

Methodology

This review includes published research addressing the incorporation of flexible learning models, namely e- and b-learning, into tourism courses and programs in European HEI in the last 5 years. In order to collect evidence a variety of sources that included articles, conference proceedings, reports and thesis were considered. Using specialized databases (ERIC, B-On and RCAAP), searches were conducted using the following search terms: 'elearning', 'blearning', 'tourism' and 'higher education'. Considering that 'keywords need carefully consideration in order to select terms that will generate the data being sought' and that 'the keywords used to identify terms may differ (…) in spelling and meaning' (Coughlan et al, 2007. p40), alternative keywords with similar meanings and spelling were also used to elicit further information. Those keywords included 'e-learning', 'b-learning', 'blended learning', 'online learning' and 'distance education'. These keywords were combined using the Boolean operator "AND".

To ensure that relevant articles were not missed, the database searches were followed up with a search using Google Scholar. Limiting the research to resources either in English or Portuguese and available in full-text, a body of 117 documents was retrieved. After cross-referencing all the articles and analyzing the abstracts, only those that applied to Europe and described cases that involved HEI institutions and tourism education were considered, making up a final corpus of 31 documents.

Current research on the use of ICT in tourism education: issues, projects, perceptions, constraints and challenges

Despite scarce, the literature describing and analyzing e- and b-learning initiatives within European HEI is very diverse and can be divided into three different categories: studies dealing with strategic issues; analysis of specific projects and courses; and student and faculty satisfaction. Using different approaches, most articles also point out challenges and constraints associated with the implementation of these initiatives within the different HEI.

- Strategic issues

Rather than focusing on a particular HEI some articles and reports analyze or document broad national or international projects or initiatives dealing with e- and/or b-learning. Many of these projects are financed either by local governments (Donnelly, 2010; Liburd, 2012) or the European Union (Friedrich & Schier, 2011; Notarstefano, 2011) and share two common goals: to support the design and implementation of effective e- and b-learning models and understand how they can be facilitated.

More than e-learning projects, two of these initiatives – INNOTOUR and WeNet - focus specifically on tourism and hospitality and thoroughly describe the creation of Web 2.0 and e-learning portals for tourism education, research and business development. Relying upon user participation these platforms are available both as a tools and dynamic collaboration interfaces with other universities (Friedrich & Schier, 2011; Liburd, 2012). Described as a platform that 'encompasses opportunities for immersion: academic sources, many tests and tools, models and theories, a profusion of innovation cases, and

the opportunity to play with ideas and creative processes' (Liburd 2012, p128), INNOTOUR is already considered a success case in integrating web 2.0 technologies in tourism higher education and fostering participation and collaboration. Nevertheless, and despite the student's interest in the platform, the author considers that it is vital to 'enhance students' motivation to work with the platform as a serious study activity' as evidence suggests that they are very focused on having 'clear directives about the syllabus, assignments, and deliveries' (Liburd, 2012, p124). As for teachers, the development and adaptation of specific materials is deemed to be the most challenging. There are also indicators that both students and faculty have problems in collaborating and dealing with criticism, with researchers concluding that 'the successful integration of Web 2.0 in education requires students and teachers to take on radically different roles from the traditional ones'. As a conclusion, it is argued that 'despite skepticism, it is (…) necessary to instigate visionary processes, albeit on an experimental basis' (Liburd, 2012, p108).

Bustelo et al (2010), on the other hand, focus on Spain's current situation within the European Higher Education Area and describe the objectives, skills and subjects taught in Spanish universities that offer tourism courses. After an extensive literature review, the authors list the general generic and specific skills Spanish graduates in tourism should develop, as well as the area's and subject's scope covered and the teaching and delivery methods. Arguing that 'the teaching methods should provide a more interactive and collaborative learning', the author suggests an increased use of ICT and making a 'greater use of simulation, the case method, experiential learning and the participation of tourism professionals in the classroom in order to combine theoretical knowledge with practice' (Bustelo et al, 2010, p1215). This idea is shared by Laborda (2009), who has also studied the use of the internet in Spanish universities. Both authors suggest strategies that should draw Spanish HEI nearer to what is expected by the EU.

Another of these broader and strategic studies sought out to catalogue the different online courses available in the tourism area worldwide. After some initial difficulties and the inclusion of broader criteria, 300 courses were found, of which 114 were considered to belong to the Academic category, i.e. programs provided by official educational establishments. Despite the lack of data referring specifically to Europe, researchers conclude that, overall, the main target of these courses are young people and tourism employees who would like to receive interactive educational materials and are looking for flexible and interactive learning experiences (Cantoni, 2009).

- Projects and courses

The documents retrieved in this category focus on specific programs or activities and describe not only how different courses are being delivered in the several HEI, but also the choices regarding platforms and specific tools and/or services.
Delivery wise there is a widespread use of Learning Management Platforms in tourism education (Cerna & Poulova, 2008; Gomezelj & Čivre, 2012; Hussey et al, 2010; Joukes et al, 2012; Moccozet, 2009; Moreno & Basanta, 2010) with HEI favoring a blended approach (Christou & Sigala, 2001; Evans, 2008; Gomezelj & Čivre, 2012; Hussey et al, 2010; Sigala, 2012), where 'emphasis is placed (…) on motivation devices and on tools supporting communication' (Cerna & Poulova, 2008, p56). Based on the literature, blended courses tend to be organized in modules with initial face-to-face lectures, followed by autonomous and/or group assignments that can be completed offline (Cerna & Poulova, 2008; Chandran, 2010; Gomezelj & Čivre, 2012; Moccozet, 2009; Moreno &

Basanta, 2010; Sigala, 2012). The face-to-face sessions are intended to help structure the assignments as   they are given 'precise instructions (and) form(ed) groups' (Gomezelj & Čivre, 2012, p163) and also to carry out assessment tasks and complete exams (Cerna & Poulova, 2008; Evans, 2008; Gomezelj & Čivre, 2012). Other researches emphasize the existence and importance of online formative tests (Costa et al, 2012; Joukes et al, 2012). Rather than analyzing delivery models and structures, other authors studied the use of technological and particularly web 2.0 services and tools within specific courses. Considering that the literature on the use of ICT in tourism education is gradually evolving from an automate approach and becoming more strategic and operational (Buhalis & Law, 2008), the use of communication, authoring and collaboration tools are coming to deserve more attention as ways of improving communication and promoting flexibility and mobility (Di Blas et al., 2010; Sigala, 2012).

Considered an important resource when 'moving from a face-to-face experience to an electronic experience' (Beard et al, 2007) the use of video in tourism education is becoming recurrent (Beard et al., 2007; Dale et al, 2007; Evans, 2008; Mitra et al, 2010). Describing experiences that included producing videos to enhance student's learning experiences Mitra et al (2010) have found evidence that it can promote deeper learning and a holistic approach. Video content is considered to simulate real and lifelike experiences, an issue that is key when discussing the use of simulation tools, virtual words and roleplaying games (Cantoni & Kalbaska, 2010; Johnson & Levine, 2008).

Even though simulations have long been accepted and used as support in management courses within the hospitality and tourism industry, it wasn't until recently that it started to be used to help tourism and hospitality students deal with clients and develop communication skills (Cantoni & Kalbaska, 2010). For instance, describing an experimental game – 'The Waiter Game' – the researchers involved believe this kind of tool can have a positive impact in improving the way future hospitality workers deal with problems and unexpected situations, also giving them a sense of 'working environment in a hospitality firm' (Cantoni & Kalbaska, 2010, p84), thus contributing to an immersive learning experience, something that is also explored in Johnson & Levine's (2008) work.

Having conducted a broader study that includes experiences from the tourism field, and considering that 'technology has added much to the sorts of experiences one can have in a virtual space' (p162), Johnson & Levine (2008) describe a project in which the Ministry of Tourism of Morocco and a Welsh University collaborate in order to create a space within the virtual world Second Life. Drawing attention to the fact that virtual worlds are flexible and support role-playing activities, they emphasize the importance these experiments can have in promoting overall interaction, language learning and cultural awareness.

An 'interactive medium for enhancing the student learning experience' (Dale et al, 2007, p56), i.e. the use of podcasts, is also deemed valuable in this context. Either by enhancing lectures or the learning process itself (Evans, 2008), podcasts present 'a great opportunity to meet the learning needs of the 'iPod' generation' and are becoming more common (Dale et al, 2007, p56).

-Students and faculty satisfaction

Even though some of the aforementioned studies make reference to the students' and faculty's perceptions on the use of ICT and the implementation of e- and b-learning

approaches in tourism and hospitality courses (Cerna & Poulova, 2008; Donnelly, 2010; Hussey et al., 2010; Mitra et al., 2010) very few focus on their satisfaction and opinions.

Gomezelj & Čivre (2012) believe that as the interest in e- and b-learning increases, educators should be concerned with identifying 'the essential factors/predictors which affect student satisfaction with e-learning' (p160). Using a survey and a new approach to analyze different dimensions of students' satisfaction with online courses and activities, Gomeztjl considers that student's satisfaction relies on; 1) personality of students, (2) e-learning properties, and (3) e-classroom properties, and that 'offering interesting and interactive e-material in a user friendly environment' (p171) and adding value to the courses is crucial for their success.

Also based on surveys, Cantoni & Kalbaska (2010) on the other hand, believe that students' satisfaction is influenced by: 1) the students' general impressions (based on their overall experience); (2) educational issues (structure and available materials); (3) communication issues; and (4) technical issues.

Despite these discrepancies and agreeing that these studies are still very limited, authors believe that this kind of feedback can, nevertheless, help HEI plan 'efficient and flexible online education courses' (Gomezelj & Čivre, 2012, p159). Knowing the different audiences and their perceptions also makes it possible to develop tailor-made solutions that address their 'major needs for a sense of involvement, relevance and flexibility' (Hussey et al., 2010:77).

All the studies on this particular topic also have in common the fact they are part of preliminary and/or alpha or pilot versions of activities/ initiatives, clearly stating that both students and staff should be included in course design processes.

- The Portuguese case

Recently at the 2nd SCE Tourism Conference in Lisbon many researchers, most of which Portuguese, have discussed the themes of education and innovation in tourism and concluded that in order to address employability and prepare students for the labor market, it is essential to deepen and promote new ways of teaching and training.

Described as a 'great challenge, specifically within Portuguese Higher Education' (Pombo et al, 2010, p218), e- and b- learning have only recently started to emerge as a distinctive concepts in the country (Bielschowsky et al, 2009). Very close and subordinated to the much broader terms of distance education or distance learning, these approaches are gradually getting some recognition as feasible and promising alternatives that can adapt to different settings and users.

Based on the use of LMS and VLE most Portuguese HEI started off by creating documental repositories that supported face-to-face courses with only a few actually providing students with alternative pedagogical models. The importance of LMSs and VLEs, particularly Moodle (Duarte & Gomes, 2011), has been widely documented in recent studies and research projects that analyze specific courses and programs (Cardoso & Correia, 2009; Gonçalves, 2007; Legoinha et al, 2006).

Even though some studies state that there has been a significant increase in e- and blended offers in Portuguese HEI (Duarte & Gomes, 2011; Peres et al, 2011) the lack of

official data makes it harder to determine exactly how rapidly and to what extent. There are, however, indicators that suggest that this is a growing trend – i.e. the number of published papers and Master's/PHD thesis dealing with these issues is also on the rise, many of which documenting and analyzing specific courses that are yet to be mentioned in official reports and governmental statistics.

When considering Tourism Education specifically, this lack of data is even more noticeable. Based on the already mentioned search criteria only two studies were found, all describing experiences with b-learning and the use of LMS (Costa et al., 2012; Joukes et al., 2012). However, if you browse through the different HEI's websites, it is easy to come across blended courses, some of which were created very recently. This raises questions as to the need to carry out research on this topic and publishing it on highly ranked journals. Even though there are researchers working on these topics, it seems that their work is not getting enough attention and is not indexed to academic databases.

Final Remarks

Europe is undergoing a major transformation of higher education structures, making it necessary to create new traditions and teaching methods that ensure that students and institutions can contribute with critical knowledge and be instrumental in promoting innovation (Hjalager, 2010; Liburd, 2012).

Tourism is currently the EU's third largest socioeconomic activity and a crucially important sector that promotes employment and development. When preparing students for the workplace and developing skills that allow them to be creative and flexible, HEIs involved in tourism and hospitality education should be at the forefront of developing and implementing new programs and methods for delivering their courses.

Keeping up and adjusting to the specific work conditions within the tourism and hospitality sector, e- and b-learning can be an effective means of preparing students for the global tourism workplace, which increasingly requires a specialized workforce that can work collaboratively. This idea is shared by many researchers that consider that ICT and the internet provide innovative tools and techniques that enhance learning and improves student and faculty satisfaction.

Nonetheless, the use of ICT and the implementation of e- and b-learning in HEI are not without problems and there is still work to be done. With few studies available (Lorenzo Cantoni, 2009; Gomezelj & Čivre, 2012; Haven et al., 2003; Inui et al., 2006) and with many educators using ICT and the internet to automate rather than to transform their instructions and foster pedagogical innovation (Christou & Sigala, 2001), e- and b-learning alternatives are still underrated (Liburd, 2012).

As e- and b-learning are redefining the way skills and knowledge are developed, educators need to re-examine how online learning occurs and how online instruction can be facilitated. Despite all the skepticism, it is therefore necessary to set the foundations for visionary processes and carry out further research on how the tourism and hospitality educational community can support the design and implementation of effective e- and b-learning approaches and move on from current educational paradigms.

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Sustainable Tourism Development in Armenia

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Abstract

In the last two decades sustainability has become a central matter in tourism, giving rise to more proactive development strategies from destination management organizations, to more responsible attitudes from the tourism industry, as well as increased awareness and concerns from consumers, particularly in developed countries. However, in developing countries, sustainability with regard to tourism is still an emerging issue. This paper addresses the process of sustainable tourism assessment in developing countries, namely which indicators can be put into practice in order to help tourism organizations and tourism businesses to meet sustainability requirements and to gain the confidence of tourism markets. Results of the research will be summarized in order to identify the set of indicators to measure and monitor tourism sustainable development that can be applied to developing countries, with a special reference to Armenia.

Key Words: Sustainable tourism development, sustainability metric, Armenia

Introduction

With many communities now dependent on tourism for their economic livelihood, long-term sustainability through a local, multi-stakeholder process is becoming a key issue for destination management (Dodds 2012). With the publication of 'Our Common Future' by the World Commission on the Environment and Development's (WCED) in the late 1980s (WCED 1987) which was considering sustainable development as an environmental management concept, a growing proportion of the tourism research literature has focused on the principles and practice of sustainable tourism development. 'The term sustainable tourism has come to represent and encompass a set of principles, policy prescriptions, and management methods' (Hunter 1997:850). However, the principles of sustainable tourism development appear to have been established by developed countries without taking into account conditions in the developing world (Tosun 2001). The main purpose of this article is to discuss the process of tourism development in developing countries in the terms of sustainability with special reference to Armenia.

One of the aspects that characterise many developing countries is the lack of information and written material both with regard to development indicators in general, and with regard to sustainability and tourism issues in particular. In fact, almost every kind of information is treated as confidential. As such, attempts to understand tourism sustainability and its assessment, in developing countries, are likely to be difficult, if not impossible. For that reason, the article may reflect in part assertions based upon the author's observation. A major conclusion is that in fact sustainable tourism development is extremely hard to achieve in developing countries first because of the absence of a universal list of indicators, together with the difficulty in aggregating the considerable amounts of information required; and secondly without the collaboration of the

international tour operators and donor agencies such as the World Bank (WB) and the International Monetary Fund (IMF).

Methodology

In order to meet the final objective of this paper, i.e. "to assess the process of tourism sustainable development in Armenia", the following research questions are formulated:
    -What is the current stage of tourism development in Armenia?
    -What was the path of evolution of the paradigm of sustainable development and tourism sustainable development?
    -What kind of indicators can be used in order to monitor and assess the process of tourism development in accordance with sustainability guidelines?
    -What specific indicators are needed to draw a scheme for sustainable tourism development and monitoring in Armenia?

Figure 1. Methodological Plan
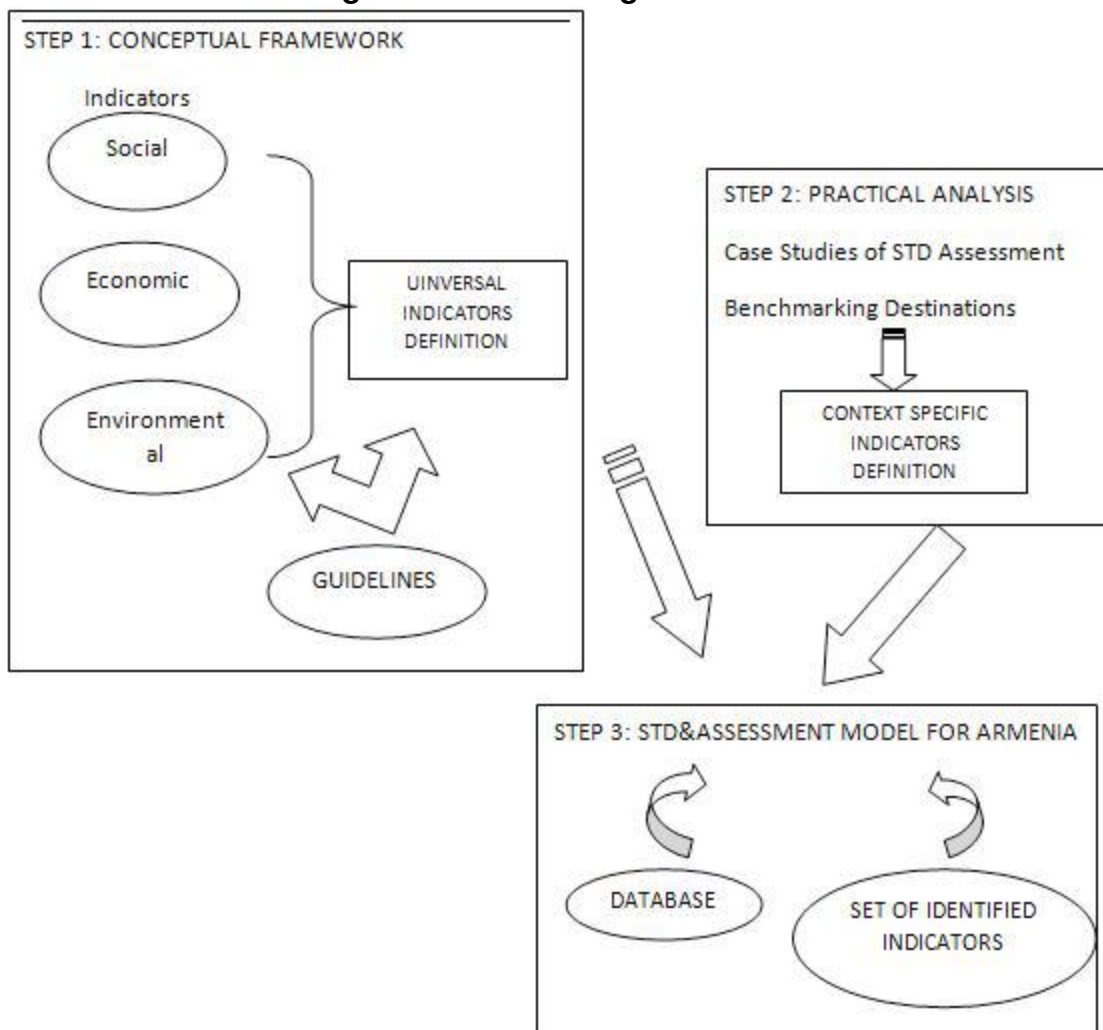
The methodology used for this paper is mostly based on secondary data. Therefore, to fully answer the research questions the following steps were considered. STEP 1 aims to identify the conceptual framework and the existing literature on sustainable development, tourism sustainability, sustainability assessment and metrics as well as to identify all the known indicators considered to be of relevance to economic, environmental and social

perspectives of tourism sustainable development and accordance to the guidelines provided by the UNWTO.

STEP 2 it is supposed to define the set of context specific indicators by benchmarking and cross-relating different case studies undertaken in the field of sustainable tourism development and assessment.

Finally STEP 3 is designed to recommend a sustainable tourism development and assessment model for Armenia using the available tourism-related database and already identified indicators.

Sustainable development and tourism sustainability

Social and environmental issues in the tourism field were considered for the first time by tourism researchers almost four decades ago (Allen et al 1988; Cater 1987; Liu & Var 1986; Brougham & Butler 1981; Smith 1977; Turner & Ash 1975; Young 1973). However, the specific term 'sustainable tourism' started being in use barely two decades ago (May 1991; Nash & Butler, 1990).

The concept of sustainable tourism, like sustainable development suffers from limitations, derived from the ambiguity, or lack of consensus in its definition.

However, sustainable tourism development most certainly should be considered as an adaptive paradigm (Hunter, 1997) which aims at contributing to objectives of sustainable development and development in general by determining special principles in the light of its parental concepts.

In this context Hall (1998) describes sustainable development as an 'essentially disputed concept' which is trying to review the conflicting value positions in terms of the environment.

The most commonly used definition of sustainable development is still the one given in the report of the World Commission on Environment and Development (WCED 1987) considering sustainable development as '… a process to meet the needs of the present without compromising the ability of future generations to meet their own needs'.

At the core of sustainable development is the need to consider 'three pillars' together: society, the economy and the environment. Even though the Brudtland Commission presented a two-pillar model reflecting environment and development concerns, the 'three-pillar' or 'triple bottom line' (TBL) model separates development issues into social and economic factors, emphasising that 'material gains are not sufficient measures or preservers of human well-being' (Gibson 2001:7). For the purposes of this article, the TBL can be considered an interpretation of sustainability that places equal importance on environmental, social and economic considerations in decision-making. Thus, sustainable development does not focus solely on environmental issues. More broadly, it encompasses the three general policy areas.

Sustainable development (and its sequel sustainable tourism) could be understood differently by everyone, and is easily accepted by any group (Romeril 1994). According to some authors (Bramwell et al 1993; Mowforth et al 1998), this concept is seen as the development and intensification of tourism, while others understand this concept as an

alternative tourism and counteract to the development of mass tourism (E.g. Weaver 2006).

Despite the myriad of definitions they all have main features (either explicitly or implicitly), which are: 1) A desirable human condition: a society that people want to sustain because it meets their needs. 2) An enduring ecosystem condition: an ecosystem that maintains its capacity to support human life and others. 3) A balance between present and future generations; and within the present generation.

As for sustainable tourism development itself it should be accepted as 'all kinds of tourism developments that make a notable contribution to or, at least, do not contradict the maintenance of the principles of development in an indefinite time without compromising the ability of future generations to satisfy their own needs and desire' (Tosun 1998:596). In this sense another definition given by Butler (1993:29) seems to be a significant contribution in unifying the concept of sustainable tourism development with its parental concepts. The definition states that: 'sustainable development in the context of tourism could be taken as: tourism which is developed and maintained in an area (community, environment) in such a manner and at such a scale that it remains viable over an indefinite period and does not degrade or alter the environment (human and physical) in which it exists to such a degree that it prohibits the successful development and well-being of other activities and processes'.

Respectively, the Committee of Ministers of the Council of Europe (1995) claims that sustainable tourism development is appropriate to all forms of development and management of tourist activities that respect the environment, protect for a long-term the natural and cultural resources, and are socially and economically acceptable and equitable.

Sustainable tourism development as derived from the main definition of the sustainable development itself is considered to be a development which: '...meets the needs of present tourists and host regions while protecting and enhancing opportunity for the future'. Thus, sustainable tourism is seen as a guide by the World Tourism Organization (UNWTO) in managing all resources, in such a way that economic, social, and aesthetic needs may be met, while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems thus satisfying current tourist and host community needs, while protecting and improving future opportunities' (UNWTO 2005).

The enumerated definitions, however, propose that tourism, even if sustainable, cannot be discussed outside of the context of the integrated development of all the activities being important for sustainable development in a particular area. Neither economic sustainability, nor ecological sustainability, nor tourism sustainability, nor any other can be discussed separately. Besides as claims the UNWTO sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary. Moreover, Angelevska-Najdeska & Rakicevik (2012) point that planning of sustainable tourism development seems the only way to successfully overcome the daily changes that occur in turbulent surrounding when it comes to prevention of disorder of tourism development. The concept of sustainable tourism development involves balanced

economic, social and cultural development without endangering the environment, which enables the maximisation of its potentials.

Sustainability Assessment and Metrics

Even though sustainability assessment is being increasingly viewed as an important tool to aid in the shift towards sustainability in tourism, little practical methodology has been developed. Moreover, some tourism academics even argue that sustainability in tourism is generally an aspiration or a goal, rather than a measurable or achievable objective (Middleton & Hawkins 1998). Miller (2001:361) however,   provides an encouraging contribution stating that: 'Although it seems paradoxical to develop indicators for sustainable tourism when no satisfactory definition of the concept exists, the process of developing the indicators does help in determining the important tenets of the concept'. As Stoeckl et al (2004) suggest if one cannot measure sustainability; indicators can at least provide an indication of change although partial.

Sustainability assessment is often described as a process by which the implications of an initiative on sustainability are evaluated, where the initiative can be a proposed or existing policy, plan, programme, project, piece of legislation, or a current practice or activity. However, this generic definition covers a broad range of different processes, many of which have been described in the literature as "sustainability assessment" (Pope et al 2004).

Starting with the Brundtland report and the Rio Summit, researchers and universities, environmental organizations, think tanks and national governments have furthered the measurement of progress on sustainable development. Indicators have been developed to complement and augment the default measure of progress, gross domestic product (GDP), which is a measure of a country's overall official economic output in the formal sectors. These indicators aim to reflect a more deep perspective of what constitutes progress, and seek to refine the conceptualisation of wealth, capital, and development. Examples include the Human Development Index developed by the United Nations Development Programme (UNDP) and the gross national happiness indicator of Bhutan. Other measures focus more specifically on the state of the natural environment, including the WWF's Nature's Living Planet Index and the Happy Planet Index of the New Economics Foundation.

The Organisation of Economic Co-operation and Development (OECD, 2008) and the International Institute for Sustainable Development developed the Bellagio STAMP (Sustainability Assessment and Measurement Principles) as a set of guiding principles to review and evaluate progress towards sustainability under the OECD's Measuring the Progress of Societies program. This initiative involves UN organisations, national governments, and civil society organisations in the development of alternate measurements of human progress that more accurately account for social and environmental factors. Different countries have developed sustainable development indicators to supplement economic indicators.

Many companies report on sustainability, including through Corporate Social Responsibility (CSR) reporting. More than 1,500 organisations from 60 countries have used the guidelines from the Global Reporting Initiative (which works in cooperation with the United Nations Global Compact) to produce sustainability   reports. Over 1000 reports

were submitted to the initiative in 2008, a 46% increase from 2007 and 2008 (Global Reporting Initiative 2010).

Ross and Wall (1999) argue that there are very few practical assessments of the status of sustainable tourism at specific locations,   is partly the absence of a standardized, evaluative criteria Therefore, this study tries to develop a reasonable method to evaluate the sustainability of a touristic site.

Broadly speaking, an indicator is a measure, generally quantitative, that can be used to illustrate and communicate complex phenomena simply, including trends and progress over time (EEA 2005).

According to UNWTO (1996), the indicators measure the information and through which decisions makers could reduce the chances of making the wrong decisions. Although in theory it sounds elegant, the strategy for sustainable tourism based upon the indicators is complicated due to the selection process, the measurement, monitoring and evaluation of the set of relevant variables. Crabtree and Bayfield (1998:1) state that 'Indicators quantify change, identify processes and provide a framework for setting targets and monitoring performance'. Therefore 'Indicators provide critical information about current trends and conditions and help to track progress toward…goals' (Gahin et al 2003:662).

A critical analysis of existing research on sustainability assessment metrics that was conducted by UNWTO, European Environmental Agency (EEA), OECD as well as by the governments of France, Spain and United Kingdom, it becomes clear that all of them to some extent have used a similar set of indicators which are presented in the Table 1.

Table 1. Similar Indicators Used by Different Actions

1.	No. of beds in hotels and similar establishments
2.	No. of trips by means of transport
3.	Household consumption expenditure on tourism
4.	Tourism related employment (% in total employment)
5.	Tourism share in GDP
6.	Number of tourists overnight stays in different types of accommodations
7.	CO_2 emissions from energy use in tourism facilities
8.	Water use by tourists, per person and day in relation to use by residential population
9.	Generation of municipal waste by tourists
10.	Discharge of sewage water due to tourism
11	Areas used for specific leisure activities, e.g.: marinas, golf courses, ski areas etc., time series
12.	Areas covered by forest and other wooded land (%), time series
13	Protected land and water areas (% of land area in tourist regions), time series
14.	Tourists exposed to noise in hotel and similar establishments
15.	Bathing Water Quality, time series
16.	Sewage water treatment plants - volumes of water treated - time series
17.	Percent of tourist business establishments participating in recognized environmental schemes

18. Expenditure to maintain/restore cultural and historical heritage

19. Eco-labeled tourism facilities (as % of total)

20. Existence of land use or development planning processes, specifically referring to tourism activities

Source 1. Adapted from European Commission 2006

Figure 2. Armenia on the map of the world

Tourism Development and Developing World

Akdag & Öter (2011) claim that in developing countries one of the prerequisites of economic development is to increase the export revenues. In these countries, a shift from traditional agricultural economy to an industry-based economy is a must. In this sense tourism industry can be considered as a revenue generator that contributes to the overall improvement of macroeconomic indicators.

Tourism development depends upon various ranges of over-related resources such as climatic conditions, topographic features, ecosystems and habitats, unlike other industries that are single resource-based (Burton 1995). Moreover, Lumsdon & Swift (1998) distinguish three core forms of tourism demonstration in developing countries, namely, nature-based (or eco-) tourism, coastal (or beach) tourism, and heritage (or cultural) tourism.

For these countries tourism is an important incentive for conservation (Gössling 1999). Most of the national parks in Africa, for instance, would no longer persist without tourism (Vorlaufer 1997). However, Zhang et al (1999) argue that the lack of natural resources faced by most developing countries enhances the vulnerability of these resources to tourism development activities in host destinations. And it is proved to be true as the proportion of money captured from international tourism by developing countries is generally low, with only 20–40%of the retail tourist price paid for a package tour remaining within the economy of the destination country due to the outflow resulting from imported services and goods, foreign ownership, etc. (Gössling 1999).

After the negative environmental and social impacts of tourism have been exhaustively discussed (e.g. Hunter & Green 1995; Urry, 1995) emerging economies started not perceiving tourism as a low-impact, non-consumptive development option. In line with the paradigm of sustainable tourism it is believed that negative effects can be avoided or minimised if tourism development is thoroughly planned and controlled.

Therefore, in striving to prevent disorderly tourism development, in order to successfully overcome the daily changes that occur in turbulent surrounding, planning of sustainable tourism development occurs as the only way to do it successfully.

This paper aims to present an adapted set of indicators that can be used to plan and pursue tourism sustainability and even though the model was developed considering peculiarities of Armenian reality yet, it can serve as an adaptive tool for other developing countries as well.

Tourism Development in Armenia

The Tourism and Travel Competitiveness Report (TTCR) shows that there is a significant positive correlations between a country's rankings and tourism arrivals as well as with tourism receipts. Therefore it is fairly important to study Armenian stance at this context. Moreover, having data that covers 140 countries a comparison between Armenia and neighboring countries, namely Georgia and Azerbaijan, can be performed

In the 2013 edition of the TTCR Armenia is ranked 79th moving up an impressive 11 positions since the last assessment.

Table 2. Armenia: The Travel & Tourism Competitiveness Index (TTCR 2013)

	Rank (out of 140)	Score (1-7)
2013 Index	79	4.0
2011 Index	90	3.8
2009 Index	91	3.7
2008 Index	89	3.6
T&T regulatory framework	51	4.9
Policy rules and regulations	46	4.7
Environmental sustainability	114	4.1
Safety and security	37	5.3
Health and hygiene	39	5.9
Prioritization of Travel & Tourism	73	4.3
T&T business environment and infrastructure	88	3.3
Air transport infrastructure	85	2.7
Ground transport infrastructure	94	3.1
Tourism infrastructure	80	3.4
ICT infrastructure	73	3.0

Price competitiveness in the T&T industry	80	4.4
T&T human, cultural, and natural resources	94	3.7
Human resources	44	5.1
Education and training	84	4.5
Availability of qualified labor	8	5.7
Affinity for Travel & Tourism	47	4.8
Natural resources	124	2.6
Cultural resources	81	2.1

Even though there was a huge upgrading in this year index when comparing to neighbor countries (See Figure 2.) Armenia still needs huge structural improvements.

Figure 3. TTCI Comparison Between Armenia, Georgia & Azerbijan
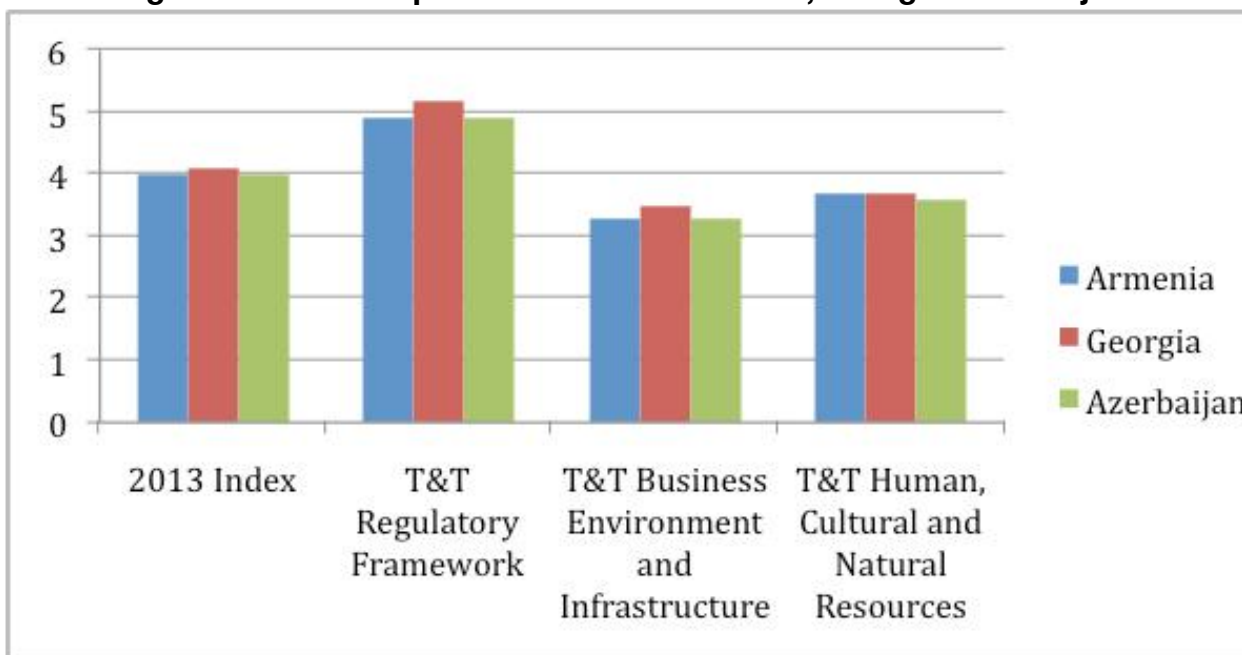
Institutional Framework

Jenkins (1980) points that tourism can be an attractive option in the path to development. People from the richer nations tend to visit far-away places, thus affecting benefit generation from income redistribution and employment in a global level. Uncontrolled tourism can also cause long-term social problems. The author argues that the host-country governments must intervene to achieve the full benefits of tourism. Therefore tourism development process in Armenia at an institutional level, is next discussed.

The objectives of tourism development state policy are defined by the national law on 'tourism and tour operating', Tourism development initiatives identified in 2000, as well as by the Tourism development concept adopted on February 13, 2008 by the Ministry of Economy.

Setting tourism as its top priority in its efforts towards economic development, the Government of Armenia established the Armenian Tourism Development Agency (ATDA) in 2000 to act as its premier national tourism organization. Since the very moment of establishment ATDA has aimed to uncover all the wonders of this ancient land to world travelers and to bring its awe-inspiring history and culture, replete with exceptional sights, sounds, and tastes, to the attention of the world's tourism marketplace (ATDA 2000).

After the first steps on the way to tourism development planning a document named 'Armenia's Tourism Development Initiatives 2001-2003' was designed in the same year of 2000. The overall goal of the TDI was to increase employment and generate income for small and medium sized enterprises located not only in the capital city of Yerevan, but in the rural regions of the country as well (ATDA 2000). The main directions of TDI were Marketing; Visitor services; Visits by foreign operators and journalists; Handicrafts development and marketing; Training; Accommodation and B&B promotion; Cultural heritage promotion; Armenian cultural festival.

For the moment planned actions for tourism development are inscribed in 'Tourism Development Concept Paper', which represents the vision in two phases: firstly by 2020 and secondly, by 2030. The main objective of tourism state policy identified in TDCP are increasing the tourism contribution to the national economy, symmetric regional development, improvement of living standards and poverty reduction. These objectives are expected to be achieved through:

-Sustaining high levels of growth in the number of incoming and internal tourists.
-Increasing tourism generated income through offering higher value products and services, and
-Creating new job opportunities.

Tourism state policy defines 7 action principles, namely: Competitiveness; International Integration; Focus and Specialization; Cooperation; Sustainable Development; Tourism as a priority sector of economy; Nature and environmental protection. These principles are based on the following 16 values: 1) Authenticity; 2) Choice & Diversity; 3) Credibility; 4) Exclusivity; 5) Familiarity; 6) Hospitality; 7) Innovation; 8) Participation; 9) Planning; 10) Positive Impressions; 11) Prosperity; 12) Quality; 13) Regionalism; 14) Respect; 15) Safety; 16) Value for Money.

TDCP highlights the main obstacles and challenges of tourism development in Armenia and simultaneously outlines the possible solutions and activities needed to overcome them. For the future development the paper emphasizes 9 objectives, such as (Armenia's Tourism Development Concept Paper, 2008): Design new, competitive destinations, prioritize tourism sites and attractions in Armenia; Provide high quality surveys, prioritize target markets; Branding of the country as a destination, profiling individual tourist sites and their effective presentation and promotion in global (target) markets; Improve accessibility and transportation; Improve and develop infrastructure; Provide high quality services; Human resource development; Ensure public health and safety; Improve destination management, business and investment environment.

Table 3. Armenia: Tourism Resources Evaluation (CAPS, 2008)

	Uniqueness/Significance	Scale/Quantity	Diversity	Quality
Cultural Tourism	High.	High.	High	High
Religious Tourism	Very High	High	Medium	High
Nature Based Tourism	High	High	High	Medium
Spa and Wellness Tourism	Above Medium	Above Medium	Above Medium	High
Adventure Tourism	Medium	Medium	Medium	Medium
Winter Tourism	High	High	Medium	Above Medium

Figure 4: Armenia: Tourist Attraction Map

The Ministry of Economy of the Republic of Armenia claims that tourism with its pace of development and with its results is one of the most dynamically developing branch of the country, which highlights statistical indicators recorded in this field in recent years.

According to National Statistical Service the value for International tourism, number of arrivals in Armenia was 843,000 as of 2012. As the graph below shows, over the past 17 years this indicator reached a maximum value of 843,000 in 2009 and a minimum value of 12,000 in 1995.

Figure 5: Armenia: Visitor Exports & International Tourist Arrivals
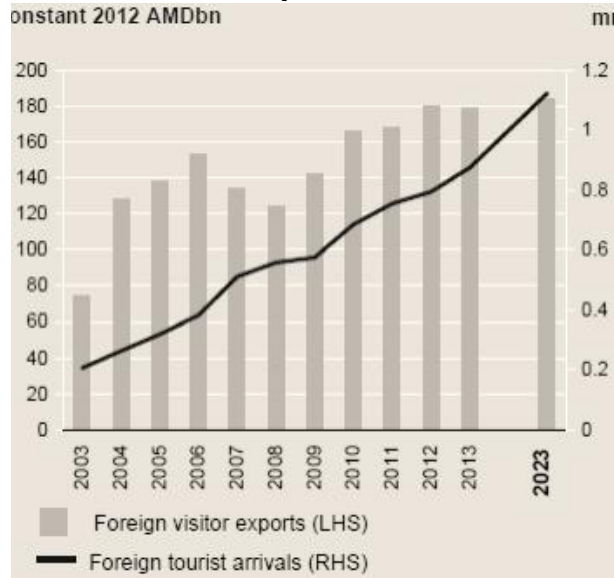
Source 2 NSS

Figure 6. Armenia: Total Contribution of T&T to GDP (WTTC 2013)
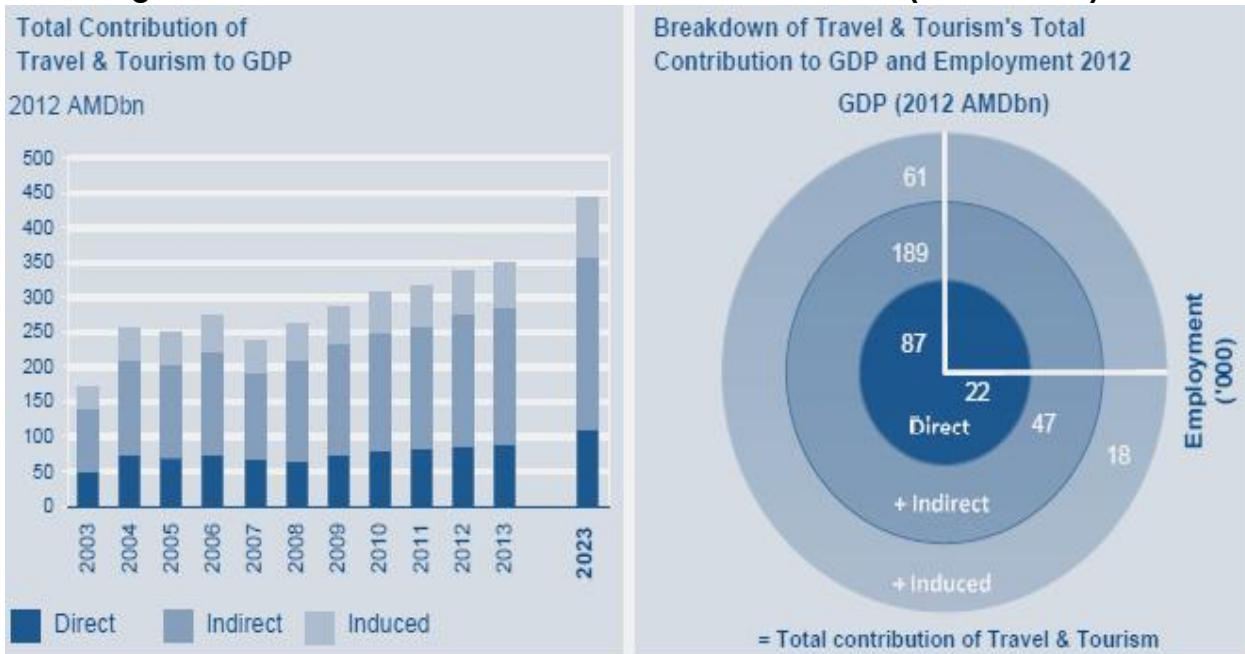
Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2012, Armenia generated AMD180.3bn in visitor exports. In 2013, this is expected to fall by 1.0%, and the country is expected to attract 874,000 international tourist arrivals. By 2023, international tourist arrivals are forecast to total 1,123,000, generating expenditure of AMD183.8bn, an increase of 0.3% pa (WTTC 2013).

Results

In order to evaluate the path of tourism development in the context of sustainability the need for basic database can't be underestimated. However, even though the development of tourism industry is stated to be a priority by the Armenian government the tradition of data collection on this field is rather weak. Unfortunately this phenomenon

seems to be characteristic to many developing countries as far as the main sources of database for these countries are still the ones provided by the international organisations such as UNWTO, World Travel and Tourism Council (WTTC), World Bank, OECD, etc.

Therefore, and because the process of sustainable tourism development assessment is dependent on information that is still not available, taking into account the lack of database on general tourism indices as well as the difficulty and resource consumption of this process the following eight indicators should be suggested as base for tourism development evaluation and monitoring (Table 4).

Table 4. Indicators of Tourism Sustainability Assessment in Armenia

1.	No. of beds in hotels and similar establishments
2.	Tourism related employment (% in total employment)
3.	Tourism share in GDP
4.	Number of tourists overnight stays in different types of accommodations
5.	Water use by tourist accommodation providing establishments
6.	Areas used for specific leisure activities, e.g.: marinas, golf courses, ski areas etc., time series
7.	Percent of tourist business establishments participating in recognized environmental schemes
8.	Expenditure and frequency of maintaining/restoring cultural and historical heritage

However, in order for some of these indicators to work as sustainability indicators further information needs to be collected and cross-compared.

Conclusions

In the last two decades sustainability has emerged as a force in the tourism industry, offering new directions and values for public policy. There have been a number of institutional initiatives in this respect, and they have shaped a framework for both theoretic and applied development, and have helped to extend the paradigm of sustainability as a general feature of contemporary tourism.

Sustainable tourism has been defined by the World Tourism Organization as 'satisfying current tourist and host community needs, while protecting and improving future opportunities. It is seen as a guide in managing all resources, in such a way that economic, social, and aesthetic needs may be met, while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems'.

However, both sustainable development and tourism sustainability concepts are still maturing and even though there is not yet even a common understanding of tourism sustainability the process of sustainability assessment and indicator creation just ensure the efforts of a destination towards sustainability.

For developing countries the greatest challenge is not just developing tourism as a contribution to the national welfare but creating a sustainable tourism in order not to face the possible challenges and damages. By studying an example of sustainable tourism

development in a developed country it becomes possible to understand how important statistic information is, and that without it is difficult to consider sustainable tourism assessment. Taking into account the internal peculiarities of Armenia from the list of indicators proposed above for measuring tourism sustainability (20) it is suggested that a subset of eight should be adopted to understand tourism development in general, and as a first estimate about the effectiveness of actions taken by different stakeholders.

It is believed this paper has accomplished the objective of discussing sustainable tourism development and assessment in Armenia, although there is still work to be done with regard to the identification of the best set of indicators. One of the limitations of this work is not only the constant evolvement of both the conceptual framework and practical achievements in this field but also the lack of information on tourism development in Armenia, which stimulate an urgent need for future research.

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Interpretation Plan of the Jacobean routes in the Barcelos medieval down town (Portugal)

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Abstract

This paper aims to present an interpretation plan for the historical routes of the Camino de Santiago in the Historic Centre of Barcelos. Interpretation is an educational activity, which aims to reveal meanings and relationships through the use of original objects, by firsthand experience and by illustrative media, rather than, simply, to communicate factual information. This plan aims to identify and interpret these historical Jacobean routes in Barcelos and their contribution to its birth, its heritage and traditions.

Barcelos was a cross of several roads, before the Jacobean pilgrimages started, in the 9th Century. However, in the Middle Ages, it got to be a key waypoint for all Jacobean pilgrims, specially after the construction of the Gothic bridge, in the 14th Century.

To this paper, was carried out a detailed reading of the existing literature on Interpretation, the Jacobean routes and the city of Barcelos. A survey was undertaken, focused on its visitors' profile and their motivations to visit this town. It presents an overview of this research and describes its main goal and specific objectives. Results suggest that its visitors' profile and motivations belong to the cultural tourism segment, justifying the opportunity of implementing this interpretation plan.

Key Words: religious tourism, visitors profile; interpretation; Jacobean routes; cultural tourism

Introduction

The aim of this paper is to develop an interpretation plan of the Camino de Santiago in the historic centre of Barcelos. And its specific objectives are, namely, mastering the theory of the interpretation and presentation of heritage; finding out its visitors' profile and their motivations; identifying the historical experiences and monuments linked to Camino de Santiago; finding out the relationship of the Jacobean pilgrimages with the genesis of this city; structuring this historic centre with lines of the evolution of the Camino de Santiago inside its walls; developping the cultural and religious tourism by promoting an image of this tourist town related to the Jacobean tradition its heritage and, mainly, its Legend of the Cock; carrying out this interpretation plan to enriching leisure experiences, perceptions of everyday life and the traditions surrounding us.

Trends in tourism show an increasing demand on the cultural destinations based on authenticity, capable of transmitting identity and balance, meeting the new concept of the new tourist who looks for something different in order to satisfy his needs for self-actualisation. The main motivation of this new type of tourism is discovering, learning and exploring different cultures.

The fact that Barcelos is supposed to be the sole city, on the Camino Portugues de Santiago with a Legend of the Cock, which may justify the aim of this Paper.

Methodology

A literature review was performed on the theory of interpretation and presentation of the heritage meaning, the Camino de Santiago and the history of Barcelos. Also, visitor's surveys were performed, in the field, to assess their profile and motivations to visit this city. This survey was conducted through a questionnaire with 13 questions divided into 3 categories: motivations (5), city image (1) and visitor's profile (7). With these responses, visitors' profile and motivations were set up in order to make up the market segmentation. Also, participating in meetings and cultural activities of the Jacobean Association; interviewing people connected to the Camino de Santiago. Then, identifying the most iconic features of the Jacobean route in the historic centre and its main cultural resources; meetings with the Coordinator of Technical Tourism Services in Barcelos.

Interpretation

"Interpretation is the voice of the resources" (Bureau of Land Management cit. in Knudson et al., 2003:387). Tilden, with the publication of his book "Interpreting our Heritage", in 1957, made the term "interpretation" to begin being, widely, used and recognised by the public. Actually, it may be stated that the history of the interpretation started then (Knudson et al. 2003:7-8).

The Ename Charter [12] arose from the recognition that, as the Venice Charter [13] established the principle, according to which the protection of heritage was essential for its conservation, also the interpretation of the meaning of that heritage should be an integral part of the conservation and it might be fundamental to obtain positive results from its conservation. The Ename Charter initiative was, officially, authorized by the ICOMOS and, ultimately, formulated in accordance to the standards of the ICOMOS doctrinal procedures. During 2003, several meetings were held and contacts for the restructuring of the Ename Charter. However, the second draft was, only, submitted on the 20th February 2004 and the third draft was recommended to be prepared in that same year. Then, the final draft came up in 2007 and it was, finally, approved.

The Ename Charter main goal is to define the basic principles for interpretation and presentation of the heritage meaning, as being an essential component for its conservation efforts and, also, a means to improve public understanding and its appreciation[14].

The word "interpretation" has multiple uses and meanings, as it can, also, be used in the translation between different languages. Knudson et al. (2003:4-7-8) state that the first definition of Interpretation and the mostly cited by authors who have written on this subject, is Tilden's one: "an educational activity which aims to reveal meanings and relationships through the use of original objects, by firsthand experience and by illustrative media, rather than to communicate, simply, factual information " (2007:163).

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[12] International Charter for the Interpretation and Presentation of Cultural Heritage Sites

[13] Cf. in: http://www.icomos.org/charters/venice_e.pdf, accessed on 6 February 2012.

[14] Cf. in: http://www.enamecharter.org/initiative_0.html, accessed on 6 February 2012.

Furthermore, the Ename Charter corroborates his concept and proposes the following definition: "the full range of potential activities intended to heighten public awareness and enhance understanding of cultural heritage sites. These can include print and electronic publications, public lectures, on-site and directly related off-site installations, educational programmes, community activities, and ongoing research, training, and evaluation of the interpretation process itself" (2007:3). In fact, the Ename Charter defines interpretation as an explanation or public discussion, carefully planned for any cultural heritage site, encompassing all its meanings, both tangible and intangible. This definition suggests that interpretation is inclusive to all potential activities aimed at increasing public awareness and improving understanding of the meaning of the cultural heritage. In this concept, it might be included publications, conferences, facilities, educational programmes, community activities, research, training and ongoing evaluation of the process of interpretation.

Interpretation, being the voice of the resources, through information, its raw material, shall educate and provoke visitors to make them to see beyond the physical reach of their own vision. Furthermore, it may contribute to enjoy unique and memorable tourism experiences.

Tilden set the principles for interpretation, in 1957, which were recognised and enhanced by the approval of the Ename Charter, in 2007. This charter added to Tilden's principles, essentially, the need for innovation and adaptation to the technological changes, authenticity, sustainability, training, monitoring and involvement of the host communities.
As a conclusion, it shall be stated that interpretation, being the resources voice, can contribute to make tourism experiences to be unique and memorable and tourism destinations to be sustainable. Therefore, for the sustainability of any cultural and natural tourism destination, it is necessary to elaborate an interpretation plan. Consequently, it appears to be pertinent to elaborate this interpretation plan for the Jacobean routes in the historic centre of Barcelos.

Study case: the Camino de Santiago in the historic centre of Barcelos

Barcelos resulted from the crossing of several medieval roads. Its territory had not been chosen for any settlement before the founding of the Portuguese nation, in the 12th Century. However, in the Middle Ages, it became a crucial transit point for pilgrims walking to Santiago de Compostela, especially, after the construction of the medieval Gothic bridge, in the 14th Century (Almeida, 1990).

Currently, the increasing dynamism of the Camino de Santiago has placed Barcelos on the route of many pilgrims and visitors who have contributed to the growth of the tourism sector. Furthermore, results of several studies, including this one, suggest that the profile and motivations of those visitors to Barcelos belong, mainly, to the cultural tourism segment, justifying, thus, the relevance of the implementation of this interpretation plan. Its elaboration started by the assumption that Barcelos is supposed to be the sole Portuguese city on the Camino Portugués de Santiago, with a "Legend of the Cock" which tells about a miracle occurred, in this town, attributed to Saint James. Moreover, there is a granite Cross, exposed in the Archaeological Museum of Barcelos (ruins of the Condal Palace), being evocative of this legend and carved in granite relief, representing a pilgrim pending, with Saint James, below, sustaining his feet, with Jesus Christ crucified and a Cock to ensure the innocence of the hanged pilgrim. This granite Cross symbolises Saint James'protection to his devotees and pilgrims. It was, actually, found where the

gallows used to work, along the medieval Jacobean route from Porto to Santiago de Compostela (Pires de Lima, 1965). Actually, this legend and its cock (Galo de Barcelos) have become this city hallmark and a factor for its worldwide promotion.

Furthermore, it is believed that the Camino de Santiago was, closely, linked to the genesis of this medieval town, as this territory had not been settled before the medieval pilgrimages to Santiago. However, afterwards it became crucial for all Jacobean pilgrims because crossing the river Cavado, in this location, was quite easy, whether by boat or on foot and, also, they could find, here, a hostel where to stay, located beside the Lazarus hospital. Both these facilities, the hostel and the hospital, were documented since 1177 and used until the 13th Century (Almeida e Matos, 1999:26). So, before the Jacobean pilgrimages, Barcelos did not exist as a town and was just a minor crossing point of a secondary Roman road, linking Galicia to Porto through São Pedro de Rates. In that time, Braga, being the capital of Galicia, was crossed by the main Roman road, the VIA XIX, with the greatest movement of people going from Porto to Galicia. But with the growth of the Jacobean pilgrimages, during the 9th Century, this secondary Roman road crossing this location, where Barcelos arose, started to have the greatest movement of pilgrims, from all Jacobean routes, even before the construction of the medieval Gothic bridge (1328), in Barcelos (op. cit.:16).

The binding of the Camino de Santiago to Barcelos was enhanced by several factors: first and foremost, by the Holy Queen Isabel's pilgrimage to Santiago, in 1325, as she crossed the river Cavado, here, and, stayed at the pilgrim's hospital of Abade de Neiva, in Barcelos. However, the construction of the medieval Gothic bridge, in the 14th Century and the several existing facilities to supporting pilgrims, including 2 hostels and 3 medieval pilgrims' hospitals, contributed to the growth of the Camino de Santiago, in Barcelos (Almada, 2000:201).

In conclusion, Barcelos and the Camino de Santiago have got a common cultural and historical heritage.

The Camino de Santiago

According to the Bible, Saint James, the Greater, Apostle of Jesus Christ was born in Palestine and, later on, evangelised the Iberian Peninsula. At that time, both these lands were part of the Roman Empire. Actually, Romans conquered the Iberian Peninsula, due to the "Punic Wars", opposing Rome to Carthage, in a struggle for the control of the silver route and the Mediterranean Sea, about 200 years BC (Medina, 2004:346-347).

The written traditions of the early centuries and the oral narrations, from many places in Galicia, speak of Saint James' preachings, evangelising this territory from Andalusia to the remote and Celtic Galicia. Upon his return to Palestine, he was beheaded in Jerusalem by Herod Agrippa, in the year 44 AD, being the first Apostle to shed his blood for Jesus Christ. His body was collected by his disciples Athanasius and Theodore, who, led by an Angel, sailed up the coast of Galicia, on a stone ship and, after climbing up the river Ulla, in Iria Flavia (now Padron), the most important Roman port, buried his body in a forest, so-called, "Liberum Donum". The legend says that during many centuries, due to the persecution of Christianity practiced by the Roman emperors, Saint James' tomb was fallen into oblivion (Almeida e Cardoso:2005). But in the 9th Century, Pelayo, a hermit, began to see, every evening, some mysterious lights over a grave in a field called Campus Stellae (Compostela) and then, he informed Teodomiro, the bishop of Iria Flavia,

who gave the order to dig up and found the Roman marble ark, with the remains of a headless man. According to tradition, this was the discovery of Saint James' tomb. Immediately, Alfonso II, the Christian king, informed the Pope Leo III and Charlemagne of this discovery. Then, he built the first church on the site of the sepulchre, around which, a small medieval town arose.Furthermore, the episcopal see of Iria Flavia was, also, transferred to there and, thus, arose Santiago de Compostela, the third holy city of the Christendom, just after Jerusalem and Rome. Then, pilgrimages started to bring crowds to Saint James' tomb, in Galicia (Ramirez, 2010:7).

The Portuguese routes come into Galicia, by crossing the river Minho, where every pilgrim could set foot in the walled town of Tuy, from where they walked to Santiago de Compostela. This route, linking Tuy to Santiago, is known as the "Camino Portugués de Santiago" which is a parade of art, where monuments succeed one after another, some with greatness, others more simple examples of good people work (op. cit.:17-21).

The International Cultural Tourism Charter [15] points out the cultural and natural heritage, diversities and living cultures, in the next future, as the major tourism attractions. Interpretation as the voice of these attractions and, also, as an educational activity that aims to reveal meanings and relationships throughout the use of original objects, firsthand experiences and by illustrative media, rather than communicating, simply, factual information, appears to be fundamental for this Jacobean route in this historic centre, where there is an increasing number of pilgrims seeking for support and information. Actually, several studies on the tourism demand, in Barcelos, including this one, reveal a visitor profile suiting the cultural tourist, justifying this interpretation plan. Therefore, it is recommended its implementation, as it will, hopefully, contribute to the tourism development in the city of Barcelos, positioning its historic centre as the anchor of the Camino de Santiago, in Portugal.

The next chapter presents the interpretation plan for these Jacobean routes in the historic centre of Barcelos.

Results: an interpretation plan of the Jacobean routes in the historic centre of Barcelos

It is argued that this interpretation plan, being the voice of its resources, will contribute to improve the quality of its visitors' experiences and, also, to a more effective conservation of its heritage and a more sustainable tourism in Barcelos. An interpretation plan begins with a reflection on its 2 main components, ie, visitors and resources. Consequently, to prepare this interpretation plan, first and foremost, a survey, through a questionnaire, was carried out in order to characterise visitors' profile, motivations and their image of this city. Therefore, 211 visitors were selected, randomly, in the historic centre of Barcelos, during a period of time that elapsed between March and April of 2012 (Easter Holidays) that responded to this questionnaire, revealing the following results: most visitors confirmed to be leisure their main visit objective (41%) and appointed the fact that Barcelos has history and culture, as their first motivation (33.1%), followed by the interest in the Camino de Santiago (24.8%) and, thirdly, by the curiosity in the Cock of Barcelos (11.2%). The Camino de Santiago and the Legend of the Cock of Barcelos (Galo de Barcelos) are both part of the local culture, therefore it might be concluded the cultural motivations to represent 67.1% of those visits to Barcelos. Moreover, this study reveals

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[15] Cf. in: http://www.icomos.org/en/charters-and-texts , accessed on 6 February 2012.

the following visitor's profile: active adult (35-65 years), with both genders in equal proportion, married (51%), employees (59.2%), directors or managers (24.6 %), from the 4 major foreign markets (65%), namely, Spain (38%), Germany (21.9%), France (10.9%) and Brazil (5.8%). Moreover, these visitors have a high academic level with university degrees (65.9%). This survey reveals, as well, that visitors perceived an image of Barcelos as being historical (33, 2%), beautiful (16.1%) and a warm city (14.2%). It might be stressed all of them to be positive adjectives. This survey allows to elect the following market segments for this interpretation plan: cultural and religious tourists and pilgrims to Santiago. Moreover, it is recommended these segments to be developed through the city hallmark, Galo de Barcelos, which appears to be, closely, linked to its Jacobean traditions. Then, the most iconic features of the Jacobean routes heritage in this historic centre and its visitors' profile and motivations were identified. The criterion, used to select its resources, was their linking to the Jacobean routes and, obviously, the fact of being considered to be relevant to this interpretation plan.

The Jacobean routes: 3 theme itineraries

The heritage listed in this historic centre, remains all along these Jacobean routes, namely, the Medieval Gothic Bridge, the Mother Church, the Condal Palace (Archaeological Museum), Pelourinho (pillory), Solar dos Pinheiros, the Town Hall, the Medieval Tower Porta Nova, the Fountain of Largo da Porta Nova (from the Monastery of Vilar de Frades), the Campo da Feira (market square), the Temple of the Lord's Cross (Senhor da Cruz), the Rosary Church (Igreja doTerço), Casa do Jardim and the Solar Benfeito. Besides those, there are the Largo do Apoio (Podium square) and the granite Cross of the Legend of the Cock, exhibited at the Archaeological Museum. And, as intangible heritage, besides its history, there are folks knowledge, know-how, ways of doing, ways of expression, celebrations, festivals, folk dances, songs, customs, traditions and legends, among which, it shall be pointed out, especially in this case, the Legend of the Cock of Barcelos.

Interpretation was, traditionally, carried out through direct and personal contact that, according to Tilden (1957), is the best interpreting technique, although some indirect interpreting techniques might also be effective, in particular, the audiovisual and writing ones (Knudson et al. 2003:120). Therefore, as far as this interpretation plan is concerned, two interpreting techniques were selected: direct and indirect ones. Regarding the direct one, it was written a text to support guided visits for organized tours, performed along these 3 theme itineraries; and, regarding the indirect one, it was selected the written interpreting technique, whose components are, namely, the text, the purpose and the design, being, altogether, the interpretive language which is the focal point of any interpretation plan, in order to relate, effectively, visitors and resources.

According to Knudson et al. (2003) the interpretive language needs to fullfil certain rules to be effective. Therefore, all texts should have between 50 and 70 words and be written using serif font, in a size easily readable by visitors. Therefore, it is suggested the size 72 for titles and subjects; the size 36 for summaries, key phrases or subthemes and, finally, sizes 18 and 20 for detailed texts and subtitles. Regarding the signposts, the low profile angle offers greater ease of reading to people from different heights and also to disabled visitors. Moreover, the aesthetic harmony with the landscape must be taken into consideration. Therefore, the material elected to make these interpretive signposts, is the brass plaque as it corresponds to the existing one, in the historic centre of Barcelos and it suits, harmoniously, its urban landscape.

At the start point of every itinerary, in these Jacobean routes crossing the historic centre of Barcelos, there will be a panel, posted into a kiosk, similar to this one of the photo 1. Within this interpretation plan, the Jacobean routes, in the historic centre of Barcelos, were divided into 3 theme itineraries: "The Cradle of Barcelos", "The Miracle of the Galo de Barcelos" and "The Miracle of the Cross".

These itineraries are presented on the following maps:

Map 1 - "The Cradle of Barcelos" - this itinerary aims to interpret the genesis of Barcelos during the earliest Jacobean pilgrimages. At its starting point, there is a panel, showing this itinerary, posted into a kiosk and placed near the ford of the river Cávado, where the first pilgrims used to cross the river, before the construction of the medieval Gothic bridge, in the 14th Century. This itinerary ends up in the Largo do Apoio, the medieval town, actually, which is supposed to be the "cradle" of Barcelos.

Map 2 - "The Miracle of the Cock of Barcelos" - this itinerary aims to interpret the Legend of the Cock of Barcelos (Lenda do Galo de Barcelos). At its starting point, there is a panel, showing this itinerary, that will be posted into a kiosk, placed on the south side of the medieval Gothic bridge, just in front of the Chapel (Capela da Ponte), being placed in a front position to pilgrims arriving from southwards, in Barcelos. This itinerary ends up in the Largo do Apoio, the medieval town, actually, which is supposed to be the "cradle" of Barcelos.

Map 3 - "The Miracle of the Cross" - this itinerary aims to interpret the Miracle of the Cross, occurred in1504. At its starting point, there is a panel, showing this itinerary, will be posted into a kiosk, placed at the beginning of the merchants street (currently, called rua S. Francisco), being placed just in front position to pilgrims coming from the Largo do Apoio. This itinerary ends up in the Largo do Bonfim, near the pilgrims hostel, so-called, Albergue Cidade de Barcelos.

Conclusion and recommendations

An interpretation plan will be only finished with its effective implementation, accompanied by a monitoring plan. It must be prepared, accordingly to the principles outlined in the interpretation and presentation of heritage significance, with scientific rigor and, simultaneously, presented to visitors, in an attractive way.

Tilden (1957) defined interpretation as an educational activity which aims to reveal meanings and relationships throughout the use of original objects, by firsthand experiences and illustrative media, rather than communicating, simply, factual information. Moreover, the Ename Charter recognised Tilden's concepts and principles for the art of interpretation, but improved them by approving its 7th sketch, in 2007. This charter added to Tilden's principles, mainly, the need of innovation and adaptation to the technological changes, authenticity, sustainability, training, monitoring and involvement of the host communities.

To write the history of the interpretation art, it is necessary to go back to1957, when Tilden published his book "Interpreting our Heritage". Before, this term interpretation had been used by Enos Mills, in 1920. However, it was not widely used and recognised by the public before the publication of Tilden's book. Actually, there were various authors and institutions, linked to the heritage conservation, who defined the concept of interpretation,

during the period of time between that publication and the adoption of the 7th draft of the Ename Charter, in 2007. Actually, this charter came from the recognition that, as the Venice Charter had established the principle, according to which, the protection of heritage was essential for its conservation, also, the interpretation of its meaning should be part of the process of conservation and, mainly, to be fundamental to obtain positive results from that heritage conservation. In sum, the Ename Charter was, officially, authorized by ICOMOS International, aiming to define the basic principles of interpretation and presentation, as essential components of heritage conservation efforts and, mainly as a means to improve public understanding and its appreciation.

It was argued that the Camino de Santiago contributed to the genesis of Barcelos and shaped its history, revisited in its monuments and mirrored in their handicrafts and its people culture. Currently, its growing dynamism has put this city on the route of many pilgrims and visitors, contributing to increase its cultural and religious tourism. It was, also, argued that Barcelos was a major route along the Camino de Santiago, in the Middle Ages, due to several factors, namely, the construction of the medieval bridge in the 14th Century and the existence of several facilities to supporting pilgrimages to Santiago (pilgrims hospitals and hostels). Furthermore, this Jacobean route reputation was enhanced by the Legend of the Cock and, also, by the Holy Queen Isabel's historical passage and her stay in the medieval pilgrim's hospital of Abade de Neiva (Barcelos), during her pilgrimage to Santiago de Compostela, in 1325, just after her husband's death. Barcelos owes its genesis to the Jacobean pilgrimages, but also to its excellent geographical location. This city is, actually, served by 3 high ways, some major roads, railways, and it is located 50 km away from the international airport Francisco Sá Carneiro and to the cruise terminal of the port of Leixões, in Porto. All these factors contribute to the current tourism development of Barcelos.

The starting point, for the elaboration of any interpretation plan, shall, always, be a reflection of its two main components, visitors and resources. As far as this one is concerned, firstly, the most significant resources were identified and, also, the visitors' profile and motivations; then, it was set up a vision of how these resources should serve these visitors and, also, a plan to relate these resources features with its visitors' needs, wishes and desires. This plan shall offer them a range of experiences, including themes and stories.

The data, obtained within this study, show that cultural motivations represent 67.1% of the visits to Barcelos that made possible to point out its target segments, namely, the cultural and religious tourists and the pilgrims to Santiago. Consequently, Barcelos' hallmark for its tourism development shall be associated to its Jacobean tradition, mainly, to its icon "Galo de Barcelos".

This Paper aimed to elaborate an interpretation plan of the Camino de Santiago along the Historic Centre of Barcelos. In order to achieve its main goal, it started by defining interpretation concepts and principles, identifying the main events, experiences and historical monuments related to these historical routes of the Camino de Santiago that may enhance this site, explaining the relationship between the Jacobean pilgrimages and the genesis of the city, structuring the lines of the evolution of the Jacobean routes inside its walls; linking the Jacobean tradition to its city hallmark, Galo de Barcelos and, finding out visitors' profile and motivations to Barcelos. Finally, it is expected to enrich visitors' tourism experiences with the implementation of this interpretation plan.

It was not possible to draw up a plan for its implementation neither a monitoring one. Actually, it ispossible to be done, only, in collaboration with the Municipality of Barcelos.

Recommendations:

Considering that any interpretation plan will be achieved, only, after its implementation, accompanied by a monitoring plan, it is recommended its implementation and its inclusion in the marketing plan of the tourism region Porto e Norte de Portugal. These implementation and monitoring plans shall be drawn up in collaboration with the Municipality of Barcelos. Moreover, it is recommended to translate it into English language, the globalised world's lingua franca, being a key success factor among foreign visitors. Also, it is recommended to make the audiovisual version (another indirect interpreting technique), as, in the next future, it appears to be essential for this plan success, because people are, increasingly, dependent on the new technologies. Furthermore, APPS (applications) for smartphones and iphones become, more and more, tools to be taken into consideration for future programmes of interpretation and presentation of the heritage significance. Finally, it is recommended that all these works, including its translation into English and its interpretation audiovisual version, shall be delivered to high education institutions, contributing, thus, to a crucial collaboration between universities, companies and public institutions.

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Sexual harassment in the hotel housekeeping department

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Abstract

One of the purposes of this paper is to do a research on the daily problematic and victimization which hotel maids come upon in their daily work chores. Many in the media have focused on how sexual assault allegations will affect the career of many politicians for instance the French politician "Dominique Strauss-Khan", but the affair underscores the tough challenges hotel maids face working in isolation, and for often unsympathetic bosses. People who work in this industry do face a lot of forms of abuse and exploitation, and sexual abuse and harassment are certainly one of those form.

This paper aims to analyze the phenomenon of sexual harassment in five hotels in Portugal, one being an International hotel chain (that is, a foreign brand) and the other four being national hotel chains (that is, Portuguese brands). We interviewed 60 housekeepers, with the participants being identified only by age. The results show that more than 50% of the respondents have experience some kind of sexual harassment, and that the fundamental issues housekeepers are related to isolation, lack of security, abusive guests and fear of confrontation. Based on our findings, we propose several policy recommendations that help prevent sexual harassment, and suggest directions for future research.

Key words: Sexual Harassment, Housekeeping; Hotels; Sexual Discrimination

Introduction

The housekeeping profession is a historically devalued, invisible kind of work, where people face various forms of abuse and exploitation, with sexual harassment being one of these forms. These women work in isolated halls, without security or means for calling for help. At the same time, women in this profession are often from poor backgrounds, and are less likely to file complaints that may jeopardize their jobs. Hotels may be more susceptible to these abuses, given employees work unusual hours in an environment of much social interaction. In addition, there is an inherent sexual implication to the concept of hospitality service, wherein a hotel's management is eager to please wealthy clients— even if that means turning a blind eye to the complaints of one of their staffers (Harris, Tregidga & Williamson, 2011; Guerrier & Adib, 2000). In the "pseudo bedroom" (Belucci, 1984) environment, the line between offering service and entertainment can be easily blurred.

With this study we ask: What is the extent of sexual harassment involving housemaids in Portuguese Hotels? And what are the sexual harassment issues housemaids deal with in Portuguese Hotels?

Literature Review

Definitions of Sexual Harassment

Sexual harassment can be perceived differently depending on contextual and legal perspectives. Sexual harassment in one third of the countries in the world is defined by labor law as breaking the citizen's rights to equal employment opportunities. These laws and rules were established in terms of education and housing, and especially presenting sexual harassment in work environments (Wang, 2006). The European Commission Code of Practice (1980) defines sexual harassment as an unwanted conduct of a sexual nature, or other conduct based on sex affecting the dignity of women and men at work such as unwelcome physical, verbal or nonverbal conduct. The International Labor Organization defines sexual harassment as acts, innuendo, forced physical contact, irrelevant invitations, provided that they have one of the following characteristics: a) be a clear condition for maintaining employment b) change in career promotions harassed c) harm the professional performance, humiliate, insult or intimidate the victim. In Portugal, Article 29 of the Labour Code defines sexual and moral harassment as unwanted behavior based on discrimination, practiced upon those who desire access to employment, self-empoyment, work or training, with the purpose or effect of disrupting or embarrassing the person, affecting the dignity of the person, or to create an intimidating, hostile, humiliating or offensive environment (Portuguese Labor Code, 2012). According to the Portuguese Commission for Equality and Women's Rights, sexual harassment is a form of violence that affects particularly women, and that occurs because some men perceive women as an inferior species, especially in the working world. It reduces female individuality to her physical and body image and is the result of men treating women as sexual objects (Comissão para a igualdade e para os direitos das mulheres, 2003).

Williams (1999) states that in some cases, reporting sexually unpleasant behavior to the manager doesn't result in a complaint of sexual harassment, and it may often result in the loss of job. Similarly, Folgero and Fjelstad (1995) concluded that those who complained frequently of sexual harassment were reprimanded by their co-workers to either take it or leave.

Theoretical Frameworks

Much literature on sexual harassment has lacked of a universal definition of the problem. There are several questions to be raised: Can it happen only to women? Must it occur more than once? Must it be deliberate? Is it tied to a job that is consequence or can it only be objectionable? Can it only happen in situations of uneven power? Is it only forced sexual relation? Can it be comments, touching, cornering, joking, posters, leering, obscene gestures? The definition of sexual harassment has broadened with increasing examination of the problem. Mackinnon, (1979), defends two thoughts: First of all, that sexual harassment is an expression of individual urge and not gender-based and second, that sexual interaction between men and women is a biological reality and therefore, natural and inevitable whenever men and women come together. She argues that sexual harassment can injure one gender group and it affects women in an unfair context where women are systematically disadvantaged.

Feminist writers brought the issue of sexual harassment to the public's attention before it became a larger issue of sexual behaviors at work. Sexual harassment was addressed in order to reveal it as a severe problem for many women. These writers focused on who the

victims were and how they were affected and how they responded. There wasn't found any examination of men, neither of organizations nor the workplaces.

After a few journalistic reports of sexual intimidation of women at work, sexual shakedown, Farley (1978) published The sexual Harassment of women on the job. This book was the first report of the problem. Farley (1978) coined the phrase "sexual harassment" and introduced it to the public's attention. She defended that sexual harassment was the result of the union of capitalism and patriarchy mutually reinforcing women's inferior position in the labor force. The effects of sexual harassment on women according to feminine writers are the following: Discomfort from violation of physical privacy; Reduce self confidence; Loss of motivation; Lower productivity; Less job satisfaction; Reduced commitment to work; Fear of retaliation; Interrupted careers; High stress levels; Loss of friendship, mentorship and other work alliances with male workers; Coercion out of nontraditional jobs; Physical and emotional illness; Disruption of marriage or other relationships with men. Feminist writers also concentrate on exposing sexual harassment as an expression of hostility and an abuse of power having little to do with sexuality.

Sexual harassment at work

As we have noted previously, sexual harassment can affect the work environment, and women are susceptible to sexual harassment because they are often seen as sex items (Soriano, 2006). There is some uncertainty as to what represents sexual harassment issues. Sexually evocative looks and gestures may mask a hostile work environment where perpetrators are seen as Don Juan's than sex offenders (Guerrier & Adib, 2000).

The full impact of sexual harassment on organizations

In terms of the workplace, the management reaction to charges of sexual harassment has been to discharge it as the personal inclinations of individual people, in other words, women's modesty about sexuality, the results of romances gone wrong, consequence to the fact that women can't handle themselves in a group or the natural result of women inviting attention by trying to use sex to their advantage at the workplace. Hotel employees may appear to subordinate themselves to the power of the harassing customers. The management has power over hospitality employees and it increasingly emphasizes the need to manage their feelings and hold on to a consistently positive attitude to customers. Incessantly, having to be courteous and friendly towards aggressive customers and lack of empowerment to control one's own working environment can guide them into feeling of burnout and alienation. The result of these types of feelings leads employees to leave the organization. On the other hand, and as negative to the organization, the employee may depart psychologically and go through the motions of being nice to the customers with smiles eliding into mocking the guests (Filby, 1992).

Sexual harassment represents social, economic and competitive problems for a company. A successful company involves the existence of good working relations between its employees and the people whom the company does business with.

Managers and employees

Research defends that organizational power relations are frequently defined and sustained by definitions such as femaleness and maleness, and the uncertainty and punitive potential of perceptions of sexuality in diverse ways (Sheppard, 1989). Although there has been an innumerous training course it seems that a high percentage of managers and employers are still not sure about what is in fact sexual harassment (Agrusa & Coats, 2001). Both men and women can come upon sexual harassment; however it is thought that men can obtain more power and rewards with their existing authority differences in most institutions. DiTomaso (1989) states that males often work more in power workplaces, men are more likely to use women sexually as a way to keep them in secondary positions and to restrict the approach women have to good job positions.

Customers and employees

The human resource strategy is to get the right people and everything will be fine (Riley, 1996). In the customer-staff relationship there are fundamentals issues that have to be perceived by those who are right for the job and those who aren't right for the job. A very familiar case in tourism is the difference of status and economic means between tourists and tourism employees; this often happens with cultural and ethnic differences, cultural diversity among customers and the staff is one of the main problems which make a shock on the characters of social interaction among customers and staff.

Co-workers

Recent studies show an occurrence of inappropriate workplace conduct among younger and less experienced workers (Larson, 2006). A recent case proposes that when a staff complains that a co-worker physically touched her that simple warning may not be enough if the other employees also involved in similar conduct (Shelist, 2006).

Purpose of the study

Bearing in mind the international research cited above, we may conclude that sexual harassment in the hotel industry has perverse negative effects on the organization workforce, including increased absenteeism and turnover, decreased motivation and loyalty, as well as broader psychosocial consequences for the victim of harassment (Filby, 1992; Gilbert, Guerrier & Guy, 1998; Gutek, 1985). The effects of harassment on the workforce translate into decreased productivity and severe economic losses for the organization (Sandroff, 1992). These studies show that the scarcity of research on Portuguese hotel and service organizations about sexual harassment is a critical problem that must be adressed. The purpose of this study is to: 1) Identify the sexual harassment related issues that are prevalent for hotel housekeepers; 2) Measure how common reports of sexual harassment are in Portuguese Hotels; 3) Propose future research based on these preliminary findings.

Methodology

For this study, we investigated housekeeping employees experiences of sexual harassment in five hotels: Four hotels that belong to a national hotel chain (that is, a Portuguese hotel brand), and one that belongs to an international hotel chain in Lisbon

(that is, a foreign hotel brand). The hotels agreed to participate while being assure of their anonymity. All hotels were located in the greater Lisbon area.

Participants

The study conducted was answered by 60 participants, 58 being female and only 2 being male. The participants are between 21 and 64 years of age. All interviews lasted between 15 and 30 minutes.

Sample Characteristics

Concerning the academic qualifications of the sample, 25% have 4th grade, 48,3% have 9th grade, 20% have 12th grade, 6,7% have a bachelor degree. We can conclude that the majority of the participants have between 4th grade and 9th grade qualifications.

Concerning the time working in the organization, the participants replied as follows: 10% replied that they have been working for less than six months in the organization; 8.3% of the participants replied that they have been working between six months and a year; 21,7% of the participants replied that they have been working between one and five years; 28.3% of the respondents replied that they have been working between five years and ten years; 16.7% answered that they have been working between ten and twenty years; 15% of the participants have been working for more than twenty years in the organization.

Procedure

The process of interviewing

The interviews, which had a semi-structured format, took place in the guest rooms of the five hotels which I interviewed the chambermaids, usually lasting around 15 to 30 minutes. The first Hotel I interviewed is a four star hotel with more than 500 rooms, which belongs to an International chain, and took place in the month of April, which 25 chambermaids were interviewed. The second hotel is a five star hotel with more than 140 rooms, where 13 housekeepers were interviewed in July. The third is a four star Hotel that is composed by more than 150 rooms, where 10 housekeepers were interviewed in July. The fourth hotel is a four star hotel that is composed by 24 apartments and belongs to a national hotel chain as well. There, 3 housekeepers were interviewed in July. Last but not least the fifth hotel is constituted by 124 rooms and belongs to a National hotel chain which is composed by 9 chambermaids who were interviewed.

Qualitative interviews

Kvale (1996) defines qualitative research interviews as an "attempt to comprehend the world from the subject's point of view, to clarify the meaning of people's experiences, to unfold their lived world prior to scientific explanations". I am going to use qualitative interviewing because of two reasons: Firstly, a qualitative interview differs from an everyday conversation. When compared with a day to day conversation, the interviewer has to prepare research questions in advance and then analyze the results. These questions can be directed by the interviewers (Anon, 2006). Secondly, sexual harassment is a sensitive topic in the organizations, especially the interviewees are managers who are

seen to be one of the three potential sources of harassers in the workplace, and the other two are co-workers and guests.

Female researchers in a qualitative research are thought to be more sensitive; consequently, it is easier for them to address certain issues (Troman, 2000). Female researchers may make the researched more relaxed when it comes to secrets or privacy (Russell, 2005).

Reason for adopting this method

When we think about the research of sexual harassment, quantitative research methods have been adopted in most cases, even in many social contexts. The results of questionnaires are often quantitative or percentages and for better understanding of the difficulties of the housekeepers it is crucial to do a qualitative study to better understand the problems of sexual harassment in their daily chores. Social differences and cultures are sometimes neglected in the research findings (Welsh, 1999). According to quantitative research methods, a large number of data collected in different countries proves the ubiquity of sexual harassment in organizations (Timmerman & Bajema, 1999; Wilson & Thompson, 2001). On the other hand, this research method may not manifest in different organizations different aspects of sexual harassment. Sexual harassment appears in different types in the Portuguese context. Qualitative research methods can both reveal sexual harassment seen as daily work experiences (Folgero & Fjelstad, 1995), and also reveal the coping strategies developed by women (Hughes & Tadic, 1998).

Data Analysis

We will begin with an exploratory qualitative content analysis of the responses of housekeepers, with the goal of describing the key characteristics of issues related to sexual harassment. For this purpose we took a case study approach, where we selected cases that were sufficiently informative to achieve an interpretation guided by research literature. Each housekeeper's story was examined individually to understand the organizations history, culture and development.

Following this step, we will attempt to explore the extent of reports of sexual harassment issues in the sampled hotels, through the use of descriptive statistics. The goal was to understand common patterns in the behavior of sexual harassment, identifying four key issues: To identify a gender difference in reactions to sexual behaviors to the hotel industry; Identify initiators of sexual behaviors in the hotel workplace; To determine hotel employee's knowledge of the existence of policies and procedures on sexual harassment in the hotel property; How the policies of the hotel moderate sexual harassment.

Categories of descriptive analysis

The purpose of these categories of questions is for the researcher to provide a data base for future research. 1)Identify a gender difference in reactions to sexual behaviors to the hotel industry: in this section the participants will explain what is sexual harassment to them, what type of sexual harassment has occurred to them, and what gender is more vulnerable to sexual harassment. 2)Identify initiators of sexual behaviors in the hotel workplace: In this section we expect to identify initiators of sexual behaviors in the hotel workplace and understand the causes of sexual harassment in their work environment. The participant must examine if he or she has ever witnessed a sexual act, were there

other people present, how the researched felt in this situation, what's the impact of sexual harassment in terms of personal, professional and organizational. 3) To determine hotel employee's knowledge of the existence of policies and procedures on sexual harassment in the hotel property: In this section the researcher will determine the hotel employee's knowledge of the existence of policies and procedures on sexual harassment the participant will answer if there exists orientation to the workers and managers about sexual harassment. The researcher needs to identify if it makes it easier to identify cases of sexual harassment. 4)How the policies of the hotel moderate sexual harassment: In this last section, the researcher analyzes how the policies of the hotel moderate sexual harassment, how the work environment can influence in the appearance of cases of sexual harassment in the workplace, how the culture of the company and how the work environment can moderate sexual harassment. The participants will help understand how the reward system, training and evaluation of the employees may have influenced the manifestation of sexual harassment in the hotel.

Findings

Reports of sexual harassment issues in Portuguese Hotels

In this section, we take a qualitative, exploratory and generative approach to analyze the experiences of the hotel housekeepers concerning the issue of sexual harassment in the workplace. The goal of this analysis is to examine the impact of sexual harassment and generate new research perspectives. At each point in the analysis, we will illustrate the content by describing the participant responses.

The respondents described various experiences related to sexual harassment, namely organized around the themes of security, isolation and fear of the consequences. One housekeeper of African heritage described to as incident that occurred while she was cleaning a room and the guest entered. She thought it was odd when he locked the door as he entered. While she was cleaning she bent down, at which point the guest grabbed her. She ran away from him around the room and then ran over the bed, opened the door and exited the room. She complained to the manager who wanted to press charges but she declined. She stated that she was too afraid of the consequences for her reputation, for her husband and children, and that people would not believe her story. This case in particular illustrates the problem of isolation and lack of security, as well as the fear of confronting the victim, in this case even with management support.

The problem of isolation and lack of security comes up frequently, usually with stories of abusive guests. A middle aged woman from Brazil said that a foreign guest who did not speak Portuguese saw her cleaning the hallways and motioned for her to enter his room. When she entered he put on a pornographic movie, which made her feel very uncomfortable, causing her to leave. A similar story was told by a Portuguese housekeeper in her fifty years of age. She described an incident where a guest saw her cleaning the hallways at a late hour and signaled for her to enter his room. When she enters she saw various sex toys around the room. The guest asked her to spend the night with him, which caused her to feel anxious and leave.

The respondents often describe stories of abusive guests who saw the isolation of the housekeeper as an opportunity for sexual behavior. One middle aged Portuguese woman described a recurring guest who was known for walking naked in the halls. One day she was cleaning his room and bent down, at which point he grabbed her, causing her to

panic. She ran outside the room and he followed her, naked. She reached the elevator and got away, and asked for help from a security guard. The security guard went to the guest's bedroom, but at this stage he was dressed, and no action was taken. A similar story was told by young woman of African descent. She spoke of a recurring guest who would often talk to her, always being very polite. He asked her for her number and she declined. After leaving and returning to the hotel once again, he asked her to have dinner with her. She declined once again, but this time he became aggressive and grabbed her arm roughly. She pushed him away and screamed. She ran and escaped to the elevator, finding a security guard to ask for help. The guard spoke to the guest, warning him that his behavior was not acceptable.

The problem of abusive guests may present itself as stories of aggressors, but sometimes the stories describe men who do not understand the limits of the housekeeping service. One middle aged woman of Eastern European descent described a man who grabbed her in his room. She pushed him away and left the room, and he asked her to return, offering her one euro for her to have sexual relations with him. Another housekeeper, a middle aged Portuguese woman spoke of middle – eastern man who offered her money to have sexual relations with him. She declined, and he did not insist.

These cases illustrate the themes of lack of security, isolation, abusive guests and fear of confrontation. Understanding the most important issues that housekeepers deal with concerning the problem of sexual harassment is a crucial step in developing a research agenda and defining policy recommendations.

Descriptive Variable Analysis

In this section we use descriptive statistics to analyze the responses to the variables of this study, with the goal of measuring the extent of reports of sexual harassment related issues in the sample. We begin with a global analysis of the sample, and then proceed to describe the significant differences in answers between the different categories of hotel chains, namely we compare 4 Star Hotels with 5 Star Hotels, and National Hotels with the International Hotel.

To identify a gender difference in reactions to sexual behaviors to the hotel industry

In reply to the question "what do you understand by sexual harassment in the working relationship?" (Table 3), the respondents replied as follows: 28,3% of the respondents replied that sexual harassment in the working relationship to them is physical, i.e. touching, kissing, rape and physical assault; 20% of the respondents replied that sexual harassment in the working relationship to them is an unwelcome sexual advance; 30% of the respondents replied that sexual harassment in the working relationship to them is verbal, that is, inappropriate remarks about clothes, sexual remarks, comments on how they look; 18.3% of the respondents answered that sexual harassment in the working relationship is request for sexual favors; 3,3% of the respondents answered others. None of the respondents replied with nonverbal attempt of sexual harassment.

When asked "what kind of harassment have you suffered?", 30% of the participants replied that they have been harassed physically, 50% of the participants replied that they have been harassed verbally, 20% of the participants replied "others".

Identify initiators of sexual behaviors in the hotel workplace

When asked "In your opinion, what are the causes of sexual harassment in the hotel?", 66,7% of the participants answered that the cause of sexual harassment in the hotel is due to Abuse of power and hostility, and when asked to specify, respondents indicated clients and upper managers. 1,7% of the respondents stated that the sexualization of women is the cause of sexual harassment in the hotel; 13,3% of participants replied with long hours with guests; 16,7% of respondents answered with large intimacy shared by guests and employees; 1,7% of the participants replied with others.

When asked "Have you ever been sexually harassed?" 58,3% of participants replied yes .

To determine hotel employee's knowledge of the existence of policies and procedures on sexual harassment in the hotel property

In reply to the question "Have you ever complained to your superior of being sexually harassed?", only 35% of the respondents replied with yes.

How the policies of the hotel moderate sexual harassment

To the question "Can the work environment influence the occurrence of sexual harassment in the workplace?", 60% of the participants replied with yes.

Comparison between 4 Star Hotels and 5 Star Hotels

In reply to the question "What might have happened or caused the harassment"?, the four star hotels participants replied as follows: 69,2% of the participants replied with young employee; 23,1% of the participants replied with long hours with guests; the remaining 7,7% of the participants replied with others. When asked the same question, the five star hotels participants replied as follows: 72,7% of the participants replied with young employee; 22,7% of the participants answered that long hours with guests; the remaining 4,5% of the participants replied with less educated, that is, that the lack of academic qualifications of the housekeeper was a trigger.

When asked "Have you ever been sexually harassed?", all participants of the four star hotel (N=13) replied with yes. Of the five star hotel participants, more than half (59,1%) replied with yes when asked the same question.

Comparison of National Hotel Chains with International Hotel Chain

When asked "Have you ever had training about sexual harassment in the hotel where you work?", all 25 respondents of the International Hotel replied yes to having had training. On the contrary, all the participants of the National Hotel answered no to ever having training about sexual harassment in the hotel where they work.

Discussion

This study attempted to analyze the phenomenon of sexual harassment in five hotel properties in Portugal, one being an International hotel chain (that is, a foreign brand) and the other four being national hotel chains (that is, Portuguese brands). That agreed to participate with the assured confidentiality for the hotel. The data was collected by semi-

structured interviews that lasted between 15 and 30 minutes, with the participants being identified only by age. It is important to mention that our initial objective was to include more hotels in the sample, but unfortunately that wasn't possible due to the fact that the majority of the hotels contacted didn't accept interviews to their housekeepers.

The hotel as an organization is known to be a sexualized environment, numerous of its occupations are highly gendered, and there is an implicit power imbalance in the relationship with the guests and staff. These characteristics of the hotel as a workplace shape the way in which hotel employees and their guests interact and contribute to the particular vulnerability of the hotel employees to harassment by guests, making it an ideal scenario for studying the phenomenon of sexual harassment (Guerrier & Adib, 2000). Many times in hotels clients phone chambermaids to satisfy themselves, workers put up with it sometimes because of the spirit of "Smile, be courteous, the guest is always right". Meanwhile, the reality is that there are some services that aren't provided and some customers who cannot or should not be satisfied (Guerrier & Adib, 2000). Wexley and Latham (1991) defended that it is crucial to develop a statement against sexual harassment. Employees aren't expected to remember all the guidelines until they are trained in a decent way.

In this study, 58, 3% of the respondents said yes to being sexually harassed. As mentioned, 83,3% of the respondents replied that they would complain to their manager if they were sexually harassed, but the results show that only 35% of the sample said they have complained to the their manager, even though more than half of the respondents claim to have been sexually harassed. This is surprising, considering that 80% of the participants said their hotels had guidelines for dealing with sexual harassment, and that 70% of the participants claimed that the structure of the hotel they work in makes communication easier.The results suggest that discussing sexual harassment is still a "taboo" and because of that most women choose to remain silent.

Our results also show that only one of the hotels in our sample offered training about sexual harassment to its housekeepers, specifically the international hotel. This suggests that employees don't have balanced information about this issue, making them even more vulnerable. Future research should investigate the reasons why some hotels choose to invest in sexual harassment training while others do not, and how this affects the employees. The results also suggest that Portuguese hotel brands do not invest in sexual harassment training, but testing that hypothesis would require a much larger sample.

Policy Recommendations

The following recommendations are partially based on the findings of this study as well as on the review of the relevant sexual harassment policy literature. For this purpose, we reviewed notable examples of policy guidelines, namely the European Commission Code of Practice (1980), the Australian Human Rights Commission Code of practice for employers (2008), and the Portuguese Commission for Equality and Women's Rights (2002).

The employer has the responsibility of reducing or avoiding or preventing sexual harassment or discrimination, the hotel employer should take reasonable steps to prevent the case of sexual harassment. For it to be possible to prevent sexual harassment from occurring, it is crucial for an employer to have a sexual harassment policy and try to implement it as fully as possible and monitor its effectiveness.

We also suggest that the hospitality industry use some of the following steps in order to prevent sexual harassment: 1) Video camera's should be installed in the hallways, 2) security guards should always accompany the housekeepers while they clean, 3) Cleaning should be done with the door opened, 4) An employer should have accurate procedures for swiftly dealing with complaints once they are made. To eliminate sexual harassment an employer should do the following: Get high-level management support for implementing a comprehensive strategy to address sexual harassment; Write and implement a sexual harassment policy and develop a written handbook which prohibits sexual harassment, made in consultation with staff and unions; distribute and promote policies at all level of the organization; assure the policy can be consulted at the organizations intranet. When new staff start working in the hotel chain it is important to provide the policy and other relevant information on sexual harassment to new staff, in the case of housekeeping since a majority of housekeepers don't have much academic background it is crucial to translate the policy into relevant community languages where required so it is accessible to staff from linguistically and culturally diverse background. We should guarantee that the policy is easy to get to employees with a disability; we should ensure that managers and supervisors discuss and reinforce the policy at staff meetings. In the housekeeping industry there is a huge gap with the literacy of the staff so in these particular cases it is crucial the use of verbal communication; there should be a periodical review of the policy to ensure its effectiveness and update the information. Provide standard training and information on sexual harassment to all staff and management; perform regular training sessions for all staff and management on sexual harassment. Since sexual harassment is such a sensitive topic it is important to conduct training and should be behavioral based which means it should augment knowledge and understanding of specific behaviors and attitudes that may amount to sexual harassment under the sex discrimination act. Regular training is recommended; we should train all line managers to ensure that the workplace is free from sexual harassment; demonstrate anti-sexual harassment posters on notice boards in common work areas and hand out relevant brochures; Encourage appropriate conduct by managers for instance check that managers are fulfilling their responsibilities through performance appraisal system; When selecting management positions we should assure that one of the requirements for this position is an understanding of and ability to deal with sexual harassment issues as part of their overall responsibility for human resources. To eliminate sexual harassment it is key that employers monitor the incidence of sexual harassment in their workplaces and trying using an effectiveness complaints process. All complaints should be treated in a fair, sensitive and confidential manner. Encouraging the reporting of behavior which violates the sexual harassment policy; promote appropriate standards of conducts at all times. Implementation of an internal system for dealing with sexual harassment complaints. We should make sure that the hotels policy on sexual harassment provides employees with advice on what to do if sexually harassed. Another key procedure would be confidentiality and employees should be assured that even if they complain they will not be victimized or ridiculed. It is important that the staff is given information on how to deal with sexual harassment themselves and shouldn't be pressured into confronting their harasser unless they are confident enough to do so.

Conclusion

Sexual harassment is usually known as an abuse of power through sex. The result of this research shows that sexual harassment is a very real problem for housekeeping staff working in Portugal. In this research 58,3% of the respondents experienced sexual harassment. We can compare this with Gutek's study 35% female and 37% male have

reported experiencing some form of harassment. In this study, the results showed independently of the guidelines and hotel structure, the employees don't complain to their superior. With the interviews conducted it was proved that in the hotel they suffered various types of sexual harassment: physical, verbal, inappropriate requests for massages, unwelcome sexual advance and requests for sexual favors. The power difference that exists in hotels, especially in the housekeeping department, is very high that could be one of the reasons why women in this sector are afraid of talking to their superior's hierarchy about the issues of sexual harassment. Gutek's theory states that wherever both sexes are present the workplace may be sexualized. On the other hand, it is arguable that there should be a balance of power on work performance, meanwhile sexual interaction within tolerable boundaries may deter sexually harassing behavior.

Sexual harassment is difficult to define, and precedent papers mostly concentrate on the definition of sexual harassment and its shock on the organization and the staff. Nevertheless, it is key to implement more training both on employees and managers. The managers can't only worry about training employees to satisfy customer needs, the staff of a hotel has the right to work in safety and with respect.

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Co-creating quality rural tourism experiences – the case of a Schist Village in Portugal

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Abstract

All over Europe, rural territories are gradually losing their traditional productive function and try to find new ways of stimulating their development, with tourism becoming an increasingly important alternative activity. Tourists' continuous quest for new and diverse experiences in distinct contexts increases these territories' potential as tourism destinations.

The present paper tries to contribute to a better understanding of the rural tourism experience as lived and co-created by tourists, residents and agents of supply and development in a village in Central Portugal – Janeiro de Cima. Specific elements of the tourism experience in the village are identified, as well as the way this experience is perceived and conditioned by diverse destination stakeholders. Conceptually relevant issues of tourist experience marketing and the particularity of the rural tourism experience emerged from the literature review, helping to structure a case study approach, which involved, apart from documentary analysis and field observation, interviews with planning agents, agents of supply, residents and visitors. Results reveal common themes of the idealized rural tourism experience, but also distinct perspectives, raising issues that might help improve the overall experience for all involved, simultaneously enhancing sustainable rural tourism development.

Key Words: rural tourism, experience co-creation, sustainable tourism, case study, Portuga

Introduction

Tourism is an increasingly important alternative activity for rural territories gradually losing their traditional productive function. Understanding how tourism experiences may be supplied and managed at rural destinations, based on both market and destination knowledge, is of vital importance to help rural communities successfully design and manage rural tourism destinations. This understanding is also important to guarantee sustainable rural tourism development, benefitting all stakeholders involved. This belief

has inspired the 3 years research project "The overall rural tourism experience and sustainable local community development" (PTDC/CS-GEO/104894/2008) that aims at analysing, in a holistic and interdisciplinary manner, the overall rural tourism experience, where both guests and hosts interact, simultaneously interacting with the complex place-setting, as a basis for defining integrative, sustainable destination development strategies. The present study reports part of the exploratory, qualitative research undertaken in one of the studied villages – Janeiro de Cima, located in the hinterland of Central Portugal. The paper tries to contribute to a better understanding of the rural tourism experience as lived and co-created by tourists, residents, agents of supply and development. Based on this analysis, an assessment of existing resources and a literature review, some suggestions for improved experience marketing are also made.

This paper first briefly explores the concept of the overall rural tourism experience, addresses tourist experience marketing, in the particular rural context. Then the case study approach is presented, specific elements of the tourism experience in the village are identified, as well as the way this experience is perceived and conditioned by destination stakeholders. Possible implications for destination marketing are finally discussed.

The overall rural tourist experience

Rural tourism is often considered a development tool for some structurally disadvantaged rural areas, where alternatives are needed to create/ sustain an economic, social and cultural structure and where highly valued heritage resources abound (OCDE, 1994; Sharpley, 2005).

A consensual definition of rural tourism has not yet been found, varying from country to country, as do manifestations of rural tourism. Rural tourism may be defined very broadly as the entire tourism activity in any rural area (OCDE, 1994). Some authors suggest rural tourism is a specific tourism format, with presence of agriculture sometimes considered a core feature (Wilson et al., 2001). Also the contrast to mass and resort/ urban forms of tourism is often highlighted and, in fact, a main attractor of rural tourism (Cawley & Gillmore, 2008; Lane, 1994; OCDE, 1994; Tucker, 2003; Kastenholz & Sparrer, 2009) characterized by features such as small scale, personalized contacts, traditional environments, the presence of nature and of traditional community structures, reflected in a specific way of life, that tourists are curious about and eventually wish to participate in. However, not all rural tourists seek the same (Frochot, 2005; Kastenholz et al., 1999; Molera & Albaladecho, 2007; Park & Yoon, 2009; Sidali & Schulze, 2010). Clemenson and Lane (1997) suggest rural tourism actually refers to a series of niche activities within a larger niche activity (e.g. eco-tourism, nature tourism, agri-tourism, wellness, adventure, sports, food & wine and cultural tourism), resulting in a complex, multi-faceted sector, with large diversity (Lane, 2009).

In this sense, rural tourism is a complex and dynamic economic and social activity, defined by a particular physical and human setting, designed by a particular and diverse type of supply and directed to a particular and diverse type of demand. Individual, social and territorial particularities suggest a large variety of experience opportunities and realities, enhancing the personalized against the mass, the local against the global, the slow against the fast, the natural against the artificial, thereby addressing trends of the sometimes called "new tourist" or "LOHAS market"- "lifestyle of health and sustainability" (Todt & Kastenholz, 2010).

Experience Marketing in rural tourism

There is growing consensus about the tourist experience as a most central element of tourism, worthwhile studying in depth when designing and managing destinations (Ellis & Rossman, 2008; Mossberg, 2007; Kastenholz et al., 2012a). Tourists seek, above all, appealing, unique and memorable experiences at destinations. These experiences are shaped by prior expectations, the destination offer itself and by its broader geographical, cultural and situational context. All these factors determine the tourist's satisfaction with the destination and its resulting and subsequently reproduced image (Kastenholz, 2002; Lichrou et al., 2008).

Rural tourism experiences are increasingly sought for a variety of reasons and purposes. Diverse studies on motivation and benefits sought in rural areas, in distinct destination areas (Kastenholz et al., 1999 and Kastenholz, 2004, in Portugal; Frochot, 2005, in Scotland; Molera & Albaladecho, 2007, in Spain; Sidali & Schulze, 2010, in Germany) reveal strong evidence for a dominant motivation to be close to nature, either for relaxation, recreational, wellness, sports or genuine (even spiritual) nature experience; an interest in socialization (with family and friends) in a distinct environment; an interest in independently exploring a region, searching novelty and broadening horizons; not to forget a more romantic search of the rural idyll, including traditional culture, food and rural way of life. The segments identified additionally differ in terms of socio-demographics, travel behaviour, satisfaction and loyalty, suggesting the relevance of differentiated marketing approaches.

Additionally, global tourism trends reveal increasing demand for different holiday experiences, in different settings and with distinct themes and activities, frequently associated to holiday splitting, increased levels of education and travel experience, a growing interest/ concern about heritage, the "authentic", health and environment, all trends that may find a fertile ground in rural territories (Chambers, 2009; Lane, 2009; OECD, 1994; Todt & Kastenholz, 2010). Also the personalized encounter between the local people/ culture and guests, in rural accommodation units, may play a central role (Tucker, 2003).

However, the complex and multi-faceted rural tourism experience is neither restricted to the host-guest encounter at the accommodation nor to the larger experience in a village or region. Middleton (1988) coined the term "overall tourism product", referring to the entire experience lived by the tourist since leaving home until coming back. Liebman-Parinello (1993) suggests that the experience commences even before, with planning, information seeking and decision-making lived as an enjoyable anticipation of the holiday and prolonged after travel through souvenirs, photos and story-telling.

For understanding, managing and marketing the tourism experience at the destination, the concept of "customer-activated services network" seems particularly adequate, acknowledging the existence of an, even if only informal, network that delivers the distinct elements of the tourist's experience at a destination, in a sequence and manner that is determined by the tourist activating it (Gnoth, 2003). The rural tourist experience must, thus, be understood and managed as a complex and multi-facet phenomenon from the tourist's point of view, integrating a diversity of pre-, on-site and post- experiences related to visiting the rural area, with a series of sensorial, affective, cognitive, behavioural and social dimensions. The identification of the most relevant features of the physical and human, social, cultural and natural context, as well as their interplay to form an appealing

experience setting (Kastenholz et al., 2012) is as important as the control of the impacts tourist experiences leave on this setting (Lane, 1994).

The integration of particular destination resources into the rural tourist experience, through attractive and interactive interpretation, "cultural brokerage", interesting "theming" of activities and services and opportunities of co-creation of (active learning, recreational or hedonic) experiences, potentially enhances the quality and meaning of the overall experience (Chambers, 2009; Kastenholz et al., 2012; Mossberg, 2007; Ellis & Rossman, 2008) and helps differentiate the tourism product (Crouch & Ritchie, 1999).

Case study

Methodology

The here proposed study of the rural tourist experience implies analyzing several dimensions: destination resources, the experience lived by tourists, by residents and by agents of tourism supply, as well as the institutional context conditioning this experience. A qualitative methodology, namely the case-study approach, was chosen to achieve the objective of understanding this highly complex and subjective phenomenon (Jennings & Nickerson, 2006). Documental analysis and on-site observation helped assess tourism-relevant resources. For analysing the tourist experience lived and conditioned by different stakeholders (tourists, population, agents of tourism supply and institutions/associations), specifically their behavior, perceptions and attitudes, the semi-structured interview was used (Quivy & Van Campenhoudt, 1998), with questions derived from literature review and validated by a group of experts.

Different stakeholders were interviewed separately: two representatives of the tourism department at the Municipality, two representatives of the Regional Entity of Tourism, the Parish president of Janeiro de Cima, two agents responsible for ADXTUR (Agency for Tourism Development in the Schist Villages), one responsible for a Regional Association for Rural Development (an ex-Leader local action group, ADERES), seven local supply agents, 11 residents and 12 tourists visiting Janeiro de Cima. All interviews were transcribed and subject to content analysis A comparative analysis was carried out, examining the link between discourse and literature and trying to identify consistencies and contradictions between different observations (McCracken, 1988), also comparing the diverse stakeholder groups. This content analysis was subject to further validation by a group of researchers knowledgeable about the phenomenon, integrating the ORTE Project - triangulation of researchers (Denzin, 1978).

The tourist experience in Janeiro de Cima

The experience setting – the village of Janeiro de Cima

In Janeiro de Cima public funding was available for preserving the heritage of the rural hinterland of Portugal, through the Schist Villages Network Program (SVN). This Program was created in 2000, in the context of the III EU Community Support Framework. The SVN is name after local geology - schist is a metamorphic rock, widely used in traditional building in the Schist villages, giving them a distinctive streetscape. This village, with 306 inhabitants, integrates the municipality of Fundão, in Portugal's Central Region (Figure 1). The village shares many demographic, social and economic features with other rural

settlements of the country's interior parts, particularly population ageing and out-migration to cities.

Figure 1 – Location of Janeiro de Cima
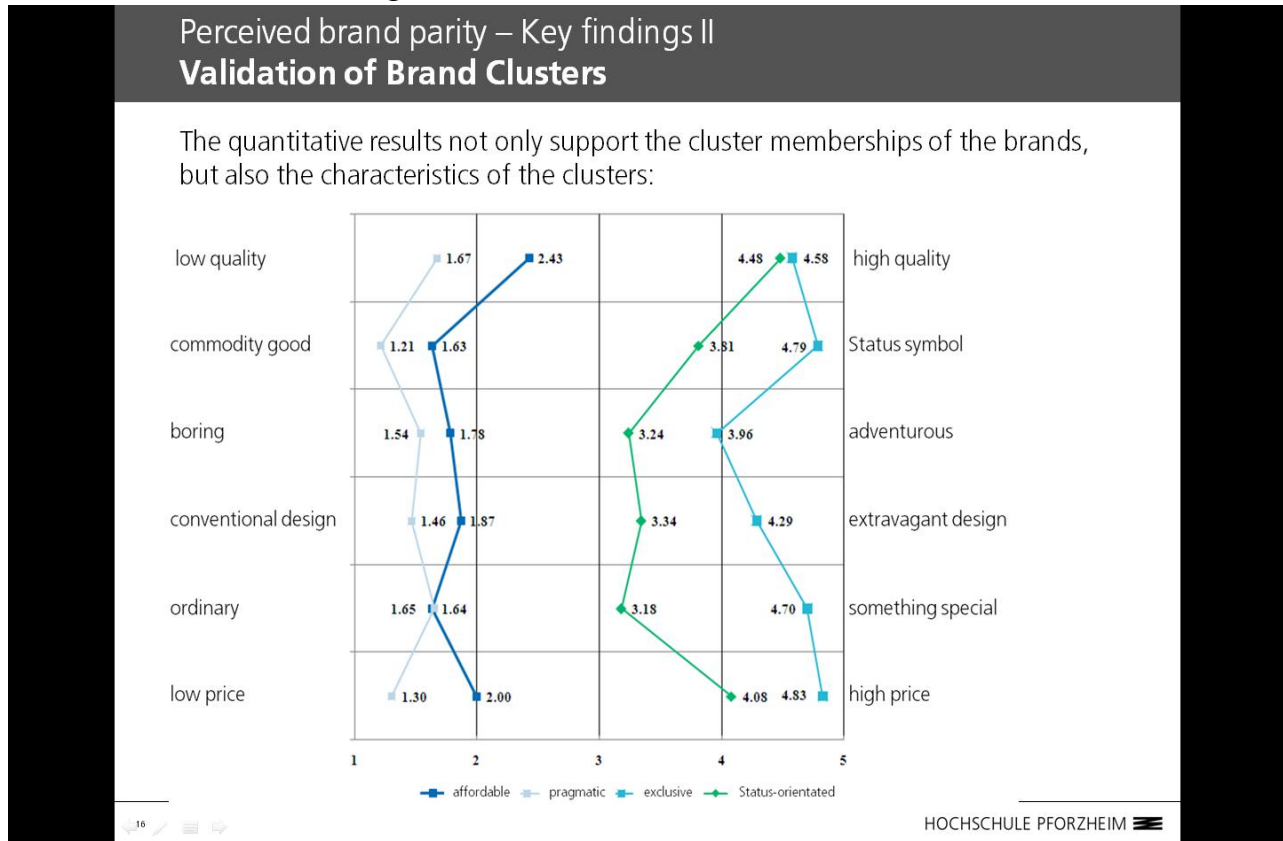
Source: Google Earth [accessed September 2011]

Janeiro de Cima is located by the river Zêzere, integrating a river park which is very popular in summer. The interesting natural conditions permitted the development of numerous thematic paths crossing the village, which mix natural and cultural resources accessible on foot, by BTT, car, or off-road vehicles (ADXTUR, n/d).

There are three official units of rural tourism accommodation, a restaurant, bar, pub and the Weaver´s House, a thematic establishment integrating a museum, tea room, craft workshop and shop, where visitors can experience weaving, learn about the history and traditional techniques and tools used. A distinctive feature is the traditional construction using schist stones mixed with round river stones, giving the houses and streets a particular appeal, especially after the village's restoration. Also the long tradition of traditional river boat construction is worthwhile (Figure 2).

Figure 2 - Architecture of the village and traditional river boat

Source: authors

Gastronomy and local products (art crafts, linen, and agricultural products, such as cherry, olive oil, chestnut) also enrich the tourist experience. There are no official numbers on the amount of visitors, but based on information from the parish, during weekends and the high season the population almost doubles, mainly due to several second residences and emigrants coming for holidays, with "regular tourism" still in its infancy.

The view of agents of tourism planning and development

All agents were interviewed separately. In their opinion, the activities that most contribute to local development are those making use of endogenous resources and products, with tourism playing an important role: "services that may become competitive are connected to the tourism sector" (APD1) and "tourism is the main vehicle for the development of this territory" (APD4). Some identified also forest related activities and handicraft traditions as contributing significantly to local development.

These agents identify as the region's main attractive features: the natural resources (the river, landscape, the forest, the mountains), the immaterial heritage (traditions) and agriculture-related products – all of them concurring to create the image of a "genuine land" to visit and discover by the visitors. They also refer as most important distinguishing factors of the village, its location (close to the river), architecture, the community's hospitality and their unusual open-minded attitude towards strangers, not so common of small hinterland villages. The agents understand that the village's tourist demand is mostly domestic, with main tourist motivations for visiting Janeiro de Cima being the search of an experience integrating contact with nature, getting away from urban stress, learning about the rural way of life, an experience of "genuineness".

Implemented since 2004, the local tourism strategy stresses endogenous resources and development of strategic networks (linking private and public entities) to promote these resources in designing appealing tourism products. However, agents also identify obstacles to tourism development in the region also affecting the village, namely (human) desertification, population ageing, the poor accessibilities and some lack of dynamism of local stakeholders. The regional tourism board identified as another important constraint the instability of the administrative structure of tourism entities in the country hampering long-term strategic planning. As factors eventually stimulating tourism development in the region, the institutional agents refer to some initiatives related to new networks and consolidation of the existing ones. They globally perceive tourism, particularly when based on endogenous resources, local traditions and networking, as a vital instrument for local development. Additionally, some agents stress the role tourism may have in

attracting new people to the village, thereby fighting desertification and population ageing.

The view of tourism supply agents

Supply agents agree that tourism is the main activity stimulating local development. However, they identify important constraints to local development, namely the poor accessibilities, population ageing, the lack of dynamism of local potential investors and excess of bureaucracy in the process of business creation.

These agents confirm that tourist demand is mostly domestic, although international tourists also come to specific events, like Arts Festivals, and in summer (emigrants with strong place attachment to the village). The main tourist motivations perceived are, again, nature, quietness, local hospitality and the opportunities to relax and get away from urban stress. They highlight that most tourists like the family-like relations within the community, as opposed to anonymous urban life. Supply agents additionally recognize the role of "experiences' packages" (sold in many urban retail outlets) as new channels of promotion and selling, effectively attracting many tourists.

For improving the tourist experience, agents suggest more tourist information on the village (e.g. brochures with pedestrian trails and main attractions in the region), more networking with farmers to sell their products, improving the pedestrian trails (maintenance and signalling) as well as a better use of all existing resources (e.g. river park, rural activities). However, supply agents also stress difficulties in implementing these initiatives, due to lacking public funds, lack of local entrepreneurship and complicated bureaucracy.

The view of residents

The sample (11 respondents) includes eight females, residents interviewed aged between 20 and 34 or 40 and 59 years. Half present medium education levels, with most being professionally active (7), usually in the service sector, working outside the village (three were unemployed and one a student). The monthly household income varied, with about half not exceeding 1000€.

Residents understand that village visitors wish to discover nature and traditions contrasting their daily lives, in search of authenticity and quietness. Residents identify the traditional village architecture as another attracting feature, recognizing the relevance of the village's inclusion in the SVN, an already well-known brand. Correspondingly, residents highlight as most distinguishing elements the village's traditional buildings, the river and the Weaver's House, however expressing their dissatisfaction with the fact that some of these resources are not being well explored.

Most residents refer to visitors contacting them, either looking for a conversation, trying to better understand the life and traditional activities in the village, or to obtain information about what to do in the village and surroundings. Residents view tourists positively, as sympathetic, respectful and curious about the village's reality, so different from cities.

When asked about the relevance of tourism for the village life, residents consider that it helps maintain some traditions, increases its visibility and contributes to revitalizing local economy, creating opportunities for new businesses and jobs. They recognize tourism

has brought more life to the village and some transmit the idea of feeling happy for showing other people all the things that make them proud of living in the village.

However considering that visitors are usually satisfied with their village experience, they recognize that improvements are desirable. They mostly refer to the need for more tourist information (e.g. on pedestrian trails and main attractions), but also to an improvement of the restaurant supply, highlighting regional gastronomy. They also suggest more activities/ services integrating local resources and traditions (e.g. bread cooking, showing the olive oil process and some agricultural activities, restoring water mills). They blame the lack of private initiative for this lack of "tourist oriented-services".

The visitors' view

In Janeiro de Cima 12 tourists were interviewed, the majority aged between 22 and 39 years (five above 50 years). The sample integrates 7 females, travelling mostly in a couple and for 2 days (only three interviewees were excursionists). Most live in medium cities of the country's coastline and show higher education levels (a bachelor or master degree).

The architecture of the village and its natural resources (mainly the river and schist) stand out as the most appealing features of the village. Gastronomy is another attractive feature of the region, as well as some cultural attractions/ events (the Weaver's House and a cultural festival taking place at the river park). Some mention the brand (schist village) as one motivator to visit the village. Besides these "pull motives", tourists indicate the "push motives" of novelty seeking and the escape from urban environments.

All tourists reveal positive affective appraisals of the place, most of them focusing only on the relaxing category, a combination of high pleasantness and low arousal, using expressions like peace, calm, quiet, rest, to describe their feelings during the visit (Russell & Pratt, 1980). There are also some references to higher arousal, like joy, interest and feelings related to nostalgia. The contrast effect between rural and urban environments is always implicit in the discourses used by tourists to express the image of this rural destination.

Tourists also revealed sensory appraisals of the destination, such as the smell of pine trees, colours like green (trees and mountains) and brownish orange (schist and round river stones), interestingly the "absence of sounds" (silence) or sounds of nature (river floating, the sound of birds). The taste is mainly related to local food products (pumpkin jam, chestnuts).

The tourists' cognitive image of the village tends to focus on architecture (schist, architecture, restored buildings), which some referred to as a "good surprise". The visual dimension apparently dominates the tourist experience, when considering the number of associations given, confirming the relevance of the tourist gaze (Urry, 2002). Visual images, besides architecture, mainly relate to the green landscape and fields, stones, mountains and the river, revealing a particular aesthetic pleasure marking the experience and mirroring the "rural idyll" that strongly appear in the tourists' affective, cognitive and sensorial appraisals of the village. Only 5 tourists mention negative impressions, mainly functional service-related aspects (lack of information, service at the restaurant or at the accommodation unit).

Authenticity was also associated to the experience, with particularly the way of life perceived as genuine: "This is a Portugal still existing here that is not staged, it is perfectly genuine; these are people who have a knowledge that derives from their relation with nature. For example … we have seen people working in the fields, aged from 40 to 80 years. There is much work that is not mechanized, it is done manually, in a slow rhythm, but in the end of the day the work is done. … We have talked to these people. This interaction with the people living in the territory marks" (T2 – JC).

The social dimension of the experience seems related to this association to genuine people, open to talk about their lives and greeting visitors spontaneously. This contributes to the welcoming atmosphere of sympathetic village people perceived by visitors as most comforting, genuine and pleasant.

All tourists globally enjoyed their visit and reasons evoked for being satisfied with the visit match the affective (calm atmosphere) as well as the cognitive (architecture conservation) appraisals, but not all would like to live in the village (generally preferring urban life and its commodities). Those who could imagine moving to Janeiro de Cima (4) were mostly motivated by the opportunity to escape from the stress of everyday life in the city. The experience could, however, be improved, by better information available on the village and its surroundings.

Conclusions

Considering the perspectives of all stakeholders interviewed in the village, and confirming the claims of many authors regarding sustainable rural tourism development (Cawley and Gillmore, 2008; Lane, 2009; Kastenholz et al., 2012), it seems most important to invest in preservation and creative usage of existing natural and cultural resources, to keep traditions, to improve access to and information about existing resources and yield an overall better integration of these elements into an experience that is globally perceived as very positive, but recognized as improvable. Similar to other rural tourism contexts (e.g. Park and Yoon, 2009; Frochot, 2005; Kastenholz, 2004), also in Janeiro de Cima, nature stands out in the village experience, the integration into an appealing landscape, useable for tourist activities (hiking, swimming), with the sounds, colors and smells of nature reflecting the discourse of the rural idyll frequently referred to in literature (Figueiredo, 2009). Some local actors stress the role of agriculture as a main economic and landscape shaping activity with positive links to the tourism experience and specific parts of it (e.g. gastronomy and selling of local products), a small-scale agriculture also appreciated by visitors and associated with authenticity (Chambers, 2009). Authentic, traditional elements of the village life might actually be used in diverse tourist services for "theming" the experience (Kastenholz et al., 2012), making them meaningful to the new, lifestyle-oriented, value seeking tourist generation (Todt and Kastenholz, 2010)

The social dimension of the rural tourism experience must also be recognized, here highlighted by all stakeholders as associated to "cultural brokerage" (Cohen, 1988), authenticity (Chambers, 2009), contributing to a pleasant and affectively comforting ambience (Kastenholz & Sparrer, 2009; Tucker, 2003) and a favourable setting for a co-creative experience design (Kastenholz et al., 2012).

In this context, the understanding of the possible links between local stakeholders yielding the design of appealing integrated experiences, based on the most interesting local resources, in a network approach, is also recognized by many local agents. The role

of ADXTUR in stimulating and coordinating these initiatives, while also enhancing innovative approaches (e.g. making better use of technology), may help improve the visitors' experience, before, during and after the visit. Integrative and co-creative experience design, based on distinctive endogenous resources may thus provide opportunities for pleasant, involving and meaningful experiences (Chambers, 2009; Kastenholz et al., 2012; Mossberg, 2007; Ellis and Rossman, 2008) and targeted to well selected, distinct rural tourist segments (Kastenholz, 2004; Frochot, 2005), simultaneously enhances the village's competitiveness and sustainable development (Crouch and Ritchie, 1999; Garrod et al., 2006; Lane, 2009).

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Influence of knowledge sharing between intermediaries and IT leaders on developing offers for customers – polish perspective

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Abstract

The idea of knowledge management and knowledge transfer/sharing occurred as a consequence of the process of transformation of traditional business relations into collaboration of industry, services and their partners, due to the fact that information has become production's resources, especially in net-product sectors (for example IT sector). The intellectual value (information, knowledge, innovation) is created by enterprises, their co-competitors (co-operators, competitors) and customers to satisfy target markets. The global, innovative firms have been using new tools to create relations based on knowledge-changing, because global customers are more exacting and they take decisions more knowingly. That is why knowledge sharing between producers and intermediaries is a crucial point for developing offers for customers. In the paper the following assumption has been made: knowledge sharing between IT leaders and intermediaries enables creating competitive offer for target market. The customers' satisfaction reflects the level of knowledge sharing between IT leaders and intermediaries. Observing activity of chain retailers selling IT product we can state, that the level is not very high. Also, the opinions of the customers buying in those retail chains show that the offer do not encourage them to make a purchase in the future. In the paper the factors that discourage customers from buying in retail chains will be identified (on the basis of Internet users' comments on various Internet pages).The paper presents the example of practices in knowledge management of IT-leaders and Media Markt on the Polish market.

Keywords: knowledge management, knowledge transfer, business relations, intellectual value, customers, retail chains, customer behaviour

Introduction

Successful marketing system includes, among others, investing in education and providing information for customers and partners. This ought to increase satisfaction and well-being of the customer and partner in longer perspective[16]. It is an unquestioned contribution of marketing in the process of value formation. However, the value of knowledge[17] depends on the degree of the awareness of its importance and the ability to use it. Markets are stimulated by customers and partners who become "advisers" while defining their individual needs. The effectiveness of such a knowledge-based relationship depends on the ability of an enterprise to improve the value in digital economy. This means to appreciate this source of value, create or activate competence of the customer

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and other partners, in confrontation with possessed knowledge resources while applying more or less formal tools of knowledge co-formation.

Literature review

Over 120 years ago, Alfred Marshal defined knowledge as a driving force of production.[18]In economic approach knowledge is perceived in two ways: as information and as assets. In the first approach knowledge is treated as information that may be processed and used to make reasonable economic decisions. However, at the beginning of the 90s a growing number of researchers (for example Kilduff, von Krogh and others, see also Dodgson, Weick and Westley, Vera and Crossan) [19] criticised adopting the notion of universal "information" that characterises the major trend of the theory of organisation from 1950 up till 1980 (for example March and Simon)[20] and tendencies to equate information with knowledge (see Newell and Simon)[21]. Knowledge is a subset of intellectual capital of the company. It is information that has a meaning, context and purpose and this makes it possible to undertake actions. Knowledge is making deductions about information and data [22] for the purpose of increase in effectiveness, ability to solve problems and to make decisions, for science and learning[23]. In practice, knowledge is a "product" and a "process". Knowledge is a foundation materialised in the form of, for example, a set of best practices, case studies, experiences, solutions, rates, etc.

In the other approach, knowledge is an economic good that may be a private property and as a product, it can be the subject of market turnover[24]. Knowledge is a valuable

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[19] M. Kilduff: *Deconstructing organizations*. "Acad. Management Rev". 18(1) 1993, pp 13–31; G.von Krogh: *Care in knowledge creation*. "California Management Rev." 40(3) 1998, pp 133–153; M. Dodgson: *Organizational learning: A review of some literatures*. "Organ. Stud." 14(3) 1993, pp 375–394; K. E. Weick , F. Westley: *Organizational learning: Affirming an oxymoron*. (In:) S. R. Clegg, C. Hardy, W. R. Nord, eds. *Handbook of Organization Studies*. Sage, London 1996, pp 440–458; D. Vera, M. Crossan: *Organizational learning and knowledge management: Toward an integrative framework*. (In:) M. Easterby- Smith, M. Lyles, eds. *The Blackwell Handbook of Organizational Learning and Knowledge Management*. Blackwell, Oxford 2003, pp 122–141.

[20] J. G. March, H. A. Simon: *Organizations.* Wiley, New York 1958

[21] A. Newell, H. Simon: *Human Problem Solving*. Prentice-Hall, Englewood Cliffs, NJ. 1972

[22] Data is made of material that is subject to processing, for example codification. J. Rehauser, H. Krcmar: *Wissensmanagement im Unternehment.* Berlin, de Gruyter 1996, pp 1-40; There is no data per se, however they are constructed by perception. Data converted into information must have specific meaning and are dependent on specific situational system / context. H. Willke: *Systemisches Wissensmanagement*. Stuttgart, Lucius & Lucius 1998

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[24] S. Łobesko: *Systemy Informacyjne w Zarządzaniu Wiedzą i Innowacją w Przedsiębiorstwie [Information Systems in Management of Knowledge and Innovation in a Company]*. Szkoła Główna Handlowa [Warsaw School of Economics]. Warsaw 2004, p 33

resource of a company, necessary to make profit (Grayson Jr, O'Dell, and Zack)[25]. According to this view, every company operates on the grounds of possessed knowledge assets - "company as a storeroom of knowledge" [26].

According to Blackler's concept [27] the following classification of knowledge that is an extended version of Collins's suggestion of 1993 is made, regardless of the degree of involvement of a company in knowledge-based structures:

* knowledge that dependently on conceptual skills and cognitive abilities may concern implicit knowledge (embrained knowledge),
* knowledge that is oriented to acting, and is made of experiences and associated with individual reactions and interpretation of the surrounding environment that creates explicit knowledge (embodied knowledge),
* knowledge that is a process of finding the common ground through collectivisation and acceptance of standards; the language and negotiations become the object of a discourse related to this type of knowledge in an organisation (encultured knowledge),
* knowledge that is explicit and fixed in systematically performed procedures. It refers to relations between roles, technologies and system procedures that are formal and that occur (embedded knowledge),
* knowledge that is information translated into signs and symbols (books, manuals, databases, etc.) and also the principles of conduct. It refers to knowledge transferring and storing (encoded knowledge).

According to ABI Inform Index the first definition of the notion of knowledge management occurred in 1975 (Goerl[28], Henry[29], McCaffery[30]). Knowledge management [31] as scientific discipline occurred in the early nineties. The idea of KM has been discussed by such university lecturers as Ikujiro Nonaka (Hitotsubashi University), Hirotaka Takeuchi

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[25] C.J. Grayson Jr., C.S. O'Dell: *Mining Your Hidden Resources*. „Across the Board", 35, 1998, pp 23-28; M.H. Zack: *Developing a Knowledge Strategy*. "California Management Review", 41, 1999, pp 125-145

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[27] F. Blackler: *Knowledge, Knowledge Work and Organizations: An Overview and Interpretation*. "Organization Studies"1995 pp 1021–1046

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[29] N. Henry: *Bureaucracy, technology, and knowledge management*. "Public Administration Review" 35, 1975 p572.

[30] J. McCaffery: *Knowledge management in fiscal policy formation*. "Public Administration Review" 35, 1975 p598

[31] The milestones in development of knowledge management were: the declaration by Chaparral Steel in 1975 that its strategy and structure would be based on knowledge management and a publication by Skandia company of the annual report in 1991 where the so-called Navigator - the value report on intellectual capital was annexed . In 1993 in Boston the first conference on the subject of knowledge management was organised. Others assume that the year of 1987 indicates the beginning of the concept of knowledge management. At that time in the USA the conference "Managing the Knowledge Assets into 21st Century" was organised and in Sweden the so-called Konrad's Group was formed. It started to work on intellectual capital management. The need to distinguish a new level of management was firstly noticed by consulting firms for which knowledge was a product itself. They started to create repositories including experiences and knowledge of their consultants, for example: KnowledgeCurve (PricewaterhouseCoopers), Kworld (KPMG), Knowledge Xchange (Andersen), Knowledge Direct and others.

(Hitotsubashi University), Thomas H. Davenport (Babson College) and Baruch Lev (New York University). The first collections of case studies that indicated the significance of knowledge management within dimensions of its strategies, processes and measurements were prepared by Morey Maybury and Thurasingham in 2002[32]. The notion of personal knowledge management had been introduced before, in 1999. It referred to knowledge management on individual level (Wright) [33].

Processes, technologies, (or) culture, structures and people are the key components of knowledge management. [34] Various schools of thinking in the field of knowledge management include various objects through the prism of which KM can be explained.

They concern:

- communities of practicians (of knowledge) (Wenger, McDermott and Synder, 2001) [35]
- analyses of social networks [36]
- intellectual capital (Bontis & Choo, 2002) [37]
- theory of information (McInerney, 2002) [38]
- complexity of science [39]
- constructivism (Nanjappa and Grant, 2003)[40].

Knowledge management in operational dimension is a process that consists in creation of formal knowledge and knowledge that is difficult to articulate, and then its processing, and gathering, protection and practical application for the achievement of assumed targets of the organisation. On the other hand, knowledge management, in strategic dimension, is the ability to create an organisation "based on knowledge and open to

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[32]D. Morey, M. Maybury, B. Thuraisingham: *Knowledge Management: Classic and Contemporary Works*. "Cambridge: MIT Press". 2002, p 451.

[33] K. Wright: *Personal knowledge management: supporting individual knowledge worker performance*. "Knowledge Management Research and Practice" 3, 2005, pp 156–165.

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knowledge" that integrates the strategy of the company, its people, organisational culture and technology, around effective use of knowledge [41].

There are various approaches related to knowledge management in a company. They are: Japanese approach, process approach and resource approach. According to SECI Model by Ikujiro Nonaka, in Japanese approach knowledge management is a repetitive cycle that includes four processes:

- socialisation (Socialization) - adjustment is a process of sharing experience and thereby formation of implicit knowledge such as mental models and technical skills; interactions with the customer, even before preparation of the project of a new product. In fact it is a process of sharing embrained (implicit) knowledge and creation of better ideas, on its grounds;
- externalisation (Externalization) - the process of formation of knowledge in which embrained knowledge is made available in the form of metaphors, analogies, notions, hypotheses or models. It is a transformation of implicit knowledge into expressible knowledge that is explicit for partners;
- combination (Combination) - combining various elements of available knowledge, processing knowledge that is available from various sources (also from partners) through selection, standardisation and classification of information. This can lead to emergence of new knowledge;
- internalisation (Internalization) - internalisation is a process of including available knowledge within implicit knowledge. It is learning through acting, including the contact with partners [42].

The groundwork for this model can be found in scientific discussion [43] on the subject of the necessity to introduce new stages of faster and more flexible process of a new product improvement, that took place between I. Nonaka, H. Takeuchi in 1986. In this model we can find the roots of SCRUM Concept [44], that refers to the management of organisations in which the mechanism of control of empirical processes constitute the groundwork, and the key importance is attributed to decisions made on operational level of the process of project planning and management as opposed to traditional concept of management based on command and control. In the following years this concept was applied and developed in theory and practice by Ken Schwaber, Jeff Sutherland, John

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[41] M. Strojny: *Wiedza menedżera w XXI wieku*. [Manager's knowledge in 21st century] Materiały Konferencyjne [Conference Materials], Limes Centrum Warsaw 2001

[42] I. Nonaka, H. Takeuchi: *The knowledge creating company: how Japanese companies create the dynamic of innovation*, New York: Oxford University Press, 1995, p. 284; I. Nonaka, H. Takeuchi: *Kreowanie wiedzy w organizacji* [Creating Knowledge in an Organisation], Poltext, Warsaw 2000, p 96

[43] The observation was performed in production plants in automotive industry and plants producing photocopiers and printers. The authors named this approach to management comprehensive or rugby approach because of the fact that the process is performed by one of functional teams in many stages ("team tries to go the distance as a unit, passing the ball back and forth") I. Nonaka, H. Takeuchi: *The New Product Development Game*, „Harvard Business Review", January/February, 1986, pp 285-305

[44] K. Schwaber: *Agile Project Management with Scrum*. "Microsoft Press". February 1, 2004; I. Nonaka, H. Takeuchi: *The New Product*... op.cit. pp 285-305

Scumniotales, Jeff Kenna [45]. This cycle is described by the notion of knowledge spiral. The model of knowledge spiral shows relationships between explicit and implicit knowledge. The notion of "silent knowledge" was used for the first time by the philosopher, Michael Polanyi in 1958 and the philosopher's words became characteristic: „we know more than we can say"[46]. He noticed that the whole knowledge is rooted in embrained knowledge as only a part of it can be articulated. People are not always aware of the knowledge they have and what value it offers to them. Efficient transfer of knowledge requires extensive contacts, permanent cooperation and trust. Such knowledge is manifested through practice and has its meaning in a particular context. Embrained knowledge is captured if its owner becomes an element in the network of knowledge / community of knowledge[47]. Embrained knowledge includes beliefs, ideals, values, thinking schemes and models that are deeply rooted in us and that we often treat as axioms.

In the discipline of knowledge management, the concept of embrained knowledge is understood as the subject knowledge that is difficult to express in words and symbols. It is knowledge acquired thanks to knowledge of mentors and teachers, acquired by observation, imitation and practice. It stands for "know-how" (I know how) as opposed to "know-what (I know the facts), "know-why" (I know why) and "know-who" (I know who/ networking) [48].

The so-called process approach is another approach to knowledge. Process is a collection of linked and organised actions and / or tasks that serve accomplishment of a specific purpose. Davenport defines the process as an organised and measurable set of actions oriented to production of specific results for a particular customer and market. The process is defined in time and space, it is a structure of a company activities that are necessary to create values for its customers[49]. According to this definition, the process needs to have clearly defined limits, it is composed of sub-processes that are organised and embedded in space and time and oriented to the customer. Hammer and Champy define the process similarly, while describing it as a collection of scenarios that include numerous input data and produce results that have a value for the customer[50]. Rummler and Brache distinguish between basic and supporting processes depending on whether the process is directly involved in formation of the value for customer. This division found its reflection in Porter's model of value chain. Rummler and Brache also noticed that

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[45] J. Sutherland: *Agile Development: Lessons learned from the first Scrum*, http://www.scrumalliance.org/ resources/35, available: 26.08.2008; J.V.Sutherland, K. Schwaber: *Business object design and implementation: OOPSLA'95 workshop proceedings*. The University of Michigan 1995, p 118; K. Schwaber, M. Beedle: *Agile software development with Scrum*. Prentice Hall. 2002

[46] M. Polanyi: *The Tacit Dimension*, University of Chicago Press: Chicago, 4, 1966

[47] K. Goffin, U. Koners, U.: *Tacit Knowledge, Lessons Learnt, and New Product Development*. "Journal Product Innovation Management" 2011, pp 300-318; F. L. Schmidt, J. E. Hunter: *Tacit knowledge, practical intelligence, general mental ability, and job knowledge*. "Current Directions in Psychological Science" 1993, pp 8-9

[48] F. L. Schmidt, J. E. Hunter: *Tacit knowledge, practical…* op.cit. pp 8-9

[49] T. Davenport: *Process Innovation: Reengineering work through information technology*. "Harvard Business School Press", Boston 1993

[50] M. Hammer, J. Champy: *Reengineering the Corporation: A Manifesto for Business Revolution*, Harper Business 1993

processes are embedded in organisational structure of a company [51] . Johansson's definition of the process emphasises the relationship between actions and value transformation that occurs within the process [52].

We can state on these grounds that knowledge management is a process that aims at formation of values and achievement of permanent competitive advantage through creation, transfer and application of knowledge obtained during interaction with the customer for the purpose of maximisation of growth and value of the company[53]. Knowledge management is a business process thanks to which companies create and implement their institutional and collective knowledge [54] . It is a process by which an organisation generates wealth from knowledge and intellectual capital [55] . Knowledge management is a combination of the processes of forming, collecting, organising, spreading, using and utilising knowledge while the organisation is functioning [56] . According to Ernst&Young, knowledge management is a system that is designed in such a way that it ought to help the company gain, analyse and use knowledge for the purpose of making faster, more reasonable and better decisions that bring achievement of competitive advantage. According to PricewaterhouseCoopers, a consulting company, knowledge management is the ability to process information and other intellectual assets into permanent value for customers and employees of an organisation [57] . It describes methods, instruments and tools that in holistic approach contribute to the course of major processes in which knowledge takes part - knowledge generating, knowledge storing, knowledge distributing - in all areas and levels of an organisation [58].

The process of knowledge management is analysed in three dimensions: before, during and after knowledge-based relations are established. The first approach, defined as codification approach to the process of knowledge management, concerns orientation to own knowledge resources and their popularisation in databases [59] . This approach corresponds to the so-called push strategy in knowledge management. In the next two approaches it is associated with pull strategy and is a subject approach (personalised

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[51] G. Rummler, A. Brache: *Improving Performance: How to manage the white space on the organizational chart*. Jossey-Bass, San Francisco 1995

[52] *Business Process Reengineering: BreakPoint Strategies for Market Dominance*. collective work edited by H. J. Johansson, John Wiley & Sons 1993

[53] A. Tiwana: *Przewodni*k…[A Guide...] op.cit. p 59

[54] M. Sarvary: *Knowledge Management and Competition in the Consulting Industry*, "California Management Review" vol. 41, 1999 No 2

[55] W.R. Bukowitz, R.L. Willson: *Knowledge Management Fieldbook*, Pearson Education, London 2000

[56] D.J. Skyrme: *Knowledge Networking. Creating the Collaborative Enterprise*, Butterworth Heinemann, Oxford 1999

[57] A. Błaszczuk, J.J. Brdulak, M. Guzik, A. Pawluczuk: *Zarządzanie wiedzą* … [Knowledge Management...]op.cit. p 19

[58] B. Mikuła: *W kierunku organizacji*…[Towards Organisation...] op.cit. p 59

[59] N. D. Rishe, R. I. Athauda, J. Yuan, Shu-Ching Chen: *Knowledge Management for Database Interoperability*, High-Performance Database Research Center, Florida International University Miami, FL 33199, USA; Microsoft Corporation, School of Computer Science One Microsoft Way Redmond, WA 98052-6399, USA, http://www.cs.fiu.edu/~chens/PDF/IRI00_Rathau.pdf , available: 23.11.2012

approach) to the process of knowledge management while paying a special attention to the subjects that participate in the process of knowledge management [60].

Knowledge transfer is the key element in the process of knowledge management in an organisation / network. It consists in its dissemination within an organisation and outside. Knowledge transfer in the sphere of organisational development and organisational learning is a practical problem of knowledge transfer from one organisation to another, or other parts of an organisation. Knowledge transfer is a complex process because it concerns (1) knowledge that is located in human resources of the organisation, tools, tasks and their relations [61], and (2) a lot of knowledge in an organisation is implicit or difficult to articulate [62]. Argote and Ingram defined knowledge transfer as a "process in which one individual (for example a group, a department, a branch) is influenced by experiences of others" [63]. The process of learning includes wide circles of people and allows for faster knowledge application in practice. Here, we can talk about synergy effect that results from combination of knowledge, professional experiences and ways of thinking of various people [64]. Knowledge transfer can take the form of work within projects, discussion and group problem solving, everyday cooperation, alliances with competitors and suppliers and partnerships with customers.

Theory of resources-based company, shows knowledge, beside other resources, as the factor that creates competitiveness (Barney[65], Reed and DeFillippi[66], Conner and Prahalad[67]). In 1987, in one of the chapters of his work, Winter [68] included argumentation supporting competitiveness of silent / implicit knowledge. This work provoked further reflections on this subject (Kogut, Zander[69]). According to some other scientists (for

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[60] D. Snowden: *Complex Acts of Knowing – Paradox and Descriptive*…op.cit. pp 100–111

[61] L. Argote, P.Ingram: *Knowledge transfer: A Basis for Competitive Advantage in Firms.* "Organizational Behavior and Human Decision Processes 82 2000, pp150–169.

[62] I.Nonaka, H.Takeuchi : *The Knowledge-Creating Company*. New York, NY: Oxford University Press 1995

[63] L. Argote, P. Ingram: *Knowledge*… op.cit. p 151

[64] *Pomiar kapitału intelektualnego przedsiębiorstwa [Measurement of Intellectual Assets in a Company]*. Collective work edited by: P. Wachowiak, SGH [Warsaw School of Economics] Warsaw 2005, p 39

[65] J. Barney: *Firm resources and sustained competitive advantage*." J. Management" 77(1) 1991 pp 99–120

[66] R. Reed, R. J. DeFillippi: *Causal ambiguity, barriers to imitation and sustainable competitive advantage*. "Acad. Management Rev." 15(1) 1990 pp 88–102

[67] K. R. Conner, C. K. Prahalad: *A resource-based theory of the firm: Knowledge versus opportunism*. "Organ. Sci." 7(5) 1996, pp 477–501

[68] S. Winter: *Knowledge and competence as strategic assets*. (In:) D. Teece, ed. *The Competitive Challenge—Strategies for Industrial Innovation and Renewal*. Ballinger, Cambridge, MA 1987

[69] B. Kogut, U. Zander: *Knowledge of the firm, combinative capabilities, and the replication of technology*. "Organ. Sci." 3(3) 1992, pp 383–397

example von Krogh[70], Spender and Grant[71], Tsoukas[72], Spender[73], Szulanski[74], Gupta and Govindarajan[75], see also Foss[76]), management of knowledge-based relations is an element of strategic management. Knowledge-based approach to organisation includes management of knowledge assets (for example according to Boisot[77], Chou and He[78], Nonaka[79], Teece[80], Bowonder and Miyake[81], Chen and Edgington[82]). The theory of company dynamic abilities was developing parallelly to the resource approach (Teece[83]). This theory emphasises the significance of dynamics of establishment of company competitive advantage through coordinating and combining the organisation resources, including knowledge. It refers to Nonaka's process of dynamic knowledge creation and

[70] G.von Krogh, J. Roos, K. Slocum: *An essay on corporate epistemology*." Strategic Management J. "15 1994, pp 53–71.

[71] J. C. Spender, R. M. Grant: *Knowledge and the firm: Overview*. "Strategic Management J." 17(Winter) 1996, pp 5–9

[72] H.Tsoukas: *The firm as a distributed knowledge system: A constructionist approach*. "Strategic Management J." 17(Winter) 1996, pp11–25

[73] J.C. Spender: *Making knowledge the basis of a dynamic theory of the firm*. "Strategic Management J." 17(Winter) 1996, pp 45–62

[74] G.Szulanski: *Exploring internal stickiness: Impediments to the transfer of best practice within the firm*. "Strategic Management J."17(Winter) 1996, pp 27–43

[75] A. K. Gupta, V. Govindarajan: *Knowledge management's social dimension: Lessons from Nucor steel*. "Sloan Management Rev.'42(1) 2000, pp 71–80

[76] N. J. Foss: *Knowledge-based approaches to the theory of the firm: Some critical comments*. "Organ. Sci." 7(5) 1996, pp 470–476

[77] M. H. Boisot: *Knowledge Assets - Securing Competitive Advantage in the Knowledge Economy*. Oxford University Press, New York1998

[78] S.Chou, M. He: *Knowledge management: The distinctive roles of knowledge assets in facilitating knowledge creation*. "J. Inform. Sci." 30(2) 2004, pp 146–164

[79] I. Nonaka, R. Toyama, A. Nagata: *A firm as a knowledge creating entity: A new perspective on the theory of the firm*. "Indust. Corporate Change" 9(1) 2000, pp 1–20

[80] D. J.Teece: *Capturing value from knowledge assets: The new economy, markets for know-how, and intangible assets*. "California Management Rev." 40(3) 1998, pp 55–79; D. J.Teece: *Managing Intellectual Capital - Organizational, Strategic, and Policy Dimensions*. Oxford University Press, New York 2000

[81] B.Bowonder, T. Miyake: *Technology management: A knowledge ecology perspective*. "Internat. J. Tech. Management" 19(7/8) 2000, pp 662–685

[82] A. N. K. Chen, T. M. Edgington: *Assessing value in organizational knowledge creation: Considerations for knowledge workers*. MIS Quart. 29(2) 2005, pp 279–309

[83] D. J. Teece, G. Pisano, A. Shuen: *Dynamic capabilities and strategic management*." Strategic Management J." 18(7) 1997, pp 509–533

exchange [84]. Definitely, according to other authors, knowledge is a strategic resource of a company (Chini, Foss and Pedersen, Haas and Hansen, Kotabe)[85].

Media Markt as a participant in knowledge-based relations on the market of computer equipment

Media Saturn Holding Polska Limited Liability Company is the owner of Media Markt chain store, the largest seller of usable electronics in Europe, the owner of Media Markt and Saturn chain that altogether has over 890 shops in 15 European countries (Austria, Belgium, Greece, Spain, Holland, Germany, Poland, Portugal, Russia, Switzerland, Sweden, Italy and Hungary, also in Turkey and China), out of which 63 shops (46 Media Markt and 17 Saturn shops) are located in Poland. [86] Both chains make the point of reference for the largest retailers in this business and they belong to Metro A.G. capital group that can be found on the list of most powerful global retailers.

Tab. 1 The largest companies in retail business in the world with respect to income from sale

Position in the listing	Company name	Country of origin	Retail sale results in 2009 in $ million	Assumed growth rate per year C A G R * 2004-2009 (%)
1.	Wal-Mart	the USA	405 046	7.3
2.	Carrefour	France	119 887	3.4
3.	Metro Group	Germany	90 850	3.0
4.	Tesco	Great Britain	90 435	10.9
5.	Schwarz	Germany	77 221	9.8
6.	The Kroger Co.	the USA	76 733	6.3
7.	Costco	the USA	69 889	8.2
8.	Aldi	Germany	67 709	6.3
9	Home Depot	the USA	66 176	- 2
10.	Target Corporation	the USA	63 435	6.8

Source: Results of "Leaving home" ranking Global Powers of Retailing 2011"

Considering the size, Metro Group is the third world biggest commercial company, an international commercial company operating in 30 countries of the world. It results from published information that in 2010 the profit of Metro grew by nearly 20 per cent to EUR

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[84] I. Nonaka: *Managing the firm as information creation process*. Working paper, Institute of Business Research, Hitotsubashi University, Hitotsubashi, Japan1987; I. Nonaka: *The knowledge-creating company*. "Harvard Bus. Rev. "69(6) 1991, pp 96–104; I. Nonaka: *A dynamic theory of organizational knowledge creation*. "Organ. Sci." 5(1) 1994, pp 14–37; I. Nonaka, G. von Krogh, S. Voelpel.: Organizational *knowledge creation theory: Evolutionary paths and future advances*. "Organ. Stud." 27(8) 2006, pp 1179–1208

[85] T.C. Chini: *Effective Knowledge Transfer in Multinational Corporations*. Hampshire, UK: Palgrave Macmillan 2004; N. J. Foss, T. Pedersen: *Organizing Knowledge Processes in the Multinational Corporation: An Introduction*. "Journal of International Business Studies" 35, 2004, pp 340-349; M. R. Haas, M.T. Hansen: *Different Knowledge, Different benefits: Toward a Productivity Perspective on Knowledge Sharing in Organization.* "Strategic Management Journal", 28, November 2007, pp 1133-1153; M. Kotabe, D. Dunlap-Hinkler, R. Parente, H.A. Mishra: *Determinant of Cross-National Knowledge Transfer and Its Effect on Firm Innovation*. "Journal of International Business Studies" 38 (2) 2007, pp 259-282

[86] www.mediamarkt.pl available 20.01.2013

2.4 billion at the increase in turnover by 3% to EUR 67,3 billion. Good results of the German group are a result of limitation in the number of outposts an reduction in employment and also development of activity on foreign markets, including Eastern Europe. In 2010, Polish part of the company reached the increase in turnover by 4.6 per cent to EUR 4.3 billion (over PLN 17 billion). Apart from opening new wholesale stores and hypermarkets, the group started to sell over the Internet in various countries (also in Poland) [87] . In case of Media Markt chain in Poland it has been possible since 2012. Popularity and stable position of Media Markt chain on Polish market is shown in the ranking of shops that sell usable electronic equipment functioning in Poland that were chosen for Christmas shopping. The study was performed within "Quality of Service" Program in the period from 28th November to 4th December 2012. 6800 consumers from all over Poland took part in it (tab. 2)

Tab. 2 Chain stores most frequently chosen for Christmas shopping for household appliances, radio and television equipment and computers

The name of chain	Most frequently chosen chain in the cities with the population over 500 thousand inhabitants in %	Most frequently chosen chain in the cities with the population from 50 to 500 thousand inhabitants in %	Most frequently chosen chain in the cities with the population up to 50 thousand inhabitants in %
Media Markt	51	48	44
RTV Euro AGD	38	44	32
Media Expert	15	23	32
Saturn	33	16	13
Avans	8	11	17
Komputronik	14	12	10
NeoNet	6	8	14
Mix electronics	6	9	10
Vobis	7	9	9
Tesco	7	9	8

Source: own case study on the grounds of www.marketing-news.pl available 19.01.2013

As the graph shows Media Markt shops were chosen by 51% of respondents from big cities, 48% of respondents from medium-sized cities and 44% respondents from the smallest localities. This means that these people will go to bigger cities in which Media Markt shops are located, to make a purchase. Presented table 2 shows large popularity of Media Markt chain in Poland. However, it ought to be added that first of all low price of products on market offered by the chain is the reason for its popularity. We should also mention that Media Markt has a lot of serious competitors on Polish market that in their operational strategies focus more on inhabitants of smaller cities.

According to declared mission, the fundamental task of all Media Markt shops is satisfying customers' needs that are growing. Media Markt motto that is: "All business is local" should determine the grounds for all activities, particularly for the selection of

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[87] http://retailing.pb.pl/2396336,38371,grupa-metro-znowu-w-ofensywie, available 18.01.2013

assortment. Every Media Markt shop in Poland is a separate company managed by the manager of this particular shop that is, at the same time, the company shareholder. Media Markt does not build its own shops but they rent ready-made premises. The shops are usually located in shopping centres that are situated in prestigious locations. An average selling area is from 3500 m^2 to 5000 m^2. Decentralised management allows individual shops to adjust the offer to conditions and demands of the local market. This means that managers of individual markets are, at the same time, the shareholders in limited partnerships managed by them and independently make decisions on all matters related to the shop functioning. These decisions concern all aspects of operation from selection of staff to ordering goods or advertising actions. The head office fulfils service-providing function for individual markets. This flexibility allows for immediate reactions against competitors and expectations of customers on a particular local market on the one hand and on the other, it can cause forcing the policy associated with achievement of only the sale targets, typical of the concept of transactional marketing in which the customer is perceived as a single participant in commercial exchange.

The assortment diversity of individual shops is the expression of independence. Only the Internet purchase (that is possible in Media Markt) allows to choose the product from the wide range of goods available in stores of local products. The range of products available for online sale is shown in table 3.

Tab. 3 Products sold in Media Markt chain

Assortment type	Offered products
Radio and television equipment	TV sets, projectors and their accessories, home-cinema, HiFi and Audio, record players, small audio and video equipment (iPod , mp3, mp4 players, mobile CD and DVD players, dictaphones, radio alarm clocks, radios etc.), car audio equipment, GPS navigation, terrestrial satellite TV, audio and video accessories
Household appliances	washing machines, hair-driers, fridges, freezers, dishwashers, microwaves, cookers, hot plates, integrated appliances
Household appliances for fitting	plates, ovens, stoves, ventilating hoods, dishwashers, fridges and freezers, washing machines, driers, microwaves, coffee-machines, accessories for kitchen
Small household equipment	kitchen accessories (blenders, electric kettles, deep fryers, pots, electric grills, slicers, mincers, manual blenders, electric grinders, pots, frying pans, small kitchen accessories), house equipment (irons, vacuum-cleaners, steam generators, ironing boards, lint shavers, sewing machines, buckets, mops and others), accessories for air treatment (heaters, air-conditioning, humidifiers, air cleaners, moisture absorbers, fans and others), equipment for beauty and health care (hair iron, hair dryers, bathroom scales, accessories for shaving legs and teeth cleaning, etc.)
Computers and tablets	laptops and netbooks, tablets, personal computers, monitors, printers, multifunction peripherals, network appliances, software, computer accessories
Consoles and games	consoles, games, accessories

Photography and film cameras	digital cameras, film cameras, binoculars and telescopes, photo printers, lenses, digital photo frames, photography accessories
Telephones and smartphones	mobile and stationary telephones, smartphones, facsimile machines, walkie-talkies, internet telephony, accessories
Office equipment	binding machines, punches, calculators, laminating machines, guillotines, shredders, plotters, scanners, staplers
Films, Music, Books	blue-ray and DVD films, CDs and DVDs, books

Source: own case study on the grounds of www.mediamarkt.pl available 20.01.2013

When we analyse table 3 we can state that offered range of products is broad, and that product categories include computers and tablets that are produced by leaders in computer equipment, global companies such as Microsoft, Samsung, Dell, Sony, Hewlett Packard, Acer, Assus, Apple, Lenovo.

It also ought to be added that Media Markt offers its customers a broad range of services that make the sale offer even more attractive (table 4).

Tab. 4 Services offered for customers by Media Markt

Service type	Characteristics
Guarantee plus	Package dedicated for TV sets and big household appliances. It is a service solution that ensures 5 years' trouble-free use of the purchased product. 48 months' service and insurance package Gwarancja Plus Professional [Professional Plus Guarantee] was created for people who run their own business activity. It guarantees repair of appliances within 10 working days and in the case of TV appliances, big household appliances and printers it offers a replacing device after 5 days of repair. An insurance-based solution Gwarancja Plus Bezpieczny Bilet [Safe Ticket Plus Guarantee] is another insurance in this category of services. It covers tickets for all events that are sold in Media Markt and that take place in the area of Poland, European Union, Switzerland and Norway. The Guarantee is meant for individual and institutional Customers and the protective period begins on the day the ticket and the policy is bought.
PowerService	They are complex transport and installation services for radio and television appliances, household appliances as well as installation and setup of computer equipment in the customer's house. PowerService employees can deliver purchased equipment, bring it home, unpack and connect the appliance to existing gas, water and sewage installations, they can cut out a hole in a surface, install TV set on the wall and set up the computer equipment.
M-zone	Service zone that is boxed off in the shop, where you can sign an agreement for mobile phone activation in Play mobile telephony network or purchase licence fee for the new generation television, "N".
Gift cards	Plastic card of pre-paid type that is equivalent to cash, issued for the holder, that allows for purchasing the products in any Media Markt shop in the area of Poland.

Tickets	Possibility to buy tickets for concerts in Media Markt.
Instalment plan	Possibility to take a loan for purchased product, convenient instalment plan, frequent possibility of "0% instalment" promotion.
Recycling	Every shop is obliged to free of charge reception of old equipment if we buy new equipment of the same type and in the same quantity in this shop, for example when a new computer is bought, the old one can be left there free of charge. Equipment collected in this way is delivered to specialist recycling plants where hazardous elements are removed from it first. Other elements are recycled.
Photolab	Photography laboratory available both in MM shops and on-line.

Source: own case study on the grounds of www.mediamarkt.pl

Analysing the situation of the entities of studied sector we can state that financial crisis caused slowdown on the market of radio and television equipment, household appliances and electronic equipment. Limitation of consumers' expenditures on products that are not basic necessities is the first reason for slowdown. The next important reason is restricting the criteria for granting of both mortgage loans that first of all influence household appliances sector, and also consumer loans. Despite the conditions of crisis, as compared to 2011, the sale of Media Markt on Polish market , increased, and it is shown in table 5.

Tab. 5 Sale of particular groups of products in 2012

Product category	Share in sale in 2012 in %
Computers, tablets, consoles and games	24,0
Information technology	30,3
Multifunction machines	1,4
Office equipment	5,9
Cameras and film cameras	5,0
Telephones and smartphones	5,6
Household appliances (big)	21,3
Household appliances (small)	6,5
∑	100,00

Source: own case study on the grounds of www.mediamarkt.pl, available 19.01.2013

As it comes out of table 5, information technologies are the most important sale category of Media Markt, and then computers, tablets, consoles and games. Household appliances (big), that is refrigerators, washing machines, ovens, etc. are located on third position. According to Media Markt data, the value of sold products in 2012 grew in comparison with 2011 by 7.2%, and the sale of usable electronics increased by 14%. The company also observed a remarkable growth in sale of such products as decoders (increase by 168.6% in comparison with the last year) and smartphones. The largest decrease in this ranking was reported in the case of mobile phones (the sale decreased by 29%) and DVD players (the fall in sale was 25%). Detailed comparison of sale in 2011 and 2012 is shown in table 6.

Tab. 6 Comparison of Media Markt sale dynamics (of 2012 to 2011)

Sale category	Dynamics of sale in comparison to 2011 in %
Mobile phones	-29,00
Smartphones	+104,00
Digital cameras	-14,50
Photo accessories	-15,80
Film cameras	-23,10
Office equipment	+2,80
Multifunction equipment	+11,40
Laptops	+0,20
Stationary computers	-18,70
Tablets, e-books	+4,90
Small household appliances	+5,20
Big household appliances and appliances for fitting	+7,80
Car accessories	-12,10
DVD players	-25,00
Decoders	-168,60
Hi-Fi and audio equipment	-6,40
Mobile multimedia players	-11,60
Small audio equipment	-8,00
Radio and television equipment	-17,70

Source: own case study on the grounds of www.mediamarkt.pl, available 18.01.2013

It results from table 6, in comparison with 2011, that a lot of product categories reported decrease in sale. The sale of decoders decreased most, but we also ought to mention the fall in sale of stationary computers (-18.7%) and faint increase in the sale of laptop category. It ought to be added that in the period of economic crisis the customers are particularly responsive to fairness of arranged transactions [88], and as it comes out of the studies performed by the Authors, the customers that present their opinions on internet forums accuse Media Markt chain of a lot of not really fair sale practices.

Media Markt chain aims its offer at young people of 15 to 30 years of age. In the period of market saturation, intensified competition and growing popularity of on-line shopping, the chains that have stationary shops can win a customer while ensuring satisfactory price, broad assortment range and professional service. At the same time it is necessary to create value for customer through acquiring knowledge about them by all the participants in creation of this value (in the case of Media Markt customers they are for example the companies that make computer equipment and all related accessories and also Media Markt chain itself).

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[88] P. Flatters, W. Willmott, *Understanding the post – recession consumer*, "Havard Business Review", Vol.7, Issue 7/8, pp 106 - 112

The first element (price) does not only depend on Media Markt chain - producers of the equipment determine the level of prices and visual and technical attractiveness of the product. On the other hand, Media Markt can make decisions about the range of assortment offer and the quality of service for the customers. Activities related to customer service are not finished at the moment of competent advice and sale of the product. The task of the chain is not only to sell but also to facilitate trouble-free use of purchased products. Producers should be interested how usefulness for customers is realised in the channel of distribution by particular intermediaries. In the studied case it is important how Media Markt adds value for its final customer.

For enterprises, customers more and more often become a party to relations that are established. This situation is caused by the occurrence of global factors that influence changes in their behaviour and imply specific strategic behaviours of enterprises. As it is shown in table 7, the profile of a contemporary customer is significantly different from the customer "of the past". Because of that also commercial chains such as Media Markt, Saturn and others as well as particular producers, especially of technologically advanced products have to adjust themselves to new challenges, so that they could provide the customer with expected value. Therefore, in the case of IT products it is necessary to share the knowledge among producers and sellers, because only this will let them achieve required market results in strategic perspective. In the table below characteristics of contemporary customers is shown.

Tab. 7 Characteristics of contemporary customers

	Customers as passive audience			Customers as active players
	Persuading initially defined groups of purchasers	Transactions with individual customers	Long-term relations with individual customers	Customers as value co-creators, for example in commercial chains through demanding products of relatively high quality for "reasonable prices" - creation of own brands.
Time limits	The 70s and early 80s	Late 80s and early 90s	The 90s	Since 2000

Customers' position	Customers are perceived as passive purchasers with initially defined purchasing structure			Customers are a part of strong chain, they create and elicit the value of business. They are collaborators, co-authors and competitors. Facilitated communication makes companies fight for customers in networks for example chain presence on Face Book
Managers' beliefs	Customer is a statistical mean of the group initially defined by the company	Customer is an individual entity, a statistical entity in a transaction	Customer is a person, establishment of trust and relations is the target	Customer is not an individuality, but also a part of social and cultural environment
Relations between the company and customer and offer improvement	Traditional market research and surveys, products and services are created without reflexive information	Shift from sale to helping customers through services and customer service applications, identification of problems allows for changes in the offer based on reflexive information	Reaching the customers through observation of users, identification of solutions by leading users, modification of offer through deep offer conversion	Customers co-participate in development of personal experiences. Companies and leading customers together play the part in educating, shaping the expectations and co-creation of market acceptance for products and services

Target and flow o communication	Gaining access to initially determined target groups, unidirectional communication	Marketing based on databases. Bidirectional communication	Marketing of relations: bidirectional communication and access to customers	Active dialogues with customers to meet their requirements and create whispering advertising. Multi-option access and communication

Source: E. Frąckiewicz: Zmiana pozycji rynkowej klienta jako wyznacznik ewolucji marketingowego systemu informacyjnego [Change in Market Position as a Determinant of Evolution in Marketing Information System] in: Wybrane problemy gospodarki opartej na wiedzy [Selected Problems of Knowledge-Based Economy], edited by: K. Włodarczyk – Śpiewak, publishing house of Szczecin University, Szczecin 2006, pp 152-160

In order to create value for customers, cooperation between suppliers of products for the chain and the chain itself is necessary. In the case of technologically advanced products we can talk about the so-called "hierarchical model of partnership" . As it has been mentioned, production of a system information product that satisfies a set of teleinfomedia needs, requires efficient formation of relations with partners and also with previous competitors for the purpose of creation of multi-values expected by the customer. Present leaders of computer sector, maintain and establish their position on the basis of the network of values, created together with other entities. They are promoters and creators of relations and constitute the core of this network at the same time. Promoters ("nodal companies" such as with no doubt are IBM, Intel, HP, Microsoft, Apple but significant participants are also Lenovo, Dell, Sony, Acer, Toshiba, Samsung, Assus, Acer in computer products sector) of network relations to a large measure determine the composition and principles of cooperation with entities of the network circle. Their competences and other assets should favour creation of multi-products for the markets of target user.

The character of relations with network partners is determined by the range of cooperation. Definitely partner - symmetrical relations take place between the entities of well-known brands of complementary resources that create global offer for metamarkets. These entities are usually participants in the network core. Promoters take clearly active attitude in the process of system offer creation towards other entities in the network on all stages of business process. Then we have to do with asymmetrical relations, that usually occur in the case of partnership of the local and / or glocal character where brand is first of all the Promoter's contribution in created value, however the collaborator is usually characterised by high technological specialisation and / or knowledge of the market specificity. Such relations are typical of the entities of the core and the network circle. In the case of cooperation between Media Markt and computer equipment suppliers (they are such entities like Samsung, Dell, Lenowo [89], Sony, Hewlett Packard, Microsoft) we can talk about the occurrence of symmetrical relations because of the capital and technological capability of mainly the latter and declared knowledge of the local market by Media Markt which is additionally strengthened by the fact that, as it has

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[89] Lenovo is a Chinese company that in 2005 bought 18.9% of shares from IBM and in this way it took over the market of individual customers associated with personal computers and laptops.

been mentioned, Media Markt chain is also the network that operates on international scale and belongs to one of the most powerful world retailers of Metro Group A.G.

In the case of key resources, certification system is the practice that is often applied by Promoters towards the partners of the network of values. Such relations are of asymmetrical character with significant activity of the Promoter but also with partners' initiative.   The range of resources made available by the Promoter depends on the activity of the participant in relations according to strictly defined criteria of assessment (for example amount of turnover but also according to learned and applied knowledge in the process of customer service). Advantages that are available in programs are useful on each stage of business process:

● planning the activity - tools and resources useful in company management and development;
● improvement of skills - assistance in formation and preservation of knowledge in defined areas of specialisation through making the training resources and software available for internal applications and for the purpose of demonstration;
● extension of possibilities - marketing activities helpful for partners in creation of demand and increase in sale in connection with launching a new product and other marketing initiatives;
● development of commercial activity - programs of increasing the sale and advantage over competition;
● support for customers - tools and services useful to obtain high satisfaction of customers and maintenance of strong relations with customers.

Data and Methodology

The purpose of the paper is to identify and define the concept of knowledge management in theoretical approach with special attention drawn to the relevance of application of some concepts in network structures of enterprises that function in developing knowledge economy and also empirical illustration of the process on the example of relations of leaders in computer sector and its partner in the sphere of distribution in the light of the target customer's opinion. In the article two research methods are applied: case study method (on the bases of Media Markt example) and the method of opinion survey of the Internet users on the subject of this chain. On the grounds of the studies, deductions were made on the subject of the range of activities related to knowledge sharing by Media Markt and particular suppliers (producers) and their effectiveness in final customers' opinions

As we can suppose, because of the character of chain relations, the process management is a predominant approach (form) of knowledge management, including the marketing one, where the participants realise individual stages of the process of value formation for a specific final customer on the principle of qualified access. However, in customers' view, the effectiveness of these activities is not satisfactory. The method used in this research is an in-depth case study analysis. This consists in a comprehensive presentation of a real situation occurring in a particular company or in regard to one of the functions realized within the company (e.g. management, marketing), which is treated as an individual case. It involves seeking for all necessary data enabling its in-depth analysis, formulating possible choice options and making the best possible decision, accompanied by a proper justification. Application of this method seems well founded, considering the following:

- the research concerns contemporary, dynamic phenomena and the process of knowledge formation, pertaining to these phenomena;
- the research concerns investigating actual contexts of these phenomena, concerning significant ambiguity of boundaries between the very phenomena and their contexts;
- the object of the research is too complicated, to explain cause and effect relationships with the help of methods such as poll or experiment.

The unit of analysis/the subject of the case investigated are „complex situations", i. e. groups of economic subjects (particularly leaders of network structures and partners) and their marketing behaviour. A case reflects changes that are new and to some extent critical for the investigated subjects, particularly in Polish conditions.

In the initial stage of the research networking products promoters have been selected, through the review of experiences and using the criterion of their position on the Polish market. Then their network partners and co-operants outside the network have been determined and sub-networks of partners have been selected. This is an attempt to find best practices within knowledge management in network knowledge ecosystem, for the purpose of creating and exchanging computer products.

In order to present the process of sharing knowledge between computer equipment producers and its distributors a method of opinion survey of internet users was applied. It concerned the subject of equipment purchased in Media Markt. The studies were performed in the period from 4th April 2012 to 2nd January 2013 and they consisted in analysing consumers' opinions on the subject of purchase on various Internet pages. Considering the fact that the conclusions that were drawn should concern a specified period of time, opinions presented in the period from 1st January 2008 to 2nd January 2013 were taken into account. 500 opinions of Internet users were analysed, with 100 opinions for every year. In the first stage 870 opinions were obtained out of which 500 were selected, considering the substantial content of the opinions as the criterion of the analysis (presented opinions had to be full, both in the case of positive and negative recommendation). Detailed information on the subject of performed study is presented in table 8 below.

Tab. 8 Basic information about performed research

Specification	Characteristics of performed study
Research technique	analysis of Internet pages
Sample selection	purposeful
Sample size	500 opinions of customers selected from various Internet pages
Criteria of selection of sample group	customers purchasing computer equipment in Media Markt
Spatial range of research	Poland
Time range of research	analysis was performed from 4th April 2012 to 1st January 2013

Men were mostly the authors of the opinions (302 opinions). These opinions concerned the following topics: product quality, service associated mostly with the purchasing

process itself, complaint and ways they were settled, possibility to contact the company, training of employees in the sphere of knowledge about the products. The list of pages that were mainly used during the analyses is the following:

http://forumprawne.org
http://forum.gazeta.pl
http://forum.pclab.pl/topic/321467-Media-Markt/
http://www.lista.e-sieci.pl/219-1,opinie.html
http://www.nhl.pl/index.php?showtopic=9336
http://www.money.pl/forum/reklamacja-zgloszona-na-zasadach-gwarancji-t1188070.html
http://www.mobimaniak.pl/18623/marketowe-promocje-pod-lupa-mediamarkt-luty-2010/
http://www.elektroda.pl/rtvforum/viewtopic.php?t=1713608&highlight=media+markt+laptop&sid=
http://www.mediamarkt.pl/lenovo-notebook-lenovo-z570am,id-286647#opinion
http://www.forumpc.pl/index.php?showtopic=63477
http://prawo.wieszjak.pl/forum/thread/150205,Media-Markt-a-gwarancja.htm
http://forum.cdaction.pl/index.php?showtopic=71453
http://forum-laptopy.info.pl/viewtopic.php?f=3&t=8166
http://forum.pclab.pl/topic/460605-Acer-Aspire-6920-Kolejna-wada-Ca%C5%82a-seria-jest/
http://www.opineo.pl/opinie-14536-acer-5738z-433g32.html
http://forum.dobreprogramy.pl/czy-warto-kupic-laptop-l40-mediamarkt-1299-t243794.html
http://wizaz.pl/forum/showthread.php?t=540764
http://www.nhl.pl/index.php?showtopic=43045
http://www.forumpc.pl/topic/157934-inne-laptop-z-mediamarkt-opinie/
http://www.lista.e-sieci.pl/219-1,opinie.html
http://www.tablety.pl/android/ntt-a72b-czyli-kolejny-tani-tablet-z-media-markt/

Findings and discussion

The first analysed problem in performed studies was to define what type of opinions about Media Markt were placed on Internet pages. This problem resulted from the wish to confront what Media Markt declares on its Internet pages when they claim that satisfied customers are the most important, with the opinions about the chain that were expressed by Internet users (customers). The results of performed analyses are shown in table 9.

Table 9 Opinions of Media Markt customers in the years from 2008 to 2012

Year / Opinion	2008	2009	2010	2011	2012
Positive opinions	45	51	49	53	46
Negative opinions	55	49	51	47	54
∑	100	100	100	100	100

As it is shown in table 9 Media Markt obtained a proportional number of positive and negative opinions that were expressed on Internet pages in the years that were included in the study. The next problem was to indicate what problems the Internet Users' opinions concern. Positive opinions concerned such issues as: a broad assortment range, attractive prices, friendly service, and immediate possibility to get a loan for purchase. In case of the possibility to get a purchase loan such opinions occurred in 2008 and 2009 when conditions of loan granting were not that restricted on Polish market yet.

Tab. 10 Positive opinions of Internet users about Media Markt in the years from 2008 to 2012

The topic of positive opinions occurring on Internet pages	2008	2009	2010	2011	2012
broad range of products	20	21	23	21	22
attractive prices	19	15	15	19	17
friendly service	3	5	6	5	4
competent shop assistants	2	3	3	6	3
possibility of crediting	1	4	-	1	-
others (for example high quality of products), nice shop, good location	-	3	2	1	-
∑	45	51	49	53	46

Negative opinions occurring on pages concerned mostly the problems associated with poor quality of computer equipment, poor service, lack of possibility to contact the company, returning a faulty product to the shop, long time for complaint settlement and low competences of the sellers. In table 11 below, obtained results are presented.

Tab. 11 Negative opinions of Internet users about Media Markt in the years from 2008 to 2012

The topic of opinions occurring on Internet page	2008	2009	2010	2011	2012
Poor quality of computer equipment	23	23	21	22	25
Poor service, including complaints	17	15	17	14	19
Slow settlement of complaints	4	5	6	4	4
Incompetent sale assistants	9	3	5	4	4
Lack of possibility to contact Media Markt	2	-	2	3	1
Others	-	3	-	-	1
∑	55	49	51	47	54

Analysing table 11 we can state that poor quality of products offered by Media Markt chain is the major area of dissatisfaction for customers. We can wonder how much producers should be interested in their brand being not associated with poor quality. In general, negative opinions concerned majority of offered brands including Lenovo, Dell, Sony, Acer, Toshiba, Samsung, Assus, Acer, Apple and Microsoft. The products were often faulty or the customers could not use them properly and the selling staff was not able to solve the problem efficiently which was the result of the lack of knowledge about offered products. On the grounds of primary studies we can assume that as a principle, knowledge exchange between producers and Media Markt chain is observed in a very limited range, or if it is observed, it is rather inefficient. This can be proved just by the lack of training for the staff (arranged both by the chain as well as by the producers) or lack of the ability to make use of the knowledge in practice, in the process of satisfaction of consumers' needs, which should also be the producer's / offerer's own interest.

The next conclusion that results from the performed studies is the very poor level of service performed by the chain towards the customers. Broadly understood service is also associated with complaints and more specifically, with the way they are settled. In their opinions, Internet users mainly complained about the lack of possibility to exchange "immediately" a faulty product that had been purchased and about long period of waiting for the complaint to be settled. An objection that was frequently expressed was making promises by sellers of a better offer than it really was, for example no software for purchased computers and the necessity to cover additional costs by customers, for example for its purchase. The staff really often did not know what was included in the computer product understood in a broad system way. The problem of service also makes an important area that reflects actually realised cooperation between the producers and the chain. In logistic chain all the traffic ought to be associated with fast flow of streams of not only knowledge but also of complaints. The next area of customers' "dissatisfaction" is the problem of the lack of possibility to dial into particular Media Markt shops which proves the lack of system solutions in the sphere of knowledge sharing by means of various methods of communication or simply the understaffing in particular outposts. Also, in collected material, there are no customers' opinions on the subject of involvement of customers by the staff, or aware participation of customers in the process of formation of value / new knowledge.

Conclusions

Knowledge influences the company ability to manage the process of identification, communication and delivery of values on selected target markets. Appropriate value of resources / competences and the possibility of their transfer is the necessary condition for such relations. As it can be seen from the examples above and from previous research by the authors, strategic activity in a lot of functional business spheres   (including for example knowledge transfer or marketing knowledge) is in the competence of the chain leader, and operational activity is performed by specialist commercial companies, the chain participants (graph 1).

Graph 1. Expected plane of resources synergy in organisation of chain business
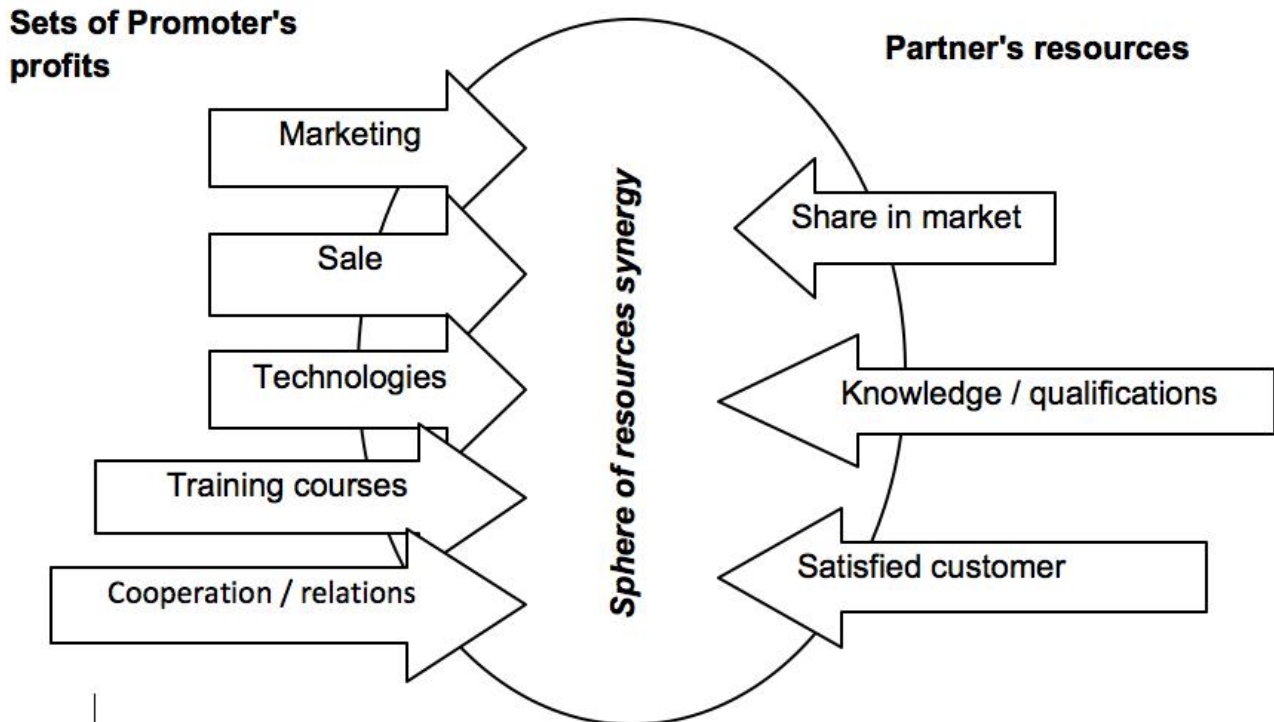
Despite declarations of the entities of computer equipment sector [90] , its leaders in particular, the results of analyses of opinions on the subject of computer products and the process of their sale in Media Markt itself as for the activity in the process of knowledge transfer on principles of mentioned hierarchical model show that effectiveness of this stage of business process is poor so it is even more difficult to talk about formation of knowledge communities. Because of this, it is impossible to achieve full satisfaction from the offer purchased by customers on studied market.

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Identifying competitors: challenges for start-up firms

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Abstract

This study addresses the problem of start-up firms identifying their competitors. It explores how entrepreneurs in creative industries become conscious of the existence of competitors and how they change their mode of operation when affected by their competition. The main research questions are: 1) What phases comprise the process of identifying competitors by entrepreneurs in creative industries? 2) What are the characteristics of marketing myopia in creative industries? 3) Will creative entrepreneurs be able to build competitive advantage?

The authors answer these questions on the basis of research conducted among young start-up entrepreneurs taking part in the Entrepreneurship in Creative Industries project in Warsaw, Poland during 2012. The analysis is based on three sources of data: 1) application forms submitted by entrepreneurs during the selection of the project participants; 2) evaluation forms filled in during the course of the project by the selected entrepreneurs; and 3) in-depth interviews with the project participants. The qualitative analysis is conducted with the use of Atlas.ti software.

This study provides clear implications on how to avoid underdevelopment of competitor orientation for start-up managers. Being complementary to the authors' research on understanding customers in creative industries, it delineates conclusions on the determinants of market orientation implementation in these sectors.

Key Words: competitors, start-up firms, creative industries, competitor orientation

Introduction and objectives

Creative industries refer to sectors in which development is achieved on the basis of individuals' knowledge and creativity. In a narrow understanding, they include cultural institutions, while according to a wider definition - adopted in this study, they refer to types of activity like advertising, architecture, arts and crafts markets, industrial design, fashion design, media services, software, the performing arts, publishing, film, music, and television (DCMS 1998).

The creative industries belong to the fastest growing sectors in the developed countries (Falk et al. 2011), and great hopes are pinned on their potential in terms of both economic and social progress (Chaston & Sadler-Smith 2012). They are often perceived, however, as risky undertakings, whose market success is short-lived (Burrows & Ussher 2011). For such reasons, the conditions of their operations become an important area of scientific research.

Initially the research was conducted mainly in two directions: the motivations of individual entrepreneurs operating in creative industries, and the macroeconomic advantages of

developing this kind of activity (Parkman et al. 2012). Subsequently, the issue of business orientation was tackled as a condition of efficient operations in creative industries, particularly in micro and small businesses. The results of these research projects indicate that even businesses operating on a small scale have competencies for development of entrepreneurial orientation (e.g. Chaston & Sadler-Smith 2012), or simply have already developed a market orientation (e.g. Tkaczyk & Awdziej 2012).

However, the actual adaptation of creative enterprises to market conditions remains an open question. This is because the 'directional' declarations are one thing, and the implementation of market tasks related to such declarations is another. This discrepancy is well illustrated by the results of the research on buyers' identification made by entrepreneurs from creative industries (see: Tkaczyk & Krzyżanowska 2013). The authors argue that the current state of the research provides an incomplete picture of market orientation development within creative industries.

Therefore, this study presents the issue of developing the elements of a market orientation, which is the customer orientation in new ventures operating in creative industries. The aim of the study addresses the problem of competitor identification by start-up firms. It explores how entrepreneurs in creative industries become conscious of the existence of competitors and how they change their mode of operation when affected by their competition. The main research questions are: 1) What phases comprise the process of identifying competitors by entrepreneurs in creative industries? 2) What are the characteristics of marketing myopia in creative industries? 3) Will creative entrepreneurs be able to build competitive advantage?

The answers to these questions are closely related to the formation of businessmen's mental models, serving as the phenomena categorization, the evaluation of their consequences, as well as the basis for undertaking actions (Prahalad 1986).

In this research, the authors focused on the competitive occurrence perception to determine the perspectives on gaining the competitive advantage by businesses starting up operations in the creative industries. Due to this subject, its assumptions were adopted with reference to the research on start-ups, market orientation and mental models.

Background

New ventures are interpreted in this study in the narrowest way, i.e. as the enterprises only entering the market (Shepherd, 1996). Such entities face the necessity of establishing the foundations of their development, including the recognition of operational conditions in both the market and the macro environment. A distinctive factor influencing their operations, particularly in case of micro and small businesses, is the liability of smallness. This means that such enterprises have limited financial resources, limited market power and a small customer base at their disposal (Kraus et al. 2010).

An accompanying condition is the liability of newness, consisting of a lack of relationships with market partners and a lack of experience. Both of these factors result in the relatively low formalisation of actions undertaken by these enterprises and the simplistic form of marketing that is used – often on the intuition basis (Hill & Wright 2000). The other significant consequence is the fundamental importance of the business owner in the process of choosing the course of action and its market implementation. The

entrepreneurs' attitudes toward marketing and their engagement in marketing operations determine the results of the actions undertaken (Kraus et al. 2010).

As the development of micro and small businesses is phased in character, in the initial stage entrepreneurs often focus on the creation of an offer and the acquisition of buyers, and only afterwards do they extend the range of their operations (Carson, Gilmore 2001). It can mean the insufficient recognition of the competitive determinants of operation, because of the necessity to use sizable resources and spend a considerable amount of time (Bressler n.d.). It is a particularly meaningful threat to the accomplishment of the task, which consists of identifying areas of potential competitive advantage for a new venture. The level of customer orientation development is therefore an important feature of actions taken within new ventures that may affect the efficiency of those actions.

The market orientation is the concept, whose understanding in this study is based on the synthetic version, combining two original concepts dating from 1990 by Narver, Slater and Kohli & Jaworski (Homburg & Pflesser 2000; Gotteland et al. 2007). This means that the market orientation is, on one hand, expressed with such formation of the enterprise's organizational culture that creates the most efficient and effective ways of satisfying customer needs - the cultural aspect (Narver & Slater 1990). On the other hand, it consists in taking actions connected with the acquisition of knowledge on buyers' present and future needs. This refers to the organisation of marketing research, the distribution of this knowledge within the company and its utilisation in the process of influencing the market - the behavioural aspect (Kohli & Jaworski 1990).

The market orientation consists of three components (Narver & Slater 1990):
- Customer orientation – pursuing an understanding of the nature of customer needs and creating products or services of value that is significant for them;
- Competitor orientation – striving to identify goals, resources and strategies of current and potential competitors;
- Functional coordination – seeking the best utilisation of resources possessed by an enterprise in creating the value significant for customers.

Considering the kind of customer needs - either cognizant or incognizant - that enterprises want to satisfy, two types of the market orientation can be distinguished: reactive and active (Narver et al. 2004). The reactive market orientation consists of focusing on existing needs that are expressed by customers. The active market orientation lies in an attempt to predict accurately the evolution of customer needs and to convince them toward new products or services.

The indispensable condition of developing the competitor orientation is to identify them accurately. In case of small and new ventures, it is determined by the way the competitive situation is shaped in entrepreneurs' mental models. A mental model of a dynamic system, such as the configuration of competitive condition, is understood as 'a relatively enduring and accessible, but limited, internal conceptual representation of an external system (historical, existing or projected) whose structure is analogous to the perceived structure of that system' (Doyle 1999).

A mental model is, in other words, the accumulation of knowledge and beliefs on a specific topic. It is characterised by a certain level of permanence and a given entity can be aware of its existence and also influence its shape. The model is a cognitive structure accumulating information, which is based on concepts, ideas and other language-like

components. It refers to occurrences external to the entity, but due to the inter-subjective nature of this structure is prone to errors and omissions (Doyle 1998).

The essence of the mental model's importance in the process of decision-making by entrepreneurs is that such models are both active and passive in their nature, i.e. they influence business owners' experience and they are shaped by market occurrences (Chermack 2003). It can be therefore stated that in the case of entrepreneurs operating in creative industries, the way their mental models are shaped on one hand affects whether and how competitors are identified. On the other hand, a definite way and range of analysis influences the formation of mental models.

The issue of competitor identification has been addressed so far in the comparative way. This is the attention paid to the perception of a competitive situation by managers, confronted with the perception of the same situation by customers (De Chernatony 1994), as well as the managers' perception in the context of objective criteria for isolating strategic groups (e.g. Osborne et al. 2001). The accuracy of competitors' identification as a factor influencing the results of company operations is a current object of interest for marketing researchers (e.g. Clark 2011; Krzyżanowska & Tkaczyk 2012; Krzyżanowska & Moszoro 2011).

According to the authors' knowledge, the accuracy in recognizing the competitive situation by entrepreneurs starting up operations in creative industries has not been studied yet. In accordance with Chaston (2008), one central idea of this study is that entrepreneurs starting businesses in creative industries are inclined toward fulfilling creative aspirations. Furthermore, a majority of them have no market experience. In view of this, the pervading question is to what extent the aforementioned conditions make the correct analysis of the competitive situation more difficult.

Research approach and methods

The choice of research method is consistent with the postulate expressed by (Chaston & Sadler-Smith 2012): '...much more research is required concerning entrepreneurial and managerial cognition, but useful insights on this issue will probably not be generated by using purely quantitative research methodology.'

As the main research method, the authors chose a qualitative and quantitative content analysis of documents gathered during the Entrepreneurship in Creative Industries project, conducted by Kozminski University in 2011-2013. This project included five phases:

- Recruitment
- Selection
- Diagnosis of training needs
- Training, and
- Advice for established enterprises.

The content analysis can be identified as the technique of reasoning through systematic and objective identification of each particular feature of the text (Stone et al. 1966). The analysis process consisted of three steps: 1) submission of 81 applications by the participants during the first phase of the project (recruitment); 2) completion of 81 evaluation forms during the fourth phase of the project (training); and 3) individual in-

depth interviews with 16 selected participants during the fourth phase of the project. To perform the analysis, Atlas.ti software was used.

The analysed applications were filled by the project participants in the first stage and used for selecting the most promising ventures. Business plans required for obtaining grants were developed only after the training phase of the project was completed. The analysis was conducted for the applications submitted by only those participants who won grants at the end of the fourth stage. This gave the authors an opportunity to compare how the business concepts and the competitors' perceptions changed between the stages of applying for participation in the project and its implementation.

The entrepreneurs who qualified for the project, and therefore for the analysis, intended to start their businesses in a variety of branches belonging to creative industries, as shown in Table 1.

Table 1. Creative industries branches in the project

Branch	Number of participants
Film and video	12
Art and graphic design	9
architecture	8
Publications and publishing activity	8
Electronic media	8
Handicraft	7
Music	7
Fashion design	7
Photography	5
Industrial design	4
Antiques and art market	3
Theatre	2
Computer games	1
Total	81

Source: own

The project was aimed at enhancing the development of new, dynamic and growing companies operating in the creative industries in the metropolitan area of Warsaw. The target group included individuals intending to start their own businesses. Preference was given to persons professionally inactive, unemployed and permanently unemployed, women, persons aged 45+, and the disabled. As the project was financed from the Human Capital Operational Programme funds, Measure 6.2, support and promotion of entrepreneurship and self-employment, the classic framework of support was adopted in the programme for use in this measure.

In the recruitment phase, as many as 2,100 applications were accepted, of which 160 individuals qualified for the second phase. Of these, 81 persons were awarded non-repayable financial support in the form of a grant worth PLN 40,000 to start-up the business. The demographic structure of the participants was 48 females and 33 males; 29 married persons, including 23 with children to support; 43 unemployed; and 37 graduates of art schools. The average participant was 38 years old with median 35 years.

The average job seniority was 10 years with median 9 years. Seventeen persons had previous experience in running their own businesses. In April 2013 the project is in the fifth phase of realisation.

The recruitment application consisted of 18 parts to be completed by each participant. For the purpose of this study, the authors chose two descriptive sections for further analyses: the business concept, and the market and participant demographics. In the descriptive sections, each candidate was requested to write down answers of up to 1,000 characters, including spaces, to the following questions:

- Describe the essence of your business concept. What does it consist of?
- Who will be your customer? Who will be your competitor? In what area will you operate?

The same group of participants was asked to complete the evaluation form in the fourth stage of the project. The form consisted of five parts: examining the changes in the business concept as influenced by the training process, the perception of the environment including customers, as well as the financial, technological, human, and relational resources, and the competencies of the project participants.

A group of 16 participants, who were purposefully selected from various creative branches within the project, was individually interviewed. The interviews were of an informal nature and semi-structured. The participants described the history of their venture, explaining at what stage of the concept development they were at the moment, what successes they had achieved, and what the biggest problem in their opinion was.
The content analysis of the collected material proceeded according to the sequence of the following activities: 1) definition of the set of analysis categories; 2) assignment of text fragments to the specified categories; and 3) interpretation.

Findings and conclusions

The analysis of the submitted applications indicated considerable problems with identification of competitors. Although explicitly requested to identify competitors for their venture, 16 entrepreneurs did not refer to this category at all, describing only their business concepts, their future customers and their scope of operations. All these respondents were graduates of art schools and were primarily focused on the uniqueness of their offer.

The frequency analysis of words used in applications for the description of business concepts and competitors showed that the words 'competition' and 'competitor' were used much less than the words 'firm', 'client' and 'market'. The frequency list for key words is presented in Table 2.

Table 2. Frequency of key words in respondents' applications

Key word	Number of occurrences
Firm	137
Client	125
Market	69
Person	61
Competition	54
Customer	46
Area	45
Offer	38
Service	35
Product	33
Activity	30
Price	19
Competitor	19

In the analysis of applications, four ways of describing competitors were identified:
- Lack of any description
- Indication of no existing competitors
- Very general description of competitors
- Very detailed description of competitors

Only the graduates of art schools, mainly young people, were found to lack any competitive descriptions. An indication of no competitors was depicted in the following ways:

At present I don't have a direct competition in the market.
As for the Internet, the competition in the Polish market is insignificant.
The competition is only emerging and in fact exists only outside of Poland.
Domestic competitors don't operate actively.
There is not too much competition.
For dance classes/courses there is no competition.
In this topical area there is no competition.
I have noticed lack of competition in the Polish market.
I have no competitors.
In this area there are no direct competitors.

The description of competitors - if noticed by respondents - was either very general or quite detailed. The more specific characteristics were provided by entrepreneurs with certain business experience, having business partners and a non-artistic education. Graduates of art schools, as well as the youngest and the oldest participants of the project, described competitors in more general ways. The examples of competitors' general descriptions are presented in Table 3.

Table 3. Exemplary general descriptions of competitors

The competition is represented by other art historians.
The competition includes graphic designers and small advertising agencies, but they are more expensive.
The main competition consists of manufacturers already operating in the market, having well-established position.
Competition: marketing agencies. There are few firms of a similar profile, which results from low awareness of social networking needs.
The main competition includes music schools and culture centres having in their offer teaching instrument playing.
Competition is the grey zone, i.e. teachers offering services with no business activity.
We reckon with possible competition and this is why we want to secure our designs through patents.
My competitors will be other coffee houses and patisseries, but none of them offers such combination of consumption with art.
For my business the competition includes recording studios of similar profile.

The general descriptions of competitors indicated the general area of competition occurrence, but the respondents were unable to mention any particular companies or data regarding the described market. They named categories of competitors, mainly focusing on direct rivals and neglecting substitutive or potential ones.

The examples of competitors' detailed descriptions are presented in Table 4.

Table 4. Exemplary detailed descriptions of competitors

The competition will be companies dealing with film production; in this moment there are about 10 branch leaders.
Exemplary competitors: Dreamsound, Cafe Ole, Post Meridian, Studio Zet.
The competition for my business will be other newly-established clothing firms, such as: Mamapiki, Nennuko, DreamNation, Wearso.
There are many competitive companies: 70% manufacture wooden sites, about 20% offer steel wire equipment and about 10% are importers from Europe and East.
At present there are three firms in the Polish market that offer similar services. Vena-Art - stereograph of this company serves only big, international productions; 3D Image - this company focuses rather on equipment manufacturing, although services are also included in their offer; and 3D Mind Films. All of them operate countrywide.
There are 8,948 architects in Poland. In Warsaw there are 10 big architectural firms with more than 50 employees offering services to biggest clients. Medium-sized businesses employ 10-50 people and their number is several dozens. The separate category includes newly-established, small, but dynamic firms.
There are only about 70 e-shops offering men's fashion in Poland, and the majority of them lacks a distinctive positioning, for example f-planet, fashioncorner, modmod. Such players as answear, markafoni, allegro reach other segments. Polish designers position their brands as luxurious in terms of price. A potential threat is connected with foreign professional e-shops, having an attractive offer and able to send their products to Poland at smaller and smaller cost - e.g. asos, topman.

In the detailed competitor descriptions, the respondents were able to either name competitive companies or mention quantitative data about the market, sometimes both of them. Such characteristics of competitors indicated the maturity of their business approach, as well as their thorough and well-considered business concept.

The distribution of the various competitors' description among the respondents in presented in Chart 1.

Chart 1. Distribution of various competitors' descriptions among respondents
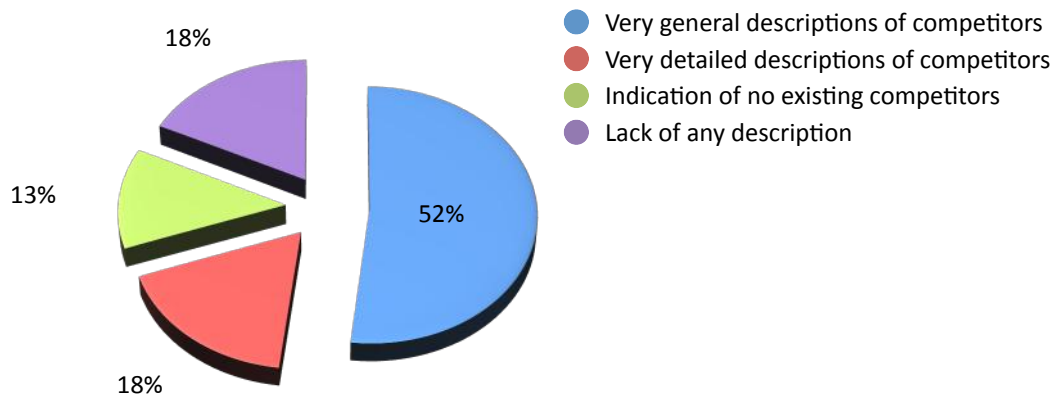
The distribution of ways in which competitors were described was consistent with the authors' expectations. The project was to a large degree targeted at graduates of art schools and people who needed training in the field of running their own business. The conclusions from the analysis confirmed the usability of the training phase of the project.

In the part of their applications regarding the business concept, the participants could indicate distinguishing marks for their businesses. Only 9 respondents used the term 'competitive advantage'. Among the mentioned advantages, the leading ones were related to an unique offer, price and better understanding of the market.

The competitive advantage is:

-Having a unique product. In Poland there are no equivalents provided on the level of quality adopted by the business owners.
-Standardisation of the offer: lower cost, transparency of the offer, faster purchase and realisation.
-Unexploited market niche: the first- mover advantage, the product in the growing phase.
-Better understanding of customer needs, thanks to the owners' managerial skills, experience and business knowledge.'

'The competitive advantage is guaranteed through my deep rooting in so-called environment of potential customers, stemming from my wide professional experience, close network of acquaintances among cultural animators, cultural institutions, artists and contractors of various professions.'

'The competitive advantage of the shop will be achieved through a true presentation of products - trend description, easiness of navigation, technical details, quality of packshots, quality and quantity of product shots, access information, and helpdesk - as well as the secure payment.'

Competitive advantages:

-Combination of design with performance
-Measurable artistic value for a competitive price
-Long-term business contacts in other parts of the country, based on friendly relationships, which allows rallying round and taking bigger challenges together
-Lower costs – owned premises.'

'Competitive advantages: quick production thanks to the use of modern software facilitating AutoCAD LT 2012 development, compliance with customer expectations and innovation, artistic touch.'

As for the graduates of art schools, if they mentioned any competitive advantage, it was usually connected with their knowledge and skills:

'My competitive advantage is practical knowledge of the fashion design market, and qualifications in the field of clothing patterns, printing, and colouring.'

In the fourth phase of the Entrepreneurship in Creative Industries project, training on marketing, finance, and entrepreneurship was provided to the participants who afterwards were asked to complete the evaluation forms. Having analysed the parts of the forms related to the concept of business and the environment perception, the researchers concluded that only one entrepreneur failed to point out competitors for his business. In case of 10 respondents, the business concepts were considerably redefined - for example, from an art gallery to a coffee house - while the next 35 participants decided to extend their operations through the modification of the offered product range. In all these cases, the perception of competitors also changed. The absolute majority of entrepreneurs were then able to give a more detailed description of their competitors.

Just after the business start-ups, 16 in-depth interviews were conducted. The respondents emphasized the significant impact of training on the market perception including competitors. The majority of art school graduates evaluated this impact as big and very big. A lower importance of training for the perception of both competitors and their own business concept was indicated by those respondents who had previously run businesses. Despite the increased awareness and acquired knowledge, part of the business owners even after start-up was still focused on their product and the act of creating it.

Having analysed the available materials, it was found that the marketing myopia in the case of creative industries may consist to a large degree from: 1) excessive focus on product and client, and 2) ignoring competitors.

The focus on product or client is a typical feature in creative industries. Ignoring competitors can be derived from either the overestimated confidence in one's own prediction abilities - from the belief that rivals' behaviour can be easily anticipated - or a

limited perspective - from the effect of a fixed way of problem analysis that does not allow identifying new phenomena.

Considering art school graduates being typical business owners in creative industries, and analysing the data collected during the project realisation, the following process of identifying competitors in this sector is suggested:

1.   Focus on distinguishing aspects of an offer and its client: competitors remain unnoticed.
2.   Perception of competitors without regard to their importance: there are competitors, but they have no influence on the unique offer.
3.   Perception of general category of direct competitors.
4.   Perception and detailed analysis of influences from direct, substitutive and potential competitors.

Limitations and further research

The main limitation of this research was the choice of the Entrepreneurship in Creative Industries project participants as the study subjects. This project was, due to its general recruitment provisions, targeted at people requiring particular informative and financial support, without which the big part of planned ventures would not have been launched at all. Also, some part of support would have started only in the future after accumulating the necessary financial resources. The situations in which the project participants found themselves had a considerable influence on their perception of the environment, with special regard to the description of competitors.

The triangulation of data and methods was adopted in an attempt to overcome the limitations of the conducted research. The materials used for the research was collected in two stretches of time: before the participants received grants and after they started their businesses. The recruitment application forms and the project evaluation forms filled out by participants, as well as the transcripts of interviews conducted with selected participants, were used for both qualitative and quantitative content analysis.

An interesting area for further research would be comparing these achieved results with other industries, as well as verifying whether the precise descriptions of the competitive environment made in the early stage of planning new businesses have an impact on their future success.

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The effect of Portuguese Nation Brand on Cognitive Brand Image: Portuguese and Canadian comparison

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Abstract

The Anholt et al.'s (2008) model proposes six components to measure a national brand: Exports, Culture and Heritage, Governance, Investment and Immigration, Tourism, and People. This study intends to analyze the effect of each of those components associated to Portugal on cognitive brand image perceived by Portuguese and foreign (Canadian) people. The survey, based on literature review, was gathered in Portugal and Canada.

In the Portuguese sample, findings demonstrate favourable classifications for the willingness to use Portuguese products and the country's contribution to innovation in science. However, the Portuguese do not perceive the country as cutting-edge. The Canadian respondents see Portugal as a creative country. On a less favourable note, Canadian respondents have a lower classification of Portugal's contribution to innovation in science, which sharply contrasts Portuguese results. Furthermore, Portugal is also less favourable seen as an innovative and cutting-edge country. Regarding the causal path analysis, for Portuguese respondents Investment and Immigration, Tourism, and People contribute significantly to a favourable cognitive image. For the Canadian sample population, Tourism and People have a significant impact on cognitive image. Globally, Portugal tends to be positively associated to tourism, culture, heritage, and people.

Key Words: nation brand, cognitive image, tourism, heritage, Portugal, Canada

Introduction

Brands have existed since the beginning human life, representing conveyors of information, and invoking images and meaning of status and power in ancient civilizations (Moore & Reid 2008). Modern brands however, have evolved since the beginning of the 20th century into complex and dynamic entities that have the power to enhance economic wealth, shape popular culture, and transmit a wide range of images and values to a variety of audiences (Holt 2002).

The images associated to brands constitutes a powerful tools for organizations, as they have the potential to create and destroy prosperity, enhance reputation and status, and attract and retain investors and consumers. According to Cornelissen and Thorpe (2002, p.175) "an image is the immediate set of meanings inferred by a subject in confrontation or response to one or more signals from or about an institution. It is the net result of the interaction of a subject's beliefs, ideas, feelings, and impressions about an institution at a

single point in time". Brand image theories have been applied to a vast collection of areas, as brands have extended themselves from the traditional perspective of products and services, to include entities such as humans, emotions, places, and most recently, countries.

The notion of countries as brands has developed as a way for nations to compete and project themselves internationally, as well as to overcome obstacles tied to economic, political and social crises. Thus, the management and diffusion of a nation's image has become a central part of a nation's brand. Nation branding is indeed defined as the process by which a nation's images can be created or altered, monitored, evaluated, and proactively managed in order to enhance the country's reputation among a target audience (Fan 2010).

In the last decade, Portugal developed and implemented a wide variety of nation brand campaigns. These seek to dissociate the country from commonly perceived negative attributes such as lack of ambition, stagnant, and poor innovation skills, enhance positive attributes such as hospitality and culture, and branch out from a focus on tourism to include other economic and social aspects of society. However, despite these efforts, there is a lack of literature concerning the nation brand image of Portugal, with most investigations centered on tourism or developed within other European countries.

In this light, and in order to contribute to literature in this area, this study is focussed on the comprehension of Portugal's domestic and foreign nation brand image in diverse areas of Portuguese society.The aim of this study is to analyze the effect of the six components, proposed by Anholt et al.'s (2008) to measure a national brand, on cognitive brand image perceived by Portuguese and foreign (Canadian) people.

The remainder of this paper is structured as follows. The next section presents the theoretical background of national branding concept and image. Thereafter, the methodology of an empirical study is described, the findings are presented. Finally, the conclusions, limitations and suggestions for further research are drawn.

Theoretical background

Nation branding concept

The concept of nation branding is a relatively new subject and an emerging area of interest. Szondi (2010, p.333) states that "nation branding has become one of the most popular catch phrases of the last decade, bringing together scholars not only from marketing, but also from a growing number of other fields". Ongoing globalization and the resulting competition among countries within a mass-mediated marketplace have caused nations to be sensitive to the way they are portrayed (Stock 2009). Current crises of value such as, economic, political, cultural, and moral, have raised the possibility that the protection and provisions offered by the nation-state may be powerful antidotes to the anxiety of global disjuncture (Aronczyk 2009). Therefore, nation branding has evolved as a way to enhance a nation's involvement in the global marketplace and increase international awareness.

Gudjonsson (2005, p.285) argues that "nation branding occurs when a government or private company uses its power to persuade whoever has the ability to change a nation's image and alter the behaviour, attitudes, and identity of a nation in a positive way".

Therefore, nation branding is the process by which a nation's images can be created or altered, monitored, evaluated, and proactively managed in order to enhance the country's reputation among a target audience (Fan 2010).

In order to fully comprehend the concept of nation branding, it is necessary to understand it origins and evolution. Fan (2010) argues that the growth and development of nation branding can be traced to four different sources. These are the concepts of country of origin, destination branding, public diplomacy, and national identity. The key definitions for these concepts are presented in Table 1.

Table 1. The Origins of Nation Branding - Concepts and Key Definitions

Concept	Key Definitions
Country of Origin (Product Branding)	The categorization of brands according to their country of origin (Balakrishnan et al. 2011); Labelling the country of origin in products to indicate specific attributes to consumers and influence their attitudes towards the product (Kotler & Gertner 2002); The symbolic, emotional, and cognitive perceptions of a consumer towards the country in which a product is made (Pharr 2005).
Destination Branding (Place Branding)	The construction of a suitable image for a destination in order to attract and retain tourists (Ahmed, 1991 in Alcañiz 2009); A complex process involving elements of product, service, and corporate branding (Balakrishnan et al. 2011); The creation of a valid, believable, simple, appealing, and distinctive place image designed to reach a specific target market (Gertner & Kotler 2004);
Public Diplomacy (Political Branding)	"A direct communication with foreign people, with the aim of affecting their thinking and ultimately, that of their government" (Avraham 2009, p.203); The creation of a favourable image of a nation's policies, actions, political, and economic system (Gilboa, 2000 in Avraham 2009); The expansion of dialogue between nation's citizens, the establishment of relationships among communities, and the comprehension of each one's culture and needs (Hassman 2008); "A process of mutual influence, whereby a state (or other international player) facilitates engagement between publics or tunes its own policies to the map of foreign public opinions" (Cull 2010, p.12).
National Identity (Cultural Branding)	An irrational psychological bond that binds the citizens of a nation (Fan 2010); Created and communicated by brand consultants with the purpose of making the nation matter to a wide range of people (Arconczyk 2009); It represents the nation's distinct and unique value among diverse international publics (Arconczyk 2009); It constitutes the reality and essence of the nation (Dinnie 2007).

Regarding the specific characteristics of country of origin, destination branding, public diplomacy and national identity, Fan (2010) identifies five main purposes of nation branding. Thus, the purposes of nation branding, according to Fan (2010, p.100) are: (1) To re-mold national identities; (2) To enhance a nation's competitiveness; (3) To embrace political, cultural, business, and sport activities; (4) To promote economic and political interests at home and abroad; (5) To alter, improve, and enhance a nation's image.

Nation brand hexagon

Anholt et al. (2008a, p.3) believe that the way "a country is perceived makes a critical difference to the success of its business, trade and tourism efforts, as well as its diplomatic and cultural relations with other nations". Therefore, they present the nation brand hexagon with six key components: Exports, Culture and Heritage, Governance, Investment and Immigration, Tourism, and People. In the component of exports, the nation brand image is evaluated according to the country of origin effect. Culture and heritage evaluate the nation image in the areas of cultural patrimony and legacies. Governance evaluates the perceived competency and honesty of a nation's government. Investment and immigration evaluate the "nation's power to attract talent and capital" (Anholt et al. 2008a, p.4), therefore, this component incorporates individuals' willingness to study, work, invest and live in the nation. Tourism is evaluated in 3 major areas: natural beauty, historic buildings and monuments, and city life and urban attractions (Anholt et al. 2008a). Lastly, the component of people analyses the friendliness and hospitality of a nation's inhabitants.

Nation brand image of Portugal

In the beginning of the 21st century, ICEP (Investments, Commerce, and Tourism Portugal) studied the image of Portugal and its people according to the business markets of Dusseldorf, London, Madrid, Paris, São Paulo, and New York (Filipe 2010). According to the results, Portugal presents positive characteristics associated to history, past global influence, and preservation of identity and tradition (Filipe 2010). In addition, positive evaluations are given to the wine, art, and craftwork industries. On the other hand, negative aspects of Portugal are associated to disorganization, indiscipline, poor management, and unbalanced modernization of society and businesses (Filipe 2010). The positive characteristics associated to Portuguese people are hospitality, friendliness, education, affection, honesty, and loyalty (Filipe 2010). As workers, Portuguese are seen as flexible, open minded, hard working, communicative, and familiar with various languages. On the negative side, Portuguese people are associated to insecurity, lack of confidence and ambition, disorganized, excessively bureaucratic, lack of vision, and disrespect for schedules (Filipe 2010).

Another study, developed in 2000 and based on the Brand Asset Valuator methodology, contemplates the image of Portugal in 5 European countries: Germany, United Kingdom, France, Italy, and Spain (Sousa 2007). The results of this analysis indicate that the attributes of tradition, service, and leisure are the most positive characteristics associated to Portugal. On the other hand, quality, style, and innovation are considered to be the least positive (Filipe 2010). Therefore, Portugal's image is that of a hospitable, welcoming, and attractive tourist destination with a long history and nautical tradition (Cardoso 2002). However, this vision, associated to tradition, also presents the country as antiquated, stagnant, and underdeveloped.

Cognitive brand image

According to Cornelissen and Thorpe (2002, p.175) "an image is the immediate set of meanings inferred by a subject in confrontation/response to one or more signals from or about an institution". Keller (1993, p.3) states that brand image is "the perceptions of a brand as reflected by the brand associations held in consumer memory". In other words, brand image is a consumer-driven concept influenced by company efforts and comprises three types of brand associations: attributes, benefits, and attitudes. Attributes are the physical features that characterize a product or service. Benefits are the values that consumers attach to the attributes of the product or service, and can be functional, experiential or symbolic. Finally, attitudes reflect the consumers' overall evaluation of the goods or services. In addition to the types of associations, Keller (1993) affirms that the favourability, strength and uniqueness of brand associations also impact the image of the brand.

In regards to destination brand image, the concept involves the construction of a suitable image for a destination in order to attract and retain tourists (Alcañiz et al. 2009); a complex process involving elements of goods, service, and corporate branding (Balakrishnan et al. 2011); or the creation of a valid, believable, simple, appealing, and distinctive place image designed to reach a specific target market (Gertner & Kotler 2004). In this context, Alcañiz et al. (2009) points out that cognitive image refers to the beliefs and knowledge about the perceived attributes of the destination. In this vein, components of the nation brand hexagon are expected to affect the cognitive brand image, namely its cognitive and affective dimensions. Therefore, it may be possible to identify underlying connections that have not yet been explored (see figure 1). We also expected that Portuguese and Canadian have different perceptions about Portugal. Thus, the hypotheses are:

H1: The components of the Portuguese nation brand hexagon exert a positive influence on cognitive image

H2: The Portuguese perceptions of the Portuguese national brand hexagon and the influence on cognitive image will be different from the Canadian perceptions.

Methodology

Sample and data collection

Based on literature review, a questionnaire containing the items of the latent variables and a section with the socio-demographic variables built in order to capture the perceptions of the Portuguese and Canadian sample populations was first constructed in English and then translated into Portuguese. Back translation was then used to ensure that the questionnaire communicated similar information to all respondents (Brislin 1970; Sekaran 1983). The questionnaire was pre-tested with a sample of 12 university students of Portuguese and Canadian nationality. This allowed for the collection of valuable suggestions that were taken into account in order to ensure that the wording of the questionnaire was clear.

Figure 1. Proposed model

Portuguese versus Canadian perception about
Portuguese Nation Brand
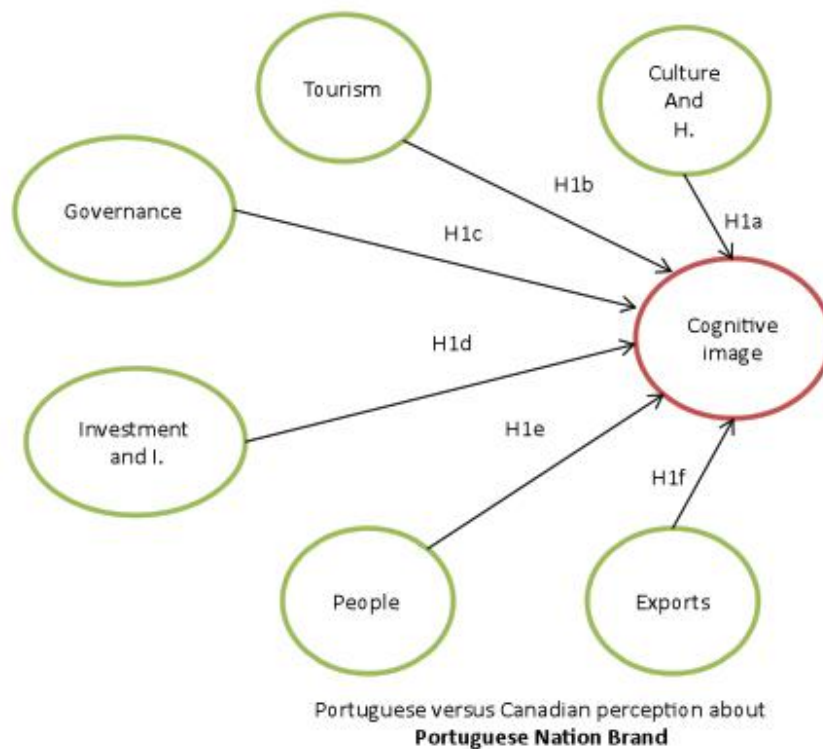
Upon completing the survey, it was distributed online in both English and Portuguese. In order to control distribution, the Portuguese version was distributed only for Portuguese respondents, whereas the English version was given only to Canadian respondents. The survey was available from April 15, 2012 to May 10, 2012. In the Portuguese areas of study (North and Centre Areas), university students were given the survey and asked to send it to 5 people of varying ages and genders (Walsh & Beatty 2007). In the Canadian area of study (the Greater Toronto Area), contacts from a diverse range of professions, ages and genders were sent an email link with the survey and were asked to send it to 5 people of different professions, ages and genders.

The Greater Toronto Area of the province of Ontario, Canada was chosen due to the fact that it is the most populous region of Canada, with over 5.8 million inhabitants (Statistics Canada 2012). This allows for a larger sample population. In addition, Toronto is considered to be one of the most multicultural cities in the world (Doucet 2001), facilitating the obtainment of a diverse sample population.

Variables and measurement

The final version of the questionnaire consists of 3 groups of questions. The first group comprises of 53 items adapted from the Anholt-GFK Roper Nation Brand Index (Anholt et al. 2008). Each of the 6 components were evaluated separately, however, items were randomly dispersed throughout the survey. The second group consists of the items evaluating cognitive brand image and are based on Alcañiz et al. (2009) and Qu et al. (2011). All these items were evaluated through a Likert-type scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Finally, the third group consists of items used to gather the socio-demographic characteristics of the respondent. These include gender, age, and nationality.

Data analysis

A structural equation model approach using PLS was employed to test the hypotheses of this study. PLS is based on an iterative combination of principal component analysis and regression; it aims to explain the variance of the constructs in the model (Chin 1998). In terms of analysis advantages, PLS simultaneously estimates path coefficients and individual item loadings in the context of a specified model. As a result, it enables researchers to avoid biased and inconsistent parameter estimates. Based on recent developments (Chin et al. 2003), PLS has been found to be an effective analytical tool to test interactions by reducing Type II errors. By creating a latent construct that represents an interaction term, a PLS approach significantly reduces this problem by accounting for error related to the measures. Tenenhaus et al. (2005) propose the geometric mean of the average communality (outer mode) and the average R^2 (inner model) as overall goodness of fit (GoF) measures for the PLS (Cross validated PLS GoF), which range from 0 to 1. The model proposed in the current study is complex and has formative constructs. Thus, in order to test the model we used the repeated indicators method (Chin et al., 2003). We choose PLS to accommodate the presence of a large number of variables and formative factors.

Results

Sample profile

A convenience sample of 187 fully completed responses from Portugal and Canada. In the Portuguese sample, 70% of respondents were female and 30% of respondents were male and the majority of respondents were between the ages of 25-34. The data for the Canadian sample shows that over 80% were female and under 20% were male. In the Canadian sample population, the majority of respondents were between the ages of 35-44.

Descriptive results

In the Portuguese sample, findings for exports demonstrate favourable classifications for the country's contribution to innovation in science (mean of 3.7) and Portugal is a creative country (mean of 3.6). In the Canadian sample, results for exports indicate that the Canadian respondents see Portugal as a creative country (mean of 4.0). On a less favourable note, Canadian respondents have a lower classification of Portugal's contribution to innovation in science, with a mean of 3.2, which sharply contrasts Portuguese results.

Regarding culture and heritage, in the Portuguese sample results demonstrate that the country is favourably associated to unique traditions (mean of 4.6), rich cultural heritage (mean of 4.4), and cultural legacies (mean of 4.4.). Respondents also value the excellence of Portuguese athletes (mean of 4.3). However, the country's contribution to music and modern art are rated less favourably, (means of 3.2 and 3.1, respectively) and the country is negatively associated to its contribution in cinema (mean of 2.5). Results for the Canadian sample population indicate that the country is also favourably associated to unique traditions and rich cultural legacies, both having individual means of 4.6. In addition, the quality of Portuguese athletes is valued, with a mean of 4.3. On the other hand, the results depict a negative evaluation of Portugal's contribution to cinema (mean

of 2.8) and a less favourable evaluation of the country's contribution to modern art (mean of 3.4).

In what concerns to governance, Portuguese sample results indicate that the country is more favourably associated to ensuring that its citizens live in a free society (mean of 3.5). However, this is the only item that shows a significantly positive classification, with a majority of items ranking below 3 on the Likert scale. The lowest classifications are given to the competency and honesty of Portuguese leaders, with means of 1.8 and 1.7, respectively. This demonstrates a highly negative evaluation for these items and the entire construct. The results for the Canadian sample demonstrate that Portugal is again favourably associated to ensuring that its citizens live in a free society (mean of 3.8). However, the Canadian sample also favourable perceives Portugal as having respect for its citizens and playing an active role in maintaining international peace (means of 3.6, respectively). The most negative association are those of the competence and honesty of Portuguese leaders, both with individual means of 2.4. However, Canadian respondents also have negative perceptions of Portugal as an efficient country, and the country's role in the reduction of world poverty (means of 2.8, respectively).

In regards to investment and immigration, results show that for the Portuguese sample demonstrate a strong desire to live and study in the country (mean of 3.9). In addition, the quality of Portuguese education and the desire to work in Portugal are also highly valued (means of 3.8 and 3.7, respectively). On the other hand, Portuguese respondents negatively associate the county to quality of life (mean of 2.5), the existence of equal opportunities (2.3), and the offer of opportunities to its citizens (mean of 2.2).The results for the Canadian sample demonstrate similarities in regards to highest ranking items. The quality of Portuguese education is favourably evaluated (mean of 3.9). Portugal is perceived as a good place to study, with a mean of 3.7. In regards to the lowest classifications, these are different to those of Portuguese respondents. Portugal is less favourably associated to business opportunities and desire to invest in the country (means of 2.9, respectively).

The results for Tourism indicate that the items concerning Portuguese beaches and the natural beauty of the country present the highest means of the group (with 4.8 and 4.6, respectively). The items concerning Portuguese cities present the lowest classifications, with the excitement of Portuguese city life being the lowest (mean of 3.2). The results for the Canadian sample associate the Portuguese country is associated as having many beaches (mean of 4.9) and respondents show high desire of visiting the country (mean of 4.8). The item with the lowest classification is the excitement of Portuguese city life, with a mean of 3.8, which continues to be a favourable classification.

Portuguese respondents highly associate people to quantity of Portuguese friends and the desire to have Portuguese friends (means of 4.8 and 4.5). However, they show a less favourable classification of the competence of Portuguese people (mean of 3.3). Canadian respondents favourably associate people to: quantity of friends (mean of 4.6), desire to have Portuguese friends (mean of 4.5), and friendliness (mean of 4.5). The lowest classification is that of competence (mean of 3.8).

Results for Portuguese respondents about cognitive image indicate that the country is most favourably seen as pretty (mean of 4.6) and tourist friendly (mean of 4.4). Canadian respondents perceive the country as pretty (mean of 4.6), interesting (mean of 4.5) and tourist friendly (mean of 4.5).

Structural results

The adapted 53 items from the Anholt-GFK Roper Nation Brand Index (Anholt et al. 2008), are grouped in six components. Each component was submitted to a factorial analysis, using the full sample, in order to capture factors or dimensions. The components people and exports have four items each. The principal component analysis generated one factor for people and one factor for exports. The principal component analysis for the culture and heritage generated three factors, which account for 68.601% of total variance: sports (44.234%), history (12.918%) and modernism (11.449%). Regarding governance, the principal component analysis indicates the existence of two factors, accounting for 61.852% of total variance: leadership (50.931%) and efficiency and International presence (10.911%). Investment and immigration comprises three factors, accounting for 69.782% of total variance: willingness to work and study (43.691%), education and equality (16.624%) and quality of life and opportunities (9.467%) Tourism groups three factors, accounting for 61.644% of total variance: willingness to visit and natural beauty (46.486%), tourist attractions (7.854%) and city life (7.303%).All factor loadings are significant since they are equal or greater than 0.5.

Afterwards, PLS approach was applied. The PLS model was analysed and interpreted in two stages. First, the adequacy of the measurements is assessed by evaluating the reliability of the individual measures and the discriminant validity of the constructs (Hulland 1999). Then, the structural model is appraised. To test the second-order formative model, we used the repeated indicators method (Chin et al. 2003; Kleijnen et al. 2007).

Item reliability is established by examining the loading of the measures on their corresponding construct. Items with loadings of 0.707 or more should be accepted, which indicates that more than 50% of the variance in the observed variable is explained by the construct (Carmines & Zeller 1979). In this study, only one item of exports from the Canada sample has item loading lower than 0.707 and thus it was eliminated from the structural analysis. Composite reliability was used to analyse the reliability of the constructs since it has been considered to be a more accurate measurement than Cronbach's alpha (Fornell & Larcker 1981). Table 2 indicates that all constructs are reliable since the composite reliability values exceed the 0.7 threshold and even the strictest one of 0.8 (Nunnally 1978).

The measures demonstrated that the convergent validity as the average variance of manifest variables extracted by constructs (AVE) was at least 0.5, indicating that more variance was explained than unexplained in the variables associated with a given construct. The criterion used to assess discriminant validity was proposed by Fornell and Larcker (1981), suggesting that the square root of AVE should be higher than the correlation between the two constructs in the model. Table 3 and table 4 show that all latent variables have discriminant validity.

Table 2. Measurement Results

Variables	Mean	Composite reliability	AVE*	Mean	Composite reliability	AVE*
		Portugal sample		Canada sample		
People	4.3	0.890	0.671	4.4	0.944	0.808
Tourist attractions	4.2	0.917	0.689	4.3	0.871	0.578
City life	3.5	0.858	0.669	4.0	0.862	0.676
Willingness to visit and natural beauty	4.5	0.868	0.622	4.6	0.873	0.635
Exports	3.6	0.887	0.663	3.5	0.883	0.715
Sport	4.1	0.870	0.690	4.0	0.901	0.753
History	4.5	0.826	0.614	4.4	0.839	0.634
Modernism	3.2	0.892	0.674	3.4	0.906	0.706
Leadership	2.6	0.893	0.625	3.2	0.886	0.609
Efficiency and International presence	2.9	0.907	0.583	3.2	0.936	0.678
Quality of life and opportunities	2.9	0.829	0.549	2.9	0.868	0.621
Education and equality	2.6	0.858	0.668	3.3	0.870	0.692
Willingness to work and study	3.8	0.902	0.698	3.5	0.925	0.755
Cognitive image	4.2	0.919	0.587	4.3	0.897	0.541

*AVE: Average Variance Extracted

Table 3. Discriminant Validity: Portuguese sample

Portuguese sample Construct	Correlations													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
AVE ½	0.819	0.830	0.8186	0.767	0.814	0.764	0.813	0.781	0.791	0.829	0.781	0.741	0.831	0.836
1. People	1.000													
2. T. Attraction	0.565	1.000												
3. City life	0.540	0.631	1.000											
4. Cognitive Image	0.689	0.620	0.5730	1.000										
5. Education and equality	0.347	0.239	0.2740	0.381	1.000									
6. Efficiancy and International presence	0.457	0.472	0.4055	0.459	0.670	1.000								
7. Exports	0.448	0.561	0.5745	0.554	0.312	0.520	1.000							
8. History	0.558	0.595	0.4862	0.666	0.244	0.334	0.450	1.000						
9. Leadership	0.355	0.376	0.4944	0.407	0.706	0.609	0.328	0.350	1.000					
10. Modernism	0.323	0.534	0.4596	0.442	0.515	0.608	0.635	0.489	0.460	1.000				
11. Willingness to visit and natural beauty	0.585	0.671	0.4421	0.675	0.287	0.371	0.489	0.656	0.307	0.390	1.000			
12. Quality of life and opportunities	0.366	0.456	0.4704	0.572	0.456	0.446	0.419	0.423	0.604	0.371	0.410	1.000		
13. Sport	0.384	0.617	0.4594	0.434	0.203	0.462	0.533	0.382	0.178	0.532	0.546	0.200	1.000	
14. Willingness to work and study	0.435	0.375	0.3778	0.516	0.308	0.317	0.299	0.407	0.403	0.308	0.354	0.488	0.260	1.000

Table 4. Discriminant Validity: Canadian sample

Canadian sample Construct	Correlations 1	2	3	4	5	6	7	8	9	10	11	12	13	14
AVE ½	0,899	0,760	0,8225	0,732	0,833	0,826	0,846	0,790	0,780	0,847	0,798	0,788	0,868	0,869
1. People	1,000													
2. T. Attraction	0,658	1,000												
3. City life	0,557	0,696	1,000											
4. Cognitive Image	0,710	0,714	0,6850	1,00										
5. Education and equality	0,435	0,379	0,6085	0,500	1,00									
6. Efficiancy and International presence	0,446	0,443	0,6402	0,537	0,760	1,00								
7. Exports	0,521	0,537	0,6829	0,629	0,723	0,770	1,00							
8. History	0,611	0,819	0,6901	0,682	0,369	0,418	0,540	1,00						
9. Leadership	0,407	0,280	0,4634	0,436	0,729	0,678	0,675	0,280	1,00					
10. Modernism	0,405	0,534	0,5894	0,550	0,699	0,765	0,716	0,470	0,540	1,00				
11. Willingness to visit and natural beauty	0,611	0,697	0,7324	0,698	0,391	0,427	0,506	0,648	0,367	0,390	1,00			
12. Quality of life and opportunities	0,516	0,459	0,6079	0,484	0,712	0,744	0,731	0,486	0,651	0,671	0,460	1,00		
13. Sport	0,361	0,503	0,5322	0,460	0,426	0,438	0,486	0,495	0,381	0,457	0,509	0,360	1,00	
14. Willingness to work and study	0,561	0,543	0,5979	0,633	0,525	0,645	0,663	0,487	0,492	0,604	0,462	0,629	0,531	1,00

The structural results for Portugal are presented in Figure 2. In this study a nonparametric approach, known as Bootstrap, was used to estimate the precision of the PLS estimates and supports the hypotheses (Chin 1998; Fornell & Larcker 1981). All path coefficients are found to be significant at the 0.001 or 0.01 levels, except the three causal orders, which are not significant: culture and heritage->cognitive image, governance->cognitive image, and exports->cognitive image. Thereby, hypothesis H1 is partially supported by Portuguese sample. The Q^2 (chi-squared of the Stone-Geisser Criterion) is positive, so the relations in the model have predictive relevance. The model also demonstrated a good level of predictive power (R^2) as the modelled constructs explained 70.8% of the variance in cognitive image. In fact, the good value of GoF and the good level of predictive power (R^2) reveal a good overall fit of the structural model (see Figure 2).

Figure 2. Portuguese structural results
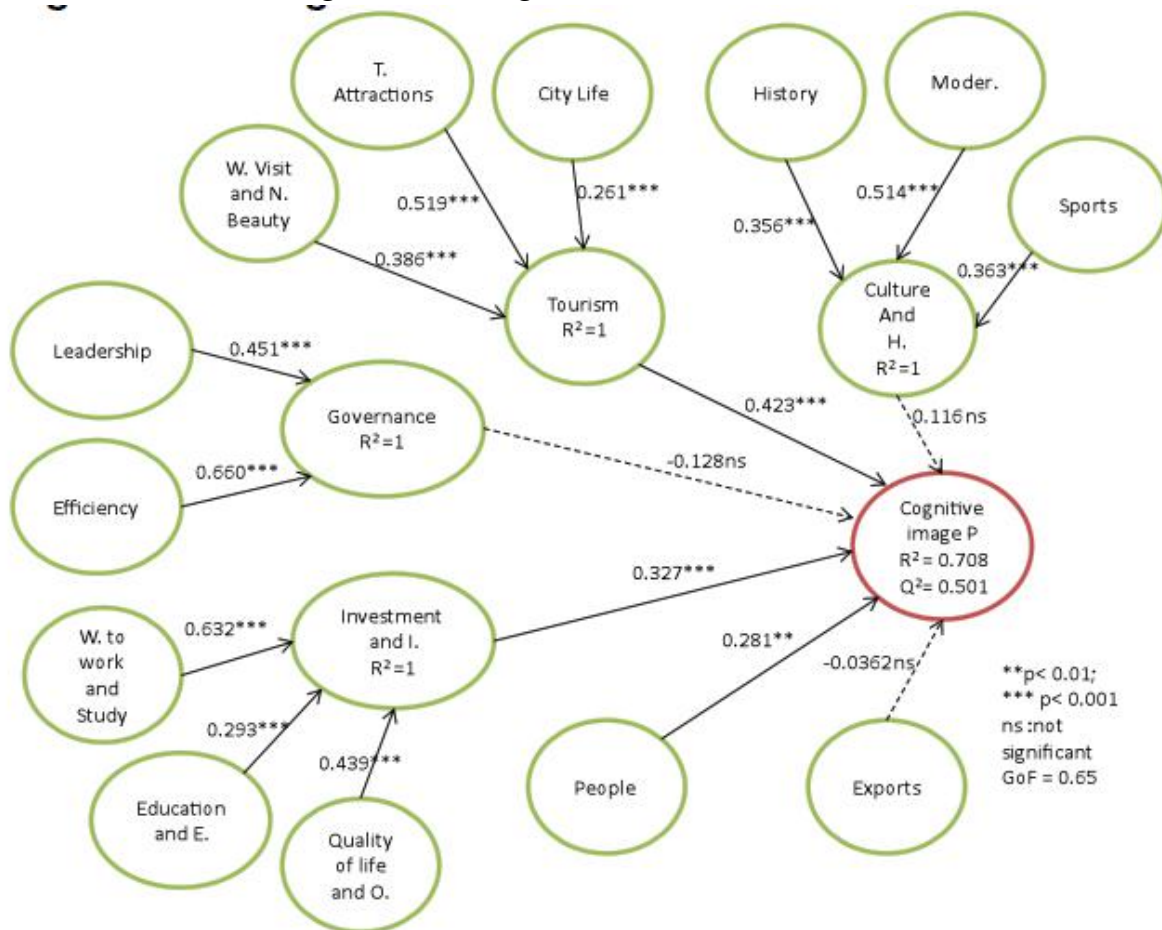
The structural results for Canadian sample are presented in Figure 3. All path coefficients are found to be significant at the 0.001, 0.01 levels, except the four causal orders, which are not significant: culture and heritage->cognitive image, governance->cognitive image, investment and immigration->cognitive image, and exports->cognitive image. The value of Q^2 is positive, so the relations in the model have predictive relevance (Fornell & Cha 1994). The model also demonstrated a good level of predictive power (R^2) as the modelled constructs explained 70.9% of the variance in cognitive image. The good value of GoF and the good level of predictive power (R^2) reveal a good overall fit of the structural model (see Figure 3).

Figure 3. Canadian structural results
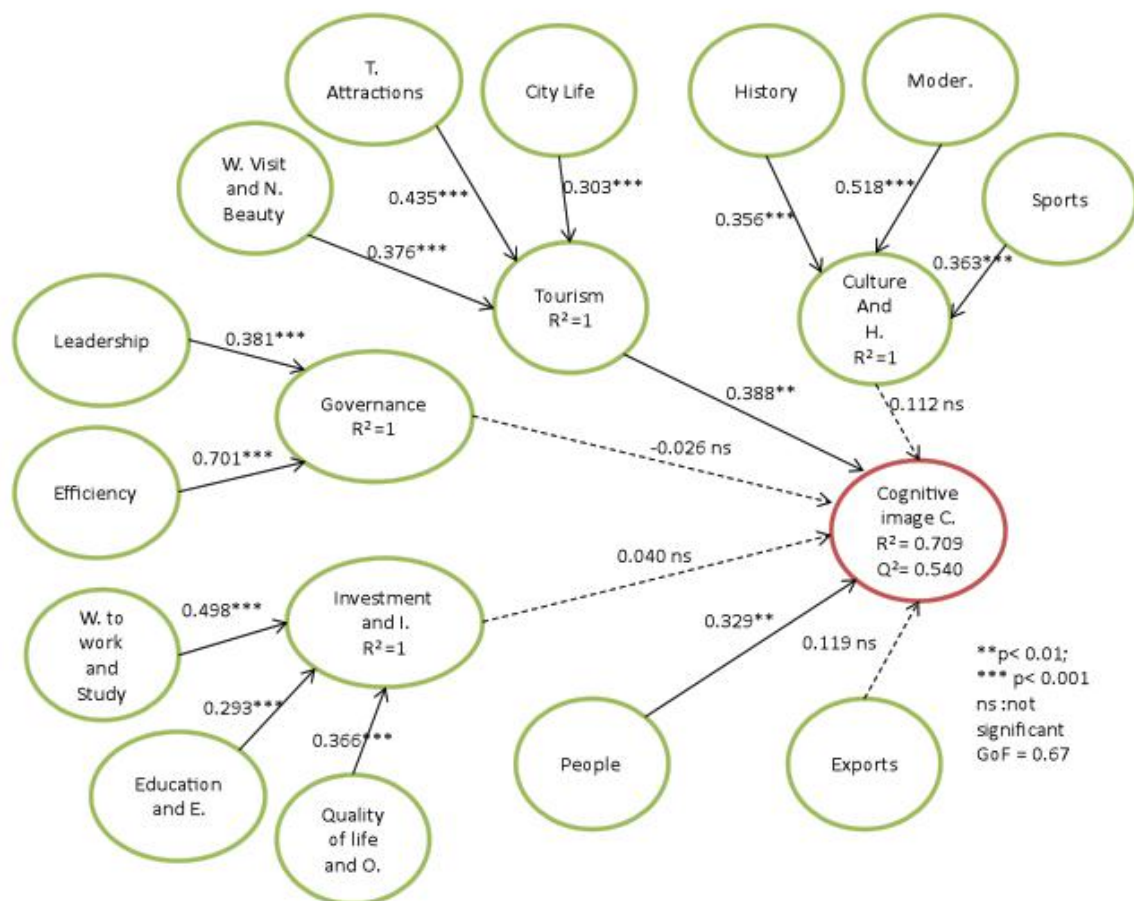
Based on the findings presented, the Portuguese perceptions about the nation brand hexagon and the influence on cognitive image is different from the Canadian perceptions. Thus, the H2 is supported.

Conclusions and implications

Regarding the findings and specially the structural analysis for Portuguese respondents, three components of the nation brand hexagon, that is, investment and immigration, tourism, and people contribute significantly to a favourable cognitive image. For the Canadian sample population, tourism and people emerge as the only two components which present a significant impact on cognitive image.
Thereby, Portugal is positively associated to tourism, culture and heritage, and people. This is consistent with studies mentioned by Filipe, (2010), Melo (2007), and Murraças (2008), in which tradition, tourism, and hospitality are the most favourably viewed aspects of Portuguese society. In contrast to Cardoso (2002), both Portuguese and Canadian respondents demonstrate that they do not perceive Portugal as a poor and underdeveloped country. This also contradicts Simon Anholt's statement in 1998, which was referred by Melo (2007). A novelty to this area is the favourable perceptions concerning Portuguese education, an area which has not been contemplated in previous studies.

On the other, some negative aspects referred to by Brito (2008) also emerge from the results of the study. These are such as lack of innovation, inefficiency and poor management.   Portugal is in fact given unfavourable evaluations in the area of

governance, especially by the Portuguese sample. In the Canadian sample, there is unfavourable evaluation of desire to invest and business opportunities.

Originality of the research and Implications

As far as the authors know, this study is the first attempt to analyse the strength of the impact of the six components of the Nation Brand Index on cognitive brand image from the perspective of Portuguese and Canadian samples of population.

The findings have theoretical implications, providing a new perspective to analyze national brands in comparison with cognitive perceptions. However, the study also presents managerial implications regarding the components more or less favourably evaluated and those with more impact on cognitive perceptions. A novelty to this area is the favourable perceptions concerning Portuguese education, an area which has not been contemplated in previous studies.

Indeed, some negative aspects emerge from this study, such as lack of innovation, inefficiency and poor management, especially from the Portuguese sample. Likewise, from the Canadian sample, there are unfavourable evaluations of desire to invest and business opportunities in Portugal. This is an important contribution as, to the best of our knowledge, these items have not yet been properly contemplated in literature and empirical studies.

Implications for management

The results obtained suggest that Portugal's image continues to be heavily associated to tourism, culture, and hospitality, despite efforts to associate it to attributes such as innovation and business opportunities. Therefore, nation branding campaigns have proved effective in enhancing Portugal as a tourist destination, yet ineffective when trying to associate the country to novel attributes. In this light, further nation branding campaigns could benefit from the results of this research and attempt to improve other positively viewed aspects such as Portuguese education and products.

In Portugal there is a highly negative perception of the construct of governance, namely Portuguese leadership and international contributions. In order to improve the country's internal image (national identity), nation branding campaigns should make an attempt to focus on positive aspects of Portuguese leadership. In addition, Portugal's international contributions should be highlighted in order to generate greater sense of self-perception and international awarenes

Limitations and future research

The main limitation of this research lies on the fact that the Canadian sample was gathered only in Toronto area and the Portuguese sample on the North and centre of Portugal. In this light, an avenue for future research is the widespread study of Portugal's nation brand image using the conceptual model developed. Further research should consider targeting a larger Portuguese sample population, in order to truly understand the country's self-perception. In addition, other foreign samples should also be considered and comparatively analyzed. In this vein, it would be possible to identify similarities and differences in international perceptions of

Portugal. In this vein, it would be possible to develop personalized nation brand campaigns for key target audiences.

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Brand partiy perception on the German automotive market - a comparative analysis of brand clusters

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Abstract

Purpose- The main purpose of this paper is to validate particular brand clusters of the German automotive market, which were already identified within a qualitative research approach. Furthermore, information shall be provided whether different levels of perceived brand parity with regard to particular brand clusters exist.

Design/methodology/approach- The results are based on two quantitative online surveys. The first survey was carried out in the period of 4th of May 2012 to 12th of May 2012 with a sample of n=111. With hierarchical, agglomerative clustering procedures seven brand clusters were validated of which four are presented in this paper. The second survey was carried out in the period of 2nd October 2012 to 12th October 2012. In order to control the data collection process as best as possible, the service of a panel provider was used and a quota-sample of n=320 was achieved. Four main brand clusters were analysed.

Contribution to the body of knowledge- The paper provides two contributions: from a methodological point of view it quantitatively validates the brand clusters, which have been identified within prior qualitative research. Furthermore, the results shed light on the consumers' parity perceptions for particular brand clusters on the German automotive market, which may support brand managers in their task of positioning their brand uniquely.

Research limitations/implications- A limitation is of course the constricted application to online samples. Therefore the sample of the first survey does not fulfill the need for representativeness. Despite dedicated efforts in the second survey not all quotas were reached.

Key Words: perceived brand parity, German automotive market, quantitative research, cluster analysis,

Introduction

In the last two decades there has been a plethora of research and publications in the field of branding which has significantly enhanced our understanding of the field. However, there is still a nebulous around understanding and applying the concept due to the rising number of brand failures. A number of findings have highlighted the concern of parity where products are perceived to be generically similar.

According to Muncy (1996) perceived brand parity is defined as "... the overall perception held by the consumer that the differences between the major brand alternatives in a product category are small." Muncy (1996, p.411) furthermore claims that "parity can be seen as the opposite of differentiation." Some authors follow this viewpoint and describe perceived brand parity as a lack of brand differentiation (Kocyigit and Ringle 2011; Chenet et al 2010; Lantieri et al 2009; Ogba

and Tan 2009, Hlavinka and Gomez 2007; Jensen and Hansen 2006; Razi et al 2004). But while brand differentiation is usually related to a specific brand, parity concerns a whole product class (Muncy 1996). This object reference is the most important difference when comparing the construct of perceived brand parity to other constructs of brand research. While brand awareness, brand knowledge, and brand equity apply to individual brands (Fischer et al 2010), brand parity concerns the whole product class. Consequently perceived brand parity does not diverge across brands within one product category.

Also this seems relatively unimportant for the automotive market at first sight, as brand differentiation has been seen as strength of the German automotive market (Gottschalk 2005, p.16), this topic becomes essential when watching the trends on the German automotive market.

In the past decades, the automotive sector experienced a rapid growth leading to a fragmented market, which is divided into various segments, lines, body types and models (Becker 2007, p.28). In order to differentiate and thereby be more successful, the manufacturers of the big car brands serve nearly each market segment (Ebel et al. 2004). This strategy leads to quite homogenous markets with regard to product quality and thereby diminishing uniqueness of car brands.

Furthermore, an ongoing consolidation of the automotive industry can be observed. The number of car manufacturers declined from thirty-six in 1970 to twelve in 2010 (Becker 2007 p.77, Wallentowitz 2009 p.25, Schömann 2012 p.24). As the number of brands did not decline in the same extent, more brands are consolidated within one manufacturer. Consequently common part strategy is conducted in order to reduce costs. Applying common part strategy across brands leads to an assimilation of the cars in terms of technical features and quality aspects.

As brand parity refers by definition to one product category it is highly important to exactly define the relevant product category for which brand parity is to be measured. In most research the automotive market as a whole is seen as one product category. Due to the high diversity within the automotive market, ranging from low priced small cars up to expensive luxury vehicles this classification seems not to be suitable for parity explorations. Furthermore, it is important for the marketing managers to have information about the consumers' parity perceptions regarding their brand in comparison with their direct core competitors.

Therefore, this research aims to find reasonable brand parity clusters on the German automotive market. Based on results of preliminary focus group discussions a quantitative survey is undertaken in order to confirm the identified brand clusters. By conducting another quantitative panel survey, the level of perceived brand parity within the particular clusters is measured.

Data collection and data analyses

Five focus group discussions, with five to eight car drivers each, were executed in May 2011in order to learn about the consumers' perception of the German automotive market. Each focus group discussion lasted 1.5 to 2 hours. Four groups were created with people who had signalled a higher perception of brand parity in advance and an additional control group was formed made up of people having a

lower parity perception. Enabling techniques were applied and a family formation scenario was constructed exclusively for this purpose. Participants formed brand clusters, with the brands inside the clusters being homogenous while the clusters towards each other were heterogeneous regarding similarity.

In an aim to confirm the brand clusters formed in the qualitative survey a quantitative survey was conducted in the period of 4th to 12thof May 2012. An online questionnaire was administered to n=113 participants via snowball sampling. Participants were asked to rate 42 brands[91] regarding six pairs of opposites referring to product (low quality vs. high quality, conventional design vs. extravagant design), price (low price vs. high price) and brand image (commodity good vs. status symbol, boring vs. adventurous, ordinary vs. something special).

The brand clusters are confirmed using a cluster analysis which groups individuals or objects into clusters. Elements in the same cluster are more similar to one another than to elements in other clusters (Hair et al 2006, p.555). The aim "is to maximize the homogeneity of elements within the clusters while also maximizing the heterogeneity between the clusters" (Hair et al 2006, p.555). A hierarchical agglomerative cluster analysis applying five different clustering algorithms was executed and compared.

Finally, in the time between 2nd and 12th October 2012 an online questionnaire including 18 questions (lasting approx. 20 minutes) was administered to a quota sample with n=320 by contacting the target persons using a professional access-panel provider. This approach guarantees a highly professional data collection method, therefore increasing the likelihood for high-quality data. Based on this data set detailed analyses of the consumers' brand parity perceptions with regard to the automotive market in general and for four important brand clusters were performed applying three different approaches of measuring consumers' brand parity perception. However, as the focus of this paper lies on confirming the clusters, only a very limited extract of the results of the final panel survey are presented.

Results

The quantitative results satisfactorily confirmed both, the composition of the brand clusters and also the characteristics of the clusters. The following table shows a comparison of the composition of the brand clusters regarding the results of the qualitative and the quantitative research.

Additionally, the characteristics of the brand clusters were also confirmed. A comparison of the means of each cluster for each variable provides information about the particular cluster characteristics.

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[91] The questionnaire included all brands that were mentioned in a minimum of two focus group discussions

Table 1: Overview data collection and data analyses

	Qualitative survey	Quantitative survey I	Final quantitative panel survey
Field time	May 2011	4th to 12thof May 2012	2nd and 12th October 2012
Net Sample	5 groups with 5-8 car drivers each group	n=113	n=320
Data collection	Focus group discussions applying enabling techniques.	• Online questionnaire • Snowball sampling • Rating of 42 brands regarding six pairs of opposites referring to product, price, brand image	• Online questionnaire • Quota sampling using a professional access-panel provider • Questionnaire included 18 closed questions
Applied analysing methods	longitudinal and cross-sectional analysis	Hierarchical agglomerative cluster analyses	A range of bivariate and multivariate methods such as correlations, non-parametric tests, explorative factor analyses and a simple form of structural equation modelling (not presented in this paper)

Table 2: Cluster definitions

Cluster name	Cluster definition – Qualitative research	Cluster definition – Quantitative survey I
Pragmatic	Dacia, Lada, Lancia, Suzuki, Tata, Kia	Dacia, Lada, Kia
Affordable	Citroen, Ford, Peugeot, Renault, Opel, Toyota, Fiat, Honda, Mazda, Mitsubishi, Nissan, Hyundai, Seat, Suzuki	Toyota, Renault, Citroen, Fiat, Ford, Honda, Hyundai, Lancia, Mazda Mitsubishi, Nissan, Opel, Peugeot, Seat, Skoda, Suzuki
Status-orientated	Mercedes-Benz, BMW, Audi, Volvo	Mercedes-Benz, BMW, Audi
Exclusive	Rolls Royce, Maybach,, Jaguar, Lotus, Bentley, Ferrari, Lamborghini, Maserati, Aston Martin, Bugatti, Porsche,	Aston Martin, Bentley, Bugatti, Ferrari, Jaguar, Lamborghini, Lotus, Maserati, Maybach, Porsche, Rolls Royce

Graph 1: Overview brand cluster means
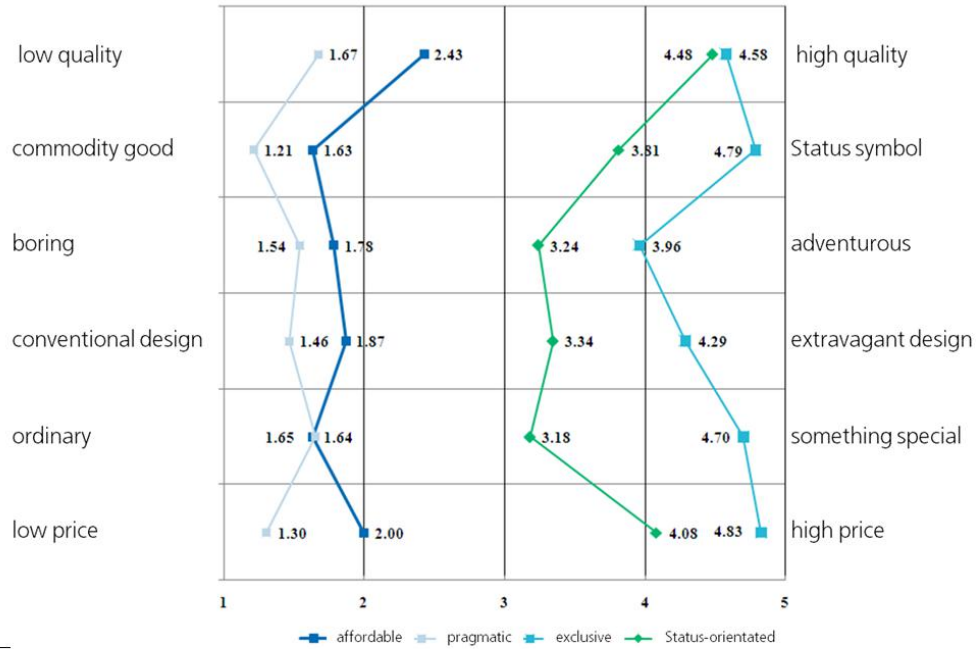
The table below presents the summary of the cluster description of the focus group discussions and the cluster descriptions referring to the quantitative cluster analysis based on the graph above.

Table 3: Cluster descriptions

Cluster name	Cluster description – Qualitative research	Cluster description – Quantitative survey
Pragmatic Dacia, Lada, Kia	"The brands in this cluster are all associated with poor quality and cheap price. They elicit rather negative emotions such as a lack of prestige"	This cluster has the lowest ratings of all clusters for each variable. The brands within this cluster are of very low quality for a very low price. They are nothing special and rather boring and ordinary also in terms of design.

Affordable Toyota, Renault, Citroen, Fiat, Ford, Honda, Hyundai, Lancia, Mazda Mitsubishi, Nissan, Opel, Peugeot, Seat, Skoda, Suzuki	"In comparison to the pragmatic cluster, this cluster does not show a lack of seriousness and does not elicit such negative emotions. In terms of perceived emotional image the brands are perceived as down to earth brands, a little bit boring as they do not offer anything special. When it comes to discussions about price, participants stress more the costs of service and spare parts and they talk rather about the price performance ratio, than about the pure price. In terms of quality opinions differ, some think that the quality is sufficient; some think the quality is poor."	This cluster clearly exceeds the cluster described above in terms of quality and price. This cluster also achieves higher ratings for the image attributes and the design. Nevertheless it is still located at the lower end of the scale regarding all variables.
Status-orientated Mercedes-Benz, BMW, Audi	"With brands of this cluster, participants associate high quality and high price. Regarding the emotional image brands within this cluster are seen as a little bit snobbish but they also seem to envy the luxury brands."	Very high quality is attributed to this cluster. The brands within this cluster even come very close to the exclusive car bands in terms of quality. They also achieve the second highest mean for price of all clusters and are seen as more as a Status Symbol than a commodity good. However in contrast to the exclusive car brands, these brands are allocated only slightly above the middle of the scale according to the boring and ordinary image attributes and the conventional design attribute.
Exclusive Aston Martin, Bentley, Bugatti, Ferrari, Jaguar, Lamborghini, Lotus, Maserati, Maybach, Porsche, Rolls Royce	"The brands within this cluster seem to be very emotional charged. The brands show a positive emotional image of luxury and prestige…"	This cluster outperforms all other clusters on all variables. Beside the high quality and the high price that are attributed to this cluster, the brands within this cluster are clearly seen as Status Symbols and something really special according to both image and design

In order to measure the level of perceived brand parity, three different approaches were applied:

1. A simple global question was asked: "Overall, how similar do you think the brands within this group are?" (Scale from 1 to 7, whereby 1 means "not similar at all" and 7 means "very similar")

2. Respondents were asked to rate four statements of a previously validated parity scale.

3. A multi-item question consisting of 24 items was asked: "How similar do you think the brands of this group are in terms of the following items" (Scale from 1 to 7, whereby 1 means "not similar at all" and 7 means "very similar"). Items refer to all four areas of the marketing mix.

The key result is that all three approaches revealed the same pattern: The cluster with the highest perceived brand parity was the status-orientated cluster, followed by the exclusive cluster. For the pragmatic cluster the third highest parity perception was measured and the affordable cluster is the cluster with the lowest level of perceived brand parity:
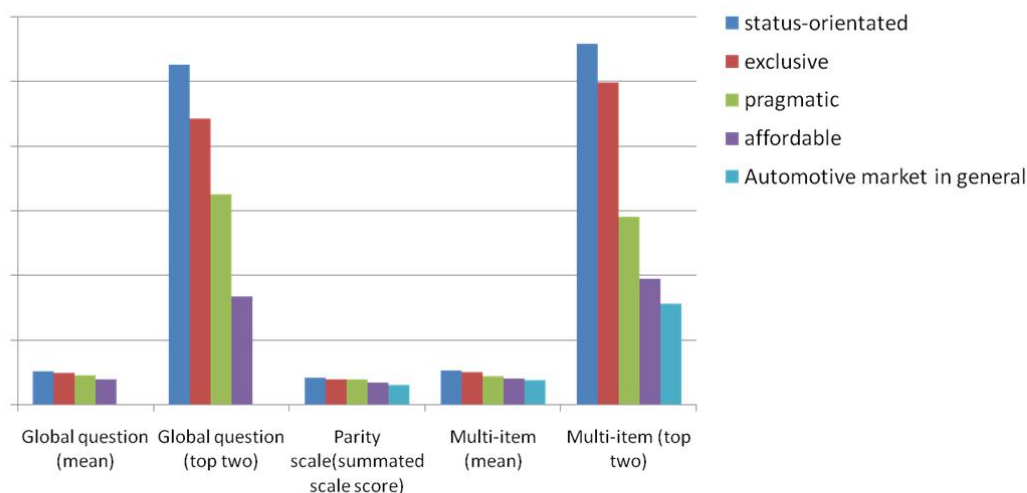
In order to test, if the differences between the clusters are significant the non parametric Kruskal-Wallis Test was applied. Kruskal-Wallis Test results in highly significant p-values (p<0.001) for all tested variables:

Conclusion

The brand clusters are confirmed with regard to composition and characteristics. Different levels of perceived brand parity with regard to particular brand clusters on the German automotive market were identified and validated.

Directions for further research are to explore the differences in parity perceptions among particular consumer subgroups as this will give marketing managers valuable insights for positioning their brand according to the needs of their target group.

A limitation is of course the constricted application to online samples. Therefore the sample of the first survey does not fulfill the need for representativeness. Despite dedicated efforts in the second survey not all quotas were reached.

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Value creation or value destruction in the shopping centre industry? The Rise and Fall of Shopping Centers in Romania

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Abstract

Shopping Centers have been expansively developed in the economic booming period before September 2008. Due to the financial and economic crisis the real estate industry has been gravely affected. The shopping center industry is also not an exemption from this, especially not in emerging markets like Romania. Several shopping centers have been closed or executed through bankruptcy procedures. The present article tackles the question of value creation and value destruction throughout the rise and fall of some shopping centers in Romania. The theoretical background on value creation follows Hakansson & Snehota's (1995) ARA (Actions-Resources-Actors) model adapted to the shopping center industry, defines the components, drivers for value creation and asserts problems leading to value destruction. These theoretical guidelines are used to describe 6 case studies of shopping centers from Romania, out of which 2 show signs of value creation from the booming period, 2 represent clear value destruction cases after the economic crisis appeared and finally 2 cases show both value creation and value destruction throughout a longer timeline. The conclusions drawn from the cases suggest that the financial crisis only emphasizes the problems leading to value destruction, and that these are underlying within the misapplied value creation procedure.

Key Words: value creation, shopping centers, financial crisis

Introduction

The current financial and economic downturn had several negative influence on the economies of emerging markets, one of the most visible effects were and are observable in the real estate sector. Exactly this is the case of the shopping centers in Romania as well, where many of them entered insolvency, bankruptcy or forced execution proceedings or have been completely closed. Since this is a highly capital demanding industry where a single project requires financing of tens of millions of euro, it is of outmost importance to give more attention and understand better the value creation/destruction process within this industry. Therefore the goal of the present article is to explore and explain these processes. Besides presenting a theoretical background in this respect, it also analyzes these processes on an empirical basis by presenting 6 cases of shopping centers from Romania. The article consist of five chapters: right after the introduction, we present the most important theoretical considerations followed by the formulation of the research question and the chosen methodology; the cases are presented in chapter four, while in the end we draw on the conclusions.

Theoretical Background – ARA Model and Value Drivers

In this chapter we present the ARA model of Hakansson & Snehota (1995) adapted to the shopping center industry describing in detail the related actions, resources and actors. Despite its many merits on interaction, interdependence and connectedness between the elements of this model, it lacks to determine the value drivers, composing elements in the value creation/destruction process of shopping centers. Therefore this is complemented with the own view of the author as a theoretical contribution to the model's application to the shopping center industry by determining a critical set of value drivers, sources of synergy between the composing elements of shopping centers. Finally we assess some questions in relationship with the measurement of the created/destructed value.

ACTIONS of Shopping Center Development and Operation

Shopping centers related actions can be grouped in two main phases. The first and most determining actions take place during the development phase of the shopping center, while the second phase represents the operation of the shopping center.

Shopping Center Development. We can undoubtedly regard the development stage as the most important one, which determine the creation of the shopping center and thus, directly after choosing the site, leads the way to the success or failure of the given shopping center. In this phase, the shopping center developers, beside the conceptual and architectural planning and development of the center, try to win over tenants whose profile and quality of products is in accordance with the customer mix and center image that is to be built. Accordingly, in this stage the selection of tenants takes place at the same time as the development of the shopping center, because in many cases the tenants have special requirements regarding the interior design and finishing of their store. This is the stage in which the shopping center is realized as the result of a conscious development process that lasts for a few years. This development process consists of the harmonization of activities, such as planning (conceptual, functional and architectural), permitting, construction, leasing and tenant management. From the point of view of leasing and tenant management, it is also very important to determine where the individual tenants should be placed. According to the type (anchor, preferential and fill-up tenant) and profile (food, fashion apparel, shoes, furniture, etc.) of the tenant, the location within the shopping center must be carefully selected, so that it will enable positive externalities for tenants, center manager and customers. After the tenants were located within the center and the interior common areas have been formed, there are few possibilities to change tenant types and profiles later on. Obviously, leasing contracts are concluded mostly for the long term (between 3-10 years). During the execution of all these major development activities it is crucial to use appropriate legal and marketing supporting activities and ensure the necessary financial resources.

Shopping Center Operation. In the second stage of the shopping centers, the created center is duly put in operation. Now the emphasis is on activities like center and facility management and maintenance: cleaning, security, building management and tenant care. From leasing point of view and judging from the concluded lease periods, the center management is not in a constant daily battle for the attraction, win over and selection of new tenants. At this time only filling up takes place from the point of view of tenant selection. Only when a vacancy occurs, in order to

maximize the utilization of the shopping center, they will search for a new tenant, whose type, profile and level of quality shall fit the image of the shopping center and match the already existing tenant mix. But this does not mean that there is no need for tenant care, and for cherish of relationships between center management and current and potential tenants. This is necessary because the long term leases also expire one day, and because consumer behavior also changes in time, the population living in the direct catchment area of the shopping center might change, which require the center managers to reposition the center by introducing adequate new tenants. Of course, attention is given also to supporting activities, such as legal and marketing activity, and ensuring the adequate financial resources. By now, the expenditures related to investment, especially development and construction, have been completed, thus the aim is to gain returns for the invested capital, which can mean both the repayment of loans and the activities drawing on returns of own invested capital.

Repositioning. In this case an already existing shopping center is redefined, improved and adapted to the changes in its catchment area, in terms of changes in competition and customers. Thus, the importance and extent of actions related to the selection of an appropriate tenant mix is almost the same as in case of the tasks that appear during shopping center development. These actions can be accompanied by a major refurbishment or expansion of the center, thus, repositioning can be very costly in some cases, especially when the special requirements of new tenants do not meet the requirements of the investor/developer during development. Just as it is crucial during development and operation, there is great emphasis on supporting activities: legal, marketing and financing activities.

RESOURCES of Shopping Center Development and Operation

The second element of the ARA model are described by the resources used by actors during activities pursuing value creation. These resources are brought in by the actors engaged in value creation, who add their own available resources. Undisposable resources for shopping center development and operation are the financial, connections, psychical and human capitals. In order to better determine their characteristics and importance let's follow them through the shopping center development and operation related activities.

In the life of a shopping center, the first and most important step is the selection of its site, location, where it's going to be built. In this selection process the know-how of the developers, as cognitive human resources are the most critical, as they are able to assess what type of a shopping center is suitable for a given location. Their decision regarding the site selection will also influence the appropriate tenant mix selection, since the shopping centers location determine the most part of the center's customer mix; and as we know the center's supply should be related to the demand represented by the customers. The second step, after site selection, is the planning and construction of the shopping center. During this activity beside the developers know-how it is essential also to possess the necessary financial capital of an investor. This financial capital of an investor establishes the limits of developers imagination about the center's development. During this development the first leasing process starts with the attraction and selection of potential tenants, in which the connections capital of investors and developers is primordial. In case the investor or developer has a good relationship with potential tenants, as a result

of successful joint previous projects, this can greatly contribute to the tenant selection of the respective new shopping center. The tenants o their turn assure the product and service offerings, as their share of resource contribution to the value creation in the shopping center. Nevertheless, we shall not forget the psychical capital represented by a certain tenant's brand name. Even though this is a psychical capital, which is hard to value, but very often represent a very important material added value, improving the shopping center's image. Once a center is filled with appropriate tenants and important brand names, the attracted customers offer purchasing power and purchase intentions as contributing resources to the value creation in shopping centers. These special resources offered by customers as inputs, may be best used by developers and operators through the selection of a proper tenant mix with suitable supply. In all these activities we shall not forget of the cognitive and emotional human resources which are contributing to value creation through all participating actors. In order to create a successful shopping center, it is essential to combine and harmonize all these resources. Therefore the following questions shall be assessed which is the right amount of these resources? how much are available ? and how shall these be combined in between with the right proportions ?

ACTORS of Shopping Center Development and Operation

Those involved in the development and operation of shopping centers, are also known as the actors of the shopping center industry and are grouped into six different categories:

1. Investors – they provide the capital needed to fund the shopping center and according to their invested capital, they expect profit, return from the given project. They can be private investors, enterprises, sometimes banks or investment funds.
2. Developers – they engage in the development, construction of the shopping center. Their tasks include: choosing the location, the site, obtaining the permits needed for the project, the architectural and commercial planning of the shopping center, carrying out/ supervising/ coordinating the construction, the first stage of leasing etc.
3. Facility managers – parallel to the opening of the shopping center, the development tasks decrease and their place are taken over by routine-like, so-called "janitor kind" of tasks related to the ensuring of the daily course of business, which are carried out by the facility managers. These kind of routine-like tasks are: the tasks related to security, cleanliness, the supervision of the parking area, the collection of rents and the marketing activities directed to promote the shopping center.

Many regard the above mentioned three categories of actors as one. Indeed these three have to cooperate very closely in order to achieve the success of a shopping center, and in some cases, by some shopping centers it can happen that all three categories of actors, or better said all these three categories of functions are carried out by the same company. In spite of this, I consider that it is very important to distinguish between these three groups of actors because of their different goals and functions. In the majority of cases, these three functions are carried out by distinct companies.

4. Tenants – they form the supply within the given shopping center, comprising the retailers, service and entertainment providers. They are a very important group of actors, because they represent the income source of a shopping center, on one hand, and they attract the customers, on the other hand. I distinguish between three types of tenants: anchor tenants, preferential tenants and fill-up tenants. Anchor tenants occupy large retail areas for a small rent, but they generate most of the customer traffic and often carry out independent marketing activities. Preferential tenants are situated in the middle, from all points of view, and often represent brand names, around which the shopping center builds its own image and adjusts the standards of its offerings. The fill-up type of tenants operate on small trade areas, pay high rents and generate little customer traffic. Beside the tenant type, another classification criterion is based on the tenant's profile, the domain they operate in, what kind of products or services do they offer for sale: food, fashion apparel, electrical appliances, sportswear etc.

5. Customers – they are the strictest critics of the shopping center. They are the ones who are prompted by the shopping center, and tenants, to visit the shopping center and purchase products and services there. They are the direct income sources for tenants, and the indirect income sources for the shopping center. Usually 60% of a shopping center's customers base comes from the direct catchment area of the respective center, thus, they can be regarded as a spatial characteristic fixed from the moment of site selection. Of course, this does not mean that these customers purchase only in the given catchment area, because we can encounter cross-shopping (purchases outside the catchment area) quite often. It is common practice for shopping centers to pursue to win over, to target a certain customer group, regardless of the catchment area.

6. Community – a group of actors, which includes the inhabitants living in the geographical environment of the shopping center, and the institutions and authorities which regulate the development and functioning of the centers. For them, the shopping center mean workplaces, which brings economic progress, in the best case without any harmful effects on the environment; it means new shopping/ entertainment/ leisure facilities, which, if used properly, can help both the economic, cultural and spiritual development of the community. Nowadays companies pay more and more attention to social responsibility. Shopping centers are no exception and they try to take part in community-developing activities, too.

These six groups of actors define and accompany the shopping center throughout its entire existence. They are the creators, beneficiaries, consumers and users of the shopping centers.

DRIVERS for value creation and/or destruction

The above described ARA model complemented with the notions of connectedness and interdependence explains how the actors engaged in shopping center development and operation activities should make the best use of the available resources. Nevertheless the model fails to highlight the value drivers leading to value creation and/or destruction. This gap will be filled now by approaching the shopping center industry from the field of Marketing and from a Product paradigm. We focus on the level of individual shopping centers, taking into consideration their main

composing elements, the connections and interactions between these and the evaluation of their functioning. The composing elements of the shopping center are: Location, Customer Mix and Tenant Mix. From the combination of these three value drivers the shopping center is developed, and the success or failure of the shopping center can be assessed through the strategic fit and dynamic coevolving of these composing elements.

According to the traditional approach the main determining element of a shopping center is its site or location. Even though location plays a very important role, it does not offer a solution to everything. A shopping center becomes successful if selects its tenant and profile mix and utilizes its physical characteristics in accordance with the core of its customer mix resulted from the location; and it becomes a failure if ignores these relations and doesn't correlate its retail supply with customer demand within the available space. Thus, these main composing elements not only influence each other in chain, but are also interacting and in best cases are coevolving creating synergy sources. These synergy sources contribute greatly to the success of shopping centers, or in case they are missing, to their failure. According to the definition, synergy is a "concept incidental to positive consequences, supporting some kind of an effect and dissolving negative consequences" (Tóth, 2004, p. 15), which is regarded as a related term to value creation in the science of management. Beside Chatterjee's (1986) financial, operational-administrative and market force based synergy types, Tóth (2004) considers the source-based dynamic analysis of synergies very important. This is in accordance with Eisenhardt & Galunic's (2000) coevolving concept. In their opinion, the companies that provide opportunities for the symbiotic coevolving of the company's departments have a better chance in developing and keeping synergetic effects.

Figure 1.: Composing elements of a shopping center
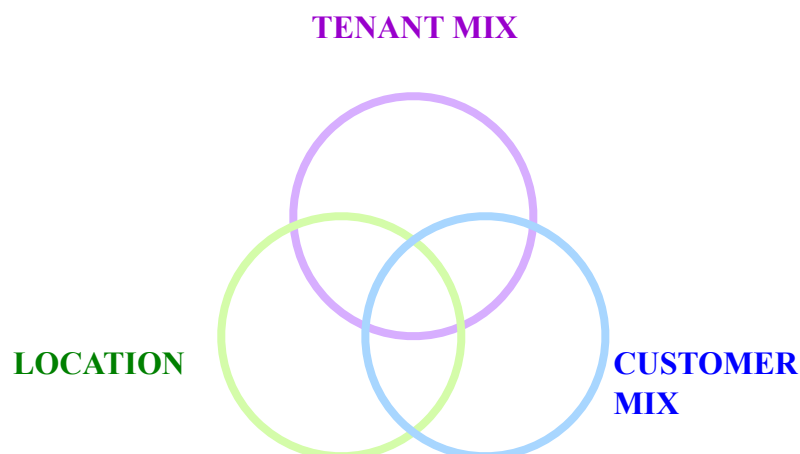
Source: own compilation

Kaplan and Norton (2005) state the same saying that for a company to achieve synergy effects, the organizational assembling of its components is necessary. In case of shopping centers, this means that the value increase and profit maximization of shopping centers require the adequate fit of their components or value drivers, their dynamic coevolving and the utilization of the resulting synergy. This model based on Location, Customer Mix and Tenant Mix is dynamic and as the interior

structure of a composing element changes, so must the factors of the other two components be fitted. In this dynamic model, what matters is the coordinated cooperation and coevolving of composing elements. It is important that the applied development and operation activities take into consideration these three value drivers and the synergies resulted from their overlapping.

MEASUREMENT of Created Value

Nobody contests that it is possible to create value through the enhancement of relationships between the actors of shopping center or by optimizing the necessary resources, and that the ultimate goal of all actions related to shopping center development and operation is value creation. But there is a serious debate on how we can measure the created value ? The measurement of material values, which are in any case defined in measureable financial metrics, don't represent a real challenge. In contracts the measurement of intangible, psychical values, which first needs reconsideration, conversion into measureable tangible, material factors demand serious attention. Regardless of what type of value, tangible or intangible are we talking about, in order to acknowledge it as value it shall be materially and economically definable. In order to achieve this, we shall define these values and their components through intermediate material factors, which can be economically measured and cumulated. For example the Tenant Mix of a shopping center may lead to both material and psychical values: rental incomes are considered material values, while intangible values are represented through the tenant's brand name contribution to the shopping center's image. Until the rental incomes are easily measured, since they are instantly defined in economic value, money; the measurement of a tenant's brand name added value is quite complicated. Every tenant who represents an outstanding quality product o brand name strengthens the image of the shopping center. This leads to higher customer drawing power for the center, which can be measured in increased customer traffic and the number of center visitors, thus the Customer Mix is enhanced. A more precise economic expression of this value might be achieved by the measurement of sales transactions for these tenants in comparison with the total sales of the center. The second question in value measurement is on which level shall we measure the respective value ? We can distinguish between strategical, tactical and operative levels of value measurement. (Gunasekaran et al, 2001) The academic literature shows lack in works in this respect, most frequently efforts were engaged in the definition of owner and investor values from financial and investment point of view, and in the definition of retailer value. In defining retailer value and financial performance two metrics were developed: VCQ – value creation quotient and REV – realized economic value. (Knight & Dragun, 1999, 2001). The VCQ measures stock exchange profitability, while REV measures economic profitability based on risk corrected cash flow calculation. Nevertheless, metrics for Location, Tenant Mix valuation or Customer Mix valuation hasn't been developed this far.

The present article doesn't aims to fill in this gap and to develop a metric system for a more detailed value creation/destruction assessment. Instead it draws on market practice and on financial accounting valuation standards, which distinguishes between fundamental values (how much an asset actually worth) and transaction values (what is its purchase price). (Fenning et al, 2011)

Research question and methodology

The present article aims to assess and explain how has been created or destructed value in various shopping centers in Romania ? The last couple of years, with the financial and economic crisis, have deeply affected most shopping centers, especially in emerging markets like Romania, where several centers entered into insolvency proceeding, forced execution or has been simply closed. Therefore it became more and more important to understand the value creation process and its drivers throughout the actions of shopping center development and operation. If the value creation process is applied with care it can lead to successful shopping centers, otherwise it can result in significant economic and financial losses for the entire economy and society. Given the formulation of the research question the most adequate research methodology is the descriptive, explanatory case study design. (Baxter & Jack, 2008) This will enable to describe in more detail the entire context, actors, resources and actions applied in the value creation/destruction process and will give insight on successful or failed efforts. In this view 6 Romanian shopping centers were selected: 2 out of them being successful, another 2 considered failed and the last 2 showing both signs of success and failure over a longer period of time. Table 1 contains a short overview of the analyzed shopping centers.

Table 1: Overview of the analyzed shopping centers

No.	Name	City	Size GLA	Opening	Closing	Successful/ Failed
1	Polus Center Cluj	Cluj	65.000	2007	in operation	Successful
2	European Retail Park	Sibiu	47.000	2006	in operation	Successful
3	Tiago Mall	Oradea	30.000	2011	in operation	Failed
4	Armonia Braila	Braila	29.500	nov.08	july 2009	Failed
5	City Mall	Bucharest	19.000	2006	in operation	Successful & Failed
6	Armonia Arad	Arad	43.500	2008	july 2012	Successful & Failed

Source own compilation

The data regarding the analyzed cases were collected from secondary sources, mostly on-line news articles and in order to assure the reliance of the data several articles were reviewed for each shopping center in particular. The selected cases will be described in detail along the theoretical guidelines presented above in order to provide a good explanatory basis. Since the research has an explorative and explanatory goal, there won't be any hypothesis formulated as regards of the expected results. Provided the controversy in measuring the created/destructed value, and considering the highly confidential character which is inhibiting their data collection, the only variables we incorporate in the data analyzes are the estimated total investments and the transactional values of the respective shopping centers.

Data Analyzes

Case 1: POLUS CENTER CLUJ

Description: The center has been developed by a Hungarian development company Trigranit at the outskirts of the city Cluj Napoca and was opened in 2007 as the result of an investment of 140 million euro. The center has a considerably big size with a total of 65.000 sq.m. gross leasable area, which enabled the developer to incorporate several anchor tenants like Carrefour, Domo or Decathlon. The center was bought by Immofinanz in 2007 in a forward purchase deal for 210 million euro and is since than in full operation.

Analyze: The shopping center is still considered as one of the most successful centers in Romania. The main driver for it success lies in its very strong tenant mix which is able to attract a lot of customers, despite its location. The additional value created by the developers is of approx. 70 million euro, which was paid by the investor at the acquisition of the center as a surplus to the investment costs.

Case 2: EUROPEAN RETAIL PARK BRAILA

Description: The center has been developed by the Belgian BELROM development company also at the outskirts of the city Sibiu and was opened in 2006 as the result of an investment of 50 million euro. The center has a total of 47.000 sq.m. gross leasable area, was bought by Argo Real Estate Capital for 83 million euro and is since than in full operation, and actually it was extended as several stand alone stores started to open next to it and now having a total of 83.000 sq.m. gross leasable area with anchors like Real, Carrefour, Baumax, Media Galaxy etc..

Analyze: The shopping center is still considered as a successful shopping center in Romania due to its tenant mix which is able to attract customers and most importantly complementary tenants. The additional value created by the developers / paid by the investor as part of the transactional value is of approx. 33 million euro.

Case 3: TIAGO MALL / ORADEA SHOPPING CITY

Description: Tiago Mall from Oradea is a shopping center of ca. 30.000 sq.m gross leasable area, which was started to be developed in 2007 by the Irish construction group Mivan. The total investment of the center was estimated to 70 million euro. At the end of 2008 the developer failed in leasing the shopping center. Therefore, in the spring of 2009 the project company entered into insolvency proceeding and after several failed public tenders, finally in 2010 the center was bought Baneasa Investments for 30,5 million euro. The shopping center was rebranded into Oradea Shopping City, leased in approx. 40% and finally opened in 2011. Since than the center is in operation, however some of its shops were already closed.

Analyze: The shopping center failed before opening due to the lack of know-how from the developers side in attracting tenants to the shopping center. The new operator also managed to lease the center only in 40% which indicates that beside the tenant mix driver, there might be mishaps also in attracting customers. The

destructed value is approx. 39,5 million euro, the difference between the initial investment and the last transaction value.

Case 4: ARMONIA BRAILA

Description: Armonia Braila has been developed by RED Management Capital as a second shopping center project in Romania. The investment needed was estimated to 45 million euro. The shopping center with 29.500 sq.m. gross leasable area was completed and opened in November 2008 having as an anchor tenant a Carrefour hypermarket. Since the complementarily needed shopping gallery was lacking, Carrefour closed it's operation shortly after opening and by July 2009 the complete center has been locked of closure and forced execution. Since then the Shopping Center is waiting for a new investor, developer. The center was offered for sale in 2012 with a starting price of 25,03 million euro with no success.

Analyze: The shopping center failed shortly after opening, currently being "dead". The inability of the developer to attract a proper tenant mix in order to complement the anchor tenant, Carrefour, lead to a decision to close their operation and ultimately the complete center. The destructed value is approx. 45 million euro, the estimated investment cost.

Case 5: CITY MALL

Description: The center has been first bought by Star Mob Construct in 2005 for 46 million euro for the purpose of further development and completion. The 19.000 sq.m. shopping center was opened in 2006 and shortly after sold to the Australian APN European Retail Trust for 103,5 million euro. The shopping center was ever since opening in full operation and having an occupancy rate of at least 80%. Nevertheless, the center entered insolvency proceeding with the beginning of 2009. In 2011, the former Developer, Star Mob Construct decided to buy back the center through direct negotiation for a purchase price of 17,3 million euro. The shopping center is now under re-development and conversion into an office building.

Analyze: The shopping center started as a big success with a rocketing sale price after its opening paid by the Australian Fund. Still the investor and facility management failed to attract the necessary customer mix and to manage the tenants (collect the rents), as a consequence in just 3 years after opening the center entered into insolvency. After the developer purchased it back, the center stopped being a shopping destination and now is being repositioned as an office building. Apparently in the beginning there was an additional value of ca. 57 million euro created by the developers, which in just a couple of years of operation turned into a value destruction of almost 86 million euro.

Case 6: ARMONIA ARAD

Description: Armonia Arad has been developed by RED Management Capital having 43.500 sq.m. gross leasable area. The center opened in 2008, having as an anchor tenant Carrefour next to a functioning shopping gallery. Immofinanz, signed a forward purchase agreement already in 2007, obligating himself to pay 78 million euro for 75% of the shares of the owning company, although the estimated investment value was only of 50 million euro. In a few years, due to the far location

from the city, the center's tenants were not reaching the expected turnover and became unable to pay the rent, therefore the center has been closed in July 2012, shortly 5 years after its opening. Immofinanz is now planning to refurbish and reposition the shopping center as an industrial plant.

Analyze: The wrongly selected site location of the shopping center gravely affected the center, which can't operate any longer as a shopping destination being to far from the city to attract customers and sustain tenants. Therefore the investor closed the center and is now dead. Their hope is to reposition the building as an industrial plant, as the location might be suitable only for this. Apparently in the beginning there was an additional value of ca. 28 million euro created by the developers, but in fact this turned out to be just a wrong assessment of transactional value from the investor's side.

Conclusions

Due to the financial and economic crisis the real estate and shopping center industry has been gravely affected. Several shopping centers in Romania have been closed or executed through bankruptcy procedures. Therefore the present article focuses on the question of value creation/destruction throughout the rise and fall of some shopping centers in Romania. The theoretical background is provided by Hakansson & Snehota's (1995) ARA (Actions-Resources-Actors) model adapted to the shopping center industry and complemented with the definition of some value drivers such as location, tenant mix and customer mix. These theoretical guidelines are used in the explorative research describing 6 cases of shopping centers from Romania for the explanation of their value creation/destruction processes. The cases determine the roots, the main driver for value creation or destruction. The successful shopping centers have as main value driver their strong tenant mix, which is consistent with previous studies emphasizing the importance of tenant mix (Yiu & Sherry, 2012). In comparison the drivers for value destruction were most frequently embedded in a wrong location and lack of tenant or customer attracting know-how of the developers or facility managers. These suggest that the financial crisis emphasizes and bring to light the problems leading to value destruction, and that these are underlying within the misapplied value creation process either in the development or operation phase of the respective centers. This is why shopping centers which before the crisis were considered successful, just in a few years after the crisis went bankrupt or got closed. A proper metric system examining the value creation in a shopping center, might help the discover in proper time the drivers which will lead to value destruction, so shopping centers with a prospective failure in the future won't be considered successful and will be corrected. Although the article presents interesting empirical insights on value creation/destruction within the shopping center industry, which is a novelty as such; the conclusions of the research can't be generalized and their validity depends also on a case by case basis. Therefore future research should focus on assessing value creation/destruction processes in different settings, countries and perhaps on complementing the present qualitative research with quantitative methods as well.

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The influence of religion to consumer behaviour and further implications to international marketing

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Abstract

Due to the political particularism in national policies, national differences prevail over religious differences in international trade. However, this characteristic of international trade does not lessen the importance of religious differences effects and their research. The producers and providers of services communicate with the market by virtues of their products and services and their added value. However, every national market is also determined by various social factors. Eventhough all consumers in the national market are not necessarily religious, religion is an universal social phenomenon of a single domestic market. This paper analyzes the influence that religion has to the cognitive structure of consumer behaviour, eventually affecting consumer's purchase choice. Every religion imposes the rules of desirable and undesirable, prohibited behaviour. These rules are also relevant and applicable to the consumer's choice of purchase and the manner in which he consumes specific products and services. The most important cause to this kind of behaviour is a strong emotional charge of religious oriented behaviour, which therefore might be taken advantage of in terms of creating and producing the so called „religious brands, products and services" that eventually could form a specific market segment. This paper focuses on researching the effects of Islam and Judaism to consumer behaviour. Furthermore, the authors of the paper also review a research on how the corporate management utilizes religious brands with respect to halal and kosher certificates.

Key words: consumer behaviour, religion, religious brands, halal and kosher certificates.

Introduction

Globalization processes, liberalization of trade and increasing market connections have homogenized culture throughout the world. Consumers worldwide are becoming more prone to wearing the same clothes, eat the same food, listen to the same music and watch the same movies. It is hard to deny that "somewhat" is lost due to cultural homogenization. Therefore, this paper will analyse efforts for maintaining cultural differences and their "usage" as a value of competitive advantage in international market match. Although conscious of the fact that in overall liberalization of trade, especially in context of individual rights to purchase and trade in free societies with products of their own choice, it is easy to come across a reasonable argument of culturally conditioned consumer protectionism (most often defined as ethnocentrism), and we aim to show that appreciation of cultural differences does not necessarily need to be perceived as an obstacle in international trade, but as an effective strategy in international marketing.

Major proportion of research on culture phenomena and its influence on international marketing is connected to problems of consumer ethnocentrism. This paper analyses consumer ethnocentrism from a different angle, i.e. from the perspective of adaptable export strategy based on finding new ways for gaining competitive advantage on extremely competitive international markets. In addition, we will show that particular cultural factors, primarily religion, can be seen through model of product and service differentiation towards consumer preferences, who become "monopolists of their brands", regardless of exposure to heavy competition from other products and services.

"Need to culture adaptation" refers to business decision that will appreciate cultural environment to ensure that habits, tradition, values and consumer behaviour on the one side, and adopted rules of business code of conduct on the other side, do not prevent or restrain decision making and processes of international business. Most companies that do business on international markets are aware of this need, but practice shows, that cultural environment analysis and culture adaption is not easily and frequently implemented (Previšić and Ozretić Došen, 2002).

Tradition, customs, religion, norms, values and attitudes adopted in one society significantly influence and determine everyday and business life.

Cultural field is determined by cultural values, customs, symbols, tradition, religion and habits. "Cultural values consist of joint view on society that apply to desired conditions and existence of adequate economical, social, religions and other behaviour members of society are involved in (Mowen, 1987). It is almost impossible to intensify and gather all cultural values of one society. In contemporary conditions of fast changing technologies and new possibilities, this is even more difficult. Some values are changing under the influence of economical, political, demographical, technological and other changes that bring new options, as well as old mistakes connected to cultural issues.

From the position of companies wanting to gain competitive advantage in international markets, familiarity of cultural specificities and cross-cultural market research enable deeper cultural insight into consumer and satisfaction of his ever more sophisticated needs. In that way we can reach valid reasons of companies' success or failures on international markets.

If we know how difficult it is to gain insight and recognize patterns in consumer behaviour on domestic market, it is certainly more difficult to find them when we do our business over the borders. Not only do we need to research them and respect them, but those patterns are far more complex and challenging. As Jean-Claude Usurier states, no cultural evolution is final- consumers change their habits from traditional to modern, but they return to traditional ways of spending which makes this problem even more complex (Usurier, 1999).

Conscious of cultural differences existence on international markets and respecting those differences are very important in creating marketing strategies, and understanding of specific cultural values, especially those influenced by religion and religious values, enables us successful combining religious values and symbols with product or service. This increases appeal of company's product or service among consumers because they are tied with specific values of particular culture.

Cultural agenda and international marketing

We will agree that religion holds a special place in every national culture because it determines many codes of conduct, but also majority of values and attitudes. Relationship between religion and reality most often cannot be empirically proven, but surely it influences on all areas of life, private or business. Therefore, influence of religion must not be neglected, especially some of its aspects during marketing activities on international markets. International marketing is very sensitive on neglecting cultural and religious differences.

Religious institutions can restrain or make it somewhat difficult to introduce or sell some products or technologies if they asses them as threat or in a contrast to their customs. On the other hand, they can ease launching or selling products if they consider them useful or aligned to their customs and values. International environment is far more complex as opposed to national environment, therefore access to many markets can be conditioned by different cultural obstacles. Complexity of this problem is magnified due to the fact that those obstacles are not strictly defined and determined by positive legislatives. In that case, they could be influenced by national or multinational legislative frame. Competitive advantages change quickly nowadays and they are noted more often on company level than on the state level, since companies struggle to increase their competitiveness level on domestic and international markets. In this paper we will analyse application of one innovative competitive strategy that consists of cultural and religious adaptations certain markets demands. This strategy enables competitive advantage and easier access to consumer on those markets.

From companies' point of view excessive standardization and simplification of marketing strategies has resulted in loosing market shares due to ignoring local markets' variables and preferences. Cultural environment of international marketing is a variable that is not possible to control, but it shouldn't be ignored. Although markets are constantly changing and becoming more similar, global market is still far away from homogeneous market.

It is almost sure that two markets will not react to the same impulse in the same way (due to political, legal, cultural, religious, ethnical and other characteristics). In addition to this fact, companies often give up on strategies of product or service standardization which they employ while entering global market. Cultural characteristics of potential target markets are considered more often as well as customizations in every phase of doing business.

Cross-cultural strategy towards international markets is necessary. When creating marketing strategy for positioning on a foreign market, companies are in a situation where they have to choose between standardization and/or adaptation. Although standardization significantly decreases costs, and increases both productivity and profitability, if not done right it can result in costs that are much higher than revenues.

Success of companies on international markets depends on finding the right level between complete standardization and complete adaptation. General liberalization and global market have created global products, i.e. "global brads". In recent years a false assumption, that brand attributes have the same meaning over many

markets, was noticed and that excessive standardization and simplification has caused damage in trading with such products. Customization of brands to culture and specific needs of consumers is becoming more evident.

Coshun suggests that only one in ten products from developed countries markets is offered in other developed countries completely unchanged. When we talk about products marketed in developing countries, this rate is even bigger (Coshun, Still, and Hill, 1998).

There are two possibilities in international trade of goods and services: changing only necessary, particular and mostly physical characteristics of products (i.e. due to change of industrial regulations for electronics, security or hygiene standards, etc.) or additional changes in products' characteristics aimed to satisfy specific, cultural market needs inevitable for competitive positioning and success. When deciding about standardization and global concept, and adaptation and local concept we will suggest one innovative alternative giving an example of standardization for countries of dominant Islamic religion, through adaptation over halal certificate for products on those markets, as well as kosher certificate for products offered to Jewish consumers. This paper views halal and kosher certificates not just as isolated technical problem in international trade and marketing, but as an adaptable concept (strategy) towards specific religious demands.

Technological, market and industrial changes are requiring higher level of products and services certification. We are familiar that definitions that declare product through its chemical structure, mechanical and utilization characteristic are no longer satisfying. Products that are traded with in international markets can no longer neglect socio-economical, cultural and ecological needs; it is in accordance to those systems in order to fulfil certain needs (Lazibat, 1999). We encounter similar problem in Croatian companies going to the EU market where need for certificates are present, i.e. CE standards for electrical appliances safety or food safety standards. While adapting to regulatory-legislative environment is the main problem in the EU, on markets of Islamic countries the main issue is adapting to cultural environment. Of course, access to those markets is also regulated so the issue can be reduced to adapting to religious components of cultural environment that are defined by state or religious institution regulations. When Theodore Levitt wrote his work "The Globalization of Markets" he directed the discussion in further decades on global products and brands movements in international trade (Levit, 1983). His, in our opinion today rather controversial assumption, was that convergence of technology and globalization lead to higher standardization on global markets, which will erode differences in national or regional preferences. Nevertheless, past two decades have shown the power and relevancy of local preferences and brands, especially on developing markets where global brands can intake negative association. Religious feelings have helped Mecca Cola (Halal-Cola) to compete with Coca-Cola and Pepsi among Muslims in France and other parts of the world. Similar cases include Quibla Cola in UK and Zamzam Cola in Iran. Those products attracted consumers with desire of cola-like drinks but who disliked "cocacolonization".

What once could cause obstacles and conflicts when certain companies entered foreign markets due to rigid views on unconditional standardization and implementation of global strategies during introducing or sales of products and

services has resulted in the application of local approaches and respecting preferences as well as specificities.

McDonald's did not always give up on his firm standards no matter the preferences or cultural specificities. It was unthinkable to serve alcoholic drinks, but today with BigMac you can have a beer in Germany, a wine in France or a cocktail in Hong Kong. McDonald's burgers are not made from beef in India due to religious reasons, but they are made of lamb and chicken and called MaharajaMac.

International trade does not take place in an abstract space and time. Practice and policy of international trade are strongly marked with tradition and culture of the multinational, multicultural, multi-ethnic market. However, only superficial adjustment, without regarding the deeper part of the culture in the international market cannot be profitable in the long term.

We consider attempts to adapt and respect cultural features in the design of marketing strategies to be legitimate (and desirable), whereby we allow the mobilization of all cultural factors for better positioning in the minds of consumers.

"Invisible hand" of religion

Companies operating in the international market were from long ago meeting with consumer ethnocentrism as a significant obstacle. States are using these subtle obstacles to stimulate the purchase of domestic products and protect domestic production from foreign competition. It would be naive to believe that such appeals were designed solely by "commercial" terminology. On the contrary, aiming to make the public sensitive these appeals are directed to national, cultural, and religious sentiments of consumers that are very strong factors of behaviour influence as confirmed by research in that field.

Research of consumer ethnocentrism has shown its specific connection to religion. In international trade, national distance is much larger than national one which is understandable due to the nature of international trade. However, we believe that this does not diminish the relevance of research and religious distance.

Products or services are not just a set of physical and utility properties, but rather a basis of communication with customers and users through additional features (colour, brand, design, labelling, etc.). By purchasing and using certain products man expresses his hidden qualities and overall lifestyle. Most of the companies doing business on international market are exploring hidden motifs of buying their products to find out what customers in some markets want to get through purchase. They want to know which motifs can cause failure or even a boycott of certain products. The most important thing is to recognize the motifs that govern consumer's behaviour and why consumers behave in a certain way.

Observing one state (target market), we can conclude that religion are universal social phenomenon, although it does not mean that religion is accepted by all citizens. Although it is a significant determinant of consumer behaviour, its actual impact on behaviour is rather vague. Religiosity as a significant value in the cognitive structure of a consumer has a major role in decision making. Empirical research on religious impact on consumer behaviour is scarce, and research on the

influence of religion to non-ethnocentric tendencies of consumers is nearly non-existent.[92]

In fact, most religions prescribe and prohibit certain behaviours, including the use of certain services. The most important are the two prominent world religions - Islam and Judaism – so all companies that want to compete and do business in Muslim countries, or who want to attract the Jewish consumer segments must rely on the religio-cultural aspects when entering those markets. Company that sees itself as a "global player" cannot ignore the importance and potential of the Muslim countries because they account for about 20% of the world population, and predictions say this percentage will increase to 30% by 2025. In addition, a large number of members of the Islamic faith live in other parts of the world; for example in Europe there are over 50 million Muslims. One of the most important concepts of the Islamic religion is the concept of halal, which means essentially acceptable. This concept is becoming an important factor in the trade of certain products, and significant steps in the adopting Islamic values was made by the services sector, especially banks, insurance companies, and hotels.

In that way the "invisible hand" of religion is becoming more visible, and it is becoming respectable factor in international trade. It can be viewed on the one hand as a (religious) obstacle, or on the other hand, as a policy or strategy to achieve competitive advantage by adopting halal and kosher standards. These standards are further challenges marketers showing that in international marketing even religious "dogma" are not constant. Challenges for international companies, both in the domestic and international markets, are even greater; aligned to regular and competitor products and brands there are, so called, "Religiously brands" whose added value comes from the religious preferences of consumers.

Those more prone to the logic of rational and quantifiable factors in international marketing can argue this approach with the argument that the religious factor is almost negligible. However, the factors that affect international trade and which are analyzed in this paper, at first glance does not seem to belong to rational discourse, and with its content are classified within the psycho-cognitive structure of the individual. This factor contains a powerful emotional charge that can be used as an added value and respectable competitive factor.

Research of values on a global scale, that included a comparative analysis of a number of countries, have shown the impact of modernization on values such as: quality of life, human rights, attitudes toward work, family values, religious values, post-materialist values, etc., but they also increasingly emphasized the need of the individual for self-articulation that contains traditional values such as: nation, ethnic group, culture, religion, etc., although they are differently articulated through the media. We emphasize the fact that it was the social sciences and humanities that found that for the culture of mankind, as well as for a human as an individual, characteristic to be Homo religious are deeply inherent (Jukić, 1997).

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[92] One of the rare researches conducted was in 1994. by Delener, N.: *Religious Contrasts in Consumer Decision Behaviour Patterns; European Journal of Marketing,* that aimed to detect role of religion on buying decisions, questioning behaviour of religious versus non-religious consumers. Focus was on catholic and Jewish families.

Religious determination made an impact to all epochs of human life and their overall behavior, including buying behavior. Despite the process of secularization, the influence of religion on behavior cannot be ignored and reduced to a something "mythical, overcome or part of folklore". That would be considered ignoring complex cognitive structures of consumers without value categories. Because of that, this paper analyses the influence of religious factors on consumer behavior within an intercultural environment of international marketing, believing it is not possible to ignore the fact that the population of a particular country or region is lead by certain religious values that differ. Reisinger and Turner (2006) say "they determine the attitudes, behavior and perception."

Thus, the influence of religion in shaping attitudes of the dominant structure in the consumer paradigm is the subject of analysis in this paper. Often these attitudes are strongly expressed in the ethnocentric and traditional forms of behavior. The impact of such attitudes in international marketing can be theoretically and methodologically generated through consumer ethnocentrism. Although religious values by its contents belong to the irrational discourse and indicate the emotional dimension, they can be rationalized as shown in example of halal and kosher certificates, as a practical strategic options. We consider opportunistic to avoid misunderstandings in international marketing that are result f cultural or religious values; or in the area of those values try to find competitive advantages and added values for the company and economy in general.

Starting from the premise that universal religious values can in today's global world be a good basis for defining acceptable, especially adaptive strategies, we will analyze the attitudes of Croatian managers in relation to halal and kosher certification as a basis for positioning and improving export performance.

Consumer behavior in the spirit of the Islamic religion and the possible implications for international trade and international marketing: illusion or reality

Authors who start from the Islamic principles do not fully accept a contemporary theory of consumer behavior. Specifically, the theory of consumer behavior emerged in the West represents duality of economic rationalism and utilitarianism. From this dual origin, a theory of consumer behavior occurs that considers the maximization of benefits is the only goal and stimulant of 'homo economicus'. This model of human behavior that is based on the assumption of selfish rationality has long prevailed in economic theory. Islamic scholars point out that the idea of rationalism in explaining consumer behavior is very limited and one-dimensional approach to human behaviour. Since our interest is related to the influence of religion, specifically Islam in consumer behavior, we will briefly analyze the changes arising from the impact of the Islamic religion on consumer behavior.

Our starting point is the assumption that the consumer has adopted Islamic learning. This assumption requires a revision of the concept of economic rationality. Economic rationality assumes that consumers will strive for maximum satisfaction achievement and that this is the basis of every motivation. If we state that economic science is largely positive, and Islam is largely normative, we can talk about a different approach to economic behavior of individuals. Therefore, we come to the fundamental differences between "homo economicus" and "homo islamicus", because utility, preferences, choices, and overall behavior of consumers depend on

Islamic religious restrictions. Specifically, the consumption behavior is considered in Islam as one of the manifestations of gratitude to God. We can say the integration of consumption and beliefs is occurring. Sayyid (1996) mentions Fahim Khan and his article titled "Function of macro expenditure in the Islamic order" that states that in the Islamic economic system Islamic consumer must be rational in every kind of spending. While in economics axiom of rationality implies, the axiom of rationality that is required by Islam is generated from the ethical norms of Islam. Therefore, the concept of rationality among Islamic consumers implies behavior that is in accordance with the teachings of Islam, such as: the consumer is rational only if consuming moderately, in addition to spending for things he is rational if spending on Allah's way.

In addition to spending to achieve satisfaction, Islamic consumer in this world must spend and for others, that is, for social purposes or for the benefit of the community. Work of Sayyid (1996) explained that, "consumer is rational only if ceteris paribus, its food basket is smaller than the basket of secular consumer because it contains only things that are allowed and excludes prohibited ones. This requirement is based on the following verses:

He has only forbidden you: carcass and blood and flesh of swine, and that which is slaughtered in any other name than Allah's. But if one is forced to, but not from desire, just to satisfy his hunger, it is not a sin. Allah is Forgiving and Merciful"

In international trade traded goods and services are not abstract, but very real and increasingly differentiated. Islam respects and includes all market mechanisms, primarily restrictions in consumer behavior that are related to income, but the fact that consumer acts in the spirit of Islam gives a distinctive tone of his motivation. Therefore, a change in consumer tastes is present. Presumption of Islamic influence on consumer behavior is based on feelings that products that do not comply with religious rules should not be used or bought. Of course, consumers are still expected to maximize their satisfaction in the usual sense, but also to give up their (economic) satisfaction when it is contrary to the requirements in the spirit of Islam.

We can agree with the statement that the first clearly visible effect of Islamic teaching which is reflected in international trade and marketing strategies will be linked to an explicit request to prohibit and prevent trade in those goods and services whose consumption is strictly forbidden in Islam (alcohol, pork, etc.). Other than the ban, the requirement for reduced use of some products or services (e.g., the use of gold or pure silk for men) will lead to decreased demand for these products or services, but also to a reduction in overall demand for luxury goods. These are the real effects of a possible ban on trade or reducing demand and trade of certain goods and services. There are also various quantitative restrictions and restrictive measures.

Regardless of whether the issue of restrictive measures will be in the form of various legal, written regulations or unwritten rules and traditions, religious norms and requirements will affect consumer behavior. It is not our intention for this paper to point out the goods and services which are legally prohibited or prohibited by religious norms. The general framework of this paper is to define impulses that motivate consumers in their choice of goods or services and the impact of those choices on the process of making a purchase decision.

Effective marketing strategies must include altruism that is, as a type of behavior, very relevant to Muslim consumers. Although consumer behavior, and consumer's decision to purchase and use certain products and services, primarily effected by the amount of disposable income, religious and cultural factors influence the formation of consumer preferences and tastes. Under the influence of religion (usually combined with socio-political factors) for example, a change of taste may occur in a country, through which the demand for certain products or services can be influenced. Most religions prescribe or prohibit certain conduct, including conduct in consumption. Special emphasis is on two prominent world religions - Islam with halal and Judaism with kosher certificate. This creates the need for adaptive marketing considerations and strategies to respond to these (religious) consumer demands.

Today it is clear that the terms of trade of many products and services dictate and determine consumers, so meeting their religious requirements through certification process (e.g. halal and kosher certification) is becoming an important factor in export strategies of Croatian companies on specific and respectable markets.

Perception of halal and kosher certification as an adaptable marketing strategy based on religious factor

Halal and kosher certification in the Republic of Croatia is usually associated with the food industry. Halal and kosher concept is, however, on a global level, entered in the field of finance, pharmaceuticals, tourism, clothing and footwear, automotive, etc. We believe that potentials in production and export of Croatian food products are not used enough. Assuming that Croatian companies can achieve the success and benefits of the international trade of food products if they apply innovative and adaptable commercial and marketing strategies connected to halal and kosher certification, a survey of managers' attitudes in Croatian food industry companies was conducted. This paper analyzes the export performance of Croatian companies measured by subjective and objective indicators related to the religious factor through the process of halal and kosher certification as an adaptive marketing strategy. Following hypotheses were set:

H1 Consumer ethnocentrism is determined by the religious factor

H2 Halal and kosher certification is adaptable marketing strategy focused towards specific religious preferences of consumers

H3 Positioning based on halal and kosher certification meets different consumer perceptions, interests and needs regarding the model of uncertainty avoidance

H4 Halal and kosher certification is directly related to the ability of Croatian companies in food industry to export in certain markets

The questionnaire was conducted on a sample of 50 Croatian managers. Questionnaires were sent (by post mail) to address of the managers / exporters that were selected from the database of the Croatian Chamber of Commerce by the method of purposive sample. The questionnaire was designed with the intention of analyzing the religious factors in terms of the obstacles (consumer ethnocentrism) on the one hand, and as a factor encouraging export performance of Croatian

companies, on the other hand. Bearing in mind the importance of encouraging the export performance of Croatian companies, we used the model of "uncertainty/risk avoidance", according to which the company is primarily exporting to the countries they are territorially and culturally close to, or in countries that have culturally adapted their products or services (Anderson,1993).

Statistical analysis

For statistical analysis program SPSS 17 was used. Exploratory level of statistical analysis was conducted using several informal in-depth interviews with the experts in order to get the foundation questionnaire formation, and to selected statistical data processing methods.

Methods used contain the frequencies, percentages, mean scores and statistically significant differences between the percentages (p-test) and the difference between the mean score (t-test). Picture 1 shows the impact of export-related activities with halal and kosher certification.

We also conducted short factor analysis to see whether the above claims can grouped into factors that have different effects on export activities related to halal and kosher certified products. This factor analysis is seen in Table 1.

Factor analysis was conducted using Principal Component method assuming that all grades have the same weight and importance (given that it is defined by Likert scale from 1-5). Rescaled Component technique was also used with rotation ("Varimax with Kaiser Normalization") of all the components in three iterations. The variance is justified in more than 60% of cases.

Table 1: Factor Analysis

Rotated Component Matrix(a)	Component	
	1,000	2,000
Increase of export level	0,914	0,134
Higher revenue level from ethnocentric countries	0,908	-0,011
Internationalization of business	0,926	0,127
Involvement in other forms of international business (i.e. Joint ventures)	0,937	0,063
Perception of Croatia's competitiveness (macro level	0,842	0,037
Perception of company's competitiveness (micro level);	0,858	-0,150
Increase of production expenditures	-0,060	0,887
Increase of product price	-0,187	0,887
Increasing export performances	0,835	-0,277
Decrease of domestic market dependence	0,453	0,670
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
Rotation converged in 3 iterations.		

Source: research conducted

Two factors that have an impact on export activity related to halal and kosher certified products were found.

In the first factor, the claims that have a maximum load are the claims related to the company's external factors - macro environment of the company (marked with yellow), and as such we will name this factor.

The second factor has high positive load related to internal elements of the company - the micro environment of the company (marked with yellow), and as such we will name this factor.

We see that there are two separate factors that affect the export activities related to halal and kosher certified products; one is bound by the operations of the company and it is dependent on the activities of the company, and the second is related to the environment and it is the same for all companies.

Comparing these factors with the differences found between those companies that are certified (or planning to introduce it) and those that are not (and do not plan to), we see that the differences are really only found at the micro level, and they are related to the activities and decisions that are made within the company

Elements that directly affect ethnocentrism in international trade, according to the respondents i.e. Croatian managers / exporters are: religion, culture, and then the power of the national identity, attitudes of reference groups, government attitudes, etc.

Interesting indicator is linked to the perception of ethnocentrism as non-tariff barrier to international trade between companies that are certified and those without certificates. Basically, there is no difference; both managers of companies that do and do not have certificates perceive ethnocentrism as a barrier to international trade.

We conducted a short factor analysis to see whether the above claims can be grouped into factors that have different effects on export activities related to halal and kosher certified products. Picture 3 shows ethnocentric factors affecting international trade.

Table 2: Factor analysis

Rotated Component Matrix(a)			
	Component		
	1	2	3
Culture	0,429207	0,710725	0,07398
Gender relations	-0,1576	0,800537	-0,11248
Religion	0,167596	0,760327	-0,05173
Promotions (i.e."Let's Buy Croatian ")	0,729666	0,06553	-0,01928
Regional basis	0,712724	0,290114	0,268394
GDP	0,026128	0,069285	0,925764
Personal income	-0,15916	-0,20041	0,869998
Government attitudes	0,900849	-0,0452	-0,11138
Attitudes of reference groups	0,771135	0,113378	-0,23983
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 5 iterations.			

Source: research conducted

Table 2 shows the scale has three factors that have an impact on ethnocentrism were given.

(It is important to emphasize that the elements of "the power of national identity" and "qualifications" were thrown out of the factor analysis).

Element "power of national identity" highly correlated with all the arguments and cannot be classified in any factor, but it needs to be seen as an element that affects the whole business and decision-making. On the other hand the element "degree" is not correlated with any element or it has no effect on ethnocentrism.

In the first factor the claims that have a maximum load are the claims related to the political attitudes and attitudes of reference groups, the second factor has high positive factor loading with positive prognostic and related to cultural and religious sphere, while the third factor is associated with economic indicators.

All factors equally affect the enterprise, regardless of their preferences in terms of the certification process. Thus, ethnocentrism is perceived as limited, because 76% of respondents perceived it as very or somewhat limiting, Picture 4 shows.

Also, in the context of international trade, religious ethnocentrism is perceived as a severe obstacle as seen in Picture 5.

A very small number of respondents, i.e. Croatian managers (2%) believe that religious ethnocentrism is not a barrier to international trade, and an equal number of them (2%) think that religious ethnocentrism has no effect on international trade. What was interesting to find was to what extent do companies/managers perceive certificates as a recommendation, competitive advantage or privilege for exports.

Picture 6 shows how the certificates are perceived as a recommendation and competitive advantage.

However, there are differences between those companies who are certified or plan to introduce between those companies who do not have it and do not plan to introduce it. Specifically, those who are certified see the certification as a competitive advantage on a much greater scale.

Factors that affect the export activities related to halal and kosher certified products are macro level (primarily religions of certain countries), which equally affects all enterprises, and micro level which is individual for each company and its management, as seen on the Picture 7. It is seen as a limited factor by those who have no certification. However, those companies and managers that have or are planning to introduce a certificate, to a significantly greater extent see halal and kosher certified as an encouragement and a competitive advantage

Conclusion

We believe that this research showed that halal and kosher certification, as a adaptable marketing strategy, can open new export opportunities to Croatian companies from the food industry in a number of markets. The certification process is dominated by cultural and religious barriers that stem from religious preferences of consumers.

In terms of hyper-competition conditions in international markets, the key to achieving a competitive advantage is to understand the logic of these consumer behaviour, with an emphasis on meeting their specific needs (preference), while achieving optimal results and profits.

We wanted to show the possibilities of balancing and harmonizing the development of material, cultural and spiritual values of man as significant development parameters.

With optimal combination of these parameters it is possible to form an effective marketing strategy based on religious variables implementing halal and kosher certification as an added value, confirming that the key to competitive advantages is human factor-the consumer as well as innovative managers.

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Destination image of Girona: an online text-mining approach

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Abstract

Girona's image as a tourism destination from different agents' (Official Websites, Travel Guides, Travel Agents and Tour Operators, Blogs and TripAdvisor) perspective is evaluated in this study. Three components of Girona's destination image are addressed: the attribute-based, the holistic, and the affective component. This study is based on textual online data and it follows text-mining methodology. The study is innovative in the sense that it combines a relatively little studied destination like Girona and a new methodology combining textual content analysis and statistical analyses.

An online free software, Project Jaguar, is used to analyze the textual content. The procedure followed is: First, to get a general list and a list of common attributes when evaluating Girona as a tourism destination from each of the image formation agents (Gartner, 1994) and later compare them; second, to get a list of stable word combinations on stereotypical holistic images; and third, to get "favorability" values for each of the agents.

Multivariate statistical analyses are then used to find the main clusters for each of the agents. This research approach will contribute to know more about a tourism destination, Girona in this case, and become a useful tool for promoting agents in the destination optimal development.

Results show that official promoters of Girona texts are similar to the TripAdvisor ones. Also, TripAdvisor texts are found to be more positive than other types of texts.

Key Words: tourism destination image, text-mining, Jaguar software, Girona, cluster analysis.

Introduction

Tourism image concept has been studied directly or indirectly (through related concepts) in tourism literature. This concept has evolved and it has been complemented according to the changes that can influence it (research trends, Information Technologies, etc.). However, this concept is often avoided because it is vague and complex. Research on destination image is being made but it is obvious that it is complex to define this concept of image and its scope. For example, it has been defined as the sum of beliefs, impressions, ideas, and perceptions that people hold of objects, behaviors and events (Crompton, 1979). From this definition, it is important to notice that this concept is based on people's mental judgments or opinions.

Also, destination image concept has been defined as a composite of various products and attributes woven into a total impression (MacKay and Fesenmaier, 1997) or the mental picture formed by a set of attributes that define the destination in its various dimensions (Beerli and Martín, 2004). In other words, it is really important to bear in mind that it is not only one product of a destination that builds destination image but a complex set of attributes. In this sense, when analyzing destination image, we have to take into consideration each of the attributes that can contribute to build the whole image of a destination.

From all these considerations, it can be defined that the main purpose of this study is to analyze destination image of Girona, Spain. This study is innovative because, even some previous literature has been developed about this specific destination image (Galí and Donaire, 2005; Camprubí 2009), the methodology to analyze it is new in many senses. Analyses are based only on textual online data and methodology on text-mining. Text-mining is a kind of methodology that allows people extract relevant information from texts. Also, after this information is extracted through this methodology, some statistical multivariate analyses are done with the aim of discovering more about Girona's tourism image.

Destination image studies, in general, have a lot of advantages in tourism sector, both from theoretical and practical points of view. From a theoretical point of view, the more you know about a destination, the better you can manage it. This kind of research can be a perfect handbook for all tourism promoters, entities and companies to know more about the whole destination and also to discover its strengths and weaknesses. It is generally known in tourism that a good analysis of a destination must be done in order to reach the final objective of convincing tourists to visit it. From a practical point of view, it is a useful analysis to communicate to all types of tourism promoters and collaborators that each of them is important to build a consistent, competitive and attractive image of a destination.

As some previous studies on destination image have highlighted (Ahmed, 1991; Stepchenkova and Morrison, 2006), this kind of research has benefits on: the decision-making process because it gives a lot of information; the positioning process because it allows promoters working as a group and sell a better and a consistent image; and, finally, marketing strategies like attracting tourists, appealing to inward investors and government officials, and building self-confidence and pride among residents.

In conclusion, the combination of a relatively little studied destination like Girona and a new methodology based on text-mining and statistical analyses makes this study interesting and innovative. It can contribute to know more about Girona as a tourism destination because information from different agents is collected and compared, which might become a very useful tool for helping in its tourism promotion improvement.

In order to reach the purpose of this study, first of all, two theoretical considerations are addressed: destination image components and destination image agents. These two theoretical considerations lead to the formulation of the objectives and the hypotheses. Then, the methodology is explained in general terms. Finally, the case study is presented, its sample is defined and the results are discussed.

Destination image components and agents

Considering the complexity of the destination image concept, some components have been defined in previous literature. It has been divided into three interrelated components (Gartner, 1994): cognitive, affective and conative. Also, it has been divided in two different components (Echtner and Ritchie, 1993): attribute-based and holistic. Each of these components contains functional (or more tangible) and psychological (or more abstract) characteristics.

Echtner and Ritchie (1991) divide image into three continuums: attribute-holistic, functional-psychological, and common-unique. The attribute-holistic continuum is based on the idea that any product has its own attributes or individual characteristics and, at the same time, it produces holistic impressions or mental pictures. The functional-psychological continuum is based on whether the more tangible and measureable (functional) or the less tangible (psychological) features. The common-unique continuum ranges from the perceptions based on common characteristics to the ones based on unique features.

In this study, the final division of destination components combines several previous studies (Echtner and Ritchie, 1991; Gartner, 1994). Consequently, its three components are: attribute-based, the holistic and the affective.

First, the attribute-based component contains general attributes or variables to evaluate destinations (Echtner and Ritchie, 1991). From this component, the first objective of the study arises and it is to get a general list of common attributes when evaluating Girona as a tourism destination and compare it with previous studies.

Second, the holistic component contains evaluations (psychologically oriented) about a place as a travel destination and the description of the atmosphere or mood expected to experience when visiting this place (Echtner and Ritchie, 1991). From this second component, the objective defined is to discover the holistic image component of Girona as a tourism destination in order to have a better understanding of tourists' mental pictures of Girona.

Third, the affective component is defined as the feelings towards a destination, which can be favorable, unfavorable, or neutral (Stepchenkova and Morrison, 2008). From this last component, the objective is to discover the affective image component in order to know more about favorable or not favorable evaluations of Girona as a tourism destination.

Furthermore, when building an image of a destination, several agents play a role in the process. The following types of agents can be listed in the image formation process (Gartner, 1994): Overt Induced I, Overt Induced II, Covert Induced I, Covert Induced II, Autonomous, Unsolicited Organic and Solicited Organic.

Overt Induced I agents are the promoters and managers of the destination. Overt Induced II are Tour Operators, travel agencies, etc. who are not the official promoters of the destination, but who also have the aim of convincing the tourist in their decision-making process. Covert Induced I are opinion leaders that enhance the credibility of the information given by the official promoters of the destination. Covert Induced II agents are people who write articles or news about a destination

but without the aim of convincing them to visit it. Autonomous agents are people and organizations that produce information in news and popular culture. Unsolicited Organic agents are people who give information spontaneously about a place where they have been. Solicited Organic agents are formed by people who, from their own experiences, offer information of a destination to a person that wants it in order to travel there. This network of agents contributing to image formation process must also be taken into consideration here. From this distinction of the agents (Gartner, 1994), the last objective can be defined: to get a list of common attributes when evaluating Girona as a tourism destination from each of the image formation agents and make comparisons among them.

From all these theoretical considerations, the following four hypotheses are suggested:

Hypothesis 1: The organic agents' texts are the most negative ones, as they are what tourists think and not just promotional texts.

Hypothesis 2: In general, the common attributes to evaluate Girona as a tourism destination depend on the image formation agents from Gartner (1994), so they will be different depending on the type of the agent.

Hypothesis 3: The Official Webpages and the Travel Guides are the type of texts with greater common attributes because both are produced by the same type of image formation agents, the Overt Induced I.

Hypothesis 4: The organic agents' texts (TripAdvisor) and the Overt Induced I agents' texts are the ones which are more different.

Methodology

From a methodological point of view, there are several natures and compositions of procedures adopted to measure destination image. First, there are different types of information and different sources to be analyzed. Some studies have been focused just on pictorial elements like photos (Botterill and Crompton, 1987) or just on textual data (Stepchenkova and Morrisson, 2006) or on both sources (Choi, Lehto and Morrison, 2007). Also, data can be extracted from paper sources or from online sources of information like websites. Second, data can be collected using focus groups, surveys, etc. Third, the quantity of attributes or items about tourism destination image and the method to identify them is also different in each study. Finally, the analysis of data can be manual or computer-assisted and statistical analyses can be undertaken or not.

It is necessary to analyze destination image nowadays because of its direct relationship with the tourists' decision-making process. The problem that arises when analyzing destination image, as previously stated, is that the complexity of the destination image concept involves different and complex methodologies to measure it. From this starting point, decisions must be taken consciously when designing a suitable methodology and, in parallel, limitations must be considered continuously.

For this type of study, the selection of the sample is crucial. It is a study based only

on online textual data. However, the sources of information must be selected consciously. As commented above, the distinction of the different agents that contribute to destination image formation (Gartner, 1994) must guide the selection and the classification of the sample. In order to get good comparisons, a good sample must have texts from as many different agents as possible.

The methodology selected and followed in this study is based on text-mining. Text-mining is an information retrieval technology to detect and extract documents that we want from mountains of documents (Nasukawa and Nagano, 2001). It allows us to select data related to some specific topics that we are interested in so that the amount of data we have to handle is reduced (Nasukawa and Nagano, 2001). In this study, once the sample is selected, the first step is the smoothing out. In order to categorize concepts and themes by means of a user-defined dictionary of words and phrases, a dictionary must be built consciously. First, most frequent words have to be classified into main categories and, then, synonyms for these words have to be searched in order to ensure that as many instances as possible are captured. This data preparation is called "smoothing out" procedure and it must be done before the analyses in order to get a better performance and interpretation of the data. For example, the following actions must be carried out in the smoothing out: eliminate words with no lexical meaning (only words like nouns, verbs, adjectives and adverbs have to be kept because they are the ones that are important to analyze); aggregate singulars/plurals; aggregate different spellings; aggregate words in different languages with the same meaning; aggregate synonyms; eliminate nouns with general meanings, etc. This smoothing out process starts before analyzing data and it continues until the study ends because, every time you get results, you have to check if the lists of words are put together in the optimal way according the dictionary you are building for it.

The second step is the data analysis itself. In order to get the frequencies of the words, a free online software has been used, the Jaguar Project software (Nazar, Vivaldi and Cabré, 2008) created by scientists from Universitat Pompeu Fabra (Barcelona). First of all, in this study, the n-gram search tool has been used to get frequencies of the words. Once the frequencies are obtained, a smoothing out procedure takes place again in order to improve the dictionary and also in order to have a better interpretation of the data. The same n-gram search is made with each subgroup of the sample. Once having the list of most frequent words, this distinction is really important: nouns (attractions), verbs (actions or tourist types) and descriptors like adjectives and adverbs (creation of atmosphere).

The third step is to take the most frequent words of the list to be analyzed. The first 100 keywords (nouns and verbs) with the highest absolute frequency that express tourism attractions, places or actions are taken in order to build the first matrix assessing the attribute-based component. Then, the first 50 keywords (mainly adjectives) with the highest absolute frequency that express evaluations of the destination or characteristics of it are taken in order to assess the holistic and the affective components.

These lists are used differently to analyze each of the components of destination image, as it will be seen in the following subsections.

Attribute-based component

First, matrices of frequencies are built. In each matrix, each column will represent one keyword and each row will represent one of the texts of each agent in the sample. Then, these matrices with the most frequent words expressing tourism attractions are exported to SPSS Statistical Software in order to perform an analysis to group the keywords from the texts of each of the agents. Once the final matrices of frequencies are exported, a hierarchical cluster analysis, using the Ward method with Euclidean distances is performed. Then, keyword clusters may be interpreted. Finally, the Ward method is compared with other methods like the "nearest neighbor" and the "furthest neighbor" in order to detect whether a misclassification can exist.

Holistic component

Taking the list of most frequent words expressing evaluations of the destination, stable word combinations including them are searched in order to find stereotypical holistic images. A bigram search with each of the adjectives is carried out in order to get the most frequent combinations of one adjective and one noun. Once the search is made, a matrix with the frequency of each of the bigrams in each of the agents and also in total is built. Then, in order to classify the most frequent adjectives and holistic words, a cluster analysis is made. Also, a spare function is applied in order to reduce the quantity of 0 values of the matrix.

Affective component

In order to get an idea of the affective aspect of the destination image of Girona, the list of the 50 most frequent adjectives of each of the agents is used and the words that are evaluative descriptors are selected.

Once these evaluative adjectives are selected, it is important to check if they are in a positive or a negative context. In order to discover the negative contexts, a KWIC (Keyword in context) analysis is made with the same Jaguar Software for Corpus Statistics. This KWIC search extracts each of the cases of the keywords searched in a context of, for example, 10 words. In this sense, it is possible to know if the context or the sentence where the keyword is placed is positive or negative.

Once the number of cases of each context are counted, each of the descriptors is assessed on a "minus 2 to plus 2" positive-negative scale. In the positive range of adjectives there are two scores depending on the intensity of the keywords because, for instance, the adjective "good" (considered with a value of plus 1) and the adjective "lovely" (considered with a value of plus 2) don't have the same strength. The same structure is used for the negative range of the scale. Finally, the number of cases is multiplied by these scores and a mean is calculated in order to obtain the favorability values.

Destination image of Girona

Girona is a town situated on the north east of Catalonia, Spain. It is approximately at 90km on the north of Barcelona and just at 30km from the Costa Brava. This town is

generally described as a cultural destination because of its history and its monuments and architecture. It has important buildings such as the Cathedral and also some other historical buildings like the Arab Baths, the Jewish Quarter and the historical walls are really important for the tourism in Girona. It is also an important tourism destination for its proximity to the Costa Brava, one of the most known destinations on the Mediterranean Sea. Also, another important point of Girona's province tourism is the gastronomy.

In general, main tourists' motivations of the province of Girona are: the climate, the cultural offer, the beaches and the natural parks. Also, some tourism products as rural environment, gastronomy, trekking, nature, golf, health and beauty are in development (Patronat de Turisme Costa Brava Girona, 2011). In order to promote it, the tourism board has always had in mind that online resources are really important nowadays and, because of that, this study uses a methodology that also keeps this in mind.

Sample

The sample is composed by 141 plain texts that refer to Girona as a tourism destination. All texts from this sample are found online. This is a special feature from this sample and it has been chosen this way because of the huge importance of the internet nowadays. Because its nature, this type of online texts are updated continuously, so it is also important to note that the sample of this study is extracted from the 18th to the 22nd of June 2012. Also, all the information extracted is in English because of two reasons: the linguistic analysis is made in just one language and English is the language with more developed computational linguistic tools; and English is the most international language in the world and because of that most of the information online about Girona is found in this language.

This sample has texts produced by different agents that contribute to the destination image formation (Gartner, 1994): Official Websites (Overt Induced I), Tour Operators and Travel Agents (Overt Induced II), Blogs (Covert Induced II), Travel Guides (Overt Induced I), tourists' opinion websites like TripAdvisor (Organic).

According to these agents, the sample is divided into the following parts:

- Official Websites: the two main official tourism promoters and managers of the destination of Girona have been selected. They are: Ajuntament de Girona (Girona's town hall) and Patronat de Turisme Girona-Costa Brava (Girona's province tourism board).
- Travel Guides: in total, 3 travel guides from Girona have been selected. First of all, the list of travel guides from Girona used in Galí and Donaire (2005) has been analyzed. All the recent guides from this list have been searched online and just one of them has been selected because it was the only one that had a sufficient complete and extended version online to be analyzed here: Green Guide Michelin. Then, after a Google search with "Girona Tourist Guide" keywords, Lonely Planet and Girona Tourist Guide have also been selected. Lonely Planet has been selected because of its renown and Girona Tourist Guide has been selected because it is one of the most completed ones online.
- Tour Operators and Travel Agents (TTOO and TA): a search in Google is made with these keywords: "tour operator Girona" and "travel agent Girona". Then, the ones

that offer Girona, and not the ones that are located in Girona and don't offer Girona as a tourism destination, are selected. Also, the ones with more textual information about the destination are first selected. In total, 7 tour operators are selected.

- Blogs: the blogs are selected from the Lonely Planet blog selection list and from the list of bloggers invited in the Girona's tourism board blogtrips. In total, 15 blogs with entries about Girona are analyzed.
- TripAdvisor comments: In order to get the comments from the tourists, one of the most important webs on tourism opinions (TripAdvisor) has been used. TripAdvisor is a travel search engine where users write their reviews on destinations and their restaurants, accommodation services, etc. In order to keep the privacy of the reviewers all the personal details are deleted. In total, 114 files are analyzed.

As a summary, the sample distribution is described in Table 1:

Table 1: Sample of agents analyzed

Source	Files	Number of words	Gartner (1994) agent type
Official Websites	2 files.	23,510 words.	Overt Induced I
Travel Guides	3 files.	24,518 words.	Overt Induced I
TOO and TA	7 files.	6,428 words.	Overt Induced II
Blogs	15 files.	17,338 words.	Covert Induced II
TripAdvisor	114 files.	238,042 words.	Organic

Results

Results on attribute-based component

One of the objectives of this study is to get a general list of common attributes when evaluating Girona as a tourism destination and compare it with previous studies. The two previous studies selected to make comparisons are: Galí and Donaire (2005) and Camprubí (2009). These two studies analyzed the same destination, Girona. Another objective is to get a list of common attributes when evaluating Girona as a tourism destination from each of the image formation agents and make comparisons among them. In general, these two objectives are fulfilled as it is explained below. A summary of the cluster analysis findings compared with previous studies on the same destination is shown in Table 2.

The cluster analysis of the textual information about Girona results in 13 clusters: destination, culture/heritage, nature, gastronomy, tourism services, leisure/cultural activities, people, orientation, icons, province, accommodation, transport and access, and events.

Culture/Heritage is an important attribute in the previous studies (Galí and Donaire, 2005; Camprubí, 2009). Girona is normally defined as a cultural destination. Because of that, this cluster appears in nearly all the agents of the sample, except the organic agent TripAdvisor. It is important to notice, then, that in all induced and promotional online texts, cultural information about the destination can be found but, in the organic texts, this kind of information is not among the most frequent clusters. From this comparison, the following statement arises: people don't tend to comment on

TripAdvisor about cultural features of a destination, even it is a place known mainly by them. Some of the words that are included in this cluster are: museum, Arab Baths, church, and wall. In general, it is a really important cluster for a destination like Girona, because of its cultural nature.

Table 2: Comparison of attributes of the sample and previous studies.

	Galí and Donaire (2005)	Camprubí (2009)	TripAdvisor	Travel Guides	Blogs	TTOO Official	TA Websites
Destination			X	X	X	X	X
Culture / heritage	X	X		X	X	X	X
Nature	X	X	X			X	
Gastronomy	X	X	X	X	X	X	
Tourism services	X	X		X		X	
Leisure / cultural Activities	X	X	X		X	X	X
People		X	X			X	
Orientation		X	X		X	X	
Icons		X	X				
Province			X	X	X	X	
Accommodation	X	X	X	X			X
Transport and access		X		X			
Events	X	X			X		

An attribute named nature is only present in Galí and Donaire (2005), Camprubí (2009), TripAdvisor and Official Websites. The nature concept is present mainly in the province of Girona, and not specifically in the capital. Girona is a town, but it is special because it is directly related to nature and its surroundings are generally rich on natural resources. However, as many of the texts analyzed just talk about Girona town, they don't contain a cluster focused on nature. From the agents of this study, Official Websites contain a cluster that talks about nature. The reason of that is that Girona's official promoters talk about Girona's province as a whole, not only about the capital.

Traditions and habits in Girona are tied to gastronomy. Because of that, this attribute is a core part of Girona as a tourism destination. This study can corroborate that because this cluster is present in all the previous studies analyzed and in nearly all the agents of this study. Within this cluster, some of the most frequent words are: menu, food, wine, restaurant and meal.

Leisure/general activities attribute is present as a differentiated cluster in all the agents analyzed in this study except Travel Guides. Also, both previous studies analyzed include this attribute. Some of the words that are included in this cluster are: walking, eating, view, guided tours, and cathedral.

People attribute is not a really extended attribute in the sample. However, it is important to notice that the analyses from organic agents' texts consider "people" to be an important attribute for Girona as a tourism destination. In this sense, maybe

the promotional efforts should consider in a greater level this factor just to meet tourists' comments and opinions.

Camprubí (2009) defines an attribute called orientation where maps and plans are included. In the sample, all agents except Travel Guides and Official Websites include a cluster that refers to orientation. Within orientation cluster the most frequent keywords are: location, street, area, center, Barcelona, Spain, Catalunya and Europe.

Province attribute is not present in the two previous studies analyzed (Galí and Donaire, 2005; Camprubí, 2009) and in the Official Websites texts. The reason is that these two studies are focused on Girona and not all the province. Even this study is also focused on Girona as a town and not all the province, the results show that normally Girona's province and its capital, Girona, are promoted together. Some of the most frequent keywords are: Costa Brava and beach. In the Blogs cluster, province has the following keywords: Costa Brava, trip, and village. In general, this is not a cluster concerning Girona as a town, but Girona as an area. Even though, it is obvious that promotional actions are held always regarding both the town and the province because its tourism power is greater and more effective.

Accommodation is a really important attribute about a tourism destination in general. Galí and Donaire (2005) include accommodation within the tourism services. Camprubí (2009) also includes accommodation in tourism services. In this sample, accommodation is also important, mainly among TripAdvisor texts. It means that it is really important for tourists and, in this sense, promotion actions focused on Girona's accommodation must be undertaken.

Galí and Donaire (2005) consider the events in the culture cluster. Camprubí (2009), depending on the type of events, places them into leisure activities or tourism services. The only agent in the sample that has a separate cluster for this attribute is the blogs. Blogs are texts corresponding to Covert Induced II agents. This type of promotion is really important for a destination because it is popular and it reaches a lot of people. In this sense, blogs represent a good channel to promote festivals and the daily Girona's life. It is from other people's experiences in these festivals and events that tourists feel curiosity to discover them. Some promotion from overt induced I and II agents must always take place just to give information about festivals, but the real promotion to truly catch the attention of tourists regarding festivals must be direct and personal like the one through blogs. In this sense, the destination is reaching the tourists when promoting its events.

Destination, access and transports, icons and tourism services attributes can be interpreted in the same manner than the other attributes.

From the attribute-based component results, the suggested hypotheses can be tested. Specifically, Hypothesis 2 that says that the attributes of a destination like Girona are different depending on the image formation agents from Gartner (1994) can be validated because, as it has just been commented, each of the agents' samples include some common and some different attributes.

Hypothesis 3 that states that the most similar texts are the Official Websites and the Travel Guides because they are both from Overt Induced I agents is not validated.

The most similar texts regarding the attributes they talk about are TripAdvisor and Official Websites. This similarity can mean that there is a good promotion through Official Websites because the attributes that are promoted are more or less the same than the attributes that are perceived by tourists who enjoy Girona.

Hypothesis 4 is in parallel rejected because it states that TripAdvisor and Official Websites are the texts that are more different and, as said above, they are the most similar ones.

Results on the affective component

The objective on the affective component is to discover the affective image component in order to know more about favorable or not favorable evaluations of Girona as a tourism destination. Following the methodological steps explained in the methodology section, this objective is fulfilled and addressed here. The favorability values are calculated in Table 4.

Table 3: Favorability values for the affective component.

Agent	Favorability value
Blogs	1.517
TTOO and TA	1.484
TripAdvisor	1.199
Travel Guides	1.173
Official Websites	1.056

From the most favorable to the less favorable, the agents are: blogs, TTOO and TA, TripAdvisor, Travel Guides and Official Websites. These last two agents, being the more official and formal ones, tend to be more neutral when describing Girona as a tourism destination. Because of that, they are the ones that have a lower favorability value. However, blogs are the texts that are more favorable in the sample. This can be explained by the fact that most of the blogs analyzed in this study take part of Blogtrips organized by the tourism board. In this sense, the authors are not official entities but their special guests.

It is really important to notice that, normally, overt induced agents have to be neutral and formal when promoting a destination in order to not exceed the reality of the destination and, therefore, create too high expectative that can't be fulfilled and that can lead to dissatisfaction and disappointment. However, covert induced agents are not official sources in charge of the promotion of a destination but people who share their experiences in it, for example. In this sense, like tourism board is doing in Girona, it is really important to invest on this type of agents because they are the ones who reach the population and the tourists explaining personal experiences and also they are the ones that can be very positive when describing the destination because, at the end, it is just a personal opinion. So a tourism destination has to play with this personal but popular nature of covert induced agents in order to promote its strengths.

From all these analyses, Hypothesis 1 must also be rejected because it says that the organic agents' texts (TripAdvisor) are the most negative ones and, as we have seen above in the results, they are not. The texts with the lowest favorability value are the

Official Websites and the Travel Guides (Overt Induced I Agents) with 1.056 and 1.173 values, respectively. Furthermore, any of the values calculated is negative and, consequently, any of them can be considered negative but more or less positive or neutral. This means that the evaluation of the organic agents is much more positive than expected for a destination like Girona.

In general, from the affective component of image analysis, it can be concluded that the most favorable texts are Blogs (Covert Induced II agents) and the most neutral texts are the Official Websites and the Travel Guides (Overt Induced I agents).

Results on the holistic component

The objective on the holistic component is to discover the holistic image component of Girona as a tourism destination in order to have a better understanding of tourists' mental pictures of Girona. This objective is fulfilled and addressed in this section. The most frequent word combinations from the bigram search with each of the adjectives are shown in Table 4:

Table 4: Stereotypical holistic images of Girona.

	Guides	Official Websites	Blogs	TTOO & TA	TripAdvisor	TOTAL
Old town	11	20	8	13	471	523
Good value	0	0	0	0	314	314
Friendly staff	0	0	0	0	82	82
Free wifi	15	8	0	0	52	75
Jewish quarter	12	9	5	20	25	71
Free parking	0	6	0	0	64	70
Short stay	0	0	0	0	54	54
Old quarter	0	22	3	0	26	51
Beautiful town	0	0	0	0	50	50
Short walk	0	0	0	0	49	49

The most frequent holistic image from Girona is the "old town". However, these two words can also be considered one because it is a cultural attribute from the destination. Other frequent holistic images from the destination are: "good value", "friendly staff", "free wifi", "Jewish quarter", and "free parking". Some of them like "Jewish quarter" can be considered one or the attractions of the city themselves as it happens with the "old town".

In general, the most frequent holistic images refer to: cultural attractions, tourism services (staff, prices, food and restaurants, accommodation, transports), nature of the trip, life and locals, and the town in general. All of the most frequent bigrams extracted from the texts have a positive value and, in this sense, the holistic image of Girona as a tourism destination has a highly positive value too.

Conclusions

As a general conclusion, the general objectives have been met in this work. The list of the attributes of Girona as a tourism destination has been built and compared, the holistic component has been analyzed, and the affective component has also been addressed.

In general, when comparing the list of attributes of the agents of this study with the previous studies, the results showed that both Galí and Donaire (2005) and Camprubí (2009) are really good studies on discovering a complete and complex list of attributes of Girona as a tourism destination.

For the attribute-based component, the most similar texts are Official Websites and TripAdvisor. This can mean that official promoters of Girona are so accurate because they talk about the same attributes as the ones perceived by the tourists. When analyzing the affective component of image, this study has demonstrated that, unlike what is commonly thought, organic agents' texts tend to be more positive than the other ones, even though they are the most realistic ones because they are written by the tourists themselves.

Furthermore, it can be confirmed that this study contributes to the better interpretation and understanding of tourists mind when deciding to go or not to go to Girona. In this sense, it is a good contribution to Girona's economic development assuming that tourism is really important for its economy. Also, it combines a huge source of information, the internet, with optimal text-mining tools to manage it. From this source of information and with an automatic methodological path, a destination like Girona can advance on its promotion, management, competitiveness, positioning, etc. and become a good example to take into consideration by other destinations. It is nowadays, during a difficult economic period for the world's population, that innovations and research can leave an important mark.

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Quality and Sustainability in Higher Education Institutions: Key Factors

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Abstract

The main purpose of this paper is to go further in understanding the key factors for quality (e.g., Rusinko, 2005; Yeo, 2009) and sustainability (e.g., Carew and Mitchell 2008, Clarke & Kouri 2009) for industrial engineering and management education in Higher Education Institutions (HEI). Therefore, a systematic literature review was conducted to conceptualize quality and sustainability followed by qualitative research with a sample of professors from selected HEI for validation and refinement of previous studies.

The interview protocol included firstly detailed specifications for the selection of professors and the process of contact and invitation for the interview, the request of permission to record the conversation and a brief explanation about the interviewing process. In the interview we used a set of guiding questions regarding quality and sustainability in HEI. The transcribed interviews were analyzed using the WebQDA software.

The main key factors identified are: (1) the employability of students and (2) the quality of academic staff and of the facilities. The results also lead to conclude that university professors are not yet truly aware of the importance of marketing tools for a more in-depth dissemination of the work and projects developed in the courses.

Key Words: higher education, quality, sustainability, qualitative approach

Introduction

The strong demand for a qualified workforce, notably for engineering managers create increasing opportunities for private and public higher education institutions which offer such courses. However one should not disregard that this type of education involves very specific quality parameters. The conduction of in depth studies of higher education institutions (HEI) engaged in engineering education is therefore timely and crucial to gain understanding about how to leverage such opportunities in a sustainable way which addresses the quality expectations of its customers.

This study is focused on a HEI located in Belém-PA, in the north region of Brazil, which is developing an offer of engineering courses. Whereas this work os focused on the analysis of the course of industrial engineering and management, which is the first to be developed by the HEI, it also pursuits the broader purpose of contributing to the improvement of the management strategies to adopt for the setup of other courses to be developed by this organization. In particular, this study focuses on the identification of key factors (KF) associated to industrial engineering and management education, driven by the primary goal of providing contributions for strengthening the quality and sustainability of this course offer.

The main purpose of this paper is to understand the key factors for quality (e.g., Rusinko 2005, Yeo 2009) and sustainability (e.g., Carew & Mitchell 2008, Clarke & Kouri 2009) for industrial engineering and management education in HEI. In this vein, a systematic literature review was conducted to conceptualize quality and sustainability and to understand its approach in the HEI context. This literature review was also complemented with an overview of core aspects that frame the offer of HEI, notably: the regulations and norms specific for Higher Education functioning; market and financial issues and structural requirements for the functioning of courses. This conceptual frame supported the design of an empirical qualitative study of exploratory natured which followed, addressing a group of professors from the selected HEI for the validation and refinement of previous studies.

Following the introduction, next sections provide a theoretical background for the present study. The systematic literature review process and results are described, followed by some core insights about the regulatory, market, financial and structural aspects relevant for HEI. We then provide a description of the relevant methodological aspects which supported the empirical study.. Finally, results, limitations, and suggestions for future research are presented.

Theoretical background

Systematic literature review process

This study applies a systematic literature review process, using an automated search, to collect information and increase knowledge about sustainability, quality and higher education concepts. The goal is to achieve an identification, documentation, and conceptualization for the core in themes of interest for the purpose of our study. The B-On System accessed through University of Aveiro, containing electronic databases, such as Elsevier, Emerald, Science Direct, EBSCO, Springer, and ISI web knowledge was used to search for information. The main search terms used were "Sustainability", "Service Quality", and "Higher Education", however, the combination of different terms, sequences, and strategies were used to include as much as possible relevant literature. The period considered ranged from 2006 to 2011.

The selection of articles was guided by prevalent quality criteria and included: validity (how accurate is the study and information presented in articles for measuring what we intend to investigate); reliability (the consistency, the degree of replicability and generalizability of the results); credibility (the   reputation of the

journals where the article is published); integrity (which can be regarded as how robust the research is and if adopts, or not, rigor in the selected research process) (Collis & Hussey 2003).

Based on such criteria, the next step was data extraction: a systemic review of articles collected by electronic search engines, following the guidelines defined in the selection criteria, which went through phases of general reading of articles titles and abstracts, identification of credibility and relevancy of authors and journals and of the methodology employed, and the relevance for the theme of this study. From a first extraction of 3.571.259 articles about quality, 175.951articles about sustainability, and 1.495.714 articles about higher education, the conjugation of these three areas led to a set of 31.373 articles. These were then subject to a careful selection using filter parameters such as: keywords, articles from peer reviewed journals; and articles with full text available. These initial filters were followed by title reading, abstract, reading and finally by the reading of the full papers. Thus, after a broad screen of titles and abstracts and a strict screen of the remaining articles, 15 of them were selected as the most appropriate and relevant to our research topic: the sustainability and quality in higher education. The articles analyzed are written in English, Portuguese, or Spanish, and span both qualitative and quantitative methodologies.

Table 1 shows a synthesis of the 15 articles, presenting the authors, the year of publication, the methodology approach and the main insights. This provides a a preliminary idea of what has been done in quality and sustainability research in higher education.

Table 1. Main insights from journal publications resulting from a systematic literature review

Authors (year of Publication)	Methodology	Main insights
Stephens & Graham (2010)	Qualitative Approach	Higher education institutes are entities intended to teach, but not themselves. Change, therefore, comes slowly and in an incremental form. Research agenda about sustainability in higher education must balance a rich description of specific aspects of academic activities in sustainability with a robust and comparative dynamics and interactions analysis among the networks, scales and levels in all higher education and among several organizations.

Rovai & Downey (2010)	Qualitative Approach	Globalization growth, technology advances, increase competition for students and students' expectations affect all aspects on higher education and supply both opportunities and threats. Global learning is a way universities respond to globalization and to develop a global thought in order to facilitate the pursue of those objectives. There are many factors that contribute to explain why some distance educational programs fail. It is urgent that institutional stakeholders support the strategy adopted by the organization as a whole.
Segalàs, Ferrer-Balas & Mulder (2010)	Qualitative Approach for Conceptual Maps	Costs of sustainable development in technologic universities must concentrate its contents in social and institutional aspects of sustainable development, and apply a pedagogically constructive and community-oriented approach.
Correia, Valle, Dazzani & Infante-Malachias (2010)	Qualitative Approach for Collaborative Concept Maps	Scientific literacy is a demand to produce well-informed and autonomous citizens in post-industrial societies. Education for sustainability demands creation of new interfaces among science, technology, society, environment and ethics. It is necessary, as much as possible, to allow students to be equal partners in their education conception.
Clarke & Kouri (2009)	Qualitative Approach	It lacks researches exploiting the connections between campus audits systems and environmental management systems. More research is needed about the difference between a sustainability management system and a environmental management system.
Segalàs, Ferrer-Balas, Svanström, Lundqvist & Mulder (2009)	Qualitative Approach	Sustainable development competencies in universities must be the same towards mobility and exchange in order to make use of degree transfer. More than homogeneity, it lacks harmoniousness, once there is a strong convergence towards a fundamental competency sense, although it is rare the correspondence among the formulated descriptions.
Evangelinos, Jones & Panoriou (2009)	Qualitative Approach	A growth of environmental sense may lead to a rise in cooperation and participation in environmental initiatives. There is a growing need of alternative means to initiate well conducted projects in environmental management.

Sherren (2008)	Qualitative Approach	Sectors in European and Australian higher education still prefer to prepare students to specific careers since day one, despite the possibility to disregard the formation of a citizen. Focus on a "Market Model" in spite of a "Citizen Model" inside academic sectors, which is vulnerable in concurrence financial and cultural terms, makes less likely a inversion of that trend, although not impossible.
Bray (2008)	Qualitative Approach	The challenge to face towards a sustainable culture construction is often that "academic and operational cultures are too segmented to incorporate sustainable development in an efficient way." Evaluation of sustainability in campus must be made both at program and institutional level.
Carew & Mitchell (2008)	Qualitative Approach	There is a sensitive variation in the way engineering academics understand concepts of environmental, social and economic sustainability. Academics must develop teaching and learning approaches in order to consider the role of different values and premises in decision-making sustainable development. Adequate education to sustainability may help students to develop themselves as flexible and creative professionals, with abilities to proclaim sustainability in several professional contexts their future life may present to them.
Holden, Elverum, Nesbit, Robinson, Yen & Moore (2008)	Qualitative Approach	All would be more efficient at work towards sustainability if they had the chance to think more about how to learn. There are needs of additional research to connect research on how people learn with researches in pedagogy, or the way to teach people to learn.
Juárez-Nájera, Dieleman & Turpin-Marion (2006)	Qualitative Approach	Many of what college students learn in their previous formation does not fit in sustainable paradigm. Education to sustainability in high educational institutions must include the partial "re-education" and "re-programming". Students must learn new and sustainable ways to look at the world, to themselves and to their professions.
Haigh (2006)	Qualitative Approach	Higher education must update its former graduates comprehension and spread environmental sustainable ideas through community.

Velazquez, Munguia, Platt & Taddei (2006)	Qualitative Approach	Cultural consciousness seems to be one of the best strategies to catalyze the implementation of sustainability initiatives. Each time more students, professors and other academia community members are committed to help society to make a transition to sustainable ways of life.
Reid & Petocz (2006)	Qualitative Approach	More integrated and sophisticated ideas involve an emphasis in students' learning, which allows the teacher to see the implications and integrations among several key-ideas and how to make them accessible to students. Development of scientific thought towards more integrated levels must be a target in research and curriculum development.

The studies presented in table 1 reveal that environmental and ethics or citizenship issues are the most frequent components of sustainability analyzed. This suggests that for most of the authors the purpose of sustainability in higher education is to a great extent associated with an acknowledged importance, and even the duty, to qualify good professionals and also good citizens in order to endow them with an adequate environmental and social consciousness. Indeed, it is clear by reading these papers that aspects related to environmental and citizenship issues are given priority, whereas the combination of these two aspects with economic sustainability in HEI remains relatively rare.

Social concerns are less regarded, notably those devoted to engineering courses and programs. However, authors such as Segalàs, Ferrer-Balas & Mulder (2010) allude that engineering students begin to see the sustainable issue in a different way. Engineering students seem to be more aware of their capability to deal with social questions in the same way they are prepared to solve environmental problems with technological solutions. Thereby, the education for sustainability must integrate science, technology, society, environment and ethics issues (e.g., Segalàs et al. 2009, Correia et al. 2010).

Holden et al. (2008) sustain that the integration of science, technology, human, and environmental aspects should be the right direction to follow. In figure 3 we can see that a sustainable initiative considering the human beings and the environment needs an intelligent implementation technique, that is, when science and technology can fulfill the human beings demands without harming environment, then sustainable activities appear.

Sustainable engineering takes into practice concepts of environmental, social, and economic sustainability, applying engineering technological knowledge in such issues (Carew & Mitchell 2008). It is imperative to make clear in students formation that sustainability must be more than an environmental issue, actually a combination of environmental, social, and economic aspects. Therefore, this study suggests that these three components should to be considered with equal importance.

Overview of the norms and frame of action HEI

Regulations and norms in Higher Education

The provision of engineering and management courses in higher education is required to attend specific norms and regulations form various entities, such as the Ministries of Education, Professional Orders, and in the specific context of Brazil, Federal and Regional Engineering Councils, Unions, etc. These entities have a role in the specification of the functioning of engineering, management and other courses and the activities of engineering, managers or other professionals.

As such they hold power in the definition of aspects such as the launching and the functioning of courses, as they take part in periodical inspections to evaluate and to deliberate about the accreditation of the courses provided by HEIs. The sustainability of engineering or management courses is therefore linked to the ability to keep a certain degree of conformity with the regulatory mechanisms.

Market and financial Issues

The creation and provision of courses by private HEIs is strictly linked with financial and market issues because they ultimately dictate the direction of the organization. The satisfaction of market demand and the adequate coverage of operational costs frame the activity of such organizations.

Ferns et al. (2007) highlight that the sustainability of courses offered by HEIs is linked to three key aspects: the quality of the course, its relevance and finally the viability of the course:

Quality- whereas it can be assessed based on several criteria it is nevertheless suggested that it must include a mix of feedback and evaluations from both internal and external customers, as well as post-graduation paths, entrance criteria and student approval and retention rates.

Relevance- is defined as the potential of the course to generate strategic advantages for the university such as the opportunity for partnerships with other organizations, the development of the HEI target market, the opportunities created for marketing and for addressing market needs driven by industries and organizations

Viability- the financial viability is strictly linked with cost indicators. The actions on this regard include the analysis of market trends and financial indicators. This usually is a key aspect which concerns HEIs in their sustainability considerations.

Structural issues

Not all HEIs have the necessary conditions to provide engineering courses because they involve substantial costs for implementation and sustainability. Engineering courses involve regular classes but also require labs for sessions for disciplines such as Physics, Chemistry, Informatics, Materials Science, etc.

Moreover engineering education regulations also can require the provision of specific labs for the training in engineering specific competencies. In the specific context of Brazil there are requirements for example from Abepro (2008) which refers to the need for labs for metrology, sustainability engineering, quality engineering, labour engineering and production engineering in general. Such labs should be equipped with specific software tools solve the problems of areas such as Production Planning and Control, Operations Research, Logistics, Plant Project, Production Processes, Statistical Process Control, Investment Analysis, Ergonomics, New Product Development, Maintenance, etc.

Finally HEI need to consider the provision of adequate places for regular classes and for the staff, as well as for protocols with industry partners. Overall the volume and complexity of resources required to setup and maintain engineering education is very substantial. In fact, each course has its specificities and many require special structures.

Key factors for industrial engineering and management education: exploratory study In order to achieve our propose and further understand the key factors for quality and sustainability for industrial engineering and management education in HEI, we conducted in-depth interviews based on the findings provided by the systematic literature review.

Data collection methodology

In-depth interviewing is "a non-structured interview, direct, personal, in which a single respondent is tested by an interviewer highly trained to identify motivations, beliefs, attitudes and sensations subjacent to a given topic" (Malhotra 2001, p. 163). This methodology has proven to be very useful in exploratory research because it enables a personal analysis and understanding. According to Malhotra (2001, p. 165) such interviews can have great validity when the research problems require: the discussion of confidential topics, the detailed comprehension of a complex behaviour, or in the case of interviews with professionals and competitors.

The interviews were performed with one third of the academic staff enrolled in the course of industrial engineering and management of the addressed HEI: a total of seven professors. The interviews had a duration of 43 minutes, on average. In the selection of the respondents, the research team aimed to maximize the diversity and representativeness of experiences and views about the course. As such the sample included professors engaged in the distinct terms of the course and in all the thematic areas of teaching, in order to guarantee a global coverage of the course experience. Moreover, the sample specifically included the course director, the coordinator of student internships and the member of the institutional evaluation commission.

The interview protocol included firstly detailed specifications for the selection of professors and the process of contact and invitation for the interview, the request of permission to record the conversation and a brief explanation about the interviewing process. In the interview a first set of questions addressed the identification of the professor, the role and length of work in the institution, and the courses ministered. This was followed by a set of guiding questions addressing the following topics:

"1- What do you understand by sustainability in higher education?; 2- What do you understand by sustainability in higher education regarding financial issues, quality and course relevance?; 3 – Which initiatives would be promoted in the HEI to achieve sustainability in the aspects of Social, Economical, Structural and Customer Support?; 4 – Which are the key factors for a course of industrial engineering and management which assure competitiveness and success of the HEI?; 5 – Which key factors are addressed by the HEI?; 6- How does the HEI address the key factors related to Planning, Marketing and Recruitment, Financial Management, Quality Assurance, Student Retention, Academic Staff Development, Course Planning and Pedagogy?; 7 – Provide a comment about the course and the importance of the 15 teaching techniques for the case of industrial engineering and management education."

Data analysis and results

Data analysis was applied to the transcribed interviews and involved the utilization of qualitative data analysis software, the tool WebQDA which was developed at the University of Aveiro, Portugal. The software was used to organize systematize and analyze the content of the interviews.

The results were organized in three major groups: sustainability in higher education, key factors and teaching techniques in education.

Sustainability in higher education

In what regards the understanding of sustainability in higher education, all professors defined it as a joint function of items related to environment, social and economic aspects. Nevertheless 42,87% of the respondents are unaware of the activities of the HEI on this regard, whereas 57,16 % don't know, or are not sure about what type of activities could be developed. Among the professors which were aware of environmental related activities the comments reported that they were conducted at a minimum level at that time, and that were mostly associated with financial aspects. In short, the results suggest that the focus is placed in cost reduction concerns and that any environmental impacts are a consequence of this.

This analysis suggests that a general understanding about the concept of sustainability is already present among the professors in the HEI, and that there's room for improvement in what regards its diffusion and the development of specific actions.

Key factors for quality and sustainability in higher education

The professionals of industrial engineering and management are expected to have practical experience and to be able to use specific software tools as well as to have knowledge in fundamental scientific areas of engineering. These competencies are required right at the moment of the entrance of such professionals in the job market. In order to achieve such goal, and to provide adequate academic education to such professionals the respondents highlighted as key aspects related to the: employability of graduates along with the quality of the facilities and the academic staff.

In the interviews 71,45% of the respondents referred that it is important for the HEI to have a tight relation with the industry, in order to develop means to provide practical experiences to students while still in their higher education path. This relationship was highlighted as one of the key for an engineering course.

In what regards the aspects related to the facilities the highlighted elements included the quality of the buildings, notably the acclimatization issues, the number of administrative and services' staff, and the availability of good equipment in the labs, as well asof adequate collections in the HEI library.

Regarding the academic staff, 42,87% referred that it must be adequately selected and developed to work in accordance with the expectations and needs of the students. It was also referred the need to have a number of professors graduated in industrial engineering and management because it is believed that holding a post-graduation in the area is not enough for a full understanding of the specificities of the profession. Moreover, it was highlighted that students are more likely to identify themselves with professors which have a similar education as they wish to pursuit.

Such keys together with quality assurance mechanisms and an adequate planning for the course and pedagogy would be the necessary elements to achieve the sustainability of HEI for the course of industrial engineering and management.

Teaching techniques in education

The respondents were provided with a set of 15 teaching techniques (see table 2) and were asked to comment about them. These techniques were identified in the preliminary phase of literature review, as being the most relevant for education, engineering and even management (Morais, Boiko, & Rocha 2009). All respondents comment that the 15 techniques are important for the teaching and training of students, and referred that their specific application is tightly linked to the nature of each discipline. It was referred that in each discipline are applied about 3 to 5 of these techniques. Only one respondent commented the need to include another relevant technique: the production of mockups.

Table 2. Teaching Techniques in Industrial Engineering and Management

Expositive Cognitive Class	Directed Study	Seminar
Expositive Dialogue Class	Corporate Games	Simulation
Applied Research (e.g. project development)	Discussion List (electronic support)	Problem Solving
Case Study	Portfolio	Brainstorming
Text Study	Laboratory Practice	Technical Visits

Source: Morais, Boiko, & Rocha (2009).

Respondents commented that the teaching techniques must, whenever possible, try to simulate the wok environment that students will find in their profession. As such, the goal is to find ways to develop professional experiences while students are still enrolled in education. The purpose is to create teaching tools which can provide knowledge about the activities and roles that engineering graduates will have in the companies. Another aspect that was often mention regards the need to work

fundamental disciplines, such as calculus and statistics, because such bases are regarded as valuable in their professional career. In table 3 we transcribe the main comments offered by the various respondents, for the sake of illustration of the results summarized here.

Table 3. Transcript of Main Respondents' Comments

Questions	INTERVIEWEES			
	Interviewee-1	Interviewee-2	Interviewee-3	Interviewee-4
QUESTION-1 Sustainability in Higher Education	My vision of sustainability is to keep a service delivery over time, In a more optimized way.	It is the growth of the institution, both in terms of quantity of students, in financial terms, growth, huuummm..infra estructural, also growth in terms of research.	It is to maintain each course, and have the idea of how many students Are going to assure me a profitability and pay the employees and maintain the HEI	
QUESTION-2 Financial, Quality and Relevance	I honestly don't know.			
QUESTION-3 HEI's Iniciatives			A student is causing trouble, we need to call his home... he missed a test, why did he miss it? There is a worry.	
QUESTION-4 CSF for teaching	Employability of graduates. This is a critical success factor.	Professors, I guess it is, mainly in the first levels...Infrastructure, having a basic structure; it does not need to be an exceptional structure, but a basic one in conditions.	The relation to the market is not yet 100%...we don't see a close relation with companies.	To make students make..practice is the priority critical factor.
QUESTION-5 CSF made on HEI				

Questions					
QUESTION-6 Form CSF HEI					It is demanded that the course sell for itself…it lacks to evolve a lot in Marketing.
QUESTION-7 15 Techniques	Mockups should be stimulated, the use of mockups justifying the physical approach and creation of specific abilities				

Questions	INTERVIEWEES		
	Interviewee-5	Interviewee-6	Interviewee-7
QUESTION-1 Sustainability in Higher Education			The sustainable business needs to be economically viable, socially fair, environmentally balanced and culturally accepted.
QUESTION-2 Financial, Quality and Relevance		…We have little practice, little experience…Quality comes from a maturation to the reality of the institution, to the social reality where it is merged, to the economic reality…	
QUESTION-3 HEI's Initiatives			
QUESTION-4 CSF for teaching	…It is to have professors graduated in Production Engineering… to have practice in the course, …and have a good basis in calculus.	Engagement in operations along companies,…research and a good infrastructure.	At short term are the Student Retention and Quality Assurance. At medium term are Planning; Course Project and Pedagogy, and, at last, Faculty Development.

QUESTION-5 CSF made on HEI	I think it must be a professor graduated in Production Engineering, because just a post graduation does not give enough basis.	Infrastructure is adequate to the regional reality,..., If one compares to other institutions in other regions we don't have a strong partnership with any industrial sector.	
QUESTION-6 Form CSF HEI			
QUESTION-7 15 Techniques			The most important is to define plans and objectives of the teaching and learning process. Techniques are consequences, they are just a mean to reach a determined end.

Conclusions, limitations and further research

This study addressed the key factors in the context of HEI, notably for the case of industrial engineering and management courses. The study involved firstly a systematic literature review which revealed the importance of aligning quality with sustainability in order to make courses more attractive and more viable for their socio-economic context. The study also involved the conduction of in-depth interviews with a sample of professors engaged in a course of industrial engineering and management in a private HEI in Brazil.

The results of the study suggest that the professors interviewed are aware that the concept of sustainability is ample, and that it embraces aspects from social and economic domains, in addition to environmental concerns. Accordingly, sustainability practices are already in place in the HEI, such as: the use of online resources to support teaching activities, dental treatments for the HEI staff, scholarships, etc. However many other practices were absent (e.g. solar energy equipment, explicit procedures for energy saving, etc.) as well as a strong conscience and initiatives for energy savings and societal change.

The main key factors identified regard: the employability of students, and the quality of academic staff and of the facilities. It was observed that students have been finding good job placement opportunities; that there is a concern with the quality of the relationship between professors and students which results in a careful selection of professors with adequate skills and experience; that there are good infra-structures and facilities in the classes, labs and in the library, which have good equipment, software, book collections, etc. There was, however, one key aspect which was not addressed in the HEI: the aspects related to the Marketing and Recruitment (of students). The HEI did not reveal strong concerns about this as it still relies very little in external dissemination and communication practices. Finally,

in what regards the teaching techniques, the study revealed that the traditional approaches are more currently used, such as Expositive and Dialogue Classes, the Directed Study, Seminars, Case Studies and Laboratory Practices. Although these are important for the education in engineering, it would be important to achieve a greater openness of academic staff to the introduction of other practices such as Project Based Learning, the utilization of On-line Discussions and Corporate Games, for example.

Overall it is important to highlight that, for the management of the HEI, the utilization of marketing tools for a more in-depth dissemination of the work and projects developed in the course can be more that a promotional activity, as it could enable other students and companies to get to know this work and exchange experiences. The results of this study provide a base for discussion for managers of HEI towards the improvement of our understanding about how to develop new courses which address ample economic and social goals.

The limitations of this study provide opportunities for future research. In this vein, we propose: (i) replicate the qualitative research in other institutions of higher education, private and public, in Brazil and other counties in order to capture the core elements of the teaching techniques and understand the differences among courses, institutions and counties; (ii) carry out interviews with other stakeholders, such as students, university staff, employers (iii) after these previous qualitative research, the findings could be converted into close questions and a quantitative approach could be done in order to collect a large sample and confirm the previous data.

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Croatian perspective(s) on the lecturer-student interaction through social media

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Abstract

During the last decade the application of the concept of social media in the context of higher education emerged from an informal mean of communication to a strategic educational tool. Social media offers the possibility to create and share various content through web related applications. Furthermore, it is a communicational platform and a tool which could be used for interpersonal communication, information exchange, and discussion over a range of topics. This qualitative study provides a limited insight into the usage of social media in formal/informal learning/ teaching and for the interaction between a student and a lecturer in the context of Croatian higher education. Through a series of in-depth interviews with both undergraduate students and lecturers, a current practice and behaviour related with the use of social media is being investigated. As it was expected, various types of social media are generally more popular among students, while among certain proportion of lectures social media is usually considered as an informal media whose role in higher education has yet to be defined. This study revealed certain disproportion in the usage and attitudes towards social media among students and lecturers. Students highly appreciate social media as a communicational and content sharing tool. While the most popular social media platforms for students seem to be Facebook and Wikipedia, lecturers prefer to limit interaction via more formal applications such as Blackboard or WebCT, which are under more or less strict control by the educational institutions.

Key Words: social media, higher education, communication, student motivation, Croatia

Introduction

Throughout the history, significant technological developments started many transformations in society (Olson, 1994). Development and commercialization of internet triggered new ways of communication and interaction among people and changed media landscape traditionally dominated by television and print. Probably one of the next most important steps was the emergence of social media which happened during the last ten years. Although, the roots and the first types of social media could be found prior commercialization of internet and development of the World Wide Web (WWW) which took place in early 1990s. Fundaments of today's social media could be found back in 1970s in internet applications such as Bulletin Board System (BBS) and Usenet (Tiedje, 2011). However, the emergence of social

media is not just a result of technological change and popularization of internet. It is rather a qualitative transformation which profoundly changed patterns of knowledge acquisition and interaction (Forkos-Baruch & Hershkovitz, 2012). So, it is a change in a way how we use internet rather than a technological change per se.

For years, internet has been recognized as an appropriate and convenient media for distance learning. Consequently, the growth rate in the number of learners engaging with some type of online education significantly exceeded the growth rate of traditional classroom lectures (Allen & Seaman, 2007). The reasons for the growth of online education popularity could probably be found in the development and availability of information and communication technologies, globalization, increased competition among higher education institutions which led to the transformation in learning options and convenience (e.g. time saving, no need for travel, availability of international education literally in every spot of the world) which online education provides students with (Clothey, 2011) (Jung, 2007). But, there are also certain downsides. As (Veletsianos & Navarrete, 2012) note, participants in online education tend to complain about issues such as learners' feelings of isolation and lack of participant interaction. With its dynamic, interactive and content sharing nature, social media could improve online learning environment and create more functional learning communities (Siemens & Conole, 2011).

Croatia is still lagging behind in online education. There are certain informal initiatives which are offered, but traditional higher education system still mostly relies on the traditional education in brick-and-mortar classrooms. However, some lecturers established their presence in social media and maintain contacts with their students.   Therefore, the authors would like to shed some light on the current practice of using social media in the context of higher education in Croatia. Since there is a very little, or at least not publicly available, research of this topic in Croatia, this study is explorative in its nature. Furthermore, this study tried to capture both involved sides in the process of higher education – lecturers and students – and presents their respective thought regarding the social media's potential within the Croatian higher education environment.

Social media in higher education context

An overview of social media:

As Kaplan and Haenlein (2010) suggest, social media is a group of internet applications that allow the creation and exchange of user-generated content. In opposite to the one-way-publishing or Web 1.0 concept which simply mimicked publishing through traditional media, social media based on technological and ideological foundations of Web 2.0, represents the concept in which former content consumers became content creators.

According to Mayfield (2008, str. 5), social media tools share most or all of the following characteristics:
- Participation - social media encourages contributions and feedback from everyone who is interested. It blurs the line between media and audience.
- Openness - most social media services are open to feedback and participation. They encourage voting, comments, and sharing of information.

There are rarely any barriers to accessing and making use of content – password-protected content is frowned on.
- Conversation - whereas traditional media is about "broadcast" (content transmitted or distributed to an audience) social media is better seen as a two-way conversation.
- Community - social media allows communities to form quickly and communicate effectively. Communities share common interests, such as a love of photography, a political issue or a favourite TV show.
- Connectedness - most kinds of social media thrive on their connectedness, making use of links to other sites, resources and people.

Since social media comes in various forms and formats and is ever-changing and interrelated, it is rather difficult to put these applications into rigidly defined slots or subcategories. However, if the major features and the way of use are taken into consideration, the main subcategories of social media are social networks (e.g. Facebook), collaborative projects (e.g. Wikipedia), blogs and microblogs (e.g. Blogger and Twitter), content sharing communities (e.g. Youtube and Prezi), virtual game worlds and virtual social worlds (e.g. World of Warcraft and Second Life), internet forums, geolocation networks (e.g. Foursqare), social bookmarks (e.g. Digg), and various hybrid or cross-over forms (Kaplan & Haenlein, 2010) (Mayfield, 2008):

Social media and higher education

With Facebook reaching more than a billion users in September 2012 and 800 million users of Youtube (Smith, 2013), social media became a part of our global culture with high impact on our everyday lives. Besides the existence in the real world, we could also talk about 'networked self' – recognizing a parallel identity taking place for many people in the world built around the social media. With social interaction among members, social media has also received certain credits among academic researchers for its potential in improving learning environment. There is a number of studies supporting the idea of using social media for educational purposes, improvement of the learning experience, and student motivation (Taylor, McGrath-Champ, & Clarkeburn, 2012) (Kassens-Noor, 2012) (Pestek, Kadic-Maglajlic, & Nozica, 2012) (Jabr, 2011) (Hung & Yuen, 2010) (McLoughlin & Lee, 2010) (Selwyn, 2009). Furthermore, the UK Committee of Inquiry into the Changing Learner Experience (CLEX, 2009, str. 9) published the following affirmative conclusion regarding the use of social media in higher education:

> 'Web 2.0, the Social Web, has had a profound effect on behaviours, particularly those of young people whose medium and metier it is. They inhabit it with ease and it has led them to a strong sense of communities of interest linked in their own web spaces, and to a disposition to share and participate. […] Higher education has a key role in helping students refine, extend, and articulate the diverse range of skills they have developed through their experience of Web 2.0 technologies. It not only can, but should, fulfill this role, and it should do so through a partnership with students to develop approaches to learning and teaching.'

The previous quotation clearly indicates the desire of students for active learning experience through social media. Furthermore, it also indicated the need of higher education institutions to actively participate and support this process. The specifics

of social media also faced lecturers with many challenges (i.e. social media literacy) and ask for pedagogies that are more personal, social, and participatory (McLoughlin & Lee, 2010)

As Foroughi (2011, str. 3) suggests, there is a number of specific benefits that social media could provide:

- Learning-related benefits: facilitation of collaborative learning, development of independent learning skills, problem solving, team work, reflective learning, quick/early feedback from instructors, overcoming isolation of geographical distances, peer-to-peer support/feedback, visibility of students' work, integration of multimedia assets, and the creation of informal relations between educators and students.
- Social benefits for students: increased engagement in course material, development of a sense of community and of transferable skills that enhance student employability, increased sense of achievement, control, and ownership of their work.
- Benefits for institutions of higher education: increased cross-institutional collaborations, support and community building outside the course environment, development of communities of practice, increased student enrolment and retention.

Although there is a certain hype and hope surrounding social media in higher education, there are also examples of disappointment due to high expectations and unclear role of this informal educational tool (Gouseti, 2010). Furthermore, the same level of enthusiasm is not being equally shared among students and lecturers, with former being very open to the social media possibilities, while later being rather cautious and sticking to more 'traditional' technologies such as email (Roblyer, McDaniel, Webb, Herman, & Witty, 2010).

Research design

Due to the lack of research studies focusing on the use of social media in Croatian higher education, this explorative study utilises qualitative approach to the primary research. Within the range of available qualitative research methods, an in-depth or intensive interview has been selected. As Guion (2001) suggests, the goal of the in-depth interview is to yield information and to thoroughly explore a respondent's point of view and perspective. In order to maintain certain consistency among the interviews, an in-depth interview agenda has been developed with the list of topics that each interviewee should address. The in-depth interviews were semi-structured in order to achieve a wider understanding of the use of social media from perspectives of lecturers and learners, without imposing any a priori categorization, which might limit the field of inquiry (Punch, 2005). However, individual respondents were allowed some latitude and freedom to talk about what is of interest or importance to them in the context of social media in higher education.

The in-depth interviews were conducted on a convenient sample of ten lecturers/ professors employed in various Croatian higher education institutions (i.e. Zagreb School of Economics and Management, University of Zagreb, University of Spit, Faculty of Humanities and Social Sciences, Centre for Croatian Studies, Faculty of Tourism and Hospitality Management, Polytechnic of Pozega). Furthermore, the in-depth interviews were also conducted on a convenient sample of ten undergraduate

students enrolled at Zagreb School of Economics and Management. Although the sample size is relatively limited due to time and financial constraints, the findings could be considered as indicative and relevant, since, in some cases a number of ten interviews is already considered as large (de Ruyter & Scholl, 2004).

In the first phase of an interview, the participants have to answer more general questions concerning their overall knowledge of social media in order to gain an impression about their familiarity with the topic. During the second phase, the participants were asked how extensively they use social media throughout their course, what is or could be a positive or a negative side effect of using social media, and what would motivate them to use social media more often. Subsequently, they were asked whether they distinguish their social media appearance in formal and informal occasions. Furthermore, the respondents were asked to comment the level of acceptance of social media among professors and students and pros and cons of the usage of social media within the higher education environment.

The data collected through the in-depth interviews was interpreted by content analysis. As Shapiro and Markoff (1997, str. 14) suggest, content analysis refers to 'any systematic reduction of a flow of text (or other symbols representing the presence, the intensity, or the frequency of some characteristics relevant to social science'.

Research results

The lecturers sample

All respondents are relatively familiar with the concept of social media. As expected, Facebook is the social media form that lecturers are the most familiar with, followed by YouTube and Wikipedia. However, respondents' familiarity with other types of social media seems to be relatively limited and most of them are not aware of the vast number of subcategories within the world of social media. All of the respondents use certain form of social media privately, but the frequency of usage quite differs among them. Some of them use social media on a daily basis, while the majority uses them on a weekly basis.

When it comes to the usage of social media in the context of higher education and lecturer-student interaction, the opinions are far from being unanimous. Some respondents use various forms of social media in order to improve lectures. Probably the most used form is YouTube:

> 'I found very useful and motivating for students to illustrate some of the theories with the appropriate video materials available on YouTube… It could be some funny commercial or a short documentary presenting some business case.' [Respondent L3]

> 'You could find interesting content on YouTube which could improve the learning environment and additionally motivate students to pay attention during the lectures.' [Respondent L7]

Although Facebook is the most popular form of social media today, only few respondents mentioned the usage of social networks in a positive way for the interaction with students:

> 'Besides my private profile, I also have a separate Facebook profile which I use for the communication with students… I have very positive experience with that. [Respondent L1]

> 'I use both Facebook and Linkedin. The former I use for the communication with students, while the latter I use for the communication with former students… I am filling my Facebook profile with various content at least once a week.' [Respondent L2]

> 'I have a Facebook profile and I am encouraging my students to become my Facebook friends. I believe, I am improving my communication with them this way and, well, I think they like it… I am also getting more acquainted with them since we are expanding our interaction into virtual world.' [Respondent L9]

Most of the respondents consider Wikipedia as a not very reliable source of information for students. Furthermore, they would discourage students to rely on this source and this is something usually stipulated in institutions' internal regulations. However, one of the respondents pointed that there is probably more errors in Encyclopaedia Britannica than in Wikipedia.

Since some of the higher education institutions in Croatia introduced learning management systems (LMS), such as Blackboard or WebCT, respondents from those institutions prefer the interaction with students through these formal and institutional platforms, rather than through social media. However, most of them also admitted relatively limited two-way communication through LMS which in many cases consists of information posting.

In overall, the sample of lecturers expressed certain level of optimism towards the use of social media within higher education. Only two of respondents expressed certain reservations. However, the respondents are not sure about the way how the interaction between them and students should look like and how frequent it should be since there is no formal regulation which would provide necessary information. Respondents are well aware of the popularity of social media among students, especially on mobile platforms, such as smartphones and tablets. Therefore, they consider social media as a communication and collaboration with a significant potential.

The students sample

As expected, the sample of students seems to be much more familiar with the range of social media applications. Furthermore, respondents are more frequent users of various types of social media, especially through mobile platforms. Facebook is again the most popular application, but students also tend to use other types of social media, such as YouTube, Tumblr, Instagram, Wikipedia, and LinkedIn.

When it comes to the usage of social media for the communication with lecturers, the respondents are mostly positive, but some of them also have certain concerns. Most of them welcome the idea to use some form of social media for communicating with lecturers and some of them even have positive experience. However, some respondents consider communication through social media too informal. The most typical responses could be found in the following quotations:

> 'Sometimes, I use social media, mostly Facebook, to communicate with lectures and their assistants… During these occasions, I approach my lecturers with different questions regarding the topics we were taught in class.' [Respondent S7]

> 'I use Facebook to communicate with my lecturers and assistants… I like this way of communication because I always get fast response… This is, probably, less formal type of communication, but it feels friendlier.' [Respondent S9]

> 'I mostly use Facebook, Instagram, YouTube and Wikipedia… I don't communicate with my professors via social media. However, I would welcome that possibility. I would prefer some kind of communication and content sharing related to the particular course I am taking.' [Respondent S10]

> 'I use various types of social media, but I would not prefer to communicate with my professors through social media. I wouldn't even approve this kind of communication… I think communication through social media could have negative impact on professor's authority.' [Respondent S5]

> 'Rather than communicating with my professors through social media, I prefer more formal communication through email.' [Respondent S8]

While opinions on the usage of social media in communication with lecturers differ among students, they are mostly enthusiastic towards the usage of YouTube video materials. They consider that as an improvement to the traditional lectures.

Although the usage of Wikipedia did not receive much approval among the sample of lecturers, students showed more enthusiasm towards this form of social media. Although some of them claimed that they would not use Wikipedia as a source of valid information, majority of student admitted to use Wikipedia as a starting point for their research.

Conclusion

As this research study revealed, there is still a big gap between lecturers and students in perceiving the role of social media in higher education. Similar situations were also reported in other countries. In overall, students are more motivated to interact with their lecturers through social media, while lecturers showed some level of concern and scepticism towards the concept. The resentment is mostly grounded in their belief that the lecturer-student relationship needs to remain professional, which implies the use of formal communication channels. Lecturers are also concerned that more informal communication via social media might erode

their authority. Still, they have an overall positive attitude towards the use of social media in classroom, but are on the other hand not familiar with all the aspects and forms of social media available on the institutional learning platforms like Blackboard such as wikis, video sharing, forums, online simulations, and other tools. In conclusion, we believe that lecturers need to approach social media in teaching with more passion and need to be more open towards learning about the possible options offered on the learning platforms.

When it comes to students, they are generally supportive regarding the use of social media in the lecturer-student interaction, but what surprised us was their viewpoint how social media could have a negative impact on the professor's authority. For now, students as well as professors prefer more formal communication via email or in person, but they welcome the use of social media as a way of content sharing, creation of student-generated content, and improving classroom experience.

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Managing cash and liquidity of the budget: A case of regional and local budget

Eleonora Kontuš

Abstract

The main objectives of cash and liquidity management are control of government spending and effective implementation of the budget. As there is an ongoing drop in budget revenue in the Republic of Croatia coupled with increasing problems of non-liquidity and servising obligations, sound management of financial assets and liquidity is required.

Firstly, the purpose of this study is to explore assets and liabilities of local and regional public sector in order to develop appropriate financial ratios for measuring liquidity of the budget, thus helping to manage liquidity effectively.

Secondly, to analyze possibilities for implementation of a cash budget as a useful technique in managing liquidity of the local and regional budget on the dailly, weekly and monthly basis.

Thirdly, the aim of this study is to explore inflows and outflows of the local and regional budget in order to develop a simple model for calculating surplus or lack of cash available during any observed budget period, which can help optimally in managing cash and liquidity of the budget.

Key Words: liquidity, budget, financial ratios, cash budget

Introduction

Regional and local governments need to ensure both efficient implementations of their budgets and good management of their financial resources. Cash management and control of cash are the most important elements in budget management. The main objectives of cash and liquidity management are control of government spending, effective implementation of the budget and the minimisation of the costs of borrowing. Sound management of financial assets and liabilities as well as liquidity is required in budget systems at regional and local level.

The main objective of this paper is to explore how regional and local governments can manage cash and liquidity of the budget system effectively by ensuring an orderly meeting of liabilities as well as efficient and effective allocation of available resources. Management of cash should serve regional and local treasury through which governments ensure control of cash flows.

The aim of this paper is to contribute to the debate by, firstly, exploring assets and liabilities of a local and regional public sector in order to develop appropriate financial ratios for measuring and managing liquidity of the budget, secondly, by investigating the inflow and outflow of a regional and local budget, and by developing a simple basic model for calculating surplus or lack of cash available during any observed budget period. This can help in managing cash and liquidity of

the budget system optimally. Through the case study, we analyze possibilities for implementation of the cash budget as a useful technique in managing liquidity of the local and regional budget on a dailly, weekly and monthly basis.

This paper fills an important gap in the literature on budget liquidity management by developing appropriate liquidity ratios as key measures of liquidity of the budget systems at regional and local level. The outcome represents appropriate financial ratios for measuring liquidity of the budget. A simple basic model has also been devised for calculating surplus or lack of cash available during any observed budget period which can help in managing cash and liquidity of the budget as well as in efficient and effective allocation of available resources.

The remainder of the paper is organized as follows. Section 2 addresses the theoretical grounds of the research. Section 3 explains the methodology, presents a trend analysis of budget revenues and results. Section 4 addresses theoretical grounds for developing financial ratios and develops corresponding model. Finally, section 5 is the conclusion.

Theoretical background

A regional and local government needs to collect resources from the economy in a sufficient and appropriate manner as well as allocate and use those resources responsively, efficiently and effectively. The budget is the main instrument through which these transactions are planned and carried out. The regional or local budget is the most important policy instrument for giving effect to a regional and local government's economic and social priorities within the scarce resources that are available to regional or local government for public expenditures. We use the term «regional budget» to refer to the budget of subnational authorities such as regions and counties and the term «local budget» to refer to the budget of municipalities.

Financial management within the regional and local government includes various activities: formulation of fiscal policy, budget preparation as well as linking budget expenditures to the exact results achieved by specific budget programs at the regional and local level, budget execution, management of financial operations, accounting, establishment of the auditing and evaluation systems based on indicators in relation to specific and strategic goals for regional and local development.

Within the financial management function, the Treasury function is to achieve the set of specific and strategic goals and it covers the following activities: cash management, management of government bank accounts, financial planning and forecasting of cash flows, debt management at the regional and local level of government and financial assets management (Allen and Tommasi, 2001).

The goal of cash management is to plan a cash position of the budget system so that cash is available when it is needed and all available idle cash is invested to provide maximum revenue. Cash management has the following purposes: controlling spending, implementing the budget efficiently, minimizing of the cost of government borrowing and maximizing the opportunity cost of resources. A critical part of overall cash management is the government's strategy to manage moneys to

maximize financial return. Regional and local governments should optimize their use of cash in their priority programs and implement cash conservation measures.

Control of cash is a   key element in budget management. For efficient budget implementation, it is necessary to ensure that claims will be paid according to the contract terms and that revenues are collected on time. It is necessary to minimize transaction costs and to borrow at the lowest interest rate or to generate additional cash by investing in revenue-yielding paper (Allen and Tommasi, 2001).

Control of cash flows include the control of inflows, the control of cash outflows and payment techniques. The interval between the time when cash is received and the time it is available for carrying out expenditure programs should be minimized. Collected revenues need to be processed promptly and made available for use. Stringent rules to ensure prompt transfer of collected revenues to government accounts should be established. An appropriate system of penalties for taxpayers is also an important element in avoiding delays in revenue collection.

The major purpose of controlling cash outflows is to ensure that there will be enough cash until the date payments are due and to minimize the costs of transactions, while keeping cash outflows compatible with cash inflows and fiscal constraints. The first condition for ensuring that cash outflows fit fiscal constraints is good budget preparation and budget implementation   covering both cash and liabilities. During budget implementation, cash outflows should also be regulated through cash plans to smooth cash outflows (Allen and Tommasi, 2001).

The government must make sure that liabilities are met in line with the terms of contracts and the revenues are collected in time for successful implementation of the budget. The government must minimize transactional costs, borrow money at the lowest rates of interests and create additional cash by investing in yield-bearing securities. It should avoid making payments in advance and also ensure precise records of the dates when liabilities become payable.

The basic objective of cash and liquidity management is to centralize cash balances through a Treasury single account so as to minimize costs and increase the efficiency of payments and revenue collections. Operating cash balances should be kept to a minimum in order to minimize borrowing costs or maximize interest bearing deposits.   Daily consolidation of cash balances is also needed. Cash balances can be efficiently centralized through a Treasury single account. The Treasury single account should have the following features: daily centralization of the cash balance, accounts open under the responsibility of the Treasury   and transactions recorded into these accounts along the same set of classifications (Allen and Tommasi, 2001).

For the management of cash and liquidity it is crucial to ensure operations of state or government institutions through the Single Account of the Treasury, good payments operations to be carried out by the banks, and orderly meeting of government liabilities. Managing liquidity, the Finance Ministry carries out in-house operations in the treasury system relating to ensuring the most favourable conditions for short-term borrowing, laying out surplus budgetary resources on the money market, granting loans to spending agencies and maintaining deposits in commercial banks at the most favourable rates of interest (Bajo, 2005).

Regional and local governments should also ensure operations of regional and local government institutions through the Treasury Single Account, as treasury departments provide more value to governments by managing liquidity and adjusting allotments based on surplus and deficit forecasts than approving commitments and transferring amounts among budget line items.

The centralization of cash balances within a single account is meant to optimize cash management. It avoids borrowing and paying additional interest charges to finance the expenditures of some agencies while other agencies keep idle balances their bank accounts. These idle balances increase the borrowing needs of the government,
which must borrow to finance payments of some agencies, even if other agencies have surplus cash.

Financial planning and cash flow forecasts are needed both to ensure that cash outflows are compatible with cash inflows and to prepare borrowing plans. Cash planning must be done in advance and communicated to spending agencies to allow them to implement their budgets efficiently. Financial planning includes the preparation of an annual cash plan and a budget implementation plan, revenue forecasts, monthly cash and borrowing plans, and in-month forecasts. Annual cash plans must be prepared in advance, and should set out projected monthly cash inflows, cash outflows and borrowing requirements. It is important to have quarterly updates of the projections for the entire fiscal year and monthly updates of the projections for the succeding month.

The Treasury Department prepares both the budget implementation plan and the overall cash plan on a cash basis. The budget implementation plan should be consistent with the budget, prepared in advance and communicated to spending agencies. This plan should take into account the timing of payments and payment obligations arising from commitments over the fiscal year.

Forecasts of the monthly distribution of revenues should be prepared and these forecasts should be updated regularly, preferably every month, since changes in the macroeconomic environment or in the tax administration system may affect revenue collection. A good monitoring system is a prerequisite for forecasting. Thus, revenue collections need to be monitored along the major tax categories and adjusted to reflect changes in the assumptions underlying the forecasts. In-year revenue forecasts should be based on revenue assessment and tax collection reports the results of economic surveys. The revenue forecasts should also include forecasts of nontax revenues (Allen and Tommasi, 2001).

The cash plan shows forecasts of financial flows before new borrowing, including reimbursements of loans or bills due from the government, repayment of arrears, and drawings on loans already contracted. Monthly forecasts of cash outflows should be derived from the budget implementation plans. Although the budget implementation plan is not on a pure-cash basis, monthly cash plans should be on a pure-cash basis and it should be updated every month. This updating should take into account developments in exchange rates and interest rates, changes in the payment schedule of investment projects and outstanding liabilities. The preparation of monthly cash outflow plans requires good monitoring of both payments and liabilities and these plans are used to define monthly cash transfers within an

imprest system or cash limits for payments within a Treasury single account. Borrowing plans are derived from the monthly forecasts of cash inflows and outflows (Allen and Tommasi, 2001).

The in-month distribution of cash flows should be estimated to determine the date of auctions, the date of transfers of funds to agencies within an imprest system, etc. The preparation of in-month revenue forecasts is better undertaken by the Tax Administration office than by the Treasury, since factors related to tax administration or taxpayers behaviour affect strongly the in-month distribution of revenues. In-month forecasts should be reviewed and updated every week. Sound cash planning should be abolished, together with other measures such as improving revenue forecast and instituting commitment accounting (Allen and Tommasi, 2001).

The regional and local government should optimize the availability of their funds, minimize operating risk and improve efficiency while cutting costs. A comprehensive set of liquidity management tools can help government at the regional and local levels manage cash and liquidity most effectively and efficiently to meet funding needs. A cash budget can be used as a useful technique in planning and managing cash and liquidity of the local and regional budget on the dailly, weekly, monthly and quarterly basis and it can replace cash plans, revenue forecasts and in-month revenue forecasts.

The cash budget is a summary of projected cash balances based on expected cash receipts from operations, cash payments of operations, and cash receipts and payments from financing and investing activities. It is future oriented and composed of estimated data rather than historical data, although the estimates may be based on past operating results (Engler, 1990, 394). The cash budget is broken down into sections showing (1) cash receipts, (2) cash disbursements, (3) cash surplus or deficiency, and (4) financing activities – bank loans, other borrowings, and repayments (Engler, 1990, 410). The cash receipts and cash disbursements are computed in the supporting schedules or in the annual budget.

Cash budget is a detailed plan showing how cash resources will be acquired and used over some specific time period. It is composed of four major sections: the receipts section, the disbursements section, the cash surplus or deficiency section and the financing section. The cash receipts section consists of a listing of all of the cash inflows, except for financing, expected during the budgeted period. The disbursement section consists of all cash payment that are planned for the budgeted period.

The cash surplus or deficiency section is computed as follows:

Initial cash balance
Add receipts
Less disbursements
Surplus / deficiency of cash available over disbursements.
The financing section deals the borrowings and repayments projected to take place during the budget period. It also includes interest payments that will be due on money borrowed. The cash budget enables the government to plan for needed borrowing and for repayments.

Research

Methodology

Using methods from statistics, trend analysis, we analyzed budget revenues from income and property tax of the town of Kastav. Trend analysis was concerned with the long-term direction of movement in revenue from income and property tax.

The equation for the trend line values, with x representing the year is:

$$Y_t = \beta_0 + \beta_1 X_t$$

the β_0 represents the point of intersection of the trend line with y axis, whereas the β_1 represents the slope of the trend line. Variable x is the year and variable y is the observed value of revenue.

On the basis of research results, we projected cash inflow from both income and property tax associated with preparation of a cash budget, which can help government at regional and local levels manage liquidity most effectively and efficiently.

Through a case study, the main reasons and benefits were emphasized for application of a cash budget as a useful technique in managing liquidity of budget at regional and local levels on a daily, weekly, monthly and quarterly basis.

We also explored assets and liabilities as well as inflow and outflow of regional and local budget and, by using mathematical methods we developed appropriate financing ratios for measuring liquidity of the budget. We also developed a simple basic model for calculating surplus or deficiency of cash available in any observed budget period.

Results of empirical analysis

Trend analysis has been performed using historical annual data of budget revenues from income and property tax of the town of Kastav.

Trend analysis of revenue from income tax

For the purpose of identifying the trend component of revenue from income tax, we used 17 years of annual data of revenue from income tax from 1996 up until 2012. The long-term increase of revenue from income tax appears to follow a linear trend line value and is represented by the trend linear equation. The results of trend analysis of revenue from income tax and trend values calculated on the basis of a trend linear equation are shown in table 1.

Table 1. Trend analysis of revenue from income tax
(000 EUR)

Year	Revenue from income tax (y_t)	Variable time (x_t)	$X_t \times Y_t$	$X_t{}^2$	$Y_t{}^2$	Trend values
1996.	324	0	0	0	104,658	239.96
1997.	301	1	301	1	90,434	298.73
1998.	392	2	784	4	153,650	357.50
1999.	426	3	1,278	9	181,201	416.27
2000.	488	4	1,952	16	237,756	475.04
2001.	532	5	2,660	25	282,627	533.81
2002.	578	6	3,468	36	334,582	592.58
2003.	634	7	4,438	49	402,657	651.35
2004.	658	8	5,264	64	432,581	710.12
2005.	683	9	6,147	81	466,985	768.89
2006.	712	10	7,120	100	506,369	827.66
2007.	818	11	8,998	121	668,311	866.43
2008.	969	12	11,628	144	938,400	945.20
2009.	1,004	13	13,052	169	1,008,143	1,003.97
2010.	1,138	14	15,932	196	1,295,955	1,062.74
2011.	1,137	15	17,055	225	1,292,921	1,121.51
2012.	1,280	16	20,480	256	1,638,400	1,180.28
Total	12,072	136	120,557	1,496	10,035,438	12,072.04

The trend equation for revenue from income tax (in thousands) is:

$$Y_t = 239.96 + 58.77 X_t,$$

with x = 0 at year 1996.

The coefficient of trend variation indicates the relative magnitude of the standard deviation of trend as compared with the mean of variable y (revenue from income tax); as a percentage, it amounts to 7.92% (less than 10%) and shows that the representativity of the determined linear trend model is good.

Trend analysis of revenue from property tax

For the purpose of identifying the trend component of revenue from property tax, we used 17 years of annual data of revenue from property tax from 1996 up until 2012. The results of trend analysis of revenue from property tax and trend values calculated on the basis of a trend linear equation are shown in table 2.

Table 2. Trend analysis of revenue from property tax
(000 EUR)

Year	Revenue from property tax (y_t)	Variable time (x_t)	$X_t \times Y_t$	$X_t{}^2$	$Y_t{}^2$	Trend values
1996.	104	0	0	0	10,816	79,28
1997.	110	1	110	1	12,100	100,62
1998.	156	2	312	4	24,336	121,96
1999.	147	3	441	9	21,609	143,30
2000.	105	4	420	16	11,025	164,64
2001.	178	5	890	25	31,684	185,98
2002.	167	6	1,002	36	27,889	207,32
2003.	160	7	1,120	49	25,600	228,66
2004.	221	8	1,768	64	48,841	250,00
2005.	278	9	2,502	81	77,284	271,34
2006.	315	10	3,150	100	99,225	292,68
2007.	421	11	4,631	121	177,241	314,02
2008.	395	12	4,740	144	156,025	335,36
2009.	375	13	4,875	169	140,625	356,70
2010.	405	14	5,670	196	164,025	378,04
2011.	365	15	5,475	225	133,225	399,38
2012.	350	16	5,600	256	122,500	420,72
Total	4,252	136	42,706	1,496	1,284,050	4,250,00

The trend equation for revenue from property tax (in thousands) is

$$Y_t = 79.28 + 21.34X_t,$$

 with x = 0 at year 1996.

The coefficient of trend variation indicates the relative magnitude of the standard deviation of trend as compared with the mean of variable y (revenue from property tax); as a percentage, it amounts to 2.18% (less than 10%) and shows that the representativity of the determined linear trend model is good.

Case study: The application of cash budget in managing liquidity of regional and local budget systems

Although a monthly cash budget is most common, we will budget cash of the local budget on a quarterly basis. Before preparing the cash budget, receipts of cash and disbursements of cash should be calculated. The cash receipts and cash disbursements are computed in the supporting schedules.

The cash budget can be broken down into time periods that are as short as possible as well as considerable fluctuations in cash balances may be hidden by looking at longer time periods.

The cash budget of regional or local budget system is composed of four major sections: the receipts section, the disbursements section, the cash surplus or deficiency section and the financing section. It starts with the initial cash balance to which are added the cash inflows to get cash available. Cash outflows for the budgeted period are subtracted to calculate the cash balance before financing. If there is a cash deficiency during observed period, the government will need to borrow funds. If there is surplus of cash available over disbursements during the budgeted period, funds borrowed in previous periods can be repaid or surplus cash can be invested. The financing section deals with borrowings and repayments projected to take place during the budgeted period and it also includes interest payments. Budgeted cash receipts and disbursements are brought together to form a total cash budget. From this summary of estimated cash flow, it is possible to anticipate future cash balances.

Cash budget of a regional or local budget system builds on an annual budget and annual financial plans of budget beneficiaries, trend analysis of revenues from taxes, calculations of revenues of other public reimbursements and revenues from the sale of property, calculations of public current expenditures. It also includes disbursements for construction of infrastructure and other capital expenditures as well as some additional data i. e. initial cash balance, cash balance at the beginning of each quarter and a required final cash balance. Cash balance prior to financing is adjusted by financing activities to calculate the final cash balance. Financing activities include borrowings, principal repayments and interest payments.

The following cash budget has been designed for the town of Kastav, based on estimated cash inflow and outflow of the budget for the year 2013. on a quarterly basis. We analyzed budget revenue from both income and property tax. On the basis of research results and empirical trend models we projected cash inflow from income and property tax. Other budget revenue and public reimbursements as well as public current and capital expenditures are calculated by using their determinants. Cash receipts and cash disbursements are computed in the supporting schedules.

A cash budget of the town of Kastav for the year 2013. on the quarterly basis
(000 EUR)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year
Initial cash balance	1.4	51.4	53.4	17.4	1.4
Estimated cash inflows					
Inflow from income tax	300	310	310	319	1,239
Inflow from property tax	100	100	110	132	442
Inflow from rent of business premises	60	60	60	70	250
Grant subsidy from the Central government	0	0	0	400	400
Inflow from other public reimbursements	350	350	350	450	1,500
Inflow from sales of assets	0	0	500	500	1,000
Total inflows	810	820	1,330	1,871	4,831
Estimated cash outflows					
Outflow for operating expenditures	540	550	530	550	2,170
Outflow for capital expenditures	0	0	1,420	2,000	3,420
Outflow for purchase of fixed assets	0	50	0	120	170
Total outflows	540	600	1,950	2,670	5,760
Surplus/Deficiency of cash available over disbursements	271.4	271.4	-566.6	-781.6	-927.6
Financing					
Inflow from bank loans	0	0	800	1,000	1,800
Outflow for service of debt	200	200	200	200	800
Outflow for interest charges	20	18	16	14	68
Total financing	-220	-218	584	786	932
Estimated cash balance at the end of the period	51.4	53.4	17.4	4.4	4.4

The cash budget can be implemented successfuly in managing liquidity of the regional and local budget systems efficiently, thus ensuring sufficient cash for meeting liabilities when they fall due and investing surplus cash on the money market or maintaining deposits in banks at the most favourable rates of interest.

Properly preparing a cash budget will show how cash flows in and out of the regional or local budget system. The cash budget determines the future ability to pay debts as well as expenses. With careful cash planning, the governments should be able to maintain a sufficient cash balance for their needs without putting themselves in the position of holding excessive balances of nonproductive cash.

The cash budget is drawn up so that a minimum balance of cash will be available at all times. The amount to be held will depend on estimated future cash flows and the financial policy adopted. The cash balance should be large enough to enable local and regional government to meet their payrolls and pay their public expenditures for the next month, with some allowance made for contingencies and miscalculations in planning. By holding adequate cash balances, local and regional government can

cope with small adversities and will not be forced to borrow under unfavorable conditions.

Cash budgeting is a continuous process that can be checked for consistency and accuracy by comparing budgeted amounts with amounts that can be expected from using financial ratios for measuring and managing liquidity of the local and regional budget systems.

Theoretical analysis and modeling

We explore assets and liabilities as well as inflows and outflows of local and regional budget and by using mathematical methods we develop appropriate financial ratios for measuring liquidity of local and regional budget as well as a basic model for calculating surplus or lack of cash available during observed budgeted period.

Financial ratios

A desirable liquidity level of local and regional budget depends on various variables including the cash available, the stability of tax revenues, payability of receivables and the access for debt financing.

We developed appropriate financial ratios for measuring and managing liquidity of the regional and local budget systems by using a basic analytical concept of comparing different current assets versus current liabilities. We proposed two major ratios for evaluating liquidity of the regional and local budget.

The liquidity ratio I can be found by dividing cash as the highest liquid asset by total amount of current liabilities which fall due in an observed period. This ratio measures how much cash is available to pay current liabilities.
Liquidity ratio I can be expressed as follows

Liquidity ratio I = cash / current liabilities

The projected cash or cash available depends on the stability of tax revenues and payability of receivables. Liquidity ratio I should be 1 or slightly above 1. If liquidity ratio I is 1, it indicates that enough cash is available to meet total current liabilities in the observed period. If liquidity ratio I is slightly above 1, it means that there exists a certain margin of safety as a precaution against planning errors.

Because of a great percentage of nonpayable receivables in total receivables of budget systems at local or regional level, it is important to evaluate the liquidity position of the regional or local budget by analyzing the payability of receivables in the observed period. Valuation of liquidity of the budget should be based on short-term receivables reported at their Net Realizable Value (NRV). The NRV is the net amount expected to be collected in the observed period.

Receivables at net realizable value can be expressed as follows:

Receivables at NRV = total receivables – estimated uncollectible receivables

The liquidity ratio II can be determined by comparing the liquid assets (cash, securities and receivables at NRV) versus current liabilities and it can be found by dividing the cash from tax revenue, securities   and receivables at NRV by current liabillities.

Liquidity ratio II can be expressed as follows:

$$lliquidity\ ratio\ II = {cash + securities + receivables\ at\ NRV}\Big/{current\ liabilities}$$

Liquidity ratio II should be 1 or slightly above 1 in order to have a certain margin of safety as a precaution against planning errors. These ratios are most accurate when the shortest observed period is used.

 If we include total receivables in the financial ratio for measuring liquidity of the budget and compare these assets versus current liabilities, we can detoriate liquidity of the budget as well as efficiency because we will not collect total receivables in the observed period and will be constrained to take short-term loans for maintaining liquidity of the budget.

We exclude inventory as local and regional government units do not have significant amounts of inventory and it cannot be converted into cash. We cannot define the financial ratio for evaluating liquidity of the budget system which compares current assets of the budget system versus current liabilities, expect that this ratio is greater than 1 or 2 and we cannot conclude that it is important for the liquidity of the budget that current assets are financed by long-term sources. According the Croatian law, current assets of regional or local government units   cannot be funded either by long-term sources or revenue from selling   fixed assets which cannot be used in financing current expenditures.

Model

Managing the liquidity of the budget is important in order to reduce the budget deficit or to invest surplus cash. On the basis of analysis of cash inflow and cash outflow of the local or regional budget a simple basic model for calculating surplus or deficiency of cash available over disbursements has been developed.

Surplus or deficiency of cash available over disbusements can be expressed   as follows:

Surplus/deficiency of cash = initial cash balance
+ inflows from taxes
+ inflows from collections on receivables
+ inflows from other public reimbursements
+ inflows from sales of property (fixed assets)
+ inflows from financing activities (long-term loans)
- outflows for operating and other public expenditure
- outflows for construction of infrastructure or purchase of fixed assets
- outflows for service of debt
- outflows for interest charges

If there is a lack of cash available during any budgeted period, a budget manager needs to borrow funds in order to maintain liquidity of the budget system and to pay obligations when they fall due. Likewise, if there is surplus cash available during any budgeted period, the surplus funds should be invested to yield interest.

If the local or regional government unit has deficiency of cash available over disbursements, it indicates that it must acquire money to pay its debts as well as maintain its minimum cash balance and the required borrowings can be calculated as follows

Required borrowings = required final cash balance + deficiency of cash available over disbursements

If the local or regional government unit has surplus cash available over disbursements, it indicates that local or regional government can invest it for a return and available cash for investment can be expressed as follows

Cash available for investment = surplus cash available over disbursements – required final cash balance

The required final cash balance presents the minimum cash balance that the local and regional government units have as a precaution against planning errors or to ensure running out of cash in order to maintain an appropriate liquidity of the budget system.

The findings of this research show that the following general recommendations for budget managers have been compiled on the basis of this research. Budget managers should manage and impact on the independent variables which determine surplus or lack of cash as dependent variable in order to yield the highest surplus of cash for investment, provide maximum revenue or minimum deficiency of cash available over disbursements. This requires borrowing money to cover the shortfall between revenues and expenditures.

Conclusion

This paper highlights the importance of efficient cash and liquidity management of regional and local budget systems by ensuring the orderly meeting of liabilities and by investing surplus cash in yield-bearing securities or borrowing money at the lowest rates of interest.

The paper contributes to the literature on the management of liquidity of budget system by developing appropriate financial ratios for measuring liquidity of the regional or local budget. A simple basic model for calculating surplus or lack of cash available during any observed budget period has been designed and it can help in managing cash and liquidity of the budget system optimally.

Through the case study we emphasized the main benefits for application of a cash budget in managing liquidity of the budget at the regional and local levels on daily, weekly, monthly and quarterly basis.

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Brand Battles: Are Store Brands Acting more like National Brands?

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Abstract

One of the most striking changes in US food retailing over the past two decades has been the rise of the Private Label (PL) market. PL foods have increased in popularity, as measured by both dollar sales and shares within key product categories.

Clearly price was the leading attribute that PL focused on in the past. But now PL companies are making efforts to achieve the level of loyalty, recognition and quality that National Brands (NB) have and to identify themselves as store brands. To be recognised as having the same quality as NB, PL companies need to improve the visibility of key product attributes and benefits that consumers are looking for. Front of pack (FOP) claims play a critical role in this, indeed they serve as the sole communication channel for PL products. This research mentioned needed attributes and benefits that has been used in current research in order to investigate the dynamic, improvement of PL and to quantify the extent to which PL companies are in fact differentiating with attributes other than price.

There were 10,791 products launched in 2011 in the US database, 8,120 NB and 2,671 PL food and drink products. For 2010: 8,025 NB and 2,784 PL that totally gives 10,809 launched products. For 2009: 5,838 NB and 2118 PL that gives 7,956 food and beverages products launched in US.

There are two conclusions that can be drawn from this research. The first is that PL companies for the most part are including important consumer attribute and benefit information on the FOP of their products. The second conclusion is that while making progress PL companies still lag behind NB in both of number and types of claims they make on the in front of their package.

PL marketers must continue to focus on added benefits while not losing sight of their need to be a lower price choice. In the same time NB must now see PL as a real competitor on all competitive positions and focus attention not just on other NB but have strategies to deal with the ever more sophisticated and desirable PL. Additionally NB should focus on areas that remain less crowded with PL brand claims.

Introduction

According to the USDA one of the most striking changes in US food retailing over the past two decades has been the rise of PLs, also known as store brands.

Retailers have expanded PL product offerings across the supermarket, and PLs have increased in popularity, as measured by both dollar sales and shares within product categories (Volpe, 2011). The market for PL products has been increasing and enjoying consistent sales growth. PL sales showed growth between 2004 with 16.5% share of market to 17.4% 2011, and forecasted PL food sales will continue to rise by 4-5%, reaching nearly $47 billion by 2016 (Mintel Oxygen Reports, 2011).

It can be shown that price and economy are the biggest attributes that PL has focused on in the past. On average, PLs are priced about 23 percent lower than NBs, both with and without promotions. This gap is smaller than that found in previous analyses using older data, suggesting that these items may have become more comparable in price and quality over time. PL companies are making effort to achieve the level of loyalty, recognition and quality that NB have and to identify themselves as brands according to various industry sources including the Private Label Manufacturers Association in industry meeting and reports (Volpe, 2011). To be recognised as having the same quality as NB, PL companies would be expected to improve the visibility of their products attributes and benefits that consumers are looking for.

Recent trends illustrate the evolution of PLs and their importance in food retailing. For example, the Food Institute Report (2009) notes that PL sales grew an average of 4.5 percent per year from 2003 through 2008. Sales for packaged NBs fell during the same period. PLs have improved in quality relative to NBs (Consumer Reports, 2009). They have also increased in total product offerings, as most supermarkets today offer at least one PL option in nearly all product categories (The Food Institute, 2010). It will be shown that PL firms used the FOP labels to make clear all the attributes and benefits the "new PL" is offering.

To date most of the academic research on PL has focused on the consumer and the various types of consumers who buy PL and the attributes that consumers may desire in PL such as personality type and PL choice (Herstein et al., 2012), perceived risk and PL choice (Beneke, 2012), shopping events and PL sales (Leischnig et al., 2011) or customer loyalty and PL choice (Abdullah et al., 2012). However little academic research has focused on the actual changes in PL packaging and specifically on the FOP claims made on the PL packaging.

It is hypnotized that in order to maintain PL sales and profit, the PL manufacturers and retailers must not only improve their physical products, but must also insure that consumers are aware of the added attributes and benefits the products contain or provide. Since it is documented that PL utilizes mass media far less than NB, they must rely more on the package to communicate the attributes and benefits. Therefore it will be specifically hypothesized that the number of types of FOP claims are increasing over time and that for many of the various types of claims there is no significant different between the presence of FOP claims for PL and NB.

Since FOP claims are the primary vehicles to communicate the PL brand attributes and benefits and a basis for comparison to the branded product equivalent. The purpose of this research is to quantify the actual presence of FOP claims and to determine if they have changed over the time period 2009 to 2011. Additionally the objective will be to compare the frequency of specific FOP claims to the NB over the same time period.

Literature review

For several years, PL sales have increased. According to PMLA Industry Roundtable the economic crisis made consumers change their purchase habits by looking for cheaper products. Indeed 75% of consumers pay attention to the price of their purchase (Private Label Manufacturers Association, 2010).

However the situation has changed now, in this post-recession period, and this previous assertion is no longer totally relevant. According to Profile of store brands retailers introduce more and more innovation and upscale packaging in PL, which establish retailers more in brands than in pale copies of NB (Doyle, 2007). "Providing more than just cheap alternatives to NB, the newest PL foods woo shoppers with premium ingredients, portability and health benefits" (Mintel Oxygen Reports, 2011).

Indeed the maturation of the PL market enable PL to find a more sophisticated positioning for their product: there is a proliferation of niche sub-brands, such as organic sub-brands, premium sub-brands, ethical sub-brands and others (Berg and Queck, 2010). PL companies explore now new fields in which NB are not.

According to the Mintel survey some PL companies have now products with health and wellness benefits: Safeway's Eating Right, launched in 2007, offers products with a color-code corresponding to specific dietary attributes such as high fiber, low sodium, and low fat (Mintel Oxygen Reports, 2011). Fresh & Easy Markets' Eatwell, launched at the beginning of 2011, is also positioned in healthier products: a list of the nutrients is on the top of the package, which give to the consumer some nutritional indications (Mintel Oxygen Reports, 2011).

A number of PL companies now offer their own line of natural and organic products: for instance O organics launched by Safeway in 2005, and more recently the launch of Simple Truth Organic by Kroger (Mintel Oxygen Reports, 2011).

In addition 35% of consumers say "they would buy more PL if they were locally produce" (Mintel Oxygen Reports, 2011). The area of local is a market where PL companies are about to breakthrough. According to the report The Brand of the Future, they underline the provenance of their products, increasing shopper confidence (Berg and Queck, 2010). Indeed Ms. Faron (senior analyst at Mintel) says, "We found that over half of local shoppers are trying to help their local economy, but they also buy local products for convenience, better taste and the environment. Companies should use these motivations to craft marketing messages that appeal to locally conscious consumers" (The Food Institute, 2009).

There are also more and more premium lines launched by retailers: Safeway Select, Kroger's Private Selection, Supervalu's Culinary Circle, A&P's Food Emporium Trading Company and Schnucks' Culinaria. All these launches demonstrate that PL companies are now ready to innovate and invest in R&D and marketing (Private Label Manufacturers Association, 2007).

Moreover these labels are now using technologies to reach consumers: specific shopping platforms for mobile, websites. This goes with the rebirth of respect for supermarkets, based on media and person-to-person stories about cool stores and positive shopping experiences (Berg and Queck, 2010). But it remains no less true

that, in the future, PL will have to commit themselves in sustainability with real ethical credentials to convince the consumer (Planet Retail, 2009).

NB still have a bigger power of innovation e.g. Nespresso, money for research and data e.g. Procter & Gambles from consumers, and the trust of the consumers because of their history, their fame and their quality.

But since the PL brands are normally owned by supermarkets, they have more power and they can choose how to advertise their products and use different kind of supports such as floor graphs, shelf-talks (Kumar and Steenkamp Jan-Benedict, 2007). The SKU rationalization is an analytical process used to determine the merits of adding, retaining or deleting items. It could lead to an upward of 20% fewer products. Retailers could use this to emphasize their own brands on the shelves (Private Label Manufacturers Association, 2010).

Methodology

Data Collection

This study is one of the largest studies of its kind as approximately 28,000 FOP labels for NB and PL products over three years. Information for this study came from Mintel's Global New Product Database 2009, 2010 and 2011 (Mintel's Global New Product Database, 2009, 2010, 2011). GNPD collects and records innovations in the food and beverage industry with up to 62 data elements for each product. Database for current paper includes: product name, brand, company, country, product category and subcategory, positioning claims and mark whether the product is a private label or national brand.

There were 10,791 product labels launched in 2011 analyzed in the US database. It includes 8,120 National Brands and 2,671 Private Labels. For 2010: 8,025 NBs and 2,784 PLs that totally gives 10,809 launched products. For 2009: 5,838 NBs and 2118 PLs that gives 7,956 launched products.

The data includes the following supercategories Food, including Bakery, Sweet Spreads, Breakfast Cereals, Dairy, Chocolate Confectionery, Sugar and Gum Confectionery, Side Dishes, Fruit and Vegetables, Savory Spreads, Meals and Meal Centers, Processed Fish, Meat and Egg Products, Sauces and Seasonings, Desserts and Ice Cream, Snacks, Soup, Sweeteners and Sugar, and Drink, including Carbonated Soft Drinks, Hot Beverages, Juice Drinks, Sport and Energy Drinks, Water, RTDs and Other Beverages.

There were 72 FOP nutritional, health and processed claims identified, 24 claims were excluded from the further analysis, because presence of them was less than on 1% of all launched products. There were Convenient Packaging, Ease of Use, Microwaveable, On-the-go, Time/Speed, Children (5-12), Ethical (Environmentally Friendly Package, Environmentally Friendly Product, Animal, Human, Charity), Caffeine-Free, Antioxidant, Weight Control, Functional (Cardiovascular, Digestive, Immune System, Other), Hormone Free, Calorie Claims, Total Cholesterol claims, Total Fat Claim, Total Sodium Claims, Total Sugar claims, Total Transfat claims, Total Saturated Fat, All-Natural Product, GMO-Free, No Additives/Preservatives, Organic, Wholegrain, High/Added Fiber, High Protein, Vitamin/Mineral Fortified, Cobranded,

Economy, Premium, Event/Merchandising, Limited Edition, Seasonal, Gluten-Free, Kosher, Total allergen claims, Total Lactose claims, No Animal Ingredients, Vegan, Vegetarian.

Hypothesis Statements

The current research has been developed in order to determine the extent to which PL products are increasing their usage of FOP claims and to quantify the level of usage of FOP claims by PL companies and level of identifying their products with attributes other that price.

Research question 1: Are PL companies increasing the number of attributes and benefits displayed on the FOP of the food and beverages products labels?

In order to investigate the first research question percentage of claims made on PL food and beverages products labels launched in 2009, 2010 and 2011 in US will be compared and determined for the dynamic.

Null hypothesis 1: PL companies are using more attributes and benefits expressed on the FOP claims from year to year.

> H_{01} : $_{PLa}2009 <_{PLa}2010 <_{PLa}2011$,
> where = percentage of the product labeled with the same claim,
> a = specific claim.

Research question 2: Have PL companies reached the NB level of focusing more on attributes and benefits of the food and beverages products other than price?

In order to investigate the second research question, the percentage of products labelled with the same FOP claim will be compared for PL and NB.

Null hypothesis 2: Percentage of products with the same FOP claim is equal between NB and PL products.

> H_{02} : $_{NBa}=_{PLa}$,
> where = percentage of the product labelled with the same claim,
> a = specific claim.

Data Analysis

In order to investigate the first null hypothesis stating that PL companies are increasing the usage of FOP claims from 2009 through 2011 in US percentage of each of 48 FOP claim was compared in three periods as well as total amounts of products labelled by any claim in 2009, 2010 and 2011 were compared.

The second null hypothesis investigated is: "The NB and PL products are not significantly different with respect to the percentage of nutritional, health and processed claims made on FOP labels". Thus inferential statistics (Z tests) are used

to explore the US NB and PL data. Two-tailed Z tests of the difference between frequencies of use of the seven sets of FOP nutrition claims are employed.

Results

Research question 1

In order to find out whether PL companies have increased the usage of FOP claims on food and beverages products in US from 2009 through 2011 total amount of products claimed by any FOP claim was compared as shown on Chart 1. One can see a constant growth of usage FOP claims from 76% in 2009 to 84% in 2011.

Chart 1: Total percentage of launched food and beverages PL products that have any FOP claims on their labels in 2009-2011
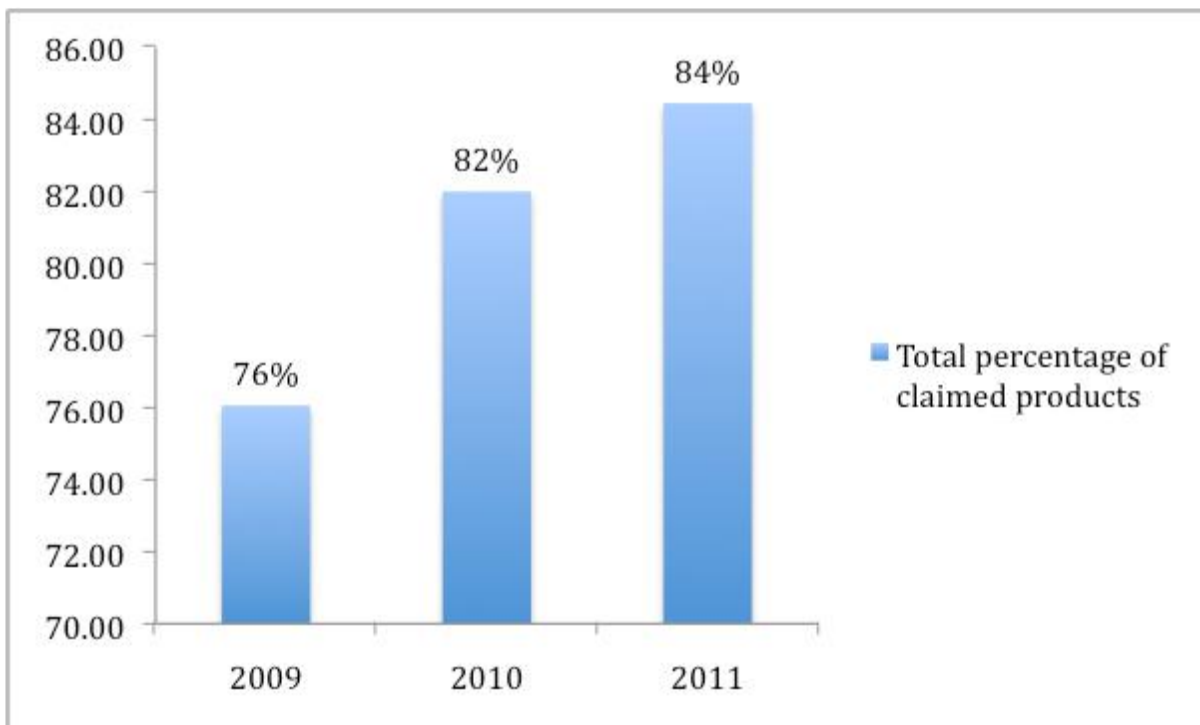
It's worthwhile noting that PL companies have increased the total number they make acrossed all products in the three years of the study as Table 1 below shows. Not every category shows the same constant growth, but the total increasing trend stays the same.

Table 1: Percentage of food and beverages PL products that used FOP claim in 2009-2011

		% PL 2009	% PL 2010	% PL 2011
Convenience	Convenient Packaging	5.48	8.15	6.07
	Ease of Use	7.65	9.34	9.21
	Microwaveable	15.82	16.09	14.46
	On-the-go	1.37	0.93	1.57
	Time/Speed	4.49	6.39	5.39
Demographic	Children (5-12)	2.22	1.90	1.54
Ethical	Ethical - Environmentally Friendly Package	5.38	12.90	15.96
	Ethical - Environmentally Friendly Product	1.23	0.68	0.67
	Ethical - Animal	0.76	0.79	0.75
	Ethical - Human	0.42	0.43	0.67
	Ethical - Charity	0.52	0.61	0.75
Free from	Caffeine-Free	0.61	0.72	1.05
Functional	Antioxidant	1.51	0.97	1.42
	Weight Control	0.00	0.00	0.52
	Functional	1.46	1.40	1.50
	Functional – Cardiovascular	0.80	0.65	0.67
	Functional – Digestive	0.52	0.36	0.34
	Functional – Immune System	0.33	0.36	0.34
	Functional - Other	0.05	0.14	0.19
Minus	Hormone Free	0.66	1.29	1.84
	Calorie Claims	4.06	3.05	3.56
	Total Cholesterol claims	4.49	4.49	4.19
	Total Fat Claim	9.92	10.20	10.00
	Total Sodium Claims	3.40	3.74	3.26
	Total Sugar claims	2.79	2.26	2.70
	Total Trans fat claims	8.22	9.27	8.50
	Total Saturated Fat	0.99	1.08	1.01
Natural	All-Natural Product	6.66	9.55	10.49
	GMO-Free	0.28	0.22	0.49
	No Additives/Preservatives	11.00	12.68	13.67
	Organic	6.80	5.82	4.31

	Wholegrain	2.83	4.02	4.42
Plus	High/Added Fiber	0.52	0.79	3.00
	High Protein	0.57	0.72	0.60
	Vitamin/Mineral Fortified	2.31	3.16	3.18
Positioning	Cobranded	0.80	1.04	0.86
	Economy	8.31	8.84	12.32
	Premium	12.23	9.27	9.81
	Event/Merchandising	0.00	0.18	0.15
	Limited Edition	0.42	0.43	0.82
	Seasonal	4.82	3.41	4.68
Suitable for	Gluten-Free	4.77	5.53	8.61
	Kosher	29.13	35.13	34.16
	Total allergen claims	5.67	6.36	9.63
	Total Lactose claims	0.94	1.44	3.41
	No Animal Ingredients	0.94	1.26	1.69
	Vegan	1.23	1.33	1.76
	Vegetarian	1.65	1.54	1.42

Research question 2

39 out of 48 analyzed claims were found to be significantly different with the confidence level of 95% and P-value<0.05. Hence null hypothesis, saying that percentage of products labeled by nutritional, health or processed claims is equal for both NB and PL products in US can be rejected.

In 85% of the cases the percentage of claims was found to be greater on NB products rather than on PL. Exceptions are Convenient Packaging, Ease of Use, Microwaveable, Time/Speed, Total Fat, Total Lactose, Vegetarian, Economy and Premium Claims. Almost of them are actually attributes and benefits where was no significant difference. Difference showed Total Lactose, Vegetarian, Economy and Premium claims.

It's interesting that among these claims Economy and Premium claims were found to be statistically different in NB and PL with the highest Z-values. It means that Price is still the main attribute that PL companies are focusing on. As it revealed in the data PL brands appear to be making progress with some attributes and benefits represented on NB also. It's clear that a primary benefit of PL is and will continue to be the price. But it should also be pointed out that not only prevalence of Economy, but also of Premium claim is greater on PL product that means that PL companies have started to emphasize fact of improving their product and making them to be competitive to leading premium-quality NB.

However the positive tendency of PL usage of FOP claims in general can be noticed. One can see that group "Convenience" is widely represented on PL as well as NB. And in four out of five representatives of convenient group PL products show more percentage of convenient claims. "Minus" and "Suitable for" groups also shows pretty low Z-values that means that PL are right behind NB products.

There occurs to be less PL products in this analysis labeled with Functional and Natural groups of claims. This is where the highest Z-values can be traced.

Anecdotally consumers appear to be paying attention to health attributes of the food products as well as demonstrating and increasing popularity of healthy life-style and lots of launching healthy food programs and policies. So by increasing health advantage of the product and then prevalence of Functional claims on the FOP PL company might significantly reduce existing gap between them and NB and possibly attract much more new costumers.

The same situation appears to be with Natural group of FOP claims. The three most important and apparently currently in vogue with consumers are the processed claims of "All-Natural", "GMO-free" and "Organic" in this group show pretty high Z-values that says about high statistically significant difference between usage of those on PL and NB products.

Table 2: Prevalence of FOP claims on National Brands and Private Labels, USA, 2011

		Prevalence on NB, %	Prevalence on PL, %	Z-value	P-value	Significance
Convenience	Convenient Packaging	5.97	6.07	-0.17	1.14	-
	Ease of Use	8.57	9.21	-1.00	1.68	-
	Microwaveable	11.31	14.45	-4.11	2.00	+
	On-the-go	2.44	1.57	2.93	0.00	+
	Time/Speed	4.63	5.39	-1.54	1.88	-
Demographic	Children (5-12)	3.87	1.54	7.29	0.00	+
Ethical	Ethical - Environmentally Friendly Package	17.65	15.95	2.06	0.04	+
	Ethical - Environmentally Friendly Product	3.14	0.67	9.86	0.00	+
	Ethical - Animal	0.99	0.75	1.18	0.24	-
	Ethical - Human	2.00	0.67	5.96	0.00	+
	Ethical - Charity	3.20	0.75	9.55	0.00	+
Free from	Caffeine-Free	1.47	1.05	1.75	0.08	-
Functional	Antioxidant	3.73	1.42	7.42	0.00	+
	Weight Control	1.63	0.52	5.56	0.00	+
	Functional	5.33	1.50	11.19	0.00	+
	Functional – Cardiovascular	1.77	0.67	5.10	0.00	+
	Functional – Digestive	1.07	0.34	4.59	0.00	+
	Functional – Immune System	1.10	0.34	4.71	0.00	+
	Functional - Other	1.60	0.19	8.70	0.00	+
	Hormone Free	2.22	1.83	1.25	0.21	-

Minus	Calorie Claims	6.12	3.56	5.74	0.00	+
	Total Cholesterol claims	5.94	4.19	3.72	0.00	+
	Total Fat Claim	9.35	10.00	-0.98	1.67	-
	Total Sodium Claims	4.06	3.26	1.98	0.05	+
	Total Sugar claims	6.00	2.70	8.06	0.00	+
	Total Trans fat claims	9.98	8.50	2.33	0.02	+
	Total Saturated Fat	1.66	1.01	2.72	0.01	+
Natural	All-Natural Product	18.20	10.48	10.56	0.00	+
	GMO-Free	3.76	0.49	13.06	0.00	+
	No Additives/ Preservatives	17.56	13.67	4.95	0.00	+
	Organic	7.84	4.31	7.18	0.00	+
	Wholegrain	5.64	4.42	2.59	0.01	+
Plus	High/Added Fiber	4.08	3.00	2.73	0.01	+
	High Protein	2.22	0.60	7.31	0.00	+
	Vitamin/Mineral Fortified	3.31	3.18	0.33	0.74	-
Positioning	Cobranded	1.64	0.86	3.41	0.00	+
	Economy	1.15	12.32	-17.27	2.00	+
	Premium	6.98	9.81	-4.41	2.00	+
	Event/Merchandising	1.34	0.15	8.06	0.00	+
	Limited Edition	2.08	0.82	5.33	0.00	+
	Seasonal	7.51	4.68	5.64	0.00	+
Suitable for	Gluten-Free	13.37	8.61	7.20	0.00	+
	Kosher	36.53	34.14	2.24	0.02	+
	Total allergen claims	15.04	9.62	7.79	0.00	+
	Total Lactose claims	1.96	3.41	-3.78	2.00	+
	No Animal Ingredients	3.04	1.68	4.33	0.00	+
	Vegan	3.15	1.76	4.35	0.00	+
	Vegetarian	1.90	1.42	1.73	0.08	-

Conclusion

There are two conclusions that can be drawn from this research. The first is that PL companies for the most part are including important consumer attribute and benefit information on the FOP of their products. This is an important step for the PL industry because it's further evidence that PL brands are acting like a brand and not just a "cheap choice."

The second conclusion is that while making progress PL companies still lag behind NB in both of number and types of claims they make on the in front of their package.

There is the opinion of the authors that in order to not just grow unit sales but to increase margins PL companies must continue to match NB in terms of how they represent their brand on the front of the package.

This research can be advanced by an analysis at the product class level in order to determine whether significatly more progress has been made within some product groups which may be macked by group averages.

Management implication

There is advice to both the PL and NB marketers. PL companies have evidence that just promoting low price may not be the sole benefit consumers are looking for in PL products. They now appear to trust the retailers and their brands and are searching for less costly alternative which does not cause them to compromise to get a lower price. PL marketers must continue to focus on added benefits while not losing sight of their need to be a lower price choice.

NB must now see PL as a real competitor on all competitive positions and focus attention not just on other NB but have strategies to deal with the ever more sophisticated and desireable PL. The battlegrounds have changed.

The second implication is that not all benefit areas are being attacked by PL label products. Either because the PL company can't provide those benefits or a lack of desire to move into those brand positions. Therefore NB should focus on areas that remain less crowed with PL brand claims.   Find the uncontested grounds and do battle there.   It suggests the NB innovation will be more important in the future if they are to maintain not just sales but especially profits.

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Design of Fashion Accessories: fabrics, modularity and technology

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Abstract

This article results from an applied research project in collaboration with a textile firm located in Beira Interior.

During this project the main objective has been the development of new patterns for wool fabric products for the company Fitecom. However, other objectives have been pursued, mainly the development of accessories with those fabrics, promoting differentiated applications beyond clothing products. Moreover, concerns about sustainability also support the work carried out until this stage.

Concerning the raw materials, fabrics of natural fibers, 100% wool, were selected and for the design of the accessories, specifically bags, options of modularity were tested to extend the lifetime of the products, in a slow fashion perspective. The integration of technology, to increase the products value and consequently improve their lifetime, is also another solution proposed in this route to more sustainable products.

Introduction

In the fashion industry accessories play an important role along with clothing in the definition and expression of personality and social positions of individuals in the society (Barnard, 2002; Pedersen, 2006; Wilcox, 1999).Furthermore, in the design of fashion products in general, such as clothing and accessories, with the perspectives referred above, not only the aesthetics but also functionality aspects must be considered. The fashion accessory object of this study, the bag, since its existence has always been associated with basic transport functions, along with meanings of status and aesthetic.

As well as in clothing, when producing bags the aesthetic and functional characteristics can be determined and influenced by the choices of the materials used. All throughout history a large variety of materials have been explored, for example, in the middle ages bags were mainly manufactured from leather, silk, linen fabric and

from pieces of ecclesiastical robes, as well as wall hangings. In the twenty-first century, with the continuous technical innovations, new fibers and new materials, such as fabrics with soybean and bamboo fibers have been developed. But one of the big trends is the use of sustainable fabrics with organic cotton and wool, along with a growing concern for recycling and biodegradability (Brand & Teunissen, 2007; Nyamache &Nyambura, 2012; Perdersen, 2006; Wilcox, 1999).

Taking into account the importance of aesthetics and functionality, and also pursue of more sustainable products, the role of design is extremely important. Concepts such as mass customization, slow design and slow fashion have gained attention during the last years, to attain more sustainable production and consume. Characteristics as modularity and a closer relationship between companies and consumers through co-creation and co-design (Kim, 2010; Kuo et al., 2011; Piller & Tseng, 2010; Prahalad & Ramaswamy, 2004; Satam et al., 2011; Schulte & Godoy, 2012; Ulrich et al, 2003) are some of the ways applied in the development of those products with add value, more quality and durability, extended lifetime, and consequently a longer lifecycle, because consumers more strongly connect to the them, not throwing them away so easily, as they do with fast fashion products.

In this research, modularity and the integration of technology are proposed as options during the development stage as methods to extend the lifetime of bags.

Raw materials: wool fabrics

Wool fabrics were used in this research project as the main raw material to produce bags, mainly because in the region of Beira Interior there is a long tradition of producing and developing wool based fabrics and clothing, and also because it is one of the least explored materials in the development of bags as confirmed by our. A brief analysis to the use of fabrics in some recognized brands was done (tables 1, 2).

Using fabrics with natural fibers, some in natural colors, without dying, is also a step for the development of more sustainable products (figure 1).

It can be stated that wool fabrics can produce products with added value for the consumer; however it is necessary to understand the characteristics of the fabrics that consumers value most on items like bags (Pierlot, 2010). For example, on wool clothing, characteristics such as comfort and protection (against heat or cold) are the most important, but in bags they are not so relevant. Characteristics such as waterproof and resistance may be more relevant in choosing bags of a certain material. Considering the features already highlighted of wool fabrics, these may be extended by subsequent treatments such as coatings and micro-encapsulation of various compounds. For this aspect, some tests were conducted using polyurethane and phosphorescent coatings for waterproofing and aesthetic purposes (figure 2).

Table 1. Analysis of bag collections

Brands	Fabrics: Cotton, Polyester, Wool		Other Materials: Leather, polyurethane		Number of available articles	
	Number of items	Percentage	Number of items	Percentage	Number of items	Percentage
Zara	10	6.9%	134	93.1%	144	100%
Lanidor	7	18.4%	31	81.6%	38	100%
Mango	9	6.7%	126	93.3%	135	100%
Salsa	10	28.6%	25	71.4%	35	100%
Pull and Bear	18	35.3%	33	64.7%	51	100%
Total	54	13,4%	349	86,6%	403	100%

Table 2. Analysis of fibers

Composition of fabrics used	Bags with simple or mixed composition	Percentage of fibers used
Cotton (cotton; cotton and polyester)	30	49.2%
Wool (wool; polyester and wool)	4	6.6%
Polyester (polyester; cotton and polyester; polyester and wool)	26	42.6%
Nylon	1	1.6%
Total	61	100%

Figure1. Fitecom fabrics 100% wool

Figure 2. Coating machine

Modular design

"Despite the scarce and imperfect formal approaches to modularity, it has been recognized for decades as a good design practice. The unrealized potential and growth of modularity are tremendous" (Kusiak, 2002: 225). Indeed modular design is far away from well explored as a tool for product development, but the advantages it brings for companies and consumers are worthy of attention. Modularity can be defined as a feature of the product, adding modules into its design. It can improve the reliability and quality of the product, enabling maintenance, repair, simple assembly or disassembly and differential consumption (Daniilidis & Enßlin, 2011; Newcomb et al., 1996). Developing modular designs can also help to reduce costs in the production, when a family of products with the same modules is created (Luh et al., 2010).

In the context of fashion accessories, namely bags, modularity can be a solution for various issues, such as: when repeated use provokes damage in a specific part of the bag; when fashion raises the desire of following seasonal trends (spring/summer, fall/winter), urging a change of colors, fabrics and shapes (.g. change of handles and pockets with different colors); when the choice of fabrics involves a specific intention (ex: waterproofed fabric during the winter), or when it offers different adaptations for a variety of occasions (e.g. use the same bag for day and night).
In the current project some prototypes have been developed to test some options of modularity (figure 3, 4, 5, 6).

Figure 3. Handbag 100% wool fabrics: front panel yellow with coating and option with grey embroidered; two options of handles

Figure 4. Backpack 100% wool fabrics: modular base with coated fabric

Figure 5. Weekend bag 100% wool fabrics: modular handles and small optional bags

Figure 6. Briefcase 100% wool fabric coated: modular handles and pockets

Integration of technology

Technology is increasingly more present in our daily lives, from the most ordinary and simple objects to the most complex items, where the advances and progresses achieved are much more evident. In fashion products, such as clothing, the integration of smart functionalities is changing the culture around those products and the way the consumers interact and use them (Baurley, 2004). This new developed relationships can be understood by the term coined by Sabine Seymour, Fashionable Technology, as the "intersection of design, fashion, science, and technology" (Seymour, 2008: 12). She also made a definition of Fashionable wearables as "'designed' garments, accessories, or jewelry that combine aesthetics and style with functional technology."(Seymour, 2008: 12), therefore it's important that this integration is done without losing fashion sense, considering the aesthetic side, because it's almost inevitable that some components cannot be completely integrated and hidden on the accessories. As Suh,

Carroll, and Cassill (2010) refer "To empower the appearance, technology must be simplified and invisible , as much as it can. If technology is not invisible, it should have an attractive appearance and become fashionable (…)" (Suh et al., 2010: 11).

In this project one of the objectives is to follow this approach, imbuing the integration of technology in a subtle way that considers and maintains the aesthetic and functional aspects of the manufactured goods. The integration of technology is presented here as an option to add value to the products, and a possible answer to concerns about security (e.g. opening with private code, system of location by GPS); or on the other side to more playful desires (e.g. integration of leds). For this purpose, some components that nowadays are common in wearable technology, such as connectors, wires, sensors, microprocessors, actuators, software, batteries, solar panels, wireless systems and with electronic textiles will be used (Seymour, 2008).

Results and Discussion

In the sequence of the current research carried out with the wool firm some prototypes of bags made of 100% wool fabrics were developed, either with the fabrics in its natural state, or with polyurethane coatings, and options of modularity.

The results are in concordance with the expectations, but it needs to be taken into consideration that a deep research on the applications of wool fabrics in bags is needed, as well as performance tests.

Conclusions

It is evident that the present environmental concerns, and also the technological evolution, aim for new roads in the design of fashionable accessories with aesthetic, functional and sustainable solutions, allowing a growth of value for the economy, on the basis of a university–company relationship.

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Brand Protection and Counterfeiting in the United Kingdom and China

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Abstract

The purpose of this paper is to explore the relationship between consumer purchasing behaviour of counterfeit luxury products and the approaches used by retailers to protect themselves from counterfeits. Most of the previous literature explored counterfeiting in the context of a single country with some taking the consumer's perspective (e.g. Nia and Zaichowsky, 2000) whilst others have focused on the retailer's perspective (e.g. Hasselmann, 2004). It has been suggested that anti-counterfeiting efforts would not be effective without a clear identification of consumer purchase intentions (Marcketti and Shelley, 2009). Otherwise, no evidence has been found of prior research focusing on the interrelationship between consumer attitudes towards counterfeit products and the brand protection strategies adopted in different markets even though counterfeit phenomena may develop differently in various countries and market environments. To begin to fill the perceived gap in the literature, this study provides estimates of the scope and magnitude of counterfeit activity together with both the outcomes of surveys of consumer purchasing behaviour and discussion, informed by interviews with retail managers focused on the effectiveness of anti-counterfeiting strategies in locations in two countries, namely the UK and China.

Key Words – Brand Protection, Counterfeiting, Consumer Attitudes, Brand Protection Strategies, UK, China

Introduction

Branding, design and creativity form the core of the luxury products industry (Okonkwo, 2007). Attributes such as high price, excellent quality, rarity, exclusivity and craftsmanship are typical attributes of luxury brands, but are not the determining factors in their success (Dubois and Duquesne, 1993). Luxury brands may appear modern but the reputations of typical examples such as Chanel, Hermes, and Cartier have taken many years to fully establish (Beverland, 2006). A luxury brand is defined as: 'A brand that consistently delivers a unique emotional value and possesses the capacity of creating a lifestyle experience through a strong identity, a high level of creativity, and closely controlled quality, quantity, and distribution, all of which justifies asking for a premium price' (Hameide, 2011, p 111). A brand is therefore not only a company's symbol but is also regarded as one of its most valuable assets (Franklin, 2003). It has financial value; by its effects on customer's attitudes towards the branded products, it has the potential to be a positive influence on future income of the company.

Given improvements in people's living standards in countries such as China, India and

Russia, the market for luxury consumer goods has expanded significantly in recent years and because of more pervasive media, greater attention is now being paid by brand managers to explaining the experience associated with the branded products before customers make any consumption choices. Through investing in such approaches, superior products have an opportunity to gain a greater share of a larger market, especially in the case of international brands. However, well-known brand names are often used illegally by other sources; counterfeiting flourishes because it is a low-risk, high-profit-margin business without the cost of investing in developing the brand's reputation (Thomas, 2008); if branded products did not attract consumers, counterfeiting would not be an issue (Cordell et al., 1996).

Counterfeiting is 'the unauthorized manufacturing of articles which mimic certain characteristics of genuine goods and which may pass themselves off as registered products of licit companies' (Staake el al., 2009, p321-p322) or, in other words, the reproduction of a trademarked brand, together with closely similar or identical packaging, labeling as well as trademarks, aimed to deceive consumers (Cordell et al., 1996). Though often thought of as low-quality imitations at low price points, some counterfeit products are so well-made that the brand owners themselves find it hard to distinguish them from the genuine product. In certain other respects, counterfeit luxury goods can be easily distinguished from legitimate brand name goods, as price and distribution channels are totally different (Nia and Zaichkowsky, 2000). Original goods tend to be closely monitored by the legitimate producer and are only available for sale in authorized department stores or brand flagship stores, whereas counterfeits can be found elsewhere, for example in Canal Street, Manhattan, Silk Street Shopping Mall in Beijing and various markets in Hong Kong (Okonkwo, 2007).

'Copying' or 'Imitation' is different from counterfeiting; it refers to the practice of producing cheap replicas of a designer product, but by altering a few details; whilst it may retain a general similarity, it does not attempt to appear to be identical to the original (Oliver, 2007; Hoe et al., 2003). Counterfeits also differ from 'Grey Market' goods, whereby unauthorized channels are used to distribute product overruns from legitimately contracted manufacturers (Huang et al., 2004); counterfeit products are distributed on so-called 'black markets'. According to Lai and Zaichkowsky (1999) the terms 'Counterfeiting' and 'Piracy' can be used interchangeably, although the term 'Piracy' is usually reserved for reference to software or music recordings.

Counterfeiting poses serious problems for companies, consumers and the economy (Tom et al., 1998; Okonkwo, 2007), particularly for luxury brands, through lost revenue and negative customer perception as well as brand dilution (BBC, 2007). Counterfeiting has become known as 'the crime of the 21st century' (Bian and Veloutsou, 2005).

Brand aspect is of particular importance as counterfeiters are more likely to target the high-end branded products as opposed to those which are more easily obtainable and less profitable, hence it has been suggested that the more successful the brand name, the more likely it will be counterfeited (Nia and Zaichkowsky, 2000). Counterfeiting causes financial loss to the lawful owners of the counterfeited brands and reduces perceived quality and exclusiveness, thereby affecting the company's reputation and damaging brand value (Ernst & Young, 2008). In addition, a recent study in the US found that there was a close association between counterfeiting and organized crime, terrorism and child labour both domestically and internationally (International Anti-Counterfeiting Coalition--cited in Marcketti and Shelley, 2009). When inferior materials and construction are

employed, consumption of counterfeits may cause the consumer some financial loss associated with shorter product lifespan.

Statistics compiled by the US Customs and Border Protection Office of International Trade (2007) showed that 7 out of 10 counterfeit products in the market were fashion products, such as clothes, handbags and accessories, and the majority of these fashion counterfeit products were copied from well-established international brands such as Hermes, Fendi, and Louis Vuitton. It is estimated that counterfeited products account for trade of more than $600 billion, approximately 7% of world trade (Wilcox et al., 2009) but the true figure may be higher, as it is suggested that less than 5% of goods in transport are checked by European customs authorities (Ernst & Young, 2008).

Counterfeit products offer consumers a price advantage; by using the reputation of established brands, they symbolize prestige at extremely low price points (Ehrlich, 1986-- cited in Marcketti and Shelley, 2009) and through their purchase, consumers are able to obtain the emotional associations and symbolic value of the legitimate brands (Ernst & Young, 2008). Such products are however, clearly illegal, made with the intention of deceiving consumers into believing that the products are authentic. Nia and Zaichowsky (2000) suggested that most consumers do not really believe that the value and satisfaction from the genuine luxury brand names are decreased by the availability of counterfeits or that the counterfeits negatively influence purchase decision of the original brands. Others, however, have drawn completely different conclusions by claiming that counterfeits diminish the symbolic value of the authentic luxury products and destroy brand equity and companies' reputations. According to them, counterfeiting damages the brand image and affects the exclusivity of a brand by over-exposing high-end brands, affecting consumer confidence and causing loss of direct and future sales of the genuine branded product (Oliver, 2007).

The problem of counterfeiting has escalated during the last two decades, assisted in part, by the widespread development of internet retailing; unauthorized sellers can create websites for selling counterfeit products at highly competitive prices, and customers may buy products with or without knowledge of their authenticity. Between 1984 and 1994 the growth of counterfeit goods in world trade was estimated to be 1100% (Blatt, 1993; Carty, 1994,--cited in Veloutsou and Bian, 2008), a result of high profit margins achieved through counterfeit production. More recently, factors such as expanding world trade and rapid advances in technology (Phau and Teah, 2009) as well as the overwhelming demand from consumers for branded goods at value prices (Amine and Magnusson, 2007—cited in Marcketti and Shelley, 2009) have also aided the growth of counterfeiting activities.

In the case of the UK, growth in outsourcing and offshore manufacturing has given a boost to counterfeiting activities because design and other privileged information can be easily revealed from within the supply chain. China has been identified by the Global Business Leaders' Alliance Against Counterfeiting (GBLAAC) as the largest single source of counterfeit products within the world market, and significant quantities of the counterfeit products seized by customs officials originated from China (Anderson, 2004). Interestingly, markets in China, with its own growing personal wealth, are now also flooded with counterfeit products.

In reaction to the counterfeiting issues, both brand owners and technology suppliers are under pressure to implement successful brand protection strategies. Legislation, law enforcement and new technologies could potentially be employed both to tackle existing

counterfeiting activities and to design a protection plan. It is suggested that the counterfeit luxury market is kept alive by supply and demand. Luxury brand manufacturers can only discourage consumers from buying counterfeits if they possess a clear understanding of consumer behaviour towards counterfeit purchases (Wee et al., 1995). Understanding of consumer attitudes toward counterfeit goods and factors affecting these attitudes will help companies and brand owners to address counterfeiting issues more effectively and hence create effective brand protection strategies (Bian and Moutinho, 2011). Customer views and their ethical judgments towards counterfeit products is a crucial element to address. The counterfeiting consumer group consists of two different types; deceptive where the consumer buys a fake, thinking it was original; non-deceptive, where the consumer knows the product is a fake but still goes ahead and buys (Bamossy and Scammon, 1985). Non-deceptive counterfeiting can also be called piracy, where branded goods are copied accurately and deliberately, but not sold on the purpose of deceiving the customer; instead it is the consumers who choose to buy (Hoe el al., 2003). In this case, consumers are seen as the collaborators of the counterfeiters rather than victims (Grossman and Shapiro, 1988). Deceptive counterfeiting was mainly found in markets for automotive parts, electronic products and stereo equipment, pharmaceuticals and medical devices; whereas non-deceptive counterfeiting mainly existed in the luxury brands market (Grossman and Shapiro, 1988). Non-deceptive counterfeiting is the focus of this paper.

Counterfeit products in the UK

Although the UK is not perceived as a major producer of luxury brands, it has been one of the main recipients of counterfeits (Kay, 1990). British consumers gain access to counterfeit products through various agencies, such as the internet, street-markets and car-boot sales or via holidays abroad (Oliver, 2007). It is estimated that counterfeiting activities costs the British economy £9 billion annually, with approximately 4,100 associated job losses every year (HMRC, 2009--cited in Michaelidou and Christodoulides, 2011; Schmittzehe, 2004; Anti-Counterfeiting Group, 2004). Counterfeiting not only causes losses in revenue to legitimate brand owners but also high costs in combating infringement (Gallagher, 2012). In particular, the internet has provided counterfeiters with an efficient and powerful way of selling products through its auction sites and some e-commerce websites. Ebay and Amazon.com are the two most popular online agents embraced by many counterfeit sellers and buyers who, as transaction hosts, cannot be held liable for counterfeiting activities. Specialists therefore are hired by many luxury companies to surf the Web everyday looking for fakes for sale (Thomas, 2008). Counterfeiting activities associated with organized crime and terrorism impact on public safety and overall social wellbeing in Southeast Asia as well as the rest of the world. Notwithstanding such issues, according to a survey conducted by the Anti-Counterfeiting Group in 2003, approximately a third of consumers would knowingly purchase counterfeit products providing the price and quality of the product were adequate, and 29 percent of the respondents saw no harm in product counterfeiting, providing the goods did not put the purchaser at risk (Anti-Counterfeiting Group, 2004), leading some to categorize it as a victimless crime (Freedman, 1999 – cited by Hoe et al., 2003). According to a recent survey (Schmittzehe, 2004) conducted by the UK Anti-Counterfeiting Group, a third of the total population would knowingly buy counterfeit products if the price and quality were adequate. Mintel (2005) found that UK consumers increased their spending on designer clothing, whereas it is generally believed that most designer goods tend to be overpriced according to its value. Therefore a number of customer groups may go for the comparable substitutes, particularly the top quality counterfeits which directly copy the

design of the original products.

Counterfeit products in China

Following rapid increases in per capita income and standards of living, China has become the world's third largest consumer of high-end fashion and other luxury products (Ernst & Young China, 2005) with the potential to become the largest consumer market for genuine luxury products within the next few years (Okonkwo, 2007), however, China has also been the major producer and distributor of counterfeit luxury products exporting counterfeits across the world (Hung, 2003). The wide availability of the counterfeits offers opportunities within China to those who cannot afford the originals (but are nevertheless obsessed with the branded items), to purchase cheaper alternatives; meanwhile it could also drive the genuine luxury goods consumers into buying counterfeits (Okonkwo, 2007).

Upon entering the huge Chinese market, some foreign companies fail to manage their production lines efficiently or rush into the licensing process with ineffective clauses on plant inspection and production supervision, leaving opportunities to counterfeit products. In some instances, licensed technology is resold and production is sub-contracted out to other manufacturers. Careless supply chain management enables counterfeiters to mix both authentic and counterfeit products, frequently using unauthorized dealership networks (Hung, 2003). Whereas in the UK, the distribution of counterfeit products is seen as a criminal offence involving the possibility of a prison sentence, counterfeiting in China is viewed differently. Although both countries have intellectual property rights protection laws in place, the Chinese government has not successfully enforced the law, due in part perhaps to the vast size of the country and the wide geographical dispersion of product counterfeiters, but also because of the country's perception of counterfeiting as a menial crime; weak enforcement has been compounded by high levels of unemployment and corruption (Hung, 2003).

Determinants of consumer purchase intentions

It has been found that a close correlation exists between one's attitude and purchase intention (Ajzen and Fishbein, 1980 –cited by Matos et al., 2007). Hence, how consumer perceive counterfeits will be an important indicator of his/her purchase intentions over the counterfeits (Matos et al., 2007) with low price always one of the major motivators for consumers in choosing counterfeit goods (Cordell et al.,1996).

Price and quality were the two main variables consumers used in evaluating a product before purchase with consumers often using price point as a proxy measure for quality; consumers who strongly believe in price-quality correspondence have a more negative attitude toward counterfeit purchase (Huang et al., 2004), although individual consumer's views on quality may vary depending on income or wealth (Grossman and Shapiro, 1988). Perceived risk also affected purchase intentions (Ang et al., 2001), with consumer concerns about product performance, lack of warranty and short product life cycle, or social and psychological risks such as being caught by the authorities with its associated negative impressions (Huang et al., 2004), all of which generate uncertainty and impact adversely on counterfeit purchase (Dowling and Staelin, 1994 – cited by Matos et al., 2007).

Consumer ethics, 'the moral rules, principles and standards guiding the behaviour of an individual (or group) in the selection, purchase, use or selling of a good or service (Norum

and Cuno, 2011, p29) have a significant effect on decision-making about the purchase of counterfeits. Both individual ethical disposition and subjective norm influence the potential levels of embarrassment experienced in making the purchase, (Penz and Stottinger, 2005), and purchase is heavily dependent on the approval or rejection of peer groups (Norum and Cuno, 2011), be it informational or normative (Matos et al., 2007).

Counteracting counterfeiting

Counteracting measures include reducing customer motivation for buying counterfeits by adding value to the original brand, educating the general public, and implementing an effective brand protection strategy (Schmittzehe, 2004); the brand protection strategy should both enforce a company's intellectual property rights and deter illegal and unauthorized activities (Hasselmann, 2004, pp26-27); it should be an integral part of the company's risk management system (Ernst & Young, 2008) and multidimensional (Murray, 2004) and widely communicated across the organization and with contractors, distributors, retailers and government authorities (Chaudhry and Zimmerman, 2009). The registration of trademarks and patents is an essential step in any brand-protection strategy (Chernatony and McDonald, 1998).

Methodology

Consumer survey

A semi-structured self-administered questionnaire was administered in both the UK and China to assess consumer attitude and perception to counterfeit purchase. The questionnaire consisted of three sections: a scale rating section, multi-part free list section and a section for recording demographic information. Questionnaires were completed by two hundred and sixty consumers; one hundred and thirty in the English language version in the UK and one hundred and thirty of the Chinese version in China.

The UK location was Selfridges, Exchange Square, Manchester a chain department store where counterfeit products would unlikely to be sold. The choice in China was also a conventional retail location, namely the Shen Zhen Sui Bao Department Store in Hong Ling Road, Fu Tian District, Shenzhen which stocks similar brands and products to Selfridges.

Consumers were approached outside the main entrance of Selfridges in the UK and asked:
 a) to participate in an online self-administrated questionnaire, and
 b) to provide their email address to enable the online survey link

A similar approach was used outside the Shen Zhen Sui Bao Department Store in Shenzhen, China, attempting in both cases to include participants with different demographic characteristics in order to include a wide range of consumers. Data collection was carried out over a five-day period in June/July 2012 with 100 percent of the consumers and retailers approached agreeing to take part in the survey. A total of 130 UK consumers and 130 Chinese consumers were issued with the questionnaire in this way. The response rate was 100 percent for both countries, with completion rates for the on-line questions of 93.8 percent in UK and 96.2 percent in China.

A total of nineteen questions were posed in the on-line survey with the aim of identifying the spending patterns of individuals who purchase luxury branded products and counterfeits in order to generate a better understanding of the consumer's image and perception of the two contrasting product fields, along with demographic information (age and gender). The questions were grouped as follows:

Previous purchase behaviour of genuine fashion goods.
Attitudes towards genuine luxury goods purchase
Previous purchase behaviour of counterfeit fashion goods.
Attitudes towards counterfeit products purchase
The availability and accessibility of counterfeit purchase in the area

Retailer survey

Face-to-face interviews were employed with fashion retailers and Brand Managers from both China and the UK in June 2012 to determine whether there are differences in attitudes and brand protection strategies adopted by retailers in the two countries, and in the UK, a Trading Standards Officer in Manchester was also interviewed.

One UK Retailer and two Brand Managers were interviewed in the UK. As a fashion retailer, both Prada and Chanel were located as concessions within Selfridges. Floor managers of Selfridges, as well as two brand managers (Prada and Chanel) were all interviewed in the store. At the location in China, the retailer interviewed was the Store Manager of Shen Zhen Sui Bao Department Store, and two Brand managers.

Results and Discussion

Several similarities and differences in the findings of the two sample populations under investigation were evident. In both the UK and China, most consumers and brand managers had a low opinion of counterfeit products, believing that they are of inferior quality, with the added liability of being visually recognizable.

Purchase of Counterfeit Goods

The questionnaire results revealed a similar spending pattern between the customers in the two countries regarding the purchase of legitimate branded products and counterfeit items, with most having purchased legitimate luxury branded goods, and the majority of the sample not having engaged in counterfeit purchase on that visit. Although accessibility and means for purchasing counterfeit products varies between the two countries, and counterfeits are much more readily available in China compared to the UK, a not dissimilar pattern was revealed at the two locations; a similar proportion of consumers in both the UK and China stated that they were willing to buy counterfeit products and had in fact bought different kinds of counterfeit items previously (35% of respondents in the UK and 37% in China). Perhaps one of the most significant findings of this research relates to this previous experience in purchasing counterfeit products. It was found that consumers are more likely to have a positive view on counterfeit products in both the UK (43.2%) and China (50%) when they had purchased counterfeits previously, by contrast with consumers who have never made a counterfeit purchase before (who tended to associate a negative image with counterfeits and were less likely to purchase counterfeit products).

The results of the questionnaire indicated that a high proportion of the survey participants

(88% in the UK and 89% in China respectively) owned many luxury branded goods, and around a third (see above) admitted that they had purchased counterfeits before both in the UK and China. Brands such as Chanel, Louis Vuitton, and Ray Ban were particularly popular with counterfeit purchasers with fashion accessories and handbags being particularly popular amongst product categories. The main motivation was predominately associated with price factors, i.e. customers usually purchase counterfeit branded products because of affordability and for their novelty value. Many buyers (32.3% in the UK and 20.3% in China) do not expect their counterfeit goods to pass as genuine but appreciate the style and value they convey. For the customers surveyed 13% of respondents in the UK and 11% of respondents in China, remained unsure about previous purchase of counterfeit goods.

The findings of this research support previous studies showing that consumer attitudes towards counterfeiting were an important indicator influencing the purchase decision of counterfeit products. Chinese consumers in particular, value peer advice and this exerts a great influence on their counterfeit purchase decisions, together with concern about the embarrassment potential in a counterfeit purchase. For UK consumers by contrast, the counterfeit purchase experience is heavily driven by holiday situations which produce a specific holiday mood. It is also evident that consumers are already aware of the illegal nature surrounding counterfeiting, with a high percentage of those who were surveyed admitting to this, and with a high proportion of the respondents willing to pay more in order to reduce the availability of counterfeits in the markets.

Survey respondents were asked to provide their age and gender as determinants of demographic variables; the age ranges and gender responses were 16 years to over 50 years, 23% male and 77% female for UK respondents and 27% male and 73% female for China respondents. However no significant results were found relating these variables to consumer's willingness to engage in counterfeit purchase.

The decision to buy counterfeit items has various reasons such as price, the accessibility of counterfeit products, the attitudes towards counterfeiting, and ethical beliefs and judgments, so specific questions were asked in the questionnaire about whether the consumers usually considered ethical issues before purchasing fashion items and whether they were willing to pay more for original branded items in order to reduce the amount of counterfeits in the market.. Disposable income had a non-uniform effect on counterfeit purchase; for consumers with the equivalent of more than 1000 pounds Sterling readily available, counterfeit products were no longer an attractive choice and purchase intentions for counterfeits were therefore low.

Demographic variables such as average spending allowance, gender and age also featured as determinants of counterfeit purchase intentions. People who were 50 plus were found to be particular interested and more keen on buying counterfeits products in comparison to other age groups in both countries.

Brand Protection Strategies

The managers of the international brands who were interviewed held a negative attitude towards certain aspects of counterfeiting, with the majority (83%) believing that counterfeiting tarnishes the reputation of brands, both in terms of quality and brand image. However, compared to the Chinese retailers and Chinese brand managers, the UK managers tended to see more positive elements arising out of counterfeiting. For

example, despite the fact that counterfeit products may damage the reputation and affect the desirability of the legitimate brand, UK managers along with the Trading Standards Officer, believed that counterfeit products constitute a form of advertisement of the legitimate luxury brand, and those already enjoying the quality and service of the luxury brands were unlikely to purchase counterfeit products.

Price and availability were regarded as the most important motivations for purchasing counterfeits. As the Floor Manager of Selfridges in Exchange Square explained, many sought-after branded products such as Hermes and Louis Vuitton have reduced availability and waiting lists before purchase; many of the brand salespeople put their regular customers first when providing exclusive products which may be why other consumers would resort to counterfeits

Both the Prada manager in Selfridges Manchester and the Selfridges manager quoted Burberry as an example of counterfeit products leading to a decrease in customer appeal for the brand; in that case there was so much counterfeiting that less-desirable social groups could afford a look that was the same as the high-end luxury customer. Similar damage can be seen with other luxury brands, such as Hugo Boss and Lacoste, which is why many brands now use authentification processes to show when, where and how the products were made.

Overall, the UK brand managers and retail managers and the Trading Standards Officer interviewed, could be said to hold a neutral proposition towards the damage brought by counterfeiting to the luxury industry; in one way it was seen to affect the desirability of the counterfeited luxury brand, but it was also seen as a sign of success because only of the most well-known brands are counterfeited. As stressed by the Prada manager, counterfeiting can be seen as a form of advertisement of the brand to the wider social groups, an opinion reinforced by the Trading Standards Officer, who stated that loyal customers would still stick to the original brand, while counterfeit branded products are often purchased by those who cannot afford the originals, with not much influence on the luxury brand itself; this is in line with literature citing counterfeiting as an extension of the advertisement of legitimate brand names (Okonkwo, 2007).

In contrast to the UK retailers, Chinese retailers valued quality as the most influential part of the luxury brand and believed that the counterfeit products were of inferior quality and with poor standards of quality control. Their argument aligns with the findings of the consumer survey with more Chinese consumers (69%) consumers valuing quality as the most important attribute when choosing a luxury brand product than those in the UK (47%).

How managers of international luxury brands control the environment of intellectual property is dependent upon the level of interest consumers give to the counterfeit markets (Chaudhry and Zimmerman, 2005). Thus a number of recommendations for a brand protection strategy focus on the customer's perspective. As price was regarded as an important aspect to the majority of the consumers, the Manager of Sui Bao suggested lowering the price points in terms of brand extensions so as to compete with the counterfeiters. However, this option could be very risky as it may damage the brand equity and tarnish the brand name. A better option might be to put emphasis on the superior quality of the legitimate brand and, if possible, offer a lifetime warranty on products, as suggested by the Prada manager. For example, the fine-jewellery brands, Tiffany and Cartier, offer a warranty service on most of their product lines, thereby

providing competitive advantage over counterfeits as well as other brands. Similarly, as pointed out by the Manager of Selfridges, an effective social marketing communication should be in place to highlight the key differences between genuine products and counterfeit products, and to show consumers that the difference in price can be justified due to the overall quality of the product, the sustainability of the materials used and a higher level of ethical care towards the workers involved in manufacturing, an argument in line with Ernst &Young (2008). Meanwhile, they can educate consumers not to purchase counterfeit goods by associating negative images with counterfeit goods such as the link to organised crime, and by using peer pressure to change consumer behaviour towards purchasing counterfeit goods (Chaudhry and Zimmerman, 2009).

According to the Trading Standards Officer interviewed, Trading Standards Offices have played an important role in combating counterfeiting activity in the UK through enforcement of existing law and legislations (such as the Trademark Act 1994), Copyright Act 1988 and Consumer Protection Act 1987, providing protection to consumers and brand owners, and ensuring fair market competition. Anti-counterfeiting technology can be used to assist their efforts. Interviewees cited the certification of the way each product is made with special codes with unique production dates to ease the process of verification, such as those incorporated into the product by Dior or Chanel into their luxury brand handbags, and the incorporation of unique product attributes such as the specially-dyed leather used by Miu Miu, making their products difficult to reproduce. Such techniques can be further supported by taggants with chemical fingerprints and RFID to provide complete traceability. Also, it was stated that established brands such as Chanel and Prada have their own intellectual property and IT departments working on counterfeiting issues and researching counterfeit distributers and websites to ensure that the brand is not damaged.

Conclusion

Many plans and marketing strategies are being developed to reduce the number of counterfeit products that are being produced on both a national and international scale (Schmittzehe, 2004).The majority of efforts put into place to stop counterfeiting and piracy by governments and enforcement agents have focussed on strengthening IP enforcement regimes with enforcement of different laws and legislation in relation to the counterfeiting. This is in order to prevent the production of counterfeit goods more efficiently and effectively. However plans for dealing with the consumer aspect of this issue have not been given the same amount of attention or resources. This study suggests that it will be helpful to take into account the various factors influencing consumer purchase intention concerning counterfeit products in order to target brand protection measures appropriately, while at the same time assessing management tactics towards brand protection. In order for the production and sale of counterfeit goods to cease internationally, governments in all affected countries need to view this issue with the same level of concern. However, tactics may need to be tailored to meet the needs of different cultures. By examining consumer attitudes towards the purchase of counterfeit products in two countries, the UK and China, it can be seen from this paper that there are differences in attitudes and but similar proportions of counterfeit purchasers in the UK, a developed country with a wide availability of luxury products together with a black market presence of counterfeit goods, compared with China, a developing country where counterfeits are widely available, and consumers' ability to purchase is increasing because of rising living standards.

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The Conception of Branding in Not-for-profit SMEs

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Abstract

A large number of not-for-profit organisations, especially charities, have become more receptive to brands and brand management issues in their search for differentiation and the communication of their services and values (Stride, 2006). However, it is argued that a majority of small to medium sized not-for-profit enterprises (SMEs), due to limited resources, are faced with larger barriers in adapting branding approaches (Khan and Ede, 2009). Others suggest that the reluctance in considering branding in small to medium nonprofits stems from a narrow understanding of the concept (Tan, 2003), and that the misconception of branding held by many practitioners disputes the need for not-for-profits to have a brand (Saxton, 2008).

Surveying a sample of not-for-profit SMEs in the UK, this paper investigates the conception of branding and the perceived barriers in adopting brand strategies within these organisations. The findings reveal the extent to which these barriers are related to the conception of branding. It helps both academia and practitioners to understand the brand management issues faced within these organisations. This is especially relevant in an era of economic downturn, when governments lack funding and seek new resources to deliver public services; hence, not-for-profits become increasingly important in both economic and social contexts (Deborah and Alfred, 2009).

Key words
Branding; not-for-profits; SME; conception; barriers

Introduction

The third sector for some represents 'nonprofit' or 'not-for-profit' while for others are exchangeable as 'voluntary sector' or 'community sector'. These organisations come in a wide range of shapes, sizes, and legal forms; whilst, sharing a common aim which is to address important social needs and stakeholder interests. The UK Government (CabinetOffice, 2007) defines these organisations as 'value-driven, principally reinvesting their surpluses to further social, environmental or cultural objectives'. This sector is especially valued as the socio-political environment changes due to the economic downturn. When the government has to find new resources for the delivery of public services due to a lack of funding, not-for-profit organisations have been 'called to action' to fill gaps (Deborah and Alfred, 2009). This is evidenced by the recent political debate relating to the 'Big Society' vision proposed by the new Coalition government in the UK.

To deliver these expectations, these organisations are under increased pressure to ensure cost-effectiveness, efficiency, and economy in their operations (Mullins, 2009). However, numerous problems relating to the operation of these organisations have been identified in literature. According to Deborah and Alfred (2009), a majority of these organisations are inefficient, unresponsive, and lack strategic visions. Helmut, Stefan et al. (1997) considered that due to the heavy dependence on public funds and close ties to the government in a wide set of policy fields, these organisations were increasingly bureaucratic and 'state-like' in their organisational structure, orientation and behaviour.

For the same reason, most of these organisations are struggling to sustain a strategic vision because of the changing policy environment.

Apart from these issues relating to operation, Octon (1983) also suggested that, due to the need to serve many publics (often on a non-discriminatory basis), not-for-profit organisations had problems in formatting and evaluating strategies concerning social objectives. Bryson (2001) believed that satisfying key stakeholders' interests according to their criteria for measuring satisfaction was crucial to the success of a not-for-profit organisation, in order to guarantee the generation of sufficient support, legitimacy, and resources and to ensure the organisation's viability and effectiveness. This view is criticised as it leads to a narrowed focus on limited key stakeholders, such as the funding bodies and members of the executive board (Dominic and Alfred, 2009). For the same reason, Ian (1995) believed that not-for-profit organisations were likely to fail in valuing their real audiences, leading to numbers of issues, for example, the basis of belief can be particularly antipathetic to customer-needs and these organisations can be monopolistic in relation to their beneficiaries.

Alongside these, the growing competition for diminishing financial resources has forced these organisations to seek new skills to address these issues. Theory and practice in marketing have therefore been debated as to their appropriateness in a not-for-profit environment.   Octon (1983) has suggested that a closer analysis of the difference between not-for-profits and commercial originations is essential, because certain characteristics possessed by the not-for-profits are of importance when discussing marketing theory and practice. Others, e.g. (Andreasen and Kotler, 2008, Ian, 1995, Joseph, 1994), believe that although the organisational objectives of these organisations differ from those of profit-motivated groups, the principles of marketing remain the same. Therefore, they believe what is needed is a greater adoption of a marketing approach in not-for-profit organisations. Furthermore, Joseph (1994) proposed that the marketing concept should be applied as 'a philosophy of action for managers, forcing them to reorient the administration of the organisation towards better communication with the customer/user, to understand their needs, to offer them a good product/service, and look for feedback'.

Branding has become one of the most frequently adopted marketing tools by not-for-profit organisations. Roberts-Wray (1994) first argued that charities were under-using their most valuable asset: their brands. He suggested that these organisations should market themselves as brands, using conventional, for-profit, brand management techniques. Following this, large charities seem to be more receptive to brands and brand management issues in their search for differentiation and the communication of their services and values (Stride, 2006). However, for small to medium sized not-for-profit organisations, branding remains an untouched territory (Hina and Donna, 2009).

Literature Review

Branding In Not-For-Profit Organisations

Earlier literature has focused on the appropriateness of branding in not-for-profits. The rationale for using brand in not-for-profits has been shaped around the idea that these organisations are value-based organisations. This is also believed as what differentiates themselves from commercial organisations. Based on this, Stride (2006) argues that it is more natural for not-for-profit organisations to use brand as a tool to conceptualise their

core values than commercial organisations. He explains that commercial organisations can only use the brand concept to either 'mirror' (reflect) or 'lamp' (influence) those values underpinning the needs and desires of consumers; whilst, for not-for-profit organisations, these values are rooted in the organisation and therefore brand can be used as a 'lens' to project the values of the organisation. In this way, he believes branding offers an applicable and effective model in the not-for-profit context. Therefore, not-for-profit organisations are well-placed to become powerful brands. Tan (2003) believes that the motivation and passion behind the organisation's work is a fine basis to articulate a brand and what should be communicated is the significance of its work, not just a single message, logo or catchphrase. Given this, Saxton (2008) suggests a brand should be rooted in, and derived from the not-for-profit organisation itself.

Hankinson (2001) considers the extended role of brand, not only as an identifier, but as a communicator of what the organisation does and the values it represents. It has been increasingly acknowledged that having a clear defined brand value holds numbers of advantages for not-for-profit organisations; for example, a statement of the brand value provides a guideline for actions towards better communication and more salient offerings (De Chernatony et al., 2003); a benchmark to ensure their activities are 'on brand' (Olins, 2003); and a key differentiating factor to help not-for-profit SMEs survive in an increasingly saturated and demanding environment (Hina and Donna, 2009). There seems to have seen increasing pressure on such organisations to establish "a name" for themselves. A clearer understanding of how values are conceptualised in branding is necessary in order to establish whether branding is an appropriate and effective tool in the not-for-profit context.

A growing body of literature has focused on the practical side of branding in not-for-profits. For example, Saxton and Denye (2005) have proposed a branding tool for not for profit originations. This has been supported by Saxton's view (2008) which suggests that non-profit organisations need more coherent and individual approaches to branding than adopting those used by the commercial sector, because the personalities of not-for-profit organisations are potentially deeper than those of most commercial brands, and the marketing budget for not-for-profit organisations is far less than that commercial brands would invest. Similar difficulties in applying branding in not-for-profit organisations have also been reported in the literature. For example, in Hina and Donna's study (2009), gaining company-wide consensus, a lack of enthusiasm amongst some employees, limited financial resource, and a short-term view toward the investment in branding are regarded as barriers.

Interestingly, another focus in the literature has been on the misconceptions held in not-for-profit world in relation to branding. Back in the 1950s, Ian (1995) pointed out that marketing to many people in the not-for-profit world was synonymous with "selling people things they do not need and cannot afford", and the professional technique has been largely disregarded. Recently, there has seen growing concern about the over-commercialisation of the sector. Saxton (2008) suggests that the need for not-for-profits to have a brand is disputed by many practitioners in this sector and many not-for-profit organisations are therefore reluctant to think of themselves as "brands" or "potential brands". Tan (2003) believes that this reluctance stems from a narrow understanding of branding as a marketing tool rather than as a core organisational principle. Saxton (2008) further argues that the misunderstanding might be down to the abuse of branding techniques in the commercial sector, for example, a heavy emphasis on visual identity and many brands are maintained by heavy use of image advertising; the brand is the

product of the marketer and the maintenance of the brand is focused on appearance and style; brand management and corporate identity are inextricably intertwined; and heavily rely on a large marketing budget to drive the message home in a variety of media. Therefore, the money spent on the brand is regarded as a cost, not a long-term investment, and spending large amounts of money on activities such as a re-branding seem inappropriate (Hina and Donna, 2009).

It appears that these difficulties identified in the literature are associated with either the fact that a majority of not-for-profit organisations are operating on limited resources; or the fact that the brand concept is misconceived; as a result, these organisations generally lack sophisticated knowledge in branding. Both can be fundamental issues especially for small to medium sized organisations, which constitute the majority of this sector (Tan, 2003). However, little has been researched into this area. Hina and Donna's study (2009) is probably the first one exploring explicitly the role of branding toin not-for-profit SMEs. Literature on branding in SMEs is further explored to identify potential barriers in applying branding faced by these organisations.

Branding In Small To Medium Sized Enterprises

Branding in small to medium-sized enterprises (SMEs) is also an area of study in its infancy (Ojasalo et al., 2008). Frank (2005) comments that although considerable literature has been published about brand management in general, a majority of theory and case studies are based only on multinationals. Among a limited number of publications on branding in SMEs, it appears that conception-related barriers exist alongside practical difficulties. This is coincident with the literature in not-for-profit organisations. For example, Ojasalo et al.'s research (Ojasalo et al., 2008) clearly shows that directors of SMEs often think that branding is just for big companies, as brand building is usually perceived as a large-scale effort with massive investments.

Constrained by limited resources, most SMEs will be on the lower steps of the ladder. This is confirmed by Wong's study (Wong, 2005) which has conceptualised the extent to which SMEs orientate brand within the organisation. The lowest level is entitled 'minimal brand orientation', characterised by 'having low-key marketing across the board'. The second level is 'embryonic brand orientation', characterised by 'stronger marketing but not branding; very informal branding; seen as optional; narrow promotional tools; and word of mouth'. The highest level is 'integrated brand orientation' which shows 'stronger marketing and branding; either informal or formal branding; branding integral, not an option; wider promotional tools'. Moving towards higher ladders in practice, to a large extent, is dependant on how clearly these originations can locate themselves on the evolutionary map.

Merrilees (2007) has suggested that branding can actually add value to small business in a much more fundamental way. He has proposed eight key mechanisms for branding to assist small business create new ventures, including: opportunity recognition, innovation, business model development, capital acquisition, supplier acquisition, customer acquisition, and success harvesting. Merrilees's research (2007) supports the view that due to limited resources, the means of branding are often different (2008). However, whether these mechanisms can be implemented largely relies on whether these can be recognised by SMEs. Therefore, understanding the conception of branding and the perceived value by these organisations becomes critical.

More importantly, in implementing branding, SMEs are faced with numerous practical issues. Ojasalo et al's study (2008) has identified five special issues in brand building in SMEs. These issues are related to: (i) goals and perceived benefits, (ii) resources, (iii) external and internal cooperation, (iv) means and communication, and (v) the process. For example, the goals of brand building are often vague and branding has a less systematic role in the overall strategy; resources allocated to brand-building are generally limited; the visual image and material production are dealt with internally; there is change resistance and a lack of commitment; and the decision making related to branding is conducted by few managers.

Research Focus and Methodology

Literature in brand management relating to SMEs and not-for-profits suggests that branding can be fundamental in creating new ventures, when it is used as a philosophy of action underpinning the organisational principles. However, it is also suggested that the concept of branding is often misperceived in this sector and branding is often associated with large organisations, massive investment, and commercialisation. These misconceptions appear to hinder the use of branding by these organisations. At the same time, constrained by limited resources and available skills, these organisations are faced with numbers of practical difficulties leading to reluctance in investing in brand development. As shown in Figure 1, these issues can be categorised into four tiers:

(i)   attitude and perception related – perceived appropriateness, perceived value, and perceived importance;
(ii)   conception and understanding of branding;
(iii)   practice and skills enabling the implementation of brand development;
(iv)   and resources available for brand development.

The literature has recorded that each of these issues, to a certain degree, influences the full exploration of branding in not-for-profit SMEs. However, it is not clear as to the extent to which they impact on the use of branding and how. This study therefore aims to fill this gap. To achieve this, an online questionnaire was developed to collate five sets of data relating to the five areas outlined in the conceptual framework (Figure 1).

Figure 1 Conceptual Framework

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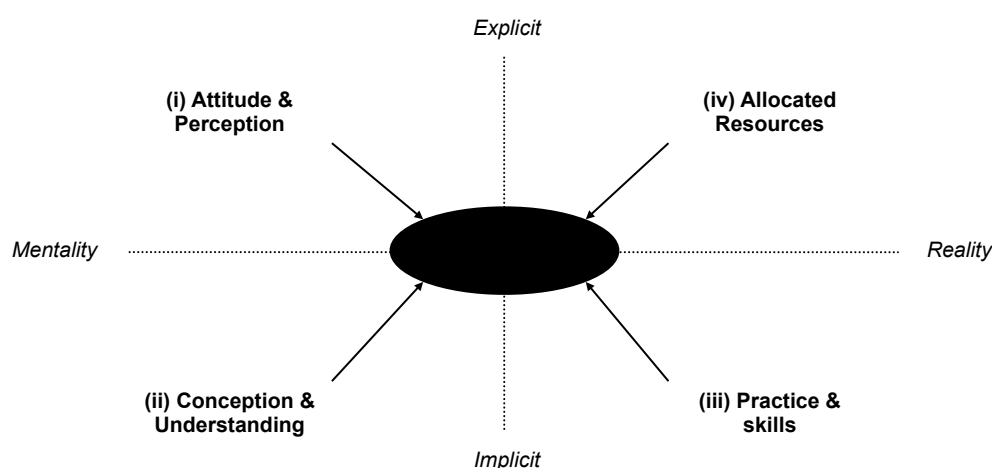
Directors or their equivalents in not-for-profit SMEs were considered as the target respondents, because the director of this type of organisations usually have a critical role (Frank, 2005, Hina and Donna, 2009) and their conceptions are critical to the overall receptiveness towards branding within the organisations.

Directors (or equivalents) from 130 not-for-profit SMEs (mainly located in the Northwest of England) have been approached. 25 have completed the questions. Of these organisations, a majority employ less than 50 people and only a very small proportion (4%) hire more than 50 employees (Figure 3). These organisations come in a range of forms as shown in Figure 2.
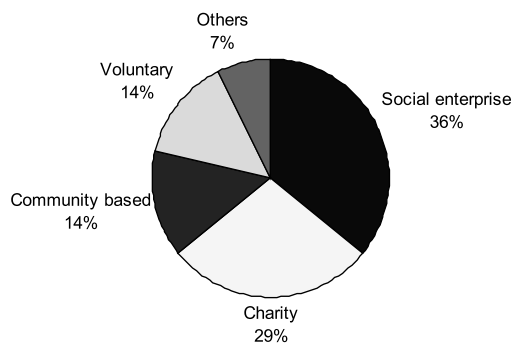
Figure 2 Forms   Figure 3 Sizes
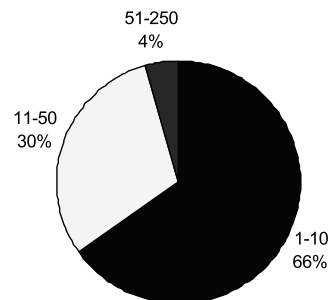
Findings

Mentality Related (Areas i and ii)
Various authors, e.g. (Saxton, 2008, Tan, 2003), have mentioned that there are widespread concerns about the use of branding in not-for-profit SMEs. In the survey, the respondents were asked the extent to which they agreed with the statements representing these concerns cited from literature. The results are shown in Table 1.

Three statements were used to test the perceived appropriateness of branding for not-for-profit SMEs (Table 1). The results show a strong consensus and a majority of the respondents disagreed with the misconception hypotheses. Contradicting the literature where it is believed that there is shared concern about its appropriateness to not-for-profit and SMEs, this finding reveals that branding is considered appropriate for not-for-profit SMEs in general.

The data also shows that branding is not perceived be less important compared with other developments either; and that investing in a brand as 'equity', not a cost, is recognised among these directors.

Table 1 Attitude, Perception, Conception and Understanding

	Strongly disagree or disagree	Neutral	Strongly agree or agree
Perceived Appropriateness			
Focusing on developing a brand will over-commercialize the organisation	96%	0%	4%
Branding is for big companies	87%	0%	13%
Branding is for commercial organisations	78%	0%	22%
Perceived Importance			
Branding is less important than other development	83%	9%	9%
The money spent on branding is a cost as opposite to a long-term investment	78%	13%	9%
Perceived Benefits			
Increases the acquisition of customers in the early and later stages of the venture	4%	13%	83%
Provides an overarching integrating tool for the entire new venture process	4%	22%	74%
Brings focus and discipline to the innovative and creative process	4%	22%	74%
Sharpens the business model formulation	4%	30%	65%
Increases access to new venture capital	17%	30%	52%
Could be seen as a filter to the opportunity recognition process	9%	43%	48%
Increases the access to suppliers in the early and later stages of the venture	22%	30%	48%
Conception			
Branding is a large-scale effort with massive investments and heavily relies on a large marketing budget	65%	22%	13%
The brand is the product of the marketer	57%	22%	22%
The maintenance of the brand should be focused on appearance and style	52%	26%	22%
Branding means advertising plus the brand name and/or logo	39%	22%	39%

Further to this, the respondents were asked the extent to which they agreed that brand development could add value to SMEs. Merrilees's study (2007) was cited here as a benchmark. The results show that the general view towards the value of branding is highly positive. A majority of the respondents either strongly agreed or agreed with all the benefits listed. Notably, 83% of respondents either strongly agreed or agreed that branding 'increases the acquisition of customers in the early and later stages of the venture'. Interestingly, among these benefits, 'brand increases access to capital' and 'suppliers' received the least support. This may be read as an indication that the value of branding has not yet been fully recognized. It appears that branding is considered as a tool valuable for internal employers and consumers, but not for other key stakeholders

such as funding bodies and suppliers. In this way, branding is perceived as valuable largely in a traditional marketing context, instead of being fundamental in creating new ventures.

There is, however, a caveat: it is unclear to what extent the answers reflect the true conceptions, given that the respondents were clearly made aware of the purpose of this research and this might have led to some strategic answers. If this is the case, the results can be interpreted as an indication of reluctance to admit their bias towards branding.

The survey also investigated the conception (perception of a concept) of branding in this sector. In the literature, it is believed that the reluctance and concerns of engaging branding derive from the misconceptions of branding held in this sector, e.g. (Tan, 2003). The data shows that half of the respondents failed to acknowledge the misconceptions relating to how a brand is developed. This is especially true in the last statement 'branding means advertising plus the brand name and/or logo', 22% held a neutral attitude and 39% agreed with it, showing a less sophisticated understanding about brand and brand development in general. The finding correlates with the literature that there is a lack of understanding across the board as to what it takes to develop a brand. This also correlates with the belief, e.g. (Saxton, 2008), that the abuse of branding techniques in the commercial sector has influenced how branding is perceived in not-for-profit sectors.

Practice related (Areas iii and iv)
In the survey, a list of practical difficulties in brand development identified in the literature was tested as to its relevance to the type of organisations in question. This set of data indicates the knowledge and skills required for branding.

The results (Table 2) show that a majority of the barriers are to a certain extent relevant to some organisations. However, the relevance of each barrier differs significantly across the board. When the barriers are related to resources, the results show a high consensus about the impact of resources on the use of branding across board; and these issues also appear to be highly relevant to a majority of those organisations.

Literature suggests that some characteristics of not-for-profit SMEs may represent barriers for the use of branding in these organisations. These barriers may relate to, for example, the nature of funding received, the variety of targeted public audiences, ties with political agendas, and the tendency to be action-oriented. These were tested in the survey. The results, however, do not show a strong consensus. Similar to this, when asked whether the list of difficulties (regarding how brand is implemented) was relevant, the respondents came out with discrete views. As shown in Table 2, there is a very low consensus.

Given that these organisations come in a wide range of shapes, sizes, and legal forms, it is logical to deduce that these practical barriers do not equally impact on the operation of different organisations; therefore, it is sensible to investigate further to see how discrete they are related to various sizes and forms of such organisations.

Table 2 Practical Issues

	Highly irrelevant or Irrelevant	Neutral	Highly relevant or Relevant
Barriers Relating to Resources			
Companies' brand-building resources are limited	0%	17%	83%
The organisation lacks marketing- and management-oriented personnel to co-operate brand building	17%	26%	57%
There are limited promotional resources	17%	17%	65%
Financial resources are limited	9%	13%	78%
Barriers Relating to the Nature of Organisations			
The organisation is exclusive because of the nature of funding received	78%	9%	13%
The organisation has to serve many public audiences (often on a non-discriminatory basis)	52%	13%	35%
The organisational goals have to respond to the changing political environment	43%	35%	22%
The organisation is action oriented	43%	22%	35%
Barriers Relating to Brand Development Practice			
The decision making related to branding is limited to a few people in the organisation	26%	13%	61%
There is resistance to change from some employees	48%	13%	39%
Some employees lack motivation	43%	17%	39%
The organisation lacks a consistent line in communication during the brand development process	43%	17%	39%
The goals of brand building are vague	48%	17%	35%
Information used in brand building is not sourced from your customers	43%	22%	35%
There is a lack commitment within the organisation	48%	17%	35%
Brand building has a less systematic and minor role in the organisation	35%	35%	30%
Marketing communications rely on limited media such as personal selling or face-to-face communication	52%	17%	30%

Further analysis shows that although there are shared trends among these two groups, the relevance of these barriers is associated with the size of the organisations. Table 3 shows the overall weight for each type of barriers by multiplying the degree of relevance with its frequency. The results show that organisations with less than 10 employees are more likely to be constrained by issues relating to resources and nature of organisations; whilst, larger organisations (11-50 employees) appear to have more problems in relation to how branding is implemented within the organisations. For example, larger

organisations may experience more difficulty in assuring a consistent commitment within the organisation.

In particular, Table 4 lists the shared barriers for both sized organisations. It shows that most shared issues are related to resources. It is worthwhile to note that regardless of size, both groups face the problem that 'the decision making related to branding is limited to a few people in the organization'. Among the list, it is perhaps to be expected that financial and brand-building resources present significantly higher barriers for smaller organisations than larger ones.

However, some barriers are not shared between these two groups. Table 4 also lists those showing the highest discretion. For smaller organisations, it is highly relevant that 'the organisation has to serve many public audiences (often on a non-discriminatory basis)' and 'Information used in brand building is not sourced from your customers'; but for larger ones, these two issues are totally irrelevant. Similarly, for smaller organisations, it is not a problem to ensure commitment; whilst for larger ones, this presents a challenge.

Table 3 Correlation between relevance of barriers and size of organisations

How relevant these types of barrier are to the organisation on average	1-10 (Employees)	11-50 (Employees)
Barriers Relating to Resources	9	8
Barriers Relating to the Nature of Organisations	-2	-3
Barriers Relating to Brand Development Practice	-2	0

Table 4 Comparison

How relevant these barriers are to the organisation on average	1-10 (Employees)	11-50 (Employees)
Shared Barriers		
Financial resources are limited	15	8
Companies' brand-building resources are limited	13	8
The decision making related to branding is limited to a few people in the organisation	5	6
There are limited promotional resources	4	8
The organisation lacks marketing- & management-oriented personnel to co-operate brand building	3	7
Discrete Barriers		
The organisation has to serve many public audiences (often on a non-discriminatory basis)	3	-5
Information used in brand building is not sourced from your customers	1	-4
There is a lack commitment within the organisation	-6	1

Use of Brand (Area v)
It is believed that due to various constraints, a majority of organisations of this type would be on lower steps of the ladder to developing a brand (Wong, 2005). The data has

confirmed this. As shown in Table 5, all organisations in the survey show a low involvement in brand development. 26% have 'low-key marketing across all its activities'; whilst, 74% have 'stronger marketing but not branding; very informal branding; seen as optional; narrow promotional tools; reliance on word of mouth'. Only a small proportion (26%) believes there is a high awareness of the organisation in the key target markets; and 30% high (or positive) brand equity. Interestingly, when asked the question regarding brand equity, 57% could not provide a clear answer. This may indicate a lack of either an understanding of the concept 'brand equity' or a lack in means of evaluating the brand equity. In either case, lack of relevant knowledge and skills in brand development may be a key problem. This finding is consistent with that of the previous section.

Table 5 Use of Brand

	Percentage
Level of brand development	
Has low-key marketing across all its activities	26%
Stronger marketing but not branding; very informal branding; seen as optional; narrow promotional tools; reliance on word of mouth	74%
Stronger marketing and branding; either informal or formal branding; branding integral, not an option; wider promotional tools	0%
Brand Awareness	
High awareness of the organisation in key target markets	26%
Brand Equality	
High (or positive) brand equity	30%

Conclusions and Implications

In conclusion, branding was considered appropriate to this type of organisation by a majority of their directors; and was perceived as important as other development within the organisation. In principal, the value of developing a brand was also well recognised, especially relating to its value in increasing the acquisition of customers and beneficiaries. This clearly evidenced a willingness to engage in brand development among these not-for-profit SMEs.

However, given a highly positive perception of branding among the directors, there was a lack of consistency in sophisticated understanding of branding across the board. The conception of branding was mixed. A relatively large proportion of these directors held a range of misunderstandings including: a heavy emphasis on visual identity and image advertising; brand as the product of the marketer; the maintenance of the brand focusing on appearance and style; and a heavy reliance on a large marketing budget to drive the message home in a variety of media. It is apparent that branding is not fully understood in this sector, whilst, it is not the case this has led to any reluctance in engaging in brand development.

Given this, the lack of resources, including both financial resources and marketing- & management-oriented personnel to co-operate brand building, was considered as a key barrier for brand development. This view was shared by both smaller (less than 10 employees) and larger (between 10 and 50 employees) organisations, although this appeared to be slightly more relevant to smaller organisations than to larger ones.

The existence of difficulties in branding practice is also apparent, although different organisations may face a different range of issues. In particular, a majority of the respondents shared the concerns that 'the decision making related to branding is limited to a few people in the organisation'. Other issues – e.g. a resistance to change and a lack of motivation, commitment, consistent communication, and clear goals in brand building – presented barriers to numbers of organisations at various levels. These barriers indicate a need for appropriate knowledge and skills to manage the process of brand development.

Given these, a majority of the organisations were at relatively lower levels of brand development. Only a very small proportion of organisations believed that they had a high awareness in key target markets and positive brand equity.

Based on the findings, the level of impact of each factor can be illustrated on the conceptual framework (as shown in Figure 4). In the centre, the use of branding is under developed in general, which should be attributed to the four factors surrounding it:

(i) Attitude and Perception: given a highly positive perception of branding held in this sector, this should not have a significant contribution towards the poor use of branding.

(ii) Conception and Understanding: there is clear evidence of misconceptions existing in this sector (although the data did not show a strong consistency among the responses). These misconceptions, relating to 'what branding is' and 'how to develop/maintain a brand', may influence the way resources are allocated, and knowledge and skills are sourced. Given this, it can be deduced that the less sophisticated understanding of branding should have impacted on the use of branding.

(iii) Practice and Skills: difficulties in managing brand development are apparent, although different organisations may face a different range of issues. A need for cohesive and profound knowledge and skills is evident. Therefore, the lack of practical skills should have had a major impact on the use of branding.

(iv) Resources: a lack of resources is a significant factor contributing to the poor use of branding in this sector. The high consistency among the responses also indicates the wideness of impact of this issue.

The analysis has concluded that the use of branding is not advanced in this sector and there is a lack of resources, skills, and knowledge which hinders the use of branding. The four factors present barriers for these organsiations, at the same time indicating the areas for improvement. As shown in Figure 4, three key actions can be taken to address these barriers:

1. develop cohesive approaches for brand development

Based on this diagnosis, in improving the use of branding in this sector, it is crucial to develop more coherent and individual approaches for brand development for these organisations than simply adopting those in the commercial sector. The findings support (Saxton and Denye, 2005)'s view. Differing from many large organisations in commercial sector, this type of organisation is constrained by the resources available and the marketing budget is significantly less than that commercial brands would invest. Meanwhile, because the personalities of not-for-profit organisations are potentially deeper than those of most commercial brands, alternative approaches need to be explored to source brand messages. Therefore, (as shown in Figure 4), to address the problems in

area iii (practice and skills) and iv (resources), not-for-profit SMEs need to systematically think of the potential advantages of branding for their business, and develop creative, targeted, and affordable approaches for brand building.

2. develop in-house expertise

Secondly, in enabling the development of cohesive approaches, it is essential for not-for-profits to develop their own expertise to address problems in area ii (conception and understanding) and iii (practice and skills) (as illustrated in Figure 4). This encourages the acquisition and development of knowledge and skills relevant to the individual organisation. Profound knowledge about branding also enables the organisation to fully explore the value of branding for this sector, which should focus not only on marketing, but also on enterprising.

3. develop a brand oriented culture

Thirdly and perhaps important, it is essential to cultivate an environment where branding is understood and appreciated.   Developing a brand-oriented culture is important to address the problems in area i (attitude and perception) and ii (conception and understanding). A widely shared understanding also enables the organisation to overcome numbers of difficulties in brand development, such as a lack of commitment, and resistance to change. Given this, for marketers, it is not sensible to impose the old wisdom to this type of organisation. To a large extent, the reluctance in thinking about branding may be a result of the marketing jargons used in the marketing world.

Figure 4 Implications
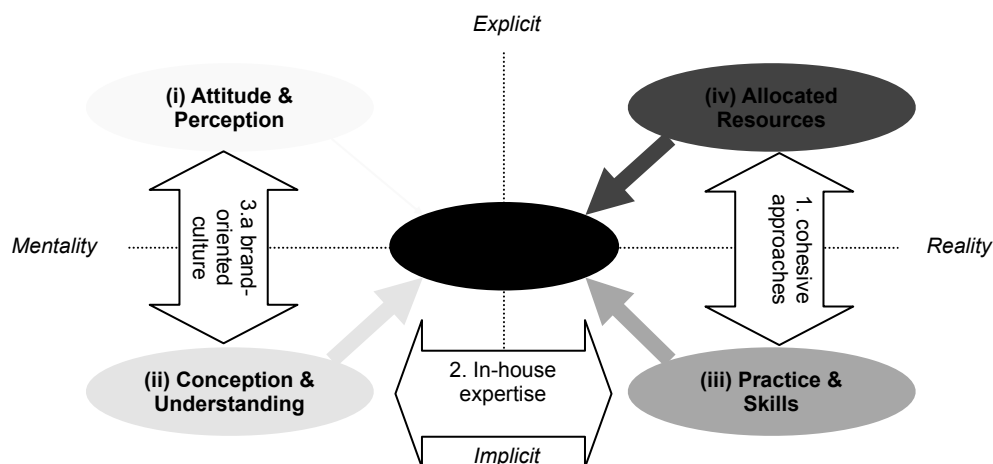
It is acknowledged that this research is at an early stage of development. It should be read as a diagnosis which depicts how various barriers influence the current use of branding in this sector. Future studies will focus on the development of solutions, based on the three areas outlined as implications in the conceptual framework.

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