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Corporate Social Responsibility as a Brand: Practical Activity or Social Hypocrisy?

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Companies seek to promote social responsibility activities, as these activities are perceived as certain goodwill in societies. This becomes the particular brand of the organization. However, there is often a gap between what is declared by the organization and what real practices of the socially responsible organization are.

However, the following **problem questions** arise: is imitation of social responsibility the natural state of the organizations that declare it (mimicry)? What are the fundamental reasons, which prevent the organization from actually implementing social responsibility rather than imitating it? Wouldn't such social hypocrisy affect the brand of the organization itself?

Purpose – after identification of corporate social responsibility becoming a brand, to evaluate the interest of companies in carrying out practical activity, avoiding social hypocrisy.

Experimental design and methodology. The theoretical part of the research is based on the analysis, synthesis, induction and deduction methods. The empirical part provides the results of expert assessment. The research was conducted using the method of a semi-structured interview. Questions of the interview are made on the basis of results of the analysis of academic literature, i.e., the following categories are distinguished: socially responsible activity and its imitation; internal and external circumstances leading to imitation of socially responsible activity; the influence of social hypocrisy on the brand of the organization.

Major finding. In the countries of different levels of social and economic development, corporate social responsibility is used as a brand, but the level of social hypocrisy is different, as social maturity of stakeholders is different as well.

Discussion and conclusions. Scientists from different countries are critical of the practice of corporate social responsibility in their countries, emphasising that this is often a means of marketing, rather than practice. In particular, this problem is stressed by economically developing societies, where there are no old traditions of corporate social responsibility. Scientists from those countries with comparatively old traditions of corporate social responsibility emphasise the need to look at the processes of social responsibility optimistically rather than critically. However, using corporate social responsibility as a brand one can disappoint stakeholders.

Research limitations. The results of this research may not fully reflect the situation in respect of all Lithuanian companies, they only show frequent problems, which should be examined in greater detail in the future studies and the results in different countries should be compared.

Key words: social responsibility, brand, ethics, morality, reputation.

JEL classification: M140, M310.

1. Introduction

Relevance of the research. Corporate social responsibility has become an attractive corporate marketing strategy in communicating with stakeholders. However, it is necessary to note the fact that from the very beginning of the studies corporate social responsibility was analysed not as an instrument, for example, in marketing, but rather research and discussion aimed to respond to the questions raised by the rapidly developing different areas of industry, which increased social tension and environmental pollution. Therefore, recently there already arise questions as to whether there is no deviation to the other extreme, turning the idea of corporate social responsibility into one more purely technical strategy of the company and moving away from the underlying principles of social responsibility. These questions arise after the facts that Western corporations declaring themselves to be socially responsible use the services of enterprises of developing countries, exploiting workers emerged. However, these are only striking, exceptional examples. Larger or smaller offences against the ethical principles or focusing on exclusively one of the areas of corporate social responsibility with varying degrees of respect to the interests of all stakeholders are often in the activities of enterprises. This problem is especially relevant in the countries, where corporate social responsibility has relatively recent traditions for a variety of reasons, e.g. social, political and economic transformations, which post-Soviet State had to go through.

Authors from developing countries note the benefits of corporate social responsibility, which give the companies of their countries extra competitiveness, or examine the aspects that could enrich the social responsibility by the contribution of religion/culture of their country. All of this is significant and it enriches the developing concept of corporate social responsibility. At the same time this suggests that corporate social responsibility is becoming the value object, due to which companies focus on current or future challenges in practice, but does not respond the main question: to what extent and in what way the companies themselves are prepared not to imitate that they technically meet the criteria of corporate social responsibility, but behave really honestly? On the other hand, the analysis of numerous studies shows the lack of attention to the analysis of causes, which lead to the imitation of corporate social responsibility.

Increasingly more companies declare to be socially responsible in response to the public expectations, ecological and social challenges. As corporate social responsibility (CSR) is based on the principles of public morality, social coherence, sustainable environment, altruism (Aaronson, 2003; Arvidsson, 2011; Pérez and del Bosque, 2013; etc.), arising from the initiatives of the organizations to operate in a transparent and responsible manner in respect of all the surrounding environment (Grundey, 2008; Young and Thyil, 2009), this initiative is welcomed by the societies. The companies strive to declare to be socially responsible companies, as this activity is perceived as certain goodwill in the societies. This becomes a particular brand of the organization. According to Chun (2014), increasing numbers of brands position having CSR as their founding ideology, as it has been realised that the indirect benefit is achieved through the goodwill of the company (Galbreath and Shum, 2012). Many studies confirm that CSR positively influences brand image of the company, increases the value, provides the competitive advantage both in the local and global market (McWilliams and Siegel, 2001; Verboven, 2011; Popoli, 2011; etc.). Moreover, the understanding that social responsibility is useful for the work of the organizations, in various processes of organization of activities (Evans and Davis, 2008; Raub and Blunschi, 2013; Costas and Kärreman, 2013; etc.), in the relations with external interest groups (Mazurkiewicz, 2004; Young and Thyil, 2009) motivates the enterprises themselves to pursue CSR.

Although CSR is becoming an effective instrument in corporate competition, there remains a lot of discussion both among corporate management practitioners and theorists on what must be corporate social responsibilities, when the company can be considered to be socially responsible, and where to draw the line between the real corporate social responsibility and the one declared only for marketing purposes. Laeequddin and Waheed (2012) emphasise the ethical dilemma. According to the authors, situations in which disqualifying suppliers who fail to comply with CSR criteria could limit the number of suppliers or create higher dependency relationships on limited number of suppliers adding cost to production. What is ethical to a customer may not necessarily be ethical to its supplier. Although some authors, e.g. Christensen et al. (2013) argue that differences between words and action are not necessarily a bad thing and that such discrepancies have the potential to stimulate CSR improvements, there is the risk that the CSR as an integral part of the brand, may become merely an imitative activity, especially in developing economies, that do not have deeper traditions of the application of corporate social responsibility in practice and the traditions of harmonization of the interests of different social groups. So there is often a gap between what the organizations declare and real practices of socially responsible activities, therefore, public confidence in business remains complicated. It is no coincidence that it is stressed that investment must be directed to the companies promoting social and ethical values, in order to recover citizens' trust (Pinto, 2011). Therefore, in this article, on the basis of the research of the relation of CSR and the brand, the discussion on the risk of social hypocrisy arising when investing in the brand of socially responsible enterprises is developed.

This **research aims** to reveal the declarative character of activities of corporate social responsibility, using the status of the CSR to the purpose of the brand, i.e. the aim of the research – having established that corporate social responsibility has become the brand, to evaluate the interest of companies to carry out practical activities, avoiding the social hypocrisy.

Problem questions. The organizations positioning themselves in the society as socially responsible, are influenced by different reasons, one of which is the formation of a favourable opinion and the brand, therefore, the following issues are raised in the research: is the imitation of social responsibility the natural state of the organizations declaring it (mimicry)? What are the fundamental causes, which prevent the organization from imitation of social responsibility rather than actually implementing it? Can social hypocrisy cause harm to the brand of the organization?

The originality of the research is determined by the fact that this research fills in the gaps in the studies of CSR and corporate brand in the context of developing economies, taking into account the gap between the rhetoric of the CSR and practice, thus giving the opportunity to address these contexts in an integrated manner by reducing the dissonance in the activities of enterprises.

Research limitations. Extrapolation of results of the research is limited, since the research was carried out only in one of the developing economies, therefore broader international studies are necessary.

2. Literature review

Corporate charity has always been positively appreciated in the societies, but only from the middle of the last century there was an increased interest in the CSR as a corporate social duty (Bowen, 1953) as well as an instrument to correct market failure (Arrow, 1973) and it became an important part of the strategy of many companies (Carroll and Shabana, 2010; Acquier et al., 2011; Caulfield, 2013; Dhanesh, 2014; etc). Globalization of business has fostered the development of CSR idea in the countries where the traditions of social responsibility are relatively new (Chapple and Moon, 2005; Dhanesh, 2014), as the medium of moral values and expectations of the public is traditionally favourable to the development of CSR. Therefore, despite the fact that for many decades the discussion on how much the CSR is useful to the companies and can affect their shareholders' interests and the attractiveness of the companies on the financial markets takes place (Friedman, 1970; Baron, 2001), both theoretical papers and corporate strategies still emphasise the ethical and value aspects of this concept in various business areas (Post, 2003; Nussbaum, 2009; Ardichvili, 2013; etc.). It is argued that aiming at social coherence it is necessary to look wider than economic interests, taking the interests of different groups of society into account. As it is stated in the European Commission's Communication (2011), to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of: maximising the creation of shared value for their owners / shareholders and for their other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts.

Nevertheless, despite the promotion of development of the concept and the increasing number of enterprises positioning themselves as socially responsible, certain failures are admitted. For example, according to Angerler and Liegl (2008), although many different organizations are participating in the CSR debate and have launched various initiatives, companies have not implemented holistic CSR measures aiming at sustainable development to a significant degree. Moreover, Young and Thyil (2009) note that the position of labour as a stakeholder is problematic, with a divergence between espoused statements on CSR and how they are operationalized throughout the organization. The emphasis seems to be on environmental and financial sustainability with lesser importance placed on dimensions of workplace management and accompanying employee relations approaches.

In this case, one of the main reasons is the duality of the concept of CSR accepted by business entities. According Dhanesh (2014), although scholars have proposed multiple drivers of CSR, two contrasting perspectives dominate the discussion: the moral and the strategic. These aspects are closely interrelated, so it is often difficult to distinguish which one dominates in socially responsible activities of the company. It must be acknowledged that the companies aim to be flexible and adapt to both the external and internal requirements arising in the organization, therefore, CSR is also the pragmatic consequence of the requirements (Caroll, 1991; McWilliams and Siegel, 2001; Mazurkiewicz, 2004; Geva, 2008; Young and Thyil, 2009; Baumann-Pauly et al., 2013; etc.), which often becomes dominant, outweighing the moral aspects. Orientation to the pragmatic benefit is fostered by the fact that increasingly more arguments that corporate social responsibility can be economically worthwhile and useful in every possible way are discovered. For example, environmental activities (Delmas et al., 2013), which together allow saving the resources of the enterprise, promoting customer loyalty and confidence (McWilliams and Siegel, 2001; Galbreath and Shum, 2012; Homburg et al., 2013; etc.), etc. are useful to the companies. With incorporation of the components of human resources, customer loyalty and sales promotion into the company strategy, social responsibility stops to be the position fostered by merely moral imperatives. Thus, it is not coincidence that CSR takes the dominant role in the relations both with internal stakeholders and external entities. Companies pay special attention to communicating the socially responsible activities carried out by the company both inside and outside of the company (Verboven, 2011; Dhanesh, 2014). According to Chaudhri (2014), fuelled by concerns for transparency and the need to build trust and confidence of stakeholders, CSR communication and reporting has become a mainstream management function.

According to Polonsky and Jevons (2009), there is a general agreement that global brands should ensure that they incorporate social responsibility. To do this properly, organizations must understand what it means to be socially responsible and how they can leverage their actions. CSR means the ethical behaviour (Topal, 2005; Fan, 2005). Therefore, the companies creating their brand are trying not to move away from ethical principles, which are significant to the public and relate the development of the brand, both directly and indirectly, to the CSR. However, the rhetoric of enterprises in the CSR discourses does not always become practice (Dumay and Lu, 2009; Fassin and Buelens, 2011), what encourages discussion about the effect of corporate dissonance (Bernstein, 2009) and corporate social irresponsibility (Perez-Batres and Doh, 2014). In practice of activities of companies the limits of ethical principles become freely interpreted, as a result, organizations in their communication with various stakeholders sometimes balance between sincerity and hypocrisy (Fassin and Buelens, 2011; Lacey and Groves, 2014). Sanders (2012) points to a conceptual abyss separating the theory and reality of international CSR. It is also stated that contrary to the dominant liberal discourse in business ethics and CSR, an increasing potential for Machiavellian behaviour in the corporate sector is to be expected. The main expectations of companies in the wide CSR discourse are related to the financial benefits resulting from the positive reputation from the point of view of the consumers (Papasolomou-Doukakis et al., 2005), but some research shows that CSR does not have a significant impact on the decisions of buyers to purchase a product (Hartmann et al., 2013), therefore, the companies find themselves in an ambiguous situation seeking to be economically responsible to their shareholders and implement moral commitments to other stakeholders. In addition, CSR requires significant investment, the recoupment of which always remains the subject of discussion. Therefore, it can encourage enterprises to focus more on the imitation and simulation of social responsibility in the practice in their communication processes, which discords with practical activities. On the other hand, it is necessary to distinguish between the simulation, which can be an integral part at the beginning of the implementation of the CSR, and fraudulent imitation, manipulating the positive consumers' reactions to the product or service brand developed. Debeljak et al. (2011) identifies some elements of insincere CSR in every company in its early stages of acquiring CSR practices, especially in the early stages of the development of the business culture, and also during the maturing process. However, according to Fan (2005), a good brand must be a legal as well as ethical one. Any unethical behaviour will severely damage or even destroy the total intangible asset as evidenced by the recent high profile corporate scandals. Transparency and new communication strategy will reduce perceived hypocrisy and mitigate its negative consequences (Coombs and Holladay, 2013; Arli and Tjiptono, 2014), therefore CSR calls for a reappraisal of companies' brand and reputation management (Lewis, 2003).

According to P. M. Dumas (2006), CSR shares the idea that changes in corporate behaviour resulting in the public good of social responsibility could be achieved through the market by embedding certain values or principles into the cost/benefit analysis of private companies. Special attention in this discourse is given to developing economies. The research carried out by Mostardeiro (2007) in Brazil has shown that stakeholders such as the company's president, stockholders, employees, community, customers, and competitors exert considerable influence in the formation of CSR strategies. In addition, the research carried out by Planken et al. (2013) in a developed and emerging economy provides indications that stakeholder expectations in emerging and developed economies may be more similar than previously suggested. Most extant literature assumes that CSR in developing countries mimics western patterns (Srisuphaolarn, 2013) or CSR agendas in emerging economies are largely driven by external forces, namely pressures from parent companies, international market and international agencies (Belal and Momin, 2009). There is no doubt on the positive role in solving social issues (Ragodoo, 2009; Planken et al., 2013; Jamali, 2014; etc.), however, it should be noted that to take CSR to the next level in developing countries, we need to accord systematic attention to strengthening the institutional drivers of CSR, and putting more pressure on companies to move beyond philanthropy, rhetoric, legitimization, imagery, and public relations to substantive engagement in CSR and genuine attempts at change and development (Jamali, 2014). In any case, the organizations implementing CSR target at the public expectations, so social initiatives become an integral part of the process of communication with stakeholders, using various information channels, both traditional media and social networks (Bielenia-Grajewska, 2014; Etter, 2014). The effect of CSR in communication with stakeholders on the goodwill and brand of the company is multiple. Khojastehpour and Johns (2014) emphasise that environmental CSR has a positive effect on corporate/brand reputation and corporate profitability. Positive impact is made on such stakeholders as the employees (internal customers), customers (external customers), suppliers, competitors, bankers, and investors (Esen, 2013; Blombäck and Scandelius, 2013). Therefore, such an attractive marketing means, satisfying the expectations of stakeholders, provides a competitive advantage to the enterprises with different specificity of the activities (Podnar and Golob, 2007; Santos, 2011; Lee and Roh, 2012; etc.).

3. Research methodology

Quite a lot of studies analysing the CSR, corporate reputation and brand have been carried out at an international level. However, the problem of the instruments, which would allow the implementation of the complex aim of this research in the context of a developing economy, has been encountered. When dealing with this problem, more careful analysis of literature was carried out, selecting the studies relating the values of social responsibility, corporate reputation and the brand, and distinguishing the key debatable aspects that in authors' opinion could be valuable to the research. Thus, the questions of this research interview are made on the basis of the results of analysis of scientific literature presented in the first section of this article, i.e. the following categories are distinguished: socially responsible activities and its imitation; internal and external circumstances leading to imitation of socially responsible activities; the influence of social hypocrisy on the brand of the organization. Table 1 provides a summary of the structure of the research instrument.

Categories	**Problem**	**Sources on the basis of which the categories have been distinguished**
Socially responsible activities and irresponsibility, imitation	CSR is an attractive theory, which is implemented in practice, however, the problem of dishonesty of companies when the expected and/or declared values remain not implemented is still relevant	Wagner et al. 2008; Jones et al., 2009; Perez-Batres and Doh, 2014; etc.
Internal and external circumstances leading to imitation of socially responsible activities	The existing business tradition and lack of a holistic partner approach to the relations with stakeholders	Baron, 2001; Angerler and Liegl, 2008; Young and Thyil, 2009; Dhanesh, 2014; etc.
Influence of social hypocrisy on the brand of the organization	Trust/distrust of stakeholders in fairness of business	Bernstein, 2009; Fassin and Buelens, 2011; Lacey and Groves, 2014; etc.

Table 1. Structure of the instrument
Source: created by the authors.

As one can see from the structure of the instrument, there is a ternary problem, closely related by various components. Firstly, the organizations that declare social responsibility, actually uphold the declared values, which are a part of corporate culture, or there is a declarative form, when in order to have a positive image among the stakeholders it is invested in the image that does not necessarily reflect the true values of the company. That is, the organization focuses on the communication process, while not remaining transparent and open enough, and in practice it makes decisions inconsistent with the declared ethical principles. Secondly, the understanding of the CSR only as a component of a marketing strategy reflects the crisis of values in the organization, which is determined by both internal and external causes. This can be influenced by the lack of maturity of organizational culture, weak CSR traditions in the environment in which the organization operates and weak stakeholder pressure. And thirdly, the emerging social hypocrisy causes the crises that adversely affect the reputation of the organization among different stakeholders, make the investment in the brand ineffective, cause additional costs to deal with the crisis and to rebuild confidence, the risk of stakeholder disappointment and the decrease of competitiveness arises.

4. Research results

Organization of the research. Only socially responsible companies have been selected to carry out the research. When preparing for the research, the invitation to participate in the research has been sent to the heads of 19 enterprises by email. Only the managers of two companies responded to the first invitation. After repeatedly sending the invitations to participate in the research, the answers of 5 more managers have been received. It was explained to the informants who agreed to participate in the research that the interview will be recorded by the voice recorder, and the information from the data storage device will be deleted after transcribing the text. They were also assured that when the results of the research will be publicly presented, the data that would make it possible to identify the specific enterprises will not be named. Before the interview all prospective informants were sent the interview questions via email and the meeting time was arranged, so the informants had the time to ponder on their future responses. The aim of the research, without revealing the aspect of social hypocrisy was explained to all the informants.

Sample of the research. 7 managers of the enterprises were interviewed, but the responses of only 4 managers were further analysed. The interviews of the remaining three managers were either very abstract or stereotyped answers were given. Early acquaintance with the interview questions could influence that. Characteristics of the informants are shown in Table 2.

Characteristics / Code of the informant	I1	I2	I3	I4
Age of the informant	40	33	56	47
Education of the informant	Higher university (Master)	Higher university (Bachelor)	Higher university (Master)	Higher university (Master)
The overall experience of managerial work (in years)	15	5	11	9
Experience of managerial work in a socially responsible enterprise (in years)	3	5	2	5
The size of the organization, in accordance with the number of employees*	Micro-enterprise	Small	Medium enterprise	Medium enterprise
Areas of activity of the enterprise	Services	Services	Production	Production

Table 2. Characteristics of informants

Source: created by the authors.

*Note: Micro-enterprise (employs less than 10 employees); Small enterprise (employs less than 50 employees); Medium enterprise (employs less than 250 employees).

Thus, the managers who participated in the research have a relatively large managerial experience (from 9 to 15 years), but the experience of management of socially responsible enterprises is relatively little (from 2 to 5 years). However, the informants' education and managerial experience allow making comparisons, making significant conclusions. The sizes of the enterprises in accordance with the number of employees (10 to 250 employees) based on the current classification of enterprises in Lithuania match the status of small and medium enterprises.

Results of the research. The organizations distributed into two parts: start-ups and those already having a long-term practice on the market. Representatives of the start-ups are inclined to more responsible evaluation of the relationship of CSR and the brand with the prospects of their enterprises. Judging from the respondents' answers, the latter approach was influenced by the knowledge acquired during the studies and the existing approach to corporate responsibility to follow the ethical criteria and be responsible to the social environment, for example, I1:*"The idea of socially responsible business was born as long ago as in study years, as the idea of giving a sense to business, so we tried to base all the activities on the principles of CSR"*. In contrast, the older respondents emphasized the marketing aspect in their statements: *"At the moment CSR is not very attractive among the consumers, however, when establishing relationships with customers, maintaining contacts with the authorities, it works positively"* (I3) and *"As well as ecological goods have not been popular until recently, but consumer education bears fruit <...> investment in CSR is investment in the future"* (I4).

According to informants, it is difficult to measure the changes, since *"... we started to base the business on the principles of CSR from the first steps, so it is difficult to measure the apparent changes"* (I1), in addition, *"the period of time is too short to be able to answer this question unequivocally"* (I4). The informants value the direct benefits they experienced when they notice lower costs they bear using environment-friendly measures. *"In the past we also sought to reduce costs, but now it falls under the heading of the CSR"* (I4), according to I3, *"this is a natural business logic, reducing the costs, when less energy is used, waste is recycled, etc., but it can also be associated with CSR"*. I2 emphasized the influence on the psychological climate in the company: *"The pace of our activities is quick, there is a lot of creative tension and, therefore, the relationships between the employees and communication with customers have always been the centre of attention. <...> The norms of ethics in our enterprise are not merely a formality, and I can say that this has a positive effect on psychological environment".*

Internal circumstances, determining imitation of CSR, can be divided into two parts. Firstly, it is the lack of balance of the constituents of social responsibility. Though only one informant (I4) directly identified the pressure from the company shareholders to reduce the costs of implementing CSR. I4 explained that the shareholders of the company *"don't see any direct financial benefit, so there is a gap from what we declare"*. That is, they rather focus on the economic responsibility. In addition, when providing support for the communities, there is the requirement *"to inform the public"*. That is, the purpose of the support is not the perception of social coherence, but the use of CSR in the image-making of the company. It becomes apparent in comparison with the I1, explaining that *"from the very beginning of business, we relate all activities to CSR principles, what makes it easier to create the company's identity both among the employees themselves and partners and clients"*. That is, the owners of the company are determined and motivated to follow ethical imperatives grounding CSR from the very beginning of the business. In addition, the reasons mentioned by I2 show a deeper understanding of an indirect benefit to the company, missing in the enterprises with the existing traditional business model, reflecting the selectivity of values adopted by the society, depending on the situation, and moral conformism. And this is the second cultural reason that influences the decisions referred to in the first case. Both I4 and I3 stressed that the direct users of production are insufficiently informed about the CSR. It is *"relevant to the suppliers and regulators"* (I4). In addition, a strong distrust in business still exists in the society, as the I2 notes, *"when you say that you are following high moral principles, they don't really believe, as many works in a not always fair way"*. However, although not all, but CSR initiatives are *"noticed by the third parties and are appreciated <...> we are just happy about that"* (I1).

The influence of social hypocrisy on the brand of the company may show greater or minor crises, which the companies have experienced or are experiencing because of the fact that the declared values do not match the practice. The detailed analysis of the answers of I1 has highlighted a certain contradiction, indicating that the image created does not fully meet the reality. According to the informant, the benefits provided by CSR to the enterprise are *"the increase of awareness among potential customers, more favourable evaluation by the partners; development of the stable image of the company"*, but it is acknowledged that *"the company's financial flow has to be balanced"*, because only then *"it will be possible to create the brand"*. In another place it is argued again that *"we refuse part of our profit by donating the product to those who can't afford it; we also consider the help to partners while freezing a large portion of our money so that their business wouldn't stop to be investment"*. Thus, there are questions, on the one hand, is the company that lacks financial stability really engaged in the activities declared, on the other hand, are the actions economically responsible enough in respect of the owners of the company.

Partial practical application of the principles and values of CSR by the company that declares CSR, which may be related to the lack of social responsibility awareness, can also be considered to be a certain feature of social hypocrisy. The answers provided by I3 revealed that most attention is paid to the most conspicuous activities related to such stakeholders as public authorities, partners, customers, shareholders, philanthropic activities. However, the employees of the company as stakeholders do not receive equal attention. The informant acknowledged that the employees *"do not feel the benefit directly <...> perhaps then the employees' opinions would be better"*.

The company represented by I4 is engaged in production of ecological products and declares that the products are "*environmentally friendly and healthy"*. However, it was acknowledged that *"the equals sign cannot be put"*, as not all ecologically produced products can be regarded as healthy". But it was stressed that *“we would suffer a greater damage because of poor product quality and consumer complaints <...> if we didn’t pay the partners on time it would reduce trust in us”.* In other words, the company declaring CSR is not fully open in communication with local stakeholders, however, according to I4, it does not make a significant damage to the brand of the company.

The distinguished respondents’ thoughts, reflecting the relationship of CSR, brand of the company and social hypocrisy, are presented in Table 3 under three categories: Socially responsible activities and irresponsibility, imitation (1), internal and external circumstances leading to imitation of socially responsible activities (2) and the influence of social hypocrisy on the brand of the organization (3).

Categories	Elaboration	Generalization
Socially responsible activities and irresponsibility, imitation	<it was the idea of giving sense to my business>, <there are many who fail to comply with the principles declared>, <we see the emerging long-term benefits (clients’ and partners’ approach to us)>, <dissemination of our production to clients>, <we understand that 50 percent of the declarations are unrealizable>, <we see the long-term perspective of CSR, but <...> it’s relatively new and untried>, <we notice those imitating, it’s one of the criteria for choosing partners>, <not everything is ideal>	Attractive marketing idea applied in practice, understanding that the communicated CSR is not always true.
Internal and external circumstances leading to imitation of socially responsible activities	<we plan investment in the development of the brand of a socially responsible enterprise only after stabilization of the company’s financial flow>, <right from the beginning of business we relate all activities with CSR principles>, <the society is not mature for this yet>, <we don’t represent it publicly>, <the expenditure doesn’t bring dividends>, <feedback is almost imperceptible>, <time for consumers to start to value it is necessary>, <shareholders highlight this, but require minimum costs, while this is not fully compatible with CSR>	Financial motives, seeing no return on investment in real CSR activity, problems of business ethics, weak consumer pressure
Influence of social hypocrisy on the brand of the organization	<we refuse a part of our profit>, <we consider the help to partners while freezing a large portion of our money to be investment as well>, <we don’t emphasise CSR, because it would be more declarative, what could raise a negative emotion>, < people don’t really know what CSR is>, <poor quality receives more reaction>, <minimal risk, because people don’t know what it is <..> there would not be major damage>, <we don’t relate it to the brand directly>, <our brand is based on ecology, so it would hit the distributors’ trust>, <many behave like this>	Perceived damage, in the hope that the risk is minimal due to the low awareness of CSR and widely applied double standards (dissonance of communicated values and the values applied in practice)

Table 3. The relationship of CSR, brand of the company and social hypocrisy

Source: created by the authors.

5. Conclusions

The studies carried out by many authors show that in the processes of communication with stakeholders CSR has a positive impact on the business brand and reputation, creating the image of ethical, sustainable and environmentally-friendly business. Therefore, it is becoming an increasingly popular public relations strategy of enterprises. At the same time, because of giving prominence to CSR, there is a risk for the brand of the enterprise that due to internal and external reasons this strategy becomes dominant, using social responsibility rather as a marketing strategy, leaving actual values in the background.

In the countries of different levels of social and economic development, corporate social responsibility is used as a brand, but the level of social hypocrisy is different, as social maturity of stakeholders differs as well.

The results of the research encourage businesses to discuss the statement that “Reports of firms’ behaviours with regard to corporate social responsibility are often contrary to their stated standards of social responsibility" (Wagner et al., 2009) additionally in the context of social hypocrisy, as well as some of the researchers' arguments that declaration of CSR, even departing from all the principles, is basically a positive sign. On the one hand, we can agree that the declaration of CSR basically encourages companies to think about the values of social responsibility, but it does not guarantee the ultimate result – the real and full implementation of the CSR. In addition, it does not provide a sufficient degree of optimism in the hope that this dissonance would not develop in social hypocrisy or has not already become such a practice.

It was found that CSR practice is perceived as an attractive marketing tool, positively influencing corporate brand and reputation, although the companies are not always open when communicating with stakeholders. The gap between the communicated values and practices is influenced by economic motives, seeing no return on investment in real CSR activities, business ethics issues, and weak pressure by some stakeholders. Although the possible damage of social hypocrisy on the brand of the company is realised, it is expected that the risk is minimal due to the low awareness of CSR and widely used and tolerated in the society double moral standards.

On the other hand, as the popularity of CSR and awareness in the society gradually increases, it also influences stakeholder exactingness to the enterprises declaring social responsibility. This factor encourages organizations to be more responsible to declare the CSR in the context of the opportunities and resources available to the consistent implementation of the ideas.

Nevertheless, corporate social hypocrisy should be construed in the wide context of the development of society and business culture. Therefore, a deeper analysis of these relationships, conducting the research in different cultures, countries with different CSR traditions in the future research would be significant.

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Consumer Susceptibility to Social Influence and Tendency to Generate a Positive or Negative Message in Word of Mouth Communication

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Susceptibility to social influence is expressed by inclination for fulfilling others' expectations, as well as by tendency to acquire information on products through observation of other people's behaviour, and collecting opinions from them in active way. Word-of-mouth communication (WOM) is a specific form of social communication. Harrison-Walker as well as Mazzarol, Sweeney i Soutar treat the word-of-mouth as the process embracing discussions carried out upon the organization and its offer, during which a recommendation can be formulated. The message transmitted in the WOM communication can be of positive, negative or neutral character. The purpose of this article is to examine the relationship between consumer susceptibility to social influence and the tendency to generate positive or negative message. In order to measure susceptibility to social influence the Interpersonal Influence Scale will be applied (Bearden, Netenmeyer, Teel 1989). After analyzing the literature, the following research hypothesis was formulated: the stronger the participant's susceptibility to social influence, the weaker tendency to generate a positive message and the stronger tendency to generate a negative one.

To verify the hypotheses the research based on CAWI method were conducted in the group of 1000 people (aged 15-50), reflecting the structure of Poland's population in terms of gender and place of residence, selected with random quota sampling. Only a minimal correlation was confirmed in case of the recommendation (positive opinion). There was no correlation between producing negative opinions and the susceptibility to social influence.

Key words: marketing communication, word of mouth, social influence

JEL classification: M31.

1. Introduction

Studies and analyses focusing on the way of acquiring information by consumers proved that the word-of-mouth communication is characterised by the huge influencing power on consumers. From Katz and Lazarsfeld (1955) through Alrcek and Settle (1995), as well as to the results of the latest research projects (Filieri, Raffaele & Fraser McLeay, 2014) it is evidenced that informal sources nature exert the bigger influence on the consumer behaviour than source of formal nature. WOM has a significant importance in the innovation diffusion process, as well as it wields impact on decision making regarding the purchase of the wide range of product categories (Schindler & Bickard 2003; Groeger & Buttle 2014).

According to the Nielsen research conducted in 2013 (28,000 respondents from 56 countries in the Q3 of 2013), 84 per cent of consumers globally trust recommendations received from their acquaintances and families, 68 per cent trust other consumers' recommendations placed in the Internet, while 62 per cent trust TV advertisements. For Polish consumers acquaintances also constitute the most reliable source of information. 65 per cent of Poles trust their friends and colleagues, taking their opinion into account when choosing products to buy, while only 27 per cent trust advertisements. The growing confidence in the informal sources of information accompanied by simultaneously shrinking influence of advertising shall induce the bigger interest in using the WOM communication for the marketing purposes.

The growing confidence in the informal sources of information accompanied by simultaneously shrinking influence of advertising shall induce the bigger interest in using the WOM communication for the marketing purposes. Consumers are more willing to generate positive messages than negative ones, but if they produce unfavourable information, it usually has a bigger impact than favourable content (Tkaczyk 2009).

From the message sender viewpoint the one of the most important functions of WOM communication is social function (Berger 2014). WOM is a series of social interaction, and there is no research to check the site of the sender of a message - whether its susceptibility to social influence can cause more or less likely to generate positive or negative opinion. After all, even a person who is not an opinion leader in the ordinary everyday conversations spread also positive and negative opinions.

This article is aimed at filling this gap and analysing the social impact on the inclination to generate both positive and negative messages through the WOM communication. The project was funded by the National Science Centre on the basis of the decision DEC-2012/07/D/HS4/01761.

2. Literature review

2.1 Word of mouth

In the professional literature two approaches to defining word-of-mouth can be found. The narrow concept focuses on consumersas the participants of the communication process and on products being subject to discussion (for example Arndt, Kotler) . In the wide approach the organization's employees and stakeholders are usually added to the communication process. Carl (2006) classifies two types of the WOM: 'ordinary' and 'stimulated by organizations', pointing out that it doesn't have to be initiated by consumers, as they can be inspired by organization. Harrison-Walker (2001) as well as Mazzarol, Sweeney i Soutar (2007) treat the word-of-mouth as the process embracing discussions carried out upon the organization and its offer, during which a recommendation can be formulated.

The basic elements of the WOM process include the subject (message), entities (participants of the communication process – both consumers and organizations) and context, in which the information exchange is conducted (time of emergence and reception of the message, the way of transmission) (Tkaczyk, Krzyżanowska 2014).

The message transmitted in the WOM communication can be of positive, negative or neutral character. The process participants can act as sources (senders) of the message, its recipients, as well as intermediaries; they can play either active or passive role in the communication process. The message can be passed on orally or in written, face-to-face or with the use of devices such as phone or computer. The message can be produced in the real time, in the form of a conversation, or with a certain delay, for example in the form of posts published on discussion forums. It can be unilateral or bilateral in nature. All the elements of the WOM process can interact with one another. The nature of relationships between the communication process participants is likely to influence the message character and the way it is transmitted. The message character can also determine the way of transmission. Consumers are more willing to generate positive messages than negative ones, but if they produce unfavourable information, it usually has a bigger impact than favourable content (Tkaczyk 2009; Tkaczyk & Krzyżanowska 2014).

World literature in the fields of social and managerial sciences has been addressing the term WOM (word of mouth) since 1955 (Katz & Lazarsfeld, 1955). Currently, 4,425 scientific texts exist on this subject (Web of Science database, accessed 2015.02.27), including 71 that have been cited more than 100 times. Additionally, since 2010, more than 200 texts have been published on this subject annually in the English language (Cheung & Thadani 2012; Breazeale 2009, Lin and Liao 2008).

The importance of WOM has gained new prominence with the emergance of the Internet and the differentiations in forms of expressing opinions, which include social media, review websites, reviews of products on weblogs and discussion forums (Cheung & Thadani 2012). At present, electronic word of mouth (eWOM) is distinguished from classic WOM in the extant literature (Tkaczyk & Awdziej 2013; Tkaczyk & Krzyżanowska 2014; Cheung & Thadani 2012).

Regardless of the motives of purchase decision making and the approach to the purchase process itself, the recommendation implied as favourable opinion or reference may have a considerable influence in almost each stage of purchase. The impact exercised by the source on the message recipient is explained with the use of classic models of social influence. Within the framework of these models the informative and normative influence of the source is often categorized (Deutsch & Gerrard, 1955). In the WOM communication both effects can appear. The informative impact emerges, when the information is accepted as a fact proving the real status/situation, while the normative influence is manifested through fulfilment of the source's verbalized expectations by the message recipient. The strength of the recommendation impact depends on numerous factors, including the level of intensity regarding both informative and normative influence. The results of studies conducted in the field of sociology (Deutsch & Gerrard, 1955; Lascu & Zinkhan, 1999) and marketing (Gilly, 1998; Yale & Gilly, 1995) indicate that the source characteristics and the perceived type of purchase (product of frequent, periodic or occasional purchase) belong to the most important determinants of informative and normative influence. The source characteristics may comprise its various features – reliability, attractiveness, professionalism and similarity.

Specific factors influencing the communication process can be grouped into two categories: conditions regarding entities, i.e., the message sender and its recipient (economic, psychological, demographic and social factors); and conditions related to the product as the subject of a message (Tkaczyk 2009).

In case of the entity-related elements actually there are no studies trying to describe the impact of social factors on the message sender. The contemporary research findings focus on the influence exerted by economic and demographical factors on the message recipient (Galetta 1995).

2.2 Susceptibility to social influence

Susceptibility to social influence is manifested by a willingness to meet others' expectations, as well as a tendency to acquire information about products by observing other people's behavior and actively soliciting opinions from them (Bearden, Netenmeyer & Teel, 1989; 1990). Thus, it is logical that increased susceptibility to social influence translates to a stronger tendency to accept other people's opinions. However, the question emerges of whether increased susceptibility to social influence also results in a rise in the willingness to produce opinions, and whether it strengthens this manner of generating positive or negative views. In the extant literature on the subject, one can find a number of research studies regarding the social impact of producing opinions (Brown & Reingen, 1987; Richins and Root-Shafter, 1988), but few studies have analyzed the influences on emerging positive and negative opinions (Shu-Chuan and Yoojung, 2011). Moreover, the studies mentioned were usually limited to a narrow context applied to small sample groups (Brown, Broderick and Lee, 2007; Bakshy, 2012; Senecal & Nantel, 2004).

Within the framework of classical social influence models the influence is categorized as either informative or normative (Deutsch 1955; Bearden, Netemeyer & Teel 1989) In the Word-of-mouth communication both types can be found. The informative influence occurs when the information is accepted as the fact proving the actual state, while the normative impact is observed as the fulfilment of the source's verbalised expectation by the recipient. The power of the WOM communication influence depends on many factors, including the level of informative and normative impact. The results of the sociological and marketing research projects suggest that the source characteristics and the perceived type of purchase (i.e. product of frequent, periodical or occasional purchase) are one of the most important conditions of the informative and normative influence. The source characteristics may include its various features, but the most often its credibility and attractiveness. The numerous studies conducted by scientists in various countries (for example Sundaram, Kelman) indicate interchangeably that the impact of the WOM communication on the purchase decision making depends first of all on whether informal sources are perceived as the most credible or one of the most credible.

Bearden, Netemeyer and Teel (1989) have suggested that studies examining the differences in susceptibility to interpersonal influence based on gender and age be performed. The literature linking gender to susceptibility to influence is sparse informational approach with women. However, another study suggests that men tend to ask more questions of negotiation partners (Neu, Graham and Gilly 1988) implying susceptibility. On the other hand, several studies have suggested that in everyday interactions men reveal dominance and women submissiveness (Lakoff 1975), even through subtle verbal and nonverbal behaviors (Kimble, Yoshikawa and Zehr 1981) 43. It has also been posited that females are more open to influence from others and more dependent (Tedeschi, Schlenker and Bonoma 1973).

In the case of the entity-related elements, there are actually only a few studies that have attempted to describe the impact of social influence on the message sender, chiefly in a narrow context (Postmes, Spears, Sakhel and De Groot, 2001; Ye and Wu, 2010; Aral and Walker, 2012).

On the basis of the available literature, and having defined the research gap, the following research questions were formulated:

1. Do demographic and socioeconomic variables have an impact on susceptibility to social influence?
2. Does susceptibility to social influence have an impact on the tendency to generate a positive WOM message?
3. Does susceptibility to social influence have an impact on the tendency to generate a negative WOM message?

3. Method

In order to find answers to these research questions, the research, which was based on the computer-assisted web interviewing (CAWI) method, was conducted among a group of 1,000 people selected with the use of the stratified sampling method out of a population of Polish men and women aged 15-50 (variables considered in sampling included gender, place of residence and education). The selection of the age group was driven by the lack of sufficient representation of people above 50 years of age who use the Internet. Gender of the sample is broken down as follows: 52% female and 48% male.

In order to measure susceptibility to social influence, a 12-element interpersonal influence scale was applied (Consumer Susceptibility to Interpersonal Influence, CSII, Bearden, Netenmeyer, Teel 1989), and it was then expanded with five additional questions addressing social influence and susceptibility to opinions occurring on the Internet. Answers were included in the seven-point Likert scale. For the 12-element scale, the Cronbach's alpha index reached 0.885. In the case of the extended scale (17 elements), the index totaled 0.889. Distribution of average and standard deviation for the scale measuring susceptibility to social influence presents Table 1.

Statement	Average	Standard deviation	N
1. I often advise other people in order to help them in choosing the best product.	4,51	1,669	1000
2. If I want to become similar to somebody, I often buy product brands they use.	2,76	1,945	1000
3. It is important for me to buy products and brands other people like.	3,29	1,907	1000
4. In order to make sure that I buy right brands or products I often observe what other people buy and use.	3,46	1,813	1000
5. When buying the latest fashion products, I make sure that my friends and colleagues will accept my choice.	2,90	1,812	1000
6. I often identify myself with other people through the purchase of the same brands and products they buy.	2,88	1,841	1000
7. Unless I have some experience with a product, I often follow my friends' advice before purchase.	4,41	1,741	1000
8. When buying I choose products that in my opinion are likely to be accept in my environment.	3,20	1,865	1000
9. I like to know what brands and products create an impression on others.	3,31	1,890	1000
10. I often use information received from my friends and family before I buy a product.	4,24	1,665	1000
11. If people see me using a product, I buy a brand others expect me to use.	2,78	1,798	1000
12. I obtain a certain affinity to a group through buying products and brands this group possesses.	2,88	1,890	1000
13. When buying I often follow advice given by people who have a considerable knowledge on the given product category.	4,70	1,737	1000

14. When buying products I often follow advice given by people like me who have similar preferences and values.	4,30	1,742	1000
15. I often follow advice and comments placed in the Internet.	4,55	1,774	1000
16. I am willing to share opinions on products and services in the Internet.	3,80	1,824	1000
17. I believe that opinions about products and services placed in the Internet forums, blogs and social media are reliable source of information.	4,23	1,598	1000

Table 1. Distribution of average and standard deviation for the scale measuring susceptibility to social influence

In the course of the research the research model was developed and two research hypotheses were formulated.

H1: The susceptibility to social influence increases the tendency to generate a positive informal message.

H2: The susceptibility to social influence increases the tendency to generate a negative informal message.

The research model is presented in Figure 1.

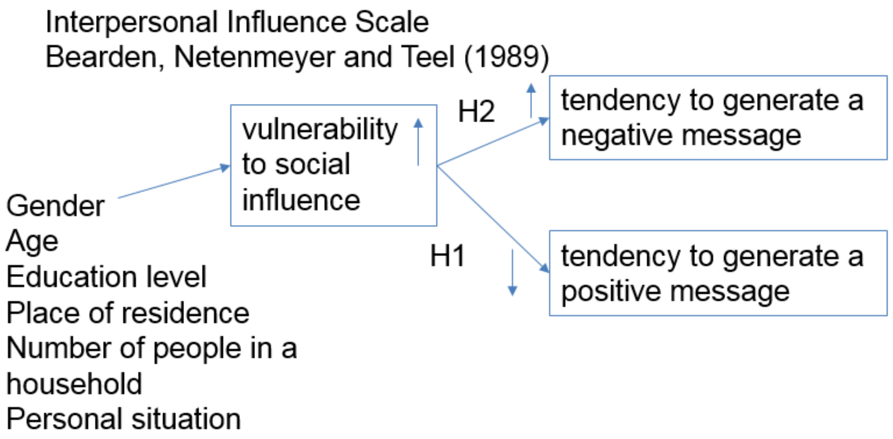

Figure 1. Research model

4. Results

No relationship between demographic or socioeconomic variables and susceptibility to social influence was found. Pearson ad Spearman correlation coefficients did not exceed 0.1 in the case of any analyzed variable, with $p<0.05$.

The only difference occurred in case of the personal situation described as “divorced,” where susceptibility to social influence was significantly lower than in other groups.

According the expectations the respondents were more willing to encourage to purchase a product than to discourage from it (see Figure 2).

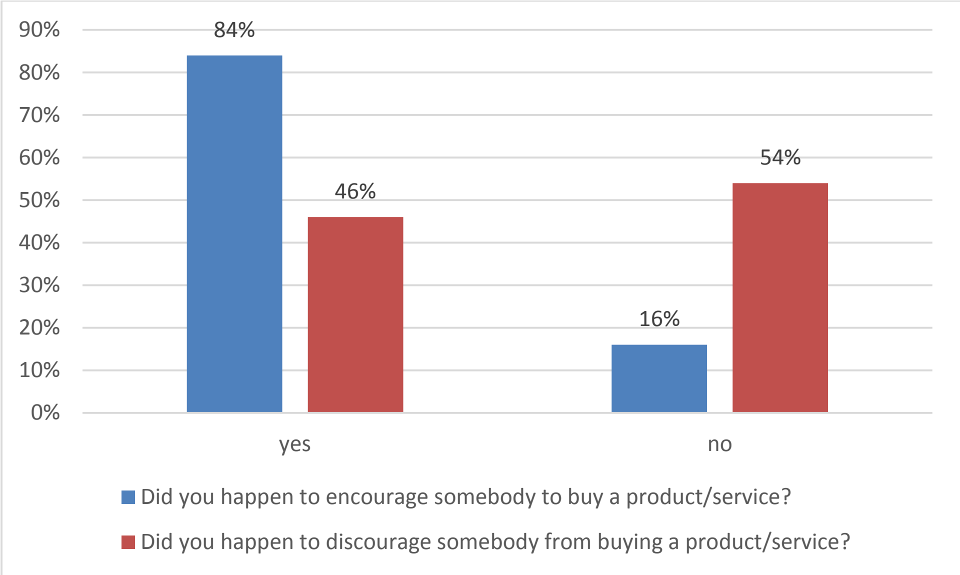

Figure 2. Susceptibility to generate positive and negative informal messages within last 6 months

Both hypotheses (H1 and H2) were tested with the use of Spearman's rank correlation coefficient. In the case of H1, the results indicate very weak correlation (rho=-0.121), with substantial statistical relevance ($p<0.01$). In the case of H2, no relationship was confirmed (rho=-0.090 with $p<0.05$).

5. Conclusions

The susceptibility to social influence is not dependent on the majority of demographical and socio-economic variables. Only the personal situation has minimal influence on the susceptibility to social influence. The smallest susceptibility to social influence is declared by divorced people, while singles admit to be the most susceptible to such influence. The possible explanation of the above situation is the difference in life experience, which in case of divorced people is likely to lower the susceptibility to social influence due to their lower trust to social environment.

The relationship between the susceptibility to social influence and the tendency to generate positive informal messages is minimal. There is no correlation between producing negative opinions and the susceptibility to social influence. Poles aged 15-50 are more willing to recommend products to buy than to discourage from their purchase and this tendency is not dependent on gender. If any, negative messages are relatively more willingly passed by older people (aged 35-50) than younger (15-34). This situation can be also explained by the difference in life experience and willingness of older people to protect friends and family from making the wrong choice.

The research project was aimed at determining relationships between the susceptibility to social influence and the tendency to generate positive and negative informal messages. Only a minimal correlation was confirmed in case of the recommendation (positive opinion). An interesting issue would be to extend the research model to analyse the willingness to generate informal messages in the context of various product categories.

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Marketing and Business Development between Idea, Scientific Discovery and Innovation

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Starting from the emergence of the basic ideas, scientific development of them to successive innovations derived from, the paper develops around the way in which marketing science contributes to the business development. It is presented the vision of marketing from a historical perspective that characterized feudalism, communism, capitalism and knowledge based society. Based on documentary research is discussed the necessity of adopting innovations and the multidisciplinary nature of innovation as a process. European policies are presented for the development of innovation and regional development programs already implemented. The paper concludes by highlighting new facets of the innovation concept in economic theory, the legal framework for the marketing of innovative technologies and the limits of intellectual property rights of those who innovate.

Key words: Marketing, Idea, Scientific Discovery, Innovation, Development.

JEL classification: D46, E20, I25, K20, M31, N10, O31, P50.

1. Introduction

There are different ways in the literature, to explain innovation. The differences start with the definition of terms. Thus, a differentiation of basic terms such as „invention”, „scientific discovery” and „innovation” is mandatory (Garcia and Calantone, 2002). Researcher's studies (Markides, 2006, Hesselbein and Goldsmith, 2009), have showed that a single idiom, such as innovation, cannot be extended to the whole field of inventics or to that of new discoveries. Even though the inventions, scientific discoveries and innovations basically solve a new problem or imply a new way to address old problems, it would be a mistake if they are to be regarded as one and the same (Markides, 2006). The concepts are different but can be seen as intertwined, one relying on each other in a constructive way (Guarini et al., 2014).

The process starts with and develops from an invention (Tellis, 2006). With the invention on the workbench, researchers, using existing theoretical concepts, start putting in theory (Thomond et al., 2003), everything that can explain the work of that invention (Christensen et al., 2006). This strengthens the knowledge base of humanity or widens its limits (Christensen et al., 2011). Based on understanding the work of the original invention, new standalone inventors or members of R & D centers, develops several innovations or successive improvements of the invention. The science of marketing (Sheth, 2011), acts as a catalyst, whatever the stage at which an invention is developed (Hauser et al., 2006). Depending on the goals and objectives considered, (Slater and Narver, 1998), through marketing it develops optimal results for those involved in the process of bringing to market the new discoveries (Vilaseca-Requena et al., 2007).

In a graphical illustration, Figure 2, we can distinguish inventions, denoted by 1, regardless of their nature, as structural pillars on which the whole context of the innovative development environment of human society is sustained. A small area, denoted by 2, represents the inventions that rise on the market due to research conducted by specialists in a scientific way. In this area works, mainly people from universities, research centers and development institutes created in order to develop new knowledge. This is the area of scientific discoveries, where work is rigorously organized on theoretical and practical concepts developed over time. The area comprising both inventions and scientific discoveries, and which develops them further, denoted by 3, is the innovations area. From a single invention, Figure 1, which can be drawn from academia as a certified scientific discovery or which can be drawn from a distinct inventor who had an extraordinary vision, but who cannot fully explain the principles underlying his discovery, start all subsequently developed innovations. Innovations are complementary developments of inventions or successive improvements of them.

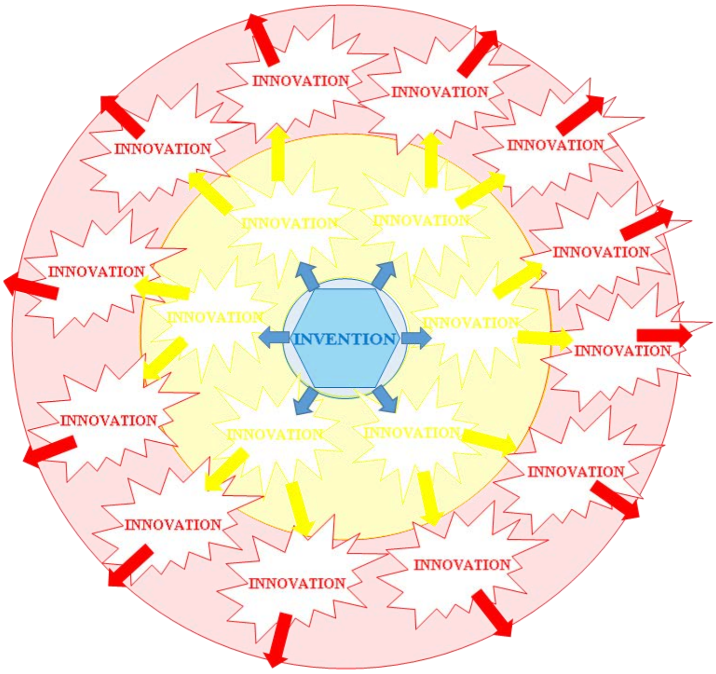

Figure 1. Invention, the center of innovation. Detailed view.

Source: Compiled by author

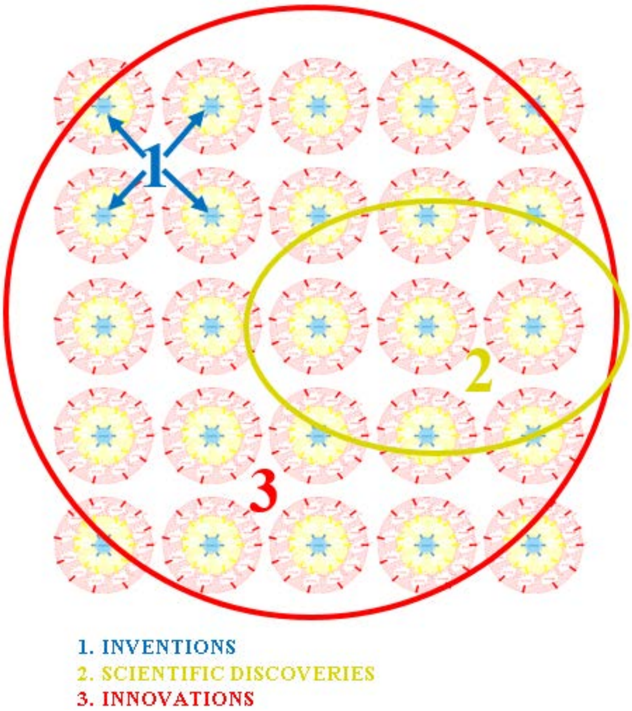

Figure 2. Inventions, Scientific Discoveries and Innovations. General view.

Source: Compiled by author

2. Invention

The first discovery, which may not be scientific, results in the creation of a novelty (Kenny, 2012) that has a great potential to increase productivity or to develop science (Bowman and Taengnoi, 2013). Those who have to solve a confronting problem (Popa, 2013), will be able to invent a solution faster than those who realize and try to solve the problem, but are not being directly affected by it (Bowman and Taengnoi, 2013).

The marketing science (Kotler and Armstrong, 2013) promotes inventions, whereas poses no limitations, but rather do everything possible to attract and to take into account the views of all individuals participating in the process of inventing new things. Not putting restrictions and stimulating any idea coming from anyone (Barak et al., 2014), makes the number of ideas to grow rapidly (Stevens and Burley, 1997) and thus at least some of them have a chance to become genuine inventions. As it can be easily seen from Figure 1, the core of innovation is invention. Based on it, the process of continuous improvements begins, or the operating principle can be taken and applied in different context, thus obtaining innovations. Once the process is started, an innovation attracts another innovation in a continuous iterative process. The more radical an invention is (Beck et al., 2014) the greater is its potential to generate a greater number of innovations.

3. Scientific discovery

Most discoveries that had an impact in time over economic systems, had at first practical utility and only later theorists have defined and categorized operating principles, solidifying through analysis and synthesis the technical part of the practical application. By undertaking research based on existing theoretical concepts at a time, an invention can be achieved, but usually scientific discoveries complement and clarify the inventions spontaneously developed. A scientific development is reached by following two distinct paths of action. The first way is to take an invention attained by a researcher, in a more or less scientific fashion, through empirical investigation. By rigorously pursuing experimentation, both theoretical and empirical despite the difficulties (Friedman, 2010), the inventions are explained by theory. The invention is analyzed, dissected and reconfirmed, and finally the theoretical basis supporting scientific discoveries is extended. The second way is that of theoretical study and its transfer in practice. Based on existing theoretical concepts built upon a time, new theories are built to be validated (Nieves et al., 2014). The moment of consistent validation, both theoretical and practical, represents the birth of a new scientific discovery. Using this second method, it is built through successive steps technique. Once a theory has been proven, the next steps widen further the horizon of scientific knowledge. This theoretical approach will ultimately produce, rather incremental than radical, innovations. Following the documentation and description of inventions and their mode of action or operation, the foundations of consequent innovations development are established.

The science of marketing supports scientific researchers in their quest to understand and describe how an invention work, by motivating those categories of specialists (Barker, 2005), which through specific skills may contribute decisively to shorten time needed in understanding and explaining of operating principles. Being a science with a heterogeneous opening, the marketing science helps create specialists teams with different visions and interests that, by working together, can overcome the main barrier in inventics, that is to limit inventions boundaries, namely by thinking only in their own area of specialized training. Most often, people outside the investigated area (Barker and Stiever, 2001), manage to instill to researchers of the respective area, those clues needed to overcome critical thresholds of understanding underlying functionality of an invention (Hesselbein and Goldsmith, 2009).

Science accumulated to a certain point, facilitates usually the introduction of new concepts, but sometimes can also obstruct them at the beginning (Nieves et al., 2014). The innovative spirit is based on existing theoretical concepts and theoretical discovery increases the hope of developing new things. The need for scientific understanding is achieved through serious theoretical studies, although "Chance favors only the prepared" to accept that they can discover something extraordinary, even if they look for something different (Pasteur, 1854). Long-term objectives, with attention on new observations that can be intertwined through embracing change and choice of extreme paths, difficult to follow (Friedman, 2010), lead to very constructive results. In Figure 2, the area represented by scientific discoveries is narrower in the general picture of innovation, in order to highlight its continuous expansive character.

Analyzing in a historical perspective, a description of the consequent economic systems is required, and also of the influences that they have had and still have on the forms that scientific discoveries took over time. There are analyzed both the economic and scientific components regarding innovation in feudalism, capitalism, socialism and knowledge based society.

In feudalism under constraints due to mentality, innovations were introduced and accepted with great difficulty (Crosby, 1997). Most inventions were used for military purposes, to ensure better management of resources (White, 1964). Yet military discipline imposed social change and innovations began to be accepted (White, 1964). Those who had been innovating, most often, in addition to their ideas, risked their life for the inventions and their line of work was not conducted according to scientific rules (White Jr, 1975). The most important adoption of an innovation in the medieval age, can be considered switching to Arabic numbers (Boncompagni et al., 1862) as a result of the method of calculation developed by the mathematician Leonardo Pisano (Grimm, 1973). In the government principles of central organization maintained by local authorities (Nelson, 2001), laid the foundation for the development of relations, nowadays called franchising, which are still successfully and widely used today, by many organizations such as McDonald's (Nelson, 2004).

Capitalism, as a form of organization, has always promoted competition (Schumpeter, 2013). The competition favors those who succeed in bringing first to the market a novelty. In such a society, innovators are promoted and their ideas quickly find an economic use (Terborgh, 1950). Free movement of capital led significantly to the development of scientific research centers and universities (Slaughter and Leslie, 1997). Technological advance has been remarkable, and based on scientific findings, new research directions have been developed (Veblen, 2007) and also, new cultural trends (Veblen, 2005). Between the boundaries of innovation under capitalism, there are many factors that favor initially the development of new products, but have negative implications in terms of business ethics (Dubinsky and Loken, 1989). Thus, the right of private property has made it possible that under various reasons, a company may buy the patents of extraordinary inventions, just not to allow the competition to have access to new discoveries (Slater, 2003). This way was preferred too, when the new discoveries put in difficulty the current work of the companies, and thus, by purchasing a patent of a highly advanced technological breakthrough, they could extend the life of their products on the market (Paine, 2006). However competition between companies has also led to the formation of a competition among employees for job vacancies (Einstein, 1951) and thus employees were forced to abandon their creative and innovative abilities, while accepting positions that have not given them the chance to truly express their potential.

Socialism unlike other political systems, was based on rigorous economic planning (Schumpeter, 2013). Innovation can be planned too, but to a very limited extent, since you cannot predict the components needed to achieve previously undefined results (Kotz et al., 2002). Innovation through its nature is unpredictable. Through innovation planning process it can only be ensured the conditions and premises that efforts will be made that helps develop new results, but cannot predict these results, which often have special requirements and needs (Kotz et al., 2002). In socialism, due to economic centralization, parallel research conducted in the same area by different companies or institutions is eliminated. The information is available to all researchers, which from this point of view affiliate to the specific of open innovation type of work (Enkel et al., 2009, Onișor, 2014, Roper and Xia, 2014). The difficulty of inventors to work according to the principles of open innovation (Onișor and Drăniceanu, 2014), is further enhanced by theorists who believe that the rapid adoption of new discoveries, could lead to major social crises caused by human activity replacement by robotic machines (Keynes, 1933, Brynjolfsson and McAfee, 2012). Innovation is seen as an element to be managed in the interest of all members of human society (Engels, 1910), for multilateral human development and rational use of natural resources (Marx, 1904).

Theoretical political systems (Zapata-Barrero, 2004) to alter and replace both capitalism and socialism (Einstein et al., 1954), have been designed so as to take only the good parts of each (Einstein, 1951). Innovation has been subject to several economic and social modeling processes (Veblen, 1898) in an attempt to adopt beneficial measures to society (Smith, 1979). Thus emerged the concept of democratic socialism or social democracy (Smith, 2012). Based on new concepts and development of communication means, mainly favored by the emergence of the Internet network (Berners-Lee et al., 2000), current society is flooded with information (Atkinson, 2013). At the basis of this new form of organization, Knowledge Based Society, it is information itself (Tarafdar et al., 2013). Digitization of economy (Atkinson et al., 2015) and of all sciences, increased access to information (Rieland, 2012), which for inventors nowadays translates into a more accessible way to access the information gathered so far by humanity (McCandless, 2012, Bennett, 2012).

4. Innovation

An invention sent for analysis to different specialists, lead to outline at least as many innovations as the number of specialists, if not even more. A series of rapid business innovation, on account of an invention, fall within the sensitive changes of operating parameters (English, 2013). Innovation is greatly enhanced by marketing (Bodell and Earle, 2004), the science of marketing being one integrative, and through its instruments, helps the working of some very different specialists and thus default to the increase both the number of innovations and the degree of their complexity (Onișor, 2014). Permanent integration of new technologies and adaptation to ephemeral concerns of consumers, are items that are permanently taken into account by the marketing people (Bhattacharya, 2008). Innovations developed, should be presented and communicated to consumers in a certain way (Pitt and McCarthy, 2008) and otherwise to specialists in related fields, liaising with both categories being essential (McDonagh and Formosa, 2011). Marketing can use concepts from other areas to form new directions of action (Langdon et al., 2010) in order to increase innovation accessibility (Kimmel, 2013). The path that follows innovation is influenced by three categories of difficulties: technical, financial and of the image. Technological instability is given by the fluctuating nature of the rate of finding solutions by researchers. Attraction of financial resources from investors and collaborators (Gomes-Casseres, 1987), was and remains one of the thorniest aspects of the research focused on the development of new products. However, innovative means of financing have been developed in the financial field. A fine working example is the creation of sovereign wealth funds (Drăniceanu et al., 2014), which use financial resources resulting from non-renewable exploitation of natural resources, in the development of new sustainable solutions which can no longer depend on these natural resources in the future. In relation to these two difficulties, the biggest problem may face a business is that of stability factors affecting the image the company (De Mooij, 2011). Development of innovation creates separate markets both for consumers but also for those which specialize to innovate on a certain ranges of innovation (Tarafdar et al., 2013). Diffusion of innovations in numerous inventions involves the use of own resources but also by combining the acquisition of external capacity (Figueiredo, 2013). Moving from conceptualization through development and then implementation, an innovation can be achieved faster with external input, in order to take advantage of maximum efficiency and at the same time to manage effectively all stages required for placing products on the market (Lee et al., 2008). Vertically developed relationships become very important throughout the process through which innovations are passing (Delgado-Verde et al., 2014), from design to implementation, to the distribution to consumers. The commercial success of innovation depends on a clear vision of marketing from the placing products on the market up to the replacements with new innovations (De Marez and Verleye, 2004).

In marketing, vertical collaborations have led to their integration under the name of "management of relations with customers and suppliers," and these relations, developed both upstream and downstream have gained such importance (Delgado-Verde et al., 2014), as businesses shapes their activity after these connections. Marketing and innovation (Maciariello, 2009) can be regarded as two basic functions of conducting any business activities. Innovation determines the position in which a company or even a country sits at any given time in any classification (Allard et al., 2012).

5. European policy for the development of innovation-overview

In Europe, have been developed several programs for managing innovation. The European Union's framework Programmes have always targeted to facilitate transnational collaborations in scientific research and development (Titze and Brachert, 2014). Cooperation between companies of different Member States, which complement each other in the process of research development, favoring the parties involved, in the sense that it may remain competitive without allocate financial resources to develop the necessary competencies individually (Brunow and Nafts, 2013). European cohesion policy requires joint management of funds dedicated to innovation. On the priority axis of the operational Programme of Innovation in the economy 2007-2013 has been conducted a survey (Knap et al., 2013) on the results of the 81 projects implemented. Nearly half of these have resulted in the development of innovations, followed at a small difference in the projects which have helped to develop the capacities of adaptation or imitation of activity undertaken by competing firms, and to a much lesser extent were obtained for radical innovations or inventions. Other studies (Le and Le Van, 2014) emphasize connection between increasing rate of innovation within a company if where shall be ensured clear market openings for potential products to be researched and brought on the market. Changes in world economy due to financial difficulties which have arisen in the year 2008, have affected all European policies and plans drawn up to that date (Guarini et al., 2014). Rapid changes and the uncertainty future have led to draw up programs to ensure business continuity (Zapata-Barrero, 2004). European political Programmes relating to innovation, tries to quantify and support those directions for action that will prevail in years to come. For the next horizon, the Europe 2020 program (Europeană, 2010) attaches great importance to innovation, innovation being the first of the seven strategic initiatives which have led to the draft program (Antonescu, 2013).

6. The need to adopt innovations

If we refer only to a few inventions and innovations developed over time on the territory within the territory of our country by the Romanian inventors, we can understand that there is really a necessity to adopt new ideas and innovations arising in respect thereof.

In the medical field, we can talk about the great personalities of the Romanian people who have made impressive scientific discoveries. In the first place, professor Nicolae Constantin Paulescu (Ţarălungă, 2011), the true inventor of the principle of obtaining artificially the “Pancreine” (substance called later “Insulin”), managed to make public the results of his research, but did not have the support needed to establish a production line for this. However, the scientific world was opening up to take his idea and produce this substance, which has saved and continuously saves countless human lives. Another great Romanian inventor was Ana Aslan (Ţarălungă, 2011). Physician, professor, researcher, has developed a series of substances under generic name of “Gerovital” and well-established in the scientific world as „Vitamin H3”, component with significant role in reducing the aging of human body cells. She was the promoter of Gerontology and Geriatrics clinics, being the founder of the first clinic of its kind in the world in the early 1950s. The scientific world was opened to her research and by disseminating, made known her discoveries in all corners of the world. Thus, the clinic in Bucharest - Otopeni was visited by many personalities from the 50s - 80s (Caplea, 2012): Charles de Gaulle, Josip Broz Tito, Nikita Sergheevici

Hrușciov, John Fitzgerald Kennedy, Indira Gandhi, Marlene Dietrich, Charlie Chaplin, Salvador Dalí, Kirk Douglas, Daniel Swarovski and many others. Patents for invention in more than 30 countries have protected "Gerovital". After leaving this life, everything that Professor Ana Aslan has built, went into obscurity, and after the political changes in the ' 89-' 90, at European level, has been stopped the allocated funds even for routine maintenance of the Geriatric Institute and no investments have been made at all in the modernization of the Center. Professor Ștefan Ionescu Călinești, in search of a skin treatment for a member of his family, was able to synthesize a sapropelic extract, originally from the Amara Lake mud, Ialomița County, then from White Pond Lake (Hepites, 1900), Brăila County, Romania. The substance was named "Pell-Amar" peloid (mud) and bitter (by Amara). Based on this discovery, he managed to develop a production line of therapeutic and cosmetic products. Products made, thanks to the proven beneficial effects have begun to have a great demand, especially for export. After the changes of 1989, the production line was shut down and everything was left in neglect, losing that way a market with tremendous growth potential. From 2010, a private investor was able to recover some of the facilities, in accordance with the new legal provisions in force and begins production. However, up to the year 2015 has not yet been able to produce the full range of products as in the past. Professor Vasile Boici has developed another extract with outstanding properties to treat rheumatism under the name of "Boicil". The substance was produced by two factories producing medicines in Timisoara and Cluj, whose owners after privatization, no longer wanted to continue production.

If you change the coordinates and choose other fields of activity, we find distinguished Romanian inventors whose inventions have changed radically and totally how humanity carry out its work before the implementation of their inventions. Petrache Poenaru (Ţarălungă, 2011), a professional scholar, invented the pen and patented his discovery in Paris in 1827 (Piouffre, 2013). Traian Vuia, engineer and aviator, he was the first man who conceived a flying machine with its own propulsion and flew with it in 1906 (Lipovan, 2002). Henri Marie Coandă, inventor of the Jet engine without propellers in 1910, and the world's first aerodynamic train (Coman, 2007). Aurel Vlaicu, engineer, inventor, and pioneer of Romanian and worldwide aviation (Baciu and Baciu, 1991). Nikola Tesla, istro-Romanian, considered by many as the greatest inventor of modern times (Hunt and Draper, 1964, Tesla and Childress, 1993, Seifer, 1998), invented and has been able to imagine things that even today after more than 70 years after his departure from this life are hard to understand by the contemporary researchers (Martin, 1894, O'Neill, 2007).

All of those inventors have had intense concerns also in other areas than those set out above. Ideas exists, invention patents have been obtained, their usefulness has been proven, but after a while, as a rule, a general rule once the termination of life of inventors, there are no people and financial resources for the perpetuation of such useful innovations and inventions. Therefore, the need of adoption of inventions that have been proven advantages of using is of prime importance in developing human society. It is a pity not to use the results of such research ancestors and not to build on them further research. Search for answers to some questions that have already been answered, only to maintain a situation of stagnation and non-constructive organic development. How many inventions are not yet implemented, although there have been discovered for a long time and would be able to improve and contribute to the substantial increase in the quality of life level? It takes all these inventions especially since most of them have proven their qualities and their potential and potential of marketing science, and can help in this regard, to their reviving.

The accelerated speed of advances in the economic life, social and political at present time, has resulted in the formation of new practical current that aligns all the actors concerned, from the consumers to traders or brokers, producers and up to legislators. A current in today's business model is based on open innovation adoption, which is considered to be the new form of top-up on the market of new findings in a timely manner (Onișor, 2014). Marketing, one of the youngest science, has its intrinsic nature to bring about major changes in all areas of activity. This ability of marketing to optimize and restructure fundamentally any other science with whom interfere, brought benefits in the fields of inventions and innovations, too. Companies that have research and development departments and are used to develop new products and services through their own efforts, are starting to lose market shares held for a long time, due to the lengthy time to market new discoveries. Turning back to research and development, but by integrating ideas or solutions developed outside the company, firms are able to improve their performance in at least three directions: (1) is reduced time to market of new products; (2) they are able to compete and to maintain or even increase its market shares; (3) significantly increase their profits. Marketing research done with rigor and constant frequency, identify consumer preferences and reveal trends that will be occurring in the near and distant future, on the market.

7. Legal framework for the placing on the market of innovative technologies

Innovations have always been related to or influenced by the legal component, in the sense that an invention can bring profit to the inventor, only once it is patented and certified by a body which deals with this activity. They are thus, laid down the copyright to the first person who submits all complete documentation relating to the discovery, to an office of certification of inventions and innovation. Innovation, viewed in legal terms, is primarily treated from the perspective of that the company introducing brand new products on the market, can take over the whole market of several existing products at a time and can hold a monopoly for a period necessary for competitors to come up with products that can compete with the newly introduced ones (Graef et al., 2014). Monopoly can be obtained relatively easily, if companies that are more specialized merge to develop innovations easier. Secondly, innovation can result in the creation of new markets that do not exist, and so it is necessary to develop a legislation to be adopted for these markets, with a view to quantifying and application of common standards. Are then envisaged licensing contracts, as a result of which, companies licensed can develop their own technologies which will over time replace technology for which it has obtained license. Small steps innovation is best seen from the point of view of the legislature, while radical innovation requires an enhanced analysis for determination of the criteria for the carrying out of fair competition. Any business that wishes to remain on the market must develop and improve its products or services constantly. Most of the times they opt for minor innovations and slight successive improvements of the product. These innovations are subject to the legislation governing relations between manufacturers, distributors and final consumers, without requiring any special treatment (Beck et al., 2014). Companies, however, can opt for product development based on radical innovation. The risks they take are higher in commercial terms, but may face also problems in legal terms. New products launched on the market in this case, will be initially subject to existing legal provisions for products that are closest to the utility. The law is further amended in such a way that they can cover the full operating range of the products coming from radical innovation processes(Beck et al., 2014).

Viewed from the perspective of marketing, marketing tools helps ease the whole process of granting patents, patents, trademarks and copyright. This approach has emerged as a necessity, after comparison methodologies followed and used by the main institutions involved in patentability of inventions worldwide. Especially because the legislation is always formed post innovation, in some cases may also represent a serious barrier in the way of innovation reaching the market in a shorter time horizon.

8. Conclusions

Marketing, the science that makes it possible to identify, due to research, the latest trends in the market, it can guide a company through the whole process of innovation. Following the presentation in marketing vision, based on a documentary study of differences that exist between inventions, scientific discoveries and innovations, the article presents how each of these ways of bringing innovations to market, affects how companies acts on the market. Also were shown the advantages and difficulties that have characterized business in historical perspective during feudalism, communism, capitalism and knowledge-based society. Have been reviewed current development directions envisaged at European level and the legal issues facing business involved in bringing on the market of very new products.

Companies, which have based their work on innovations, may impose a sustainable economic growth by influencing other industries or through the creation of new jobs in the new sectors of activity, which were set up as a result of discoveries carried out. Innovations can trigger the development of niche markets and socioeconomic growth overall. Development of trade and economic growth and the emergence of niche markets, could lead all to the development of new industries. These new industries can contribute very much, on the one hand to the economic development of a country, but with built-in risks connected to dismantle other older industries and can contribute to this effect, on the other hand, to the rise of the unemployment rate. By using marketing techniques throughout the process of bringing to market new discoveries, the companies are identifying the latest opportunities for their customers who wish to benefit and, in so doing, they import innovations developed outside the company and adjusts its own findings with them, the result being beneficial for both companies and final consumers.

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Modeling Store Patronage: A Systematic Review

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Marketers always search for growing in store patronage. It is important for retailers to gain better understanding of their consumers. Precise improving store attributes could affect store patronage. Modeling a consumer shopping trip behavior will gain insight into these issues. The aim of this review consists of twofold: (1) to review store attributes and situational factors that impact on store patronage and (2) to review a predictive model to determine store patronage across retail formats. To establish this systematic review, the research aim and research questions are formulated; and then the mapping of the field of the study is defined. Next, the methodology shows how to select and evaluate the papers followed by the analysis and synthesis the data. Finally, the classification of evidence is shown. The findings show different dimensions of store patronage. Consumer demographics, store attributes and different situational influences are described. Finally, modeling approaches with their criticism are presented. Two major gaps could be filled in further research. First, multi-purpose shopping trips have not been considered extensively in store patronage models. Second, store formats have not been categorized by the bi-polar including size and physical development characteristics.

Key words: store patronage, shopping trips, retail format choice, store attributes, situational factors

JEL classification: L81, M31.

1. Introduction

Thailand has been one of the key emerging markets in Asia in recent decades. This has led to rapid growth in household consumption. In recent years, the pattern of consumers has dramatically changed due to the coming of modern trade firms, e.g. Tesco, 7-eleven.

Agriculture and Agri-Food Canada (2012) reports that traditional grocery retailers, e.g. wet market, food stall, share 62% of grocery sales; however, consumers are continuously shifting their shopping destination to modern and larger formats, e.g. hypermarkets, instead of small, independently owned grocers. In terms of non-store formats, Agriculture and Agri-Food Canada (2012) notes that internet-based retailing has taken off, but most internet retailing are non-food items. However, by the time a current search, Tesco has just operated the internet retail but its service area is within only urban areas in a few major cities.

Most Thai consumers, particularly those who live in upcountry, still visit wet markets to buy their fresh food products as they perceive that products sold at wet markets are fresh and cheaper (GAIN Report, 2004). The same source reports that Thai consumers frequently visit wet markets with an average of 18 visits per month, convenience stores at least 6 times a month, and 4 times a month for supermarket and hypermarket commitments. Even though the market share has fallen, traditional markets remain the largest portion of a food retailer. This occurs in many Asia countries, e.g. Taiwan, Hong Kong, India, and Indonesia (Agriculture and Agri-Food Canada, 2012).

From several database searches, academic publication relating to this issue is missing. Marketers always search for growing in store patronage. It is vitally important for retailers to gain a better understanding of their consumers. Several researchers (e.g. Carpenter & Moore, 2006; Reutterer & Teller, 2009) have found that different shopping needs associated with retail format choice. Precise improving store attributes could affect store patronage. Modeling a consumer shopping trip behavior will gain insight into these issues.

The aim of this review consists of twofold: (1) to review store attributes and situational factors that impact on store patronage and; (2) to review a predictive model to determine store patronage across retail formats.

The review is conducted using a systematic review approach (Denyer & Tranfield, 2009). It seeks to identify all the available evidence with respect to a defined field of a study. To conduct a systematic review, Denyer and Tranfield (2009) suggest that the research aim and research questions will be formulated; and then the mapping of the field of the study will be analyzed. Next, the methodology will show how to select and evaluate the papers followed by the analysis and synthesis the data. Finally, the classification of evidence and the findings will be presented.

The focus study area is the intersection of three main fields including: (a) store patronage, i.e. retail format choice; (b) store attributes and consumer demographics; and (c) situational condition of shopping trips.

2. Methodology

The main objective of this section is to construct a review protocol. The review process is "systematic, transparent and reproducible" to ensure that the outcomes will be minimized error and bias (Tranfield, Denyer, & Smart, 2003).

2.1. Review process

In line with the proposition in the handbook by Denyer and Tranfield (2009), the systematic review is conducted as the following five steps:

- Research question formulation: by defining research aims, and developing research questions.
- Scoping the field of study: by mapping the field of the study.
- Study selection and evaluation: by producing a review protocol.
- Analysis and synthesis: by conducting a systematic search, extracting results and bringing them together in a logical way.
- Reporting and using the results: by classifying evidence and reporting findings.

2.2. Review protocol

A review protocol comprises of a good search strategy which can efficiently find the relevant literature and minimizes an absence of an essential source. After the field of the study has been mapped, keywords and search strings are set up. These search strings are examined in various databases resulting in a limited number of articles (N=304), then these papers are screened by a title and an abstract for a relevant subject (N=37). Furthermore, other resources such as books, web sites, and addition references are included, and then duplicated documents are excluded from the list (N=94). Finally, the ultimate results consist of core papers (N=43), which are further investigated and reported in the findings, and partly related documents (N=51), which do not directly connect to the main field of study.

Keywords are derived from the result of the scoping study. Search strings are defined in order to identify the intersection of study areas; irrelevant results are excluded from these search strings. The search strings are applied in three selected databases: Business Source Premier, Emerald, and Science Direct. Although the rigorous search strategy was conducted, some papers may be overlooked because of too specific or do not match keywords defined by authors. Thus, the branching strategy has been employed when crucial information is included in the reference, in particular academic papers.

To choose relevant papers that address the research questions, inclusion and exclusion criteria will be applied when examines a title, and an abstract, and then scans through a full text. To evaluate the research papers, four assessment criteria are applied including journal ranking, literature review, outcomes, and contribution to knowledge. If papers are evaluated with low quality or not applicable in any criterion, they will be excluded from the review process.

To manage information extracted from the papers, data extraction form the core papers are kept in a database which easily helps to report statistics. Finally, the extracted data is brought together into a logical composition which is presented in the findings. The report is organized coherently with relevant information; arguments are made and the literature is criticized.

3. Classification of evidence

This section provides an analysis of evidence after search methodology has been carried out. The classifications of the evidence are described by year, journal, store patronage dimension, consumer demographics and attribute, situational factor, and modeling approach.

3.1. Evidence by year

The review papers indicate that there are a few studies before the year 1980 and during the period 1980s. The number of papers has increased considerably since the 1990s.

3.2. Evidence by journal

Several studies come from four-star business journals such as Journal of Retailing, Journal of Marketing Research, and Marketing Science and from three-star journals such as Journal of business research, Journal of Marketing Management and European Journal of Operational Research. The most prevalent papers are from Journal of Retailing followed by Marketing Letters.

3.3. Evidence by store patronage dimension

Store patronage can be operationalized by different aspects. The most frequent dimensions for store patronage are store format choice and store choice, respectively. Some studies, however, combine these terms with other dimensions such as frequency of store visiting and the amounts of money spending for shopping trips.

3.4. Evidence by consumer demographics and store attribute

The most popular consumer demographics are income, household size, and education followed by age, children under age 6, expenditure, gender, home owner, hour worked, marital status, race, and working woman, respectively.

Store-related attributes can be grouped into service/convenience-related attributes and merchandise-related attributes. In terms of service/convenience-related attributes, distance or travel time from home is the most popular attribute followed by accessibility or parking availability close to the store, and pleasant atmosphere. The other attributes are friendly and helpful personnel, non-retail tenant mix, and short waiting time/queue at the checkout. A number of attributes: quickly get an item, crowding, parent and children facilities, cleanliness, infrastructural services, special events, security, and transport provided by store, occasionally present in the journal. Finally, after sales services, cost structure of retailers, inventory holding costs of consumers, membership fee, store attitude, and store image are rarely applied in the literature.

In terms of merchandise-related attributes, low prices and wide range of assortment are the most frequent attributes followed by high merchandise quality, and many discounts and special offers. Other attributes: product availability, price strategy, and opportunity to try/taste a sample are extant in the journal.

3.5. Evidence by situational factor

Situational factors are temporal factors influencing the consumer behavior apart from customer demographic and store attributes. Shopping trip types are the most common situational factor which is often characterized as major and fill-in shopping trips. Some studies define these components by adding more specific definitions such as shopping primarily for price specials, and quick trips; or by dividing into particular time interval such as weekday, weekend, and month-end shopping trips.

3.6. Evidence by modeling approach

Econometrics models, in particular logit models, are the most popular method to predict store patronage, whereas specific econometrics models such as hazard models, tobit models, probit models and poisson regression are often developed in a specific purpose in order to model store behavior. There are a number of studies employed an artificial neural network approach.

Most causal relationships among several variables are explored by structural equation modeling or confirmatory factor analysis, while the exploratory research is often clarified by the descriptive and inferential statistical approaches. In addition, some studies use multivariate statistical methods such as exploratory factor analysis and cluster analysis. A mixed method between qualitative and quantitative is also found. Finally, a meta-analysis has been used to determine significant attributes influencing store patronage from several previous studies.

4. Findings

4.1. Store patronage and its attributes

4.1.1. Dimensions of store patronage

A term "patronage" can be characterized into several dimensions such as whether or not to shop, where to shop, how often visit, and how much to spend. Many studies use only one dimension to represent the store patronage. The most frequent dimension concerns where to shop or "store choice" while the other dimensions are often ignored.

A number of studies consider two dimensions to represent the store patronage. For example, Pan and Zinkhan (2006) regarded store patronage as two features: (1) store choice, and (2) frequency of visit. Peter T.L. Popkowski Leszczyc, Sinha, and Timmermans (2000) focused on a problem of deciding (1) where and (2) when to shop. E.J. Fox, Montgomery, and Lodish (2004) considered (1) the store choice and (2) expenditure across retail formats in their models.

4.1.2. Consumer demographics

Consumer demographic affects store patronage as explanatory variables from a demand side (González-Benito, 2001). Crask and Reynolds (1978) found that frequent patrons of department stores tended to be younger, more educated, and had higher incomes compared to those attributes of non-frequent patrons. E.J. Fox et al. (2004) found that household size, income, and level of education influence store format choices across three formats: grocery stores, mass merchandisers, and drug stores.

4.1.3. Store-related attributes

Location has been a key factor influencing the store patronage since the early studies by Reilly (1931) and Huff (1964). However, several researchers (e.g. Carpenter & Moore, 2006; E.J. Fox et al., 2004) argued that not only the location, but there are also other important factors affecting the store patronage.

Typically main attributes which influent store patronage such as location, pricing, promotion, accessibility, assortment, customer services, and atmosphere are often mentioned (e.g. Carpenter & Moore, 2006; Peter T.L. Popkowski Leszczyc & Timmermans, 2001).

Nielsen (2000) showed that a good value for money is the most important indicator. The literature shows that a number of attributes such as assortment, quality of products, convenience etc. can potentially be represented consumer services. Correspondingly, Briesch, Chintagunta, and Fox (2009) found that convenience, represented by travel distance, has a more effect on store choice than price and assortment. The costs incurred by consumers can be determined by the price of products and the use of time and money for travel to and from a retail store, which is a function of a location.

Solgaard and Hansen (2003) pointed out that the positioning of price play a more important role than that of products and brands. They indicated that price level, assortment and location were important factors for consumers' choice between major store formats, while quality and service did not distinguish between these formats. However, their study focused on only the major supermarket formats; small store formats were not included in their model. In terms of pricing strategy, Bell and Lattin (1998) observed that large basket shoppers prefer to shop at the store using every day low price (EDLP) formats, whereas small basket shoppers prefer high and low (HiLo) pricing strategy.

Seiders and Tigert (2000) showed that the primary reasons for customers supporting supercenters were low prices and range of product assortment compared to those of supporting traditional supermarket are more significant on location or, in some cases, product quality and assortment. However, E.J. Fox et al. (2004) indicated that frequency of promotion and product assortment were higher influential on store patronage than price.

Some researchers have found that not only store attributes and consumer demographics, but also other factors influence the retail format choice. Bhatnagar and Ratchford (2004) have shown that the optimality of different retail formats depended on membership fees, travel costs, consumption rates, perishability of products, inventory holding costs of consumers, and cost structures of retailers.

4.2. Situational influences

A number of studies (e.g. Bhatnagar & Ratchford, 2004; Carpenter & Moore, 2006) has been ignored situational influences; as a result, they cannot explain the store patronage behavior under several circumstances. Extensive evidence has shown that store patronage is highly dependent upon shopping situation. Many major retailers increasingly target customers according to the purpose of their shopping trips (Edward J. Fox & Sethuraman, 2006). Belk (1975) pointed out that situation variables influence significantly on consumer behavior. He utilized a stimulus-organism-response paradigm (Chisnall, 1994) which has been modified to split a stimulus part into an object and a situation. He showed an interaction between situations and products (beverage and meat) is higher than a main effect of situations or products alone. Solgaard and Hansen (2003) emphasized that researchers could depict the utility not only a function of store attributes, and personal characteristics, but also a situational consideration.

Situational influence is defined as "all those factors particular to a time and place of observation which do not follow from a knowledge of personal (intra-individual) and stimulus (choice alternative) attributes and which have a demonstrable and systematic effect on current behavior" (Belk, 1975:158). Another adds that "situational considerations are, finally, a function of the consumer's awareness of events and/or the need to search for information that may affect his/her choice behavior" (Solgaard & Hansen, 2003:171).

A widely accepted scheme of situational dimensions is physical surroundings, social surroundings, temporal perspectives, task definition, and antecedent states (Belk, 1975). A task definition is defined by several researchers: "task definition is the reason the consumption activity is occurring" (Hawkins & Mothersbaugh, 2010:481); "task definition features a situation include an intent or requirement to select, ship for, or obtain information about a general or specific purchase" (Belk, 1975:159).

Several studies have shown the importance of situation influence to store patronage. Mattson (1982) criticized the use of individual difference variables to forecast store patronage and ignored situational factors. In his study, he pointed out the significance of two situational factors: time-pressured and shopping for gift or oneself; he implied that the situational variables could make a prediction of store patronage more accurately.

According to the theory of the allocation of time developed by Becker (1965), the opportunity costs (i.e., the time that would be used for other shopping trips or non-shopping activities) have a negative relationship with a consumer's response to his/her purchases during shopping trips. For example, opportunity costs may be high for consumers on a fill-in shopping trip since the purpose of this trip is to quickly purchase for immediate consumption while the opportunity costs may be lower for consumers on a major shopping trip because a large amount of time is allocated to this trip. The theory of the allocation of time suggests that the opportunity costs of purchasing vary across different types of shopping trips.

4.2.1. Shopping trip types

Many researchers (e.g. Barbara E. Kahn & Schmittlein, 1992; Kollat & Willett, 1967) have categorized shopping trips as: "major shopping trips" and "fill-in shopping trips". Information Resources Inc. (IRI, 2006) has categorized the shopping trips into four groups: "quick shopping trips", "fill-in shopping trips", "pantry stocking trips", and "special purchase shopping trips". IRI classification differs from others in that it specifies "quick shopping trips" as trips to meet an immediate need and typically result in purchases of one to three items with a ring of $10, while "fill-in shopping trips" covers a broad range of product categories. "Pantry stocking trips" and "Special purchase shopping trips" are equivalent to the major shopping trips and the shopping primarily for price specials respectively in other classification system.

Major shopping trips require much time and effort because a large number of items are purchased to satisfy short and long-term needs (Barbara E. Kahn & Schmittlein, 1992; Kollat & Willett, 1967). Major shopping trips regularly conducted over a time period such as 1-2 weeks or 1 month and contributed to a significant share of a consumer's grocery budget (Solgaard & Hansen, 2003; Walters & Jamil, 2003). Furthermore, the major shopping trips are better planned compared to fill-in shopping trips (Nordfalt, 2009).

Fill-in shopping trips meet more pressing product needs with less time and effort used by consumers compared to major shopping trips (Barbara E. Kahn & Schmittlein, 1992; Kollat & Willett, 1967). The fill-in shopping trip is a trip to replenish perishable products that are frequently consumed. The fill-in shopping trips often buy fewer items and lesser amount of consumer's grocery spending compared to the major shopping trip (Walters & Jamil, 2003).

Shopping primarily for specials, often refer to "cherry-pickers" by practitioners, is a shopping trip when consumers visit a store for the main purpose of purchasing price specials offered by a vendor (Mulhern & Padgett, 1995).

Peter T.L. Popkowski Leszczyc and Timmermans (1997) observed that most consumers have patterns of grocery shopping trips involving more than one store. They found that while the majority of consumers tent to shop at two to five different stores, consumers often shopped and spent most money at one certain store. However, a substantial amount of switching occurred; in particular 50 per cent of fill-in trips were a switching trip. Barbara E. Kahn and Schmittlein (1992) examined a relationship between shopping trips and promotional tools: coupon, in-store display, and advertising in newspaper. They have shown that the likelihood of purchase related to whether the shopping trip was a major or fill-in trip. Moreover, to distinguish the types of shopping trip can assist to determine amounts of money spent on such shopping trips much accurately (B.E. Kahn & Schmittlein, 1989).

4.2.2. Shopping trip purposes

There has been a growth in one-stop shopping, because of an increase in variety of products and services at supermarkets (Messinger & Narasimhan, 1997). There also has been a shift from the number of household visiting grocery stores to that of visiting super centers in the recent years (A.C.Nielsen, 2002). This is particularly true today, where shopping malls have been increasing larger and customers have been increasing lack of time (Chebat, Gélinas-Chebat, & Therrien, 2005). One reason for this trend is the need for consumers to optimize their time doing the shopping by: (1) making multi-purpose shopping trips, reducing the number of trips at a particular time period and merging purchases for different items, or (2) buying in a large number of items when makes a single-purpose shopping trip (Peter T. L. Popkowski Leszczyc, Sinha, & Sahgal, 2004).

A relatively new retail format such as a super center, which is commonly clustered in agglomerations, allows consumers to do single-stop multi-purpose shopping trips (Teller & Schnedlitz, 2012). Some retailers offer shoppers to perform activities other than grocery shopping by locating near to or inside of a shopping mall (Dellaert, Arentze, Bierlaire, Borgers, & Timmermans, 1998). The presence of the retail agglomeration which forming a cluster of heterogeneous stores provides consumers opportunity for multi-purpose shopping, while the presence of other grocery stores form a cluster of homogeneous retailers allows shoppers for comparison or cherry picking (Peter T. L. Popkowski Leszczyc et al., 2004).

The multi-purpose shopping trips have not been examined extensively. For example, Peter T. L. Popkowski Leszczyc et al. (2004) studied the effect of multi-purpose shopping on pricing and location strategy. Arentze, Oppewal, and Timmermans (2005) examined multi-purpose shopping trips to retail agglomeration affecting on consumer choice in terms of what to buy and where to buy. They found that agglomeration attracted not only multi-purpose but also single-purpose trips. However, their study considered the impact only on store choice; none of these have included other dimensions of store patronage such as amounts of money spent. The link between multi-purpose trips and retail patronage needs to be further explored.

4.3. Modeling approaches

In retail patronage context, exploratory research and descriptive research (Malhotra & Birks, 2007) often use basic statistical methods to describe their results (e.g. Carpenter & Moore, 2006) whereas causal research generally employ multivariate statistics or econometrics models such as linear regression models, logit models, and probit models (e.g. Peter T.L. Popkowski Leszczyc & Timmermans, 1997; Seetharaman et al., 2005). Several studies (e.g. Carpenter & Moore, 2006) use descriptive statistics to explain the relationship among consumer demographics, store attributes, and retail format choice. These methods give descriptive relationship; however, they do not have capabilities to "predict" retail patronage.

To predict retail patronage, researchers often employ several methods which can be classified into two streams: (1) modeling based on a spatial interaction theory and (2) approaches based on a random utility theory. Models of the first category are well known as "gravity models" which have been inspired by the works of Reilly and Huff (Berman & Evans, 2007). These models predict consumer patronage based on (a) an attraction of stores, e.g. size of stores; and (b) an accessibility of stores, e.g. distance between stores and consumers' homes. These models have been criticized that they predict similar patronage when stores are the same size and distance although their attributes are different. However, Huff's model has been modified various extensions such as price, assortment, and service levels.

The second approaches are well known namely "discrete choice models" which are often determined store choice behavior. These models have been developed under an assumption of utility-maximizing behavior by decision makers, and is often known as the random utility theory (Train, 2003). The large number of studies utilized these approaches. For example, Peter T.L. Popkowski Leszczyc and Timmermans (1997) applied a probit model to simulate store-switching behavior whether customers made a repeat shopping or not. González-Benito (2001) used a logit model framework to study inter-format spatial competition of retail markets. Solgaard and Hansen (2003) developed a multinomial logit model to explain consumer's choice behavior between different supermarket formats. Reutterer and Teller (2009) used a multinomial logit model to identify store attributes that impact on store choice.

A number of researchers have developed their own specific econometrics models for the particular purpose of their studies. For example, Bhatnagar and Ratchford (2004) identify determinant factors affecting the retail format competition by building an analytically economic model. E.J. Fox et al. (2004) focused on store choice and expenditure across retail formats in their models. Peter T.L. Popkowski Leszczyc et al. (2000) developed a hazard model, where store choice is depended on the timing of shopping trips, to measure the effects of consumer characteristics on grocery store choice and switching behavior. Some studies applied a multi-method to predict store patronage. For example, Moutinho and Hutcheson (2007) indicated the combination of factor analysis, multinomial logistic regression and cluster analysis for modeling store patronage.

The gravity models, discrete choice models and analytic econometrics models have a limitation in that they have to pre-specify a functional form of the model. For instance, for the logit model, the stochastic component of the utility function is assumed to be an extreme value distribution; while that of the probit model is normally distributed (Train, 2003). Moreover, outputs from the discrete choice models are discrete variables only.

The regression models restrict to a number of assumptions (Hair & Anderson, 2010): specifically, the linearity of the relationship between dependent and independent variables, constant variance of the error terms, independence of the error terms, and normality of the error terms distribution. Besides, the regression models provide solely a continuous output. The structural equation modelling and confirmatory factor analysis seek to explain the relationships among multiple variables (Hair & Anderson, 2010). In doing so, they inspect the structure of interrelationships represented by a series of equations, like a series of linear regression equations. Consequently, the structural equation modelling and confirmatory factor analysis inherit the limitation from linear regression models, in which they offer only continuous outputs as opposed to discrete outputs.

5. Discussion and summary

From the literature, the store patronage across retail format has not been studied extensively. At least, two major gaps could be filled in the further research. First of all, multi-purpose shopping trips have not been considered extensively in the store patronage models. To model store patronage without accounting for multi-purpose shopping behavior will limit the applicability of the model to the real world situation. Second, store formats have not been categorized by the bi-polar including (a) size and (b) physical development characteristics. The first dimension is categorized a store into: a small store format or a large store format; whereas the second one is considered whether a store is located individual or agglomeration.

It is anticipated that the proposed situational factor and classification criteria will gain insight into much understanding of store patronage behavior, in particular the store patronage between an individually located store format and an agglomerated store format.

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To Buy or To Lie: Determinants of Purchase Intention of Counterfeit Fashion in Malaysia

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In the competitive market of the fashion industry, counterfeit fashion has become prominent and also a great threat to the original brands in the market. The study seeks to investigate the factors that affect consumers' purchase intention towards counterfeit fashion products (CFP). Constructs of past experience of consumers, perceived risk, social influence, attitudes of consumers towards the purchase intention of counterfeit fashion products were explored through the distribution of 350 questionnaires. 284 usable data is analysed and the results showed that past experience and social influence have the most significant influential effect towards the purchase intention of CFP. The results also proved that consumers' attitudes towards CFP have a mediating effect and gender moderates between past experience and purchase intention. This research discusses the implications towards authentic brand manufacturers in fashion industry and recommendations for future research studies, which will help the researchers in conducting related research more accurately.

Key words: Counterfeit Fashion Product, Past Experience, Social Influence, Perceived Risk, Purchase Intention, Attitude, Structural Equation Modeling (SEM)

JEL classification: M31.

1. Introduction

According to Carpenter and Edwards (2013), counterfeit products are known as the identified copies of the authentic products. To eliminate the market of counterfeit goods, Malaysia has strengthen its protection of copyright and its enforcement against piracy since 2011 by amending certain laws, as well as launching schemes such as the "Basket of Brands" to protect companies (Asian Patent Attorneys Association, 2012) but laws itself are insufficient (Stumpf, Chaudhry and Perretta, 2011). Vida (2007) describes two type of counterfeits; deceptive counterfeit which represents the situation where consumers are unaware of the fact that they actually purchased counterfeit products instead of the genuine ones, while non-deceptive refers situations where consumers are actually fully aware counterfeit products purchase, and still have intention to buy it. This study focuses on the non-deceptive counterfeiting products in fashion industry. Based on Mavlanova & Benbunan-Fich (2010), companies most affected by this trend are luxury fashion brands, e.g. Louis Vuitton, Gucci, and Prada and covers products including clothing, bags, shoes and accessories.

According to Phillips (2007), the counterfeit business is said to be the largest business around the world if it were to be acknowledge as a business. He also further estimated that the market of counterfeit product may reach the $2 trillion mark in 20 year times. Tom, Garibaldi, Zeng, and Pilcher (1998) and Phau, Prendergast, and Chuen (2001) estimates that there are at least 33% of consumers who would buy counterfeit goods with consent. Many consumers consent to the purchase of counterfeit fashion products even though it is an illegal activity. Therefore, this study aims to investigate the determinants that affect consumers' purchase intention towards counterfeit fashion products in Malaysia.

2. Literature review

2.1 Counterfeit fashion products

According to Phua, Teah and Lee (2008), counterfeit business has gained momentum as the largest business in the market if it were to be acknowledged as one. There are actually many types of products in the market that could be counterfeited, fashion products being the biggest target for the counterfeit producers. Counterfeit fashion product is defined as a fashion item that use a brand name or trademark as well as including the same packaging and labelling without the permission of the register owner (Carpenter and Edwards, 2013). It is said to be 'fake' products in the fashion industry. Not only that, counterfeiting also tends to damage most firms' brand equity and brand prestige in the fashion industry, and at the same time threatening their businesses. In the context of this research, counterfeit fashion products like clothing, watches, handbags, accessories and footwear are the main focus. Hence, this study explores on the situations surrounding consumers' willingness to purchase the counterfeit fashion products instead of the original brand.

2.2 Purchase intention

Roughly one-third of buyers buy counterfeit fashion products armed with the knowledge that their product purchases are 'fake' (Phau et al., 2001; Tom et al., 1998). Consumers whom knowingly buy counterfeit goods increased the sales of counterfeits and this has forced the marketers to refine more effective marketing strategies to target consumers (Bian & Moutinho, 2009).

According to Maldonado and Hume (2005), attributions of a product will affect the willingness of consumers' to purchase either genuine or counterfeit goods. There would be a higher chance of consumers purchasing counterfeit products if they have more favourable attitudes towards them. Vice versa, lower favourable attitude decreases the likelihood of purchasing the products (Wee, Tan and Cheok, 1995).

2.3 Past experience

According to Bagozzi (1981) and Ouellette and Wood (1998), past behaviour will predict consequent behaviour, forming a habit, thus causing repeated behavior. Rather than using cognitive consideration, future performance tend to be more predicted by past behaviour (Bamberg, Ajzen, and Schmidt, 2003). Therefore, if a customer starts to purchase counterfeit luxury brands, this might increase the purchase intention in the future (Yoo and Lee, 2009). Besides that, Yoo and Lee (2012) also stated that a customer who previously purchased or experienced a counterfeit luxury brand (CLB) would likely to purchase more in the future. De Matos, Ituassu and Rossi (2007) added that those customers who have bought a counterfeit have more favourable attitudes compared to those who have not.

Van Phuong and Toan (2014) highlights that when consumers purchased counterfeit products with a lower price compared to expensive branded ones, they will express a stronger intention to purchase the fake one over the genuine items. Swami, Chamorro-Premuzic and Furnham (2009) did a survey where the respondents mentioned that they had a meaningful experience and was willing to buy counterfeit products in the future. Therefore, this research hypothesized that:

H_1: There is a relationship between past experience and consumers' purchase intention towards counterfeit fashion products.

2.4 Perceived risk

Ha and Lennon (2006) states that perceived risk is a situational and personal consumer behaviour. There are often risks involved in every purchase of a product and the effects of perceived risk will affect consumers' decision making. According to De Matos, Ituassu and Rossi, (2007), they found out that most consumers who exhibit these risk perception are mostly towards counterfeit products. Consumer believes that counterfeit products sold at cheaper prices equates to lower quality. They consider it as a risky venture that might involve financial, performance and functional risk (Wee et al., 1995). Therefore, consumers often assumed that there might be risk associated with purchasing a counterfeit product. Not only that, the purchase of counterfeit products involves social risk too (Wee et al., 1995). This is supported by Yoo and Lee (2009) where high social risk causes discomfort of consumers when this particular social group or the person belongs or aspires to belong realize the use of counterfeit products. A person might involve in the risk of being discriminated or ostracised from that social group.

However, De Matos, Ituassu and Rossi, (2007) mentioned that consumers are not afraid that the counterfeit will be faulty signifying their lower expectation for a lesser price paid for a product. Nia and Zaichkowsky (2000) states that these type of consumers do not even concern themselves about the poor quality and materials of these counterfeit products because they do not see it as inferior choices. Based on this argument, this research hypothesized that:

H_2: There is a relationship between perceived risk and consumers' purchase intention towards counterfeit fashion products.

2.5 Social influence

Social influence as stated by Ang, Cheng, Lim and Tambyah, (2001) is regarded as how other people affect the judgement and decision making process of the consumers. Social pressure helps to maintain certain relationships (Ajzen, 1991; Notani, 1998) and it can lead people to either follow or break the rules (Ang, et al., 2001). Consumers' behaviour can be influenced by the support given from peers and family in participation of purchasing counterfeit fashion goods. This can be showed by Ferrell and Grisham (1985) who stated the importance of peers and other reference group in affecting the consumers' behaviour. Hamelin, Nwankwo and El Hadouchi (2013) also proved that social interaction with family and peers are the principal drivers in purchasing counterfeit fashion goods.

However, situation depends on the social norms. Reference group or peer pressure can also influence consumers in buying original luxurious product as well (Bearden, Netemeyer and Teel, 1989). Therefore, consumers' purchase intention towards counterfeit fashion products depends on the normative pressure from significant others. This research hypothesized that:

H_3: There is a relationship between social influence and consumers' purchase intention towards counterfeit fashion products.

2.6 Attitudes toward counterfeit fashion

Huang, Lee and Ho (2004) defined attitude as a learned predisposition to respond to a situation in a favourable or unfavourable way. They added that we cannot observe attitude directly as research should be carried out to find out the attitudes according to the attitude measurements. According to the theory of planned behaviour (TPB), attitude is a good determinant of purchase intention. Besides that, the TPB model suggested that the behaviour performed by the individual is determined by their intention to perform the behaviour (Ajzen, 1991). Based on Ajzen and Fishbein (1980), Attitude is considered to be highly correlated with one's intentions, which in turn is a reasonable predictor of behaviour. Besides that, De Matos, Ituassu and Rossi (2007) mentioned that individual and interpersonal level factors will influence the intentions of a behaviour (De Matos, Ituassu and Rossi, 2007) and argued that attitudes mediate between the behavioural intentions and the constructs that they used. In this research, we hypothesized that:

H_4: Attitude mediates the relationship between social influence and purchase intention of consumers towards counterfeit fashion products.

3. Methodology

Utilising a quantitative research design, questionnaires were distributed to 350 respondents and statements for the research instrument were adapted from past research with some minor amendments to align with the research objectives. The questionnaire includes 21 item questions that covers all constructs. Positive and negative sentence structures were used in the questionnaires to make sure respondents read and analyse every sentence carefully. A seven-point Likert Scale was applied to measure the variables where for this study: 1 represents 'Extremely Disagree', 2 represents 'Moderately Disagree' followed by 3, which represents 'Slightly Disagree', 4 represents 'Neutral', 5 represents 'Slightly Agree', 6 represents 'Moderately Agree' and lastly, 7 represents 'Extremely Agree'.

A pilot test of 30 people were conducted on the research instrument to reduce biasness and enhance the reliability, thus to avoid irrelevance and evaluate the comprehension of the questionnaire. After reliability testing (all Cronbach alpha > 0.7) and modification, a new structured questionnaire was distributed in a few locations such as malls, business conference hall, universities and by online social media. Questionnaires were given to the people randomly and with this, respondents were chosen due to chances or probability, rather than other attributes.

SmartPLS was used to conduct Structural Equation Modeling (SEM) to test how well the research objectives and hypotheses fit into the research model. Fit measures of composite reliability, Convergent Reliability (AVE), Discriminant Validity, Confirmatory Factor Analysis, and Goodness of Fit are then used to evaluate the model.

4. Results and analysis

4.1 Respondent profile

There were 284/350 (81.14%) usable data due to incomplete and incorrect data imputations. Gender disparity was at 51.4% females 48.6% males. Majority of the respondents are from the income level below RM1000 which consists of 74.6% while the income level which has the lowest percentage is only 1.4% which is from the range above RM 4001. It also can be seen that most of the respondents' highest education level are at Bachelor's Degree which consists 69.4%. While for the age group majority are from 21-24 years old (69%), and then only followed by below 21 years old (23.6%). Males have a higher purchase intentions in comparison to females and they are mostly from the age group of 35-39 years old. It is interesting to find out that people who have higher purchase intentions are mostly from the higher income level of RM3001-RM4000 and then followed by the level of income below RM 1000. It also shows that the group of people from the range of RM3001-RM4000 have the highest in past experience and the lowest in perceived risk.

4.2 Structural equation model – Measurement model

The PLS model was analyzed in to two different stages – measurement model and structural model. The validity and reliability of the construct measures in model were tested in the measurement stage and the relationship between latent constructs was emphasized in structural stage. In the measurement model, all loadings are above 0.6 (Hulland, 1999) indicating reliability of each variable. In addition, composite reliability (Hair, Ringle and Sarstedt, 2011; Fornell and Larcker (1981) for all latent constructs are above 0.7. Convergent and discriminant validity (Camines and Zeller, 1979) was met as every construct recorded an average variance extracted value ranged from 0.587 to 0.826.

4.3 Structural equation model – Structural model

71.8% (R-Square = 0.718) of variation in the independent variables will affect the consumers' purchase intention towards counterfeit fashion products. Goodness of fit index (0.2763) indicates a medium overall fit for the model (Wetzels, Odekerken-Schroeder and Van Oppen, 2009). Figure 1 shows the structural model after bootstrapping 5000 samples.

Table 1 shows the hypothesis testing results.

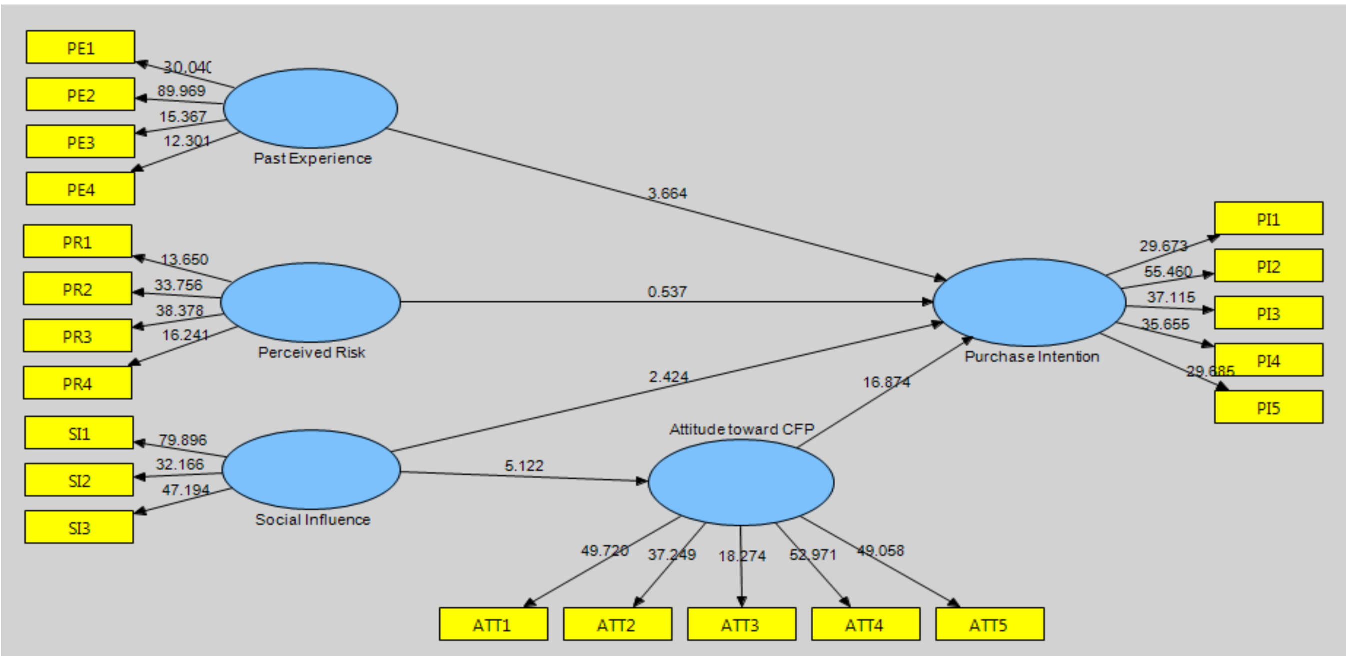

Figure 1: Structural Model after Bootstrapping

Hypothesis	Beta	Standard Error (STERR)	T Statistics (|O/STERR|)	Decision
H1: Past experience -> Purchase Intention	0.176**	0.048	3.664	Supported
H2: Perceived Risk -> Purchase Intention	0.018	0.033	0.537	Not Supported
H3: Social Influence -> Purchase Intention	0.300***	0.055	5.430	Supported

Table 1: Hypothesis Testing ****p<0.1, **p<0.05 ***p<0.01***

From Table 1, the results showed that the relationship between past experience (p<0.01), social influence (p<0.05) and attitude towards counterfeit fashion products are significant. However, there is an insignificant relationship between perceived risk and purchase intention (p> 0.1).

Mediation effect of attitude is also shown to be significantly mediating the relationship between social influence and purchase intention (p>0.01).

Hypothesis	Indirect Effect	Standard Dev (Constraint Model)	T Statistics (Beta/Stdev)	Decision
H4: Social Influence -> Attitude -> Purchase Intention	(SI>ATT) 0.309* (ATT>PI) 0.674 = 0.208	0.060*0.040 = 0.0024	86.667***	Supported

Table 2: Hypothesis Testing on Indirect Effects (Mediation of Attitude towards CFP) of purchase intention

5. Discussion and conclusion

5.1 Past experience

Past experience positively influences the consumers' purchase intention towards counterfeit fashion products (p<0.05). 60.6% of the respondents had good experiences with counterfeit fashion goods in the past and 21.5% of them do not have a good experience. According to Yoo and Lee (2009), purchase intention of counterfeits should be influenced by the past purchase of counterfeits especially when they had a good experience. Consumers who experienced counterfeit fashion products will be more likely to have repurchase behavior in the future. In business context, counterfeit products manufacturers should create a superior product usage experience for consumers who have not purchase counterfeit products before. This will then retain a large amount of counterfeit buyers in the market. On the other hand, authentic fashion products manufacturers also need to realize what consumers experienced in counterfeited fashion products. With this, the authentic retailers may offer a better value to the consumers so that they will purchase the original products instead of the fake ones.

5.2 Perceived risk

Perceived risk does not have a significant effects on the purchase intention of consumers towards counterfeit fashion, p>0.05. Only 37.3% of the respondents answered that counterfeit fashion products are reliable while 31.3% of them disagree with it. The remaining of 31.3% was neutral in answering this question. According to Wee et al. (1995), some consumers might consider purchasing counterfeit products as a risky venture in terms of performance, functional and financial lost if the products are faulty or unreliable. The driver for this perceived risk could be attribute with the fact that most people are not willing to be associated with the shame of loss of authenticity and identity when discovered using fake items or even loss of pride in one's image. Counterfeit products manufacturers already noticed that consumers are actually aware of the risk and prefer quality products Therefore, authentic products manufacturers should position themselves as the original producers who are not only producing products and the brands, but also maintaining superior quality products to distract consumers away from counterfeit fashion products.

5.3 Social influence

Social influence (p<0.01) is significantly positive towards consumers' purchase intention towards the counterfeit fashion products. An average of 55.67% of the respondents' purchase intention towards counterfeit products is easily influenced by the fashion of their friends, family and colleagues. Most of the respondents are below the age of 24 and more worrying, support counterfeit fashion products. Tapping on their social media habits authentic products manufacturer can market their original products via the Word of Mouth marketing (WoM) and Electronic Word of Mouth marketing (eWOM). Consumers that recommended the products to their friends or family will get incentives and discount for the next purchase. According to Ang, Cheng, Lim and Tambyah, (2001), social influence has a strong influence on consumer's impression and purchasing intention towards the counterfeit goods. Hence, it is proved that social influence positively affect consumers' purchase intention. This influence can sometimes outweigh personal conviction and peer pressure may overrule integrity of oneself. It is interesting to note that this study has revealed the struggle between personal conviction of risk and inability to resist influence by peers when purchasing counterfeit luxury items which have implications for marketing of luxury brands and policy makers.

5.4 Consumer's attitude

The mediating effect of consumers' attitudes between social influence and purchase intention of counterfeit fashion ($p<0.01$) continues to show the struggle between internal motivation and external influence of ones decisions to purchase. 42.6% of respondents records positive perception towards counterfeit products, while 20.4% do not. The remaining 37% rated neutral towards the question. They felt that there is nothing wrong with purchasing counterfeit fashion good but it does not mean that counterfeit fashion goods are a better choice compared to the authentic products. Moreover, past research also showed that consumers' attitudes towards a certain product will have a direct effect on their purchase intention (Marcketti and Shelley, 2009). Hence, consumer will tend to purchase the counterfeit fashion goods if they have a positive feeling towards it. Some respondents also mentioned that counterfeit products' quality is almost the same as the authentic ones. In business context, authentic products manufacturers and retailers should look into this problem. Consumers will opt for counterfeit products they can get a similar or even better quality than the original.

5.5 Limitation and future research

There are a few limitations in this research. Firstly, this research was solely conducted in the Klang Valley area. Hence, the results and comments obtained from the respondents are limited only to the respondents who stay in Klang Valley. In this case, the results might not be really accurate as there might be differences in perspectives towards counterfeit fashion products from the people who are in other places. In future research, it is recommended that questionnaires be distributed to other areas in Malaysia to represent the Malaysian context.

Besides that, the size of the sample data and demographics are also another limitation. Due to time constraint, only 350 surveys are given out to the respondents and most of the target respondents are below age of 24 (92.6%). Therefore, the sample results may not be representative of the average Malaysia's consumer towards the counterfeit fashion products. Therefore, future research should focus on managing a diverse age group so that the result can be generalised.

Another limitation is the interest of the respondents. When some respondents are being confronted, they showed no interest in doing the surveys; some even rejected it directly. Moreover, 91.5% of the respondents' incomes are below RM2000. This showed that the research result also cannot represent the upper middle and upper class income group consumers. Therefore, the result cannot be generalised. In short, a bigger sample size is needed so that different income group consumers are included in the research.

There is a possibility to continue to segment the counterfeit luxury purchases into clusters. With identified clusters more effort could be made in recognizing needs and wants of smaller segments and then devise strategy to meet them. Further analysis of segmentation could also describe the demographic and behavioural makeup of the segments for better understanding of the market. This could also be followed up with in depth qualitative interviews that seeks to further illuminate and confirms the hypothesis as tested in this study.

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Would the Niagara Region Benefit from Specialising in Riesling?

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The main purpose of this paper is to evaluate the current business strategy of the Niagara wine region and determine whether it would be more advantageous for the area to specialise in the Riesling grape variety. Questionnaires were administered to a range of different types of experts with a specialty in wine. Quantitative data from the Liquor Control Board of Ontario supplemented the core interviews. The results of this study indicate that differentiation through specialisation is the best strategy to develop the Niagara wine region. However, the structure of the wine industry encourages wineries to produce a vast array of grape varieties to cater to the needs of the domestic market. This has resulted in a loss of identity for the region. Though because Niagara Riesling is differentiable, world class, the most consistently awarded grape and unreproducible elsewhere, it is the prime candidate to become the representative grape for the region. By developing the Niagara style of Riesling and focusing on exporting small amounts of the variety, the region would benefit by developing an identity and increasing consumer confidence and sales.

Key words: Wine, Niagara, business strategy, competitiveness

JEL classification: M31.

1. Introduction

The Niagara wine region is relatively young and has only been producing quality wine for several decades. It offers a wide range of grape varieties and wine styles. However, the region has never truly developed an identity in the world of wine.

There is very limited research on business strategy to support the Niagara's wine region development. In particular, there is no research that has looked at the potential benefits of specialising in any grape varietal including Riesling. This research will partially address this gap in knowledge by gaining a deeper understanding of the potential benefits from adopting specialisation in Riesling. The specific objectives of this study are the following. First, to evaluate the potential of the Niagara wine region to specialise in Riesling grape. Second, to unveil if the Niagara wine region has a business strategy ensuring future successes.

2. The Wine World

The romance of wine has intrigued people for centuries and how aromas and tastes of such complicated chemical compounds have emerged from simple grapes continue to capture the public's attention (Robinson, 2006).

Old World wine refers to wine regions in Europe but also some areas of the Mediterranean basin such as North Africa. The Old World uses traditional techniques and makes an effort to demonstrate the environment where wine is produced rather than using technology to create consistent wines (Johnson et al, 2007). Old wine regions generally have guidelines as to what they are permitted to grow and be approved by their governing body. Many wineries are terroir (describes the "sense of place" from where it originates) driven and create single vineyard wine to best illustrate the area (Robinson, 2006).

New World wine regions are regions located outside of Europe and started cultivating vines much later than the Old World. The New World has less tradition and history in wine making, but there is much more diversity in styles. This has led to regions producing varietal expression, usually in the international recognizable varietals including Cabernet Sauvignon, Sauvignon Blanc and Pinot Noir.

2.1 Ontario Wine Industry

The Liquor Control Board of Ontario (LCBO) is an organisation established in 1927 to sell beer, wine and liquor (LCBO, 2013). It is run by the government and is held accountable by the Ministry of Finance. They are the only stores in Ontario which are permitted to sell alcohol liquor and wine with few exceptions. Restaurants and bars which are licensed are able to resell alcohol if it is sold on the premise. Additionally, wineries are able to acquire a licence which enables the winery to sell wines which are made on the location. The LCBO is the largest alcohol purchaser in the world, is taxed highly and contributes greatly to the Ontario government (Ministry of Finance, 2013).

After prohibition grape growing was limited to growing vitis labrusca, a type of grape that is not suitable for making wines, but is preferred in jams or jellies (Bramble & Gwyn, 2007). It was thought the Ontario winters were too cold for the European wine grape, vitis vinifera, to survive. Therefore, Ontario focused on vitis labrusca and between 1930 and 1950 it developed many "Ports and Sherries". These wines were known for their "foxy flavours" and were not favoured among consumers (Bramble and Gwyn, 2007). As a result of this, winemakers became fixated on developing French hybrids, less preferred grapes, and eventually developed European varieties such as Riesling, Chardonnay, Caberbets and Gamay Noir, though this was considered a great risk.

Because technological advances were not available in the 1970s it took until 1990s for the industry to blossom (Bramble and Gwyn, 2007). At this time, the industry was producing quality grapes but struggled to prove the quality and the premium winemaking techniques used to produce wine (Wine Country Ontario, 2014). This resulted in the Ontario wine industry developing their response to France's AOC and Italy's DOCG in 1989: the Vintners Quality Alliance (VQA). The VQA was put into place to regulate the permitted amount of additions, winemaking practices and overall quality of the wines (VQA Ontario, 2014).

The Ontario wine industry has contributed significantly to the Ontario economy, contributing \$6.8 billion annually. Approximately 31,000 jobs in Canada are attributed to the wine industry and the industry welcomes more than 3 million visitors for tourism and revenue (Canadian Vintners Association, 2014).

Sales in wine are growing constantly and in the last year alone sales grew 4.4%. White wines gained 5.9% in the last year alone. From this, Riesling contributes \$29.3 million. More than 60% of the Riesling sold in Ontario is produced locally. The next largest producer of Riesling is Germany accounting for 29% of sales. Red wines are preferred and account for 59.3% of total sales (Canadian Vintners Association, 2014; Cannavan, 2013). Wine Country Ontario (2014) has stated that in 2012 there was \$40 million of VQA wine exported with the United States being the most important market, followed by China, Singapore, South Korea and Japan. Exports represent only 10.4% of total sales. It is important to note that icewine alone contributes to 50% of this export.

2.2 The Niagara Region

The Niagara Peninsula is a diverse grape growing region in Canada making up 13,600 acres, and contributing to 65% of Ontario's wine production (Aspler, 2006). The Niagara Escarpment is an enormous rock formation that towers over Lake Ontario by approximately 335 metres. This creates an ideal environment in which grapes can grow and it functions as the coastline to the primordial sea (Vintners Quality Alliance Ontario, 2014). It provides elevation and slopes, dramatically affecting sunlight and breeze which contribute to the grapes ability to ripen (Aspler, 2013). As one of the deepest great lakes, Lake Ontario functions as a moderator for the area. Winds which emerge from the lake protect the grape growing region from extreme cold temperatures (Aspler, 2013).

2.3 Riesling

Riesling is an outstanding variety of vitis vinifera, an internationally recognized European vine species from which most wine grapes are made (Robinson, 2006). Several authors have written about the exceptional characteristics of Riesling. The most notorious ones are: quality, ability to transform, delicacy, diversity, versatility, complexity and longevity (Pigott, 2014; Fielden, 2004). It is an aromatic white wine which is also capable of creating elegant botrytis wines, sweet wines made from fungal infected grapes

(Johnson et al., 2007).

Riesling prefers to grow in cool climate areas. It is best known for its delicate wines from the steep slopes of the Mosel Valley (Veseth, 2011). The grape extended into the Mosel, Saar-Ruwer, Nahe, Mittelrhein and Rheingau and some of these regions are dedicated exclusively to Riesling. Other countries which are noted to produce exceptional Rieslings include Australia, Austria, Germany, California, New Zealand and northern Italy (Johnson, 2007).

With the terroir provided by Niagara, Riesling is a prime grape candidate for the region with its cold hearty wood and high yields. When the first vitis vinifera were planted in Niagara in the 1970, Riesling was an obvious choice. In 1976, many of these vines were planted by Herman Weis, a German emigrant in search of a new home. By the 1980's Niagara became known for its Riesling and other Germans made the trek to Canada. Today, modern wineries in Niagara specialise in Riesling (Wine Country Ontario, 2014).

Despite 132 wineries being located in Ontario, only 96 wineries in the province produce Riesling with it amounting only to 17% (3.6 million litres) of Ontario's annual grape growing production. Most of the Riesling produced in Ontario sells in the Ontario market, though some of it is exported to the U.S., Asia, and the UK, mainly in icewine form (Grape Growers of Ontario, 2013).

Icewine is a sweet dessert wine that gained the Niagara region international attention in 1991 when Kaiser and Ziraldo entered their Vidal icewine from Inniskillin produced in 1989 in Vin Expo in Bordeaux. It won one of the biggest wine awards in the world, the Prix D'Honneur (Wine Country Ontario, 2014). Most of Canada's icewine hail from Ontario, with the Niagara region producing the largest amount. This kind of wine can only be produced in a few regions in the world as it requires extreme heat to ripen the grapes and accumulate the sugars, followed by extreme cold to dehydrate the grapes (Ziraldo et al, 2007).

Germany has not always treated Riesling with the respect it deserves. During the great depression German winemakers looked to other markets to absorb their excess of wine. They turned to areas like Great Britain who were willing to purchase low cost wine and the German responded by producing low quality, sweet, shapeless wine, primarily from the Riesling grape and blended with other cheap varietals (Tinney, 2006; Veseth, 2011).

2.4 Specialisation and differentiation

In order to ensure maximum efficiency of efforts and resources, certain countries specialise in goods that are economically efficient to produce (Carbaugh, 2009; Lee, 2011). Research conducted by Huneeus (2005) indicates that although there has been success in specialisation through marketing varietals, this can be duplicated by other regions. Though, what cannot be duplicated is the terroir of the region in which the grape is being produced.

Many New World wine regions such as California, New Zealand and Australia have moved towards specialising in high quality wines which demonstrate regionality and express terroir. This strategy has allowed these regions to develop competitive advantage based on specialisation. Terroir makes competitive advantage developed within these regions difficult to imitate (Carbaugh, 2009).

As a region, Ontario would benefit from developing a differentiation advantage (Grant, 2010; Lamb, 2010). Ontario currently has the opportunity to differentiate through its unique terroir and produce good quality wines demanded by consumers (Mogk-Edwards, 2013). According to Atkins (2010) the most important factors consumers look for as an indication of wine quality is the brand, and place of origin which includes region and country. One of the problems of the Ontario wine industry region is the production of many grape varietals, many of which are inefficient to produce (Radebaugh et al., 2011).

3. Methodology

An exploratory research design was used to achieve the envisaged aims of the study. A combination of qualitative and quantitative methods was considered the most suitable approach for the purpose of this research. Interviews are an integral part of this study. The criterion used for selecting respondents was that they have expertise in the wine industry. Expert opinions were investigated using a similar set of questions depending on the type of expert being interviewed. A total of 16 face to face in-depth interviews were conducted with the following types of wine experts: winemakers (3), vineyards managers (2), winery owners (3), wine marketers (3), wine writers (2) and wine exporters (3). All participants were Canadian. The study participants were asked thirteen questions in a semi-structured interview format. The interviews were conducted in Ontario. Although all the experts have worked in the wine industry, not all of them have had first-hand experience of working in Niagara. This helped to give a better understanding of the regions wine industry from within and from outside of the Niagara. The data collection started in 2013, when the first exploratory interviews took place, and further interviews were conducted during 2014. All interviews lasted approximately two hours. Respondent's anonymity and privacy has been strictly preserved.

All interviews were digitally recorded and transcribed. The transcribed interviews were rigorously coded and classified using the six step procedure (Radnor 2002). Quantitative research helped to determine how many of the local and international awards are allocated to Riesling wines (still or icewine). Only the awards which have been awarded to the Niagara region were considered valid data and the awards from 2004-2013 were evaluated. The percentage of Riesling awards compared to other varieties was evaluated to determine whether there is a significance difference between the amount of awards given to the Niagara region and the amount of Riesling awards. Following this, the varieties winning gold medals were investigated and compared to the amount of awards Riesling has won. Quantitative data was collected from the LCBO. Interviews outcomes were confronted with quantitative data to make recommendations.

4. Research Findings and Discussion

4.1 Qualitative findings

Respondents were asked about the best way to establish a wine region. Most interviewees claimed that a key route to success should be established. For them, there are three factors that must come together: personality, individuality and regionality. For this to happen, individual brand promotion and region promotion needs to be in synchrony. The findings also revealed that there are conflicting opinions on whether there is a plan for the future of the Ontario wine industry. For some interviewees (4), the plan focuses on selling locally. They believe this is a reflection of the multiculturalism of Canada and each sub culture wanting to do different things.

…The Niagara region does not have a great direction or focus apart from producing good quality wines. There are lots of politics which get in the way but there is not great plan for the future…(Respondent 14)

"…The concept of regionality only works if it has a reason for it to exist. In premium wine terms, how is it different?..." (Respondent 2)

"…The Niagara region has lost its focus, but would benefit from a direction. The region may have a lot of passion but lacks business sense.…(Respondent 4)

…The Ontario wine industry is very unique; a local winery can sell their wine to the LCBO and it always has the possibility of buying more wine…(Respondent 11)

Findings suggest that although the Niagara region produces excellent quality Riesling, it has historically followed what the current local market desires. It should focus on varietals which it can produce at a better quality, which includes Riesling, and create more of a demand for better quality products locally. Niagara Riesling should also be better defined.

…There is a movement to go back to the varieties that are produced well, but there is also a movement to produce obscure wines for a niche market…(Respondent 15)

…The Niagara industry should produce what consumers want to purchase…(Respondent 2)

…It should keep exploring with new varieties and choose a number of varieties that it grows well to specialise in… (Respondent 16)

…Niagara Riesling is world class, unique and differentiated because of the soils and climate. Riesling grows well in Niagara and is very versatile…(Respondent 3)

Findings suggest that the Ontario industry is extremely regulated and limits the possibility to develop competitive advantage. Most interviewees suggested that the LCBO is an archaic organisation. For them, it is extremely difficult to develop a new stream of sales (because of remittances). The government monopoly creates limitations for selling wine within the province but it is also a large benefit to have the largest alcohol purchaser in the world located within the province. Because of this, small wineries have the opportunity to sell their wine to one purchaser and it will be sold in many different stores throughout the province. It has also become apparent that internal politics have not benefitted the region and most likely divided the original community which helped to form VQA.

…only recently has the LCBO given local producer any kind of advantage, but they are starting to give Ontario producers an advantage in the LCBO…(Respondent 7)

...as a result of this monopoly, Ontario producers have been producing what consumers desire rather than what they can produce well and consistently…(Respondent 4)

Nearly all interviewees agreed that the story of the wine region has to reflect its wine values, not be contrived. The simpler this point of differentiation is, the easier it is for the consumer to understand it.

...Make sure your brand is unique, and something that other regions cannot replicate. The varietal cannot take over the marketing; it needs to reflect the style of the region…(Respondent 5)

The findings revealed that several respondents believe that specialising will help to increase exports from the region; permitting consumers understand what the speciality is. They also stated that specialisation does not have to be a varietal, it can be a style. The type of specialisation must consider the strategic position adopted by direct competitors.

…The key to establishing a region is by developing a story with a point of differentiation which is not replicated where winemaking and marketing are in unison with a consistent quality…(Respondent 8)

...The Niagara region does not have a direction but it is starting to develop Niagara style Riesling which is a differentiable product and should concentrate on developing small success internationally…(Respondent 5)

...The region has to look at the long term and what makes sense for the climate…(Respondent 2)

...Specialising in a variety is important when establishing a wine region, but it can be a range of varieties or a single variety…(Respondent 13)

Half of the participants claimed that measurable success is a prerequisite for a region to develop. In their eyes, awards will attract agents which can open new international markets.

…Local consumers are aware of Niagara wine but there are conflicting opinions on whether there is an international market for Niagara Riesling…(Respondent 12)

...The Ontario wine industry faces many challenges from the government to export wine and is lacking direction…(Respondent 9)

Interviewees were further asked to express their thoughts about consumers' reactions to differentiation in grape varietal. Nearly all interviewees agreed that wine needs differentiation to stand apart. Consumers need a reason to choose a certain wine. However, they also pointed that wine lovers react to differentiation, but consumers may not.

...Riesling is extremely consumer friendly. It is simple to understand and appreciate, especially for average consumers… (Respondent 1)

...People are aware of Niagara, but only for icewine. Consumers might be more open to Riesling rather than icewine as it is more approachable… (Respondent 16)

…Most other New World wine regions produce many different varieties but only export their best and specialty wines.…(Respondent 7)

…Generally Ontarians are not educated consumers. Consumers still associate Riesling with sweet and local consumers enjoy Niagara Riesling…(Respondent 6)

Nearly all interviewees agreed that most other New World wine regions produce many different varieties but only export their best and specialty wines. Findings suggest that Niagara Riesling needs to work on developing its unique identity. To gain a place in the very competitive consumers' mind space Niagara's identity needs to be perceived different from German Riesling.

…Concentrating on icewine internationally is great, Riesling also has great potential, but everything takes a long time. Most of the exports come from the larges wineries…(Respondent 14)

The majority of respondents stated that there are not many New World wine regions that produce Riesling, and many of them do not export. Many Old World wine regions also do not export. Therefore, there is a consensus regarding the potential for Riesling to grow. Respondents thought that there are not strategic gaps for other competitive varietals such as Chardonnay.

…Riesling needs to be pushed and only some wineries in Niagara are doing this… (Respondent 8)

…Consumers react to differentiation in wines and Niagara Riesling is world class and differentiable …(Respondent 5)

…Other New World wine regions have had great success with producing Riesling…(Respondent 3)

Only a few interviewees stated that the future of the industry relies solely on local consumers. For them, the domestic market is much more attractive than exports. Therefore, they believe that wine firms should produce what Ontario consumers want. Two of them commented that local consumers are likely to choose local produce.

…New Zealand model exports because they need to, but Ontario doesn't need to export…(Respondent 11)

…The Niagara wine industry has some focus, pleasing consumers. The best opportunities are the local opportunities, at the LCBO…(Respondent 3)

…The Niagara region has the benefit of being located within the jurisdiction of the largest alcohol buyer in the world…it is more financially beneficial for wineries to sell wine to the LCBO than to export...(Respondent 14)

Interviewees' attitude towards the export potential of the region is in general negative. The main reason being that Toronto consumers' are aware of Niagara wine but the international wine industry is not. Many respondents have the perception that international recognition has only been achieved by icewine and the region is trying to move away from that. However, two interviewees pointed that the Niagara wine region in spite of not being very well known internationally has a great opportunity to expand, with room to grow at the LCBO.

…The Niagara region cannot compete for low cost wine and it's not sustainable… (Respondent 12)

...International wine conferences have given the region more direction, this is bringing more awareness for the region but it will not happen rapidly…(Respondent 9).

…Niagara wines are not well known internationally outside of the elite tasters. Internationally there is a great demand for icewine, highly differentiated with high margins…(Respondent 9)

Table one below provides a summary of accumulated findings. NA implies they are not educated in the field, Y means yes, N means no B means they responded with both yes and no and I means interviewee.

	I(1)	I(2)	I(3)	I(4)	I(5)	I(6)	I(7)	I(8)	I(9)	I(10)	I(11)	I(12)	I(13)	I(14)	I(15)	I(16)
Is Niagara Riesling differentiable?	NA	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Is specialisation the key to developing a region?	B	B	B	Y	B	Y	B	B	B	B	Y	Y	B	B	B	B
Is Niagara Riesling fully developed?	NA	N	N	N	B	N	N	N	N	N	B	N	N	N	N	B
Does the Niagara region have direction?	NA	N	N	B	B	B	B	N	N	N	N	N	N	B	N	N
Should the Niagara region look to export?	NA	Y	B	B	B	B	B	B	Y	Y	Y	N	B	B	B	Y
Is there room for Niagara region to grow in the LCBO	NA	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y
Does Riesling grow well	NA	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

in Niagara?																
Is there room for a New World Riesling?	Y	Y	NA	NA	NA	NA	Y	Y	Y	NA	NA	Y	Y	Y	Y	NA
Do you think Riesling is a consumer friendly grape?	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Table 1: An accumulation of findings within the interviews conducted

The analysis of data allowed unveiling important factors shaping the structure of the Niagara wine region as well as potential opportunities for development. All targeted experts agreed that Riesling is a consumer friendly grape and is differentiable when produced in the Niagara style. This study has also revealed that Riesling is a grape that grows well in the Niagara region and creates world class wines but the style has not been fully developed, though there are wineries who have tried to develop it further. There is a lot of work to do in order to increase the international reputation of this wine. The study has also revealed that because of the government restraints and production limits Niagara will never be able to become a leading exporter of wine. However, they all agree there is room for growth for local product in the LCBO and wineries should push for more wines sold locally.

4.2 Quantitative findings

This section will look at the results of the Decanter Wine Awards and the results of the Lieutenant Governors Wine Awards.

Decanter Wine Awards (Year)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Total still gold medals	2	3	0	1	0	0	0	0	0	0	6
Total still Riesling gold medals	2	1	0	1	0	0	0	0	0	0	4
Percentage still Riesling gold medal	100%	33%	0%	100%	0%	0%	0%	0%	0%	0%	67%
Total icewine gold medals	2	1	0	0	1	2	0	0	0	1	7
Total Riesling icewine gold medals	1	0	0	0	0	1	0	0	0	0	2
Percentage Riesling gold medal icewine	50%	0%	0%	0%	0%	50%	0%	0%	0%	0%	29%
Total Riesling gold medals	3	1	0	1	0	1	0	0	0	0	6
Total gold medals	4	4	0	1	1	2	0	0	0	1	13
Percentage of gold	75%	25%	0%	100%	0%	50%	0%	0%	0%	0%	46%

medals from Riesling											
Total regional awards	1	1	2	3	1	0	1	0	0	1	10
Riesling regional awards	1	1	0	1	0	0	1	0	0	1	5
Percentage Riesling regional awards	100%	100%	0%	33%	0%	0%	100%	0%	0%	100%	50%
Total gold medals and regional awards	5	5	2	4	2	2	1	0	0	2	23
Total Riesling gold medals and regional awards	4	2	0	2	0	1	1	0	0	1	11
Percentage of Riesling from gold medals and regional awards	80%	40%	0%	50%	0%	50%	100%	0%	0%	50%	48%
Silver medals	8	7	5	11	12	12	3	4	1	4	67
Riesling silver medals	1	1	1	1	2	3	0	2	0	2	13
Percentage of Riesling silver medals	13%	14%	20%	9%	17%	25%	0%	50%	0%	50%	19%
Bronze medals	28	20	29	17	16	23	9	8	7	3	160
Riesling bronze medals	3	3	2	3	2	2	1	1	2	1	20
Percentage of Riesling bronze medals	11%	15%	7%	18%	13%	9%	11%	13%	29%	33%	13%

Table 2: percentage of Decanter Wine Awards awarded to the Niagara Region for Riesling

Findings indicate the percentage of still Riesling gold medals is 67%. This is an impressive figure indicating there were only other two wines which have been entered into this competition and achieved the same recognition for a still wine from Niagara. This demonstrates that Riesling is the grape variety which has the most potential to most consistently win top awards for its still wines.

The percentage of gold medals of icewine which are made from Riesling is approximately 29%. This is most likely because there are other grape varieties which produce outstanding icewine such as Cabernet Franc and Vidal. Although winning 38% less than the still awards, it still received almost a third of all the gold icewines awards, demonstrating Riesling is capable of excellence when made into icewine.

The percentage of regional awards which were awarded for Riesling is 50%, demonstrating that it has been recognised by the Decanter Wine Awards as an outstanding varietal from the region.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average	Total	%
Riesling	0	0	0	0	1	0	1	0	1	3	0.6	6	46
Gewürztraminer	1	0	0	0	0	0	0	0	1	0	0.2	2	15
Vidal	0	0	0	0	1	0	0	0	1	1	0.3	3	23
Cabernet Franc	0	0	0	0	0	1	0	0	0	0	0.1	1	8
Merlot	0	0	0	0	0	0	0	0	1	0	0.1	1	8
Total	1	0	0	0	2	1	1	0	4	4	1.3	13	100

Table 3: Gold Decanter awards arranged by variety

The above quantitative data indicates that Riesling has won 46% of the gold awards given to the Niagara region with a total of six, the highest average per year. This is because it has won four out of the total six awards given to Niagara for still wines as well as almost a third of all of the icewine awards.

It is important to note that although Chardonnay was discussed in many of the interviews as one of Niagara's most suitable grape varieties; it has not won a gold award at the Decanter Wine Awards.

Ontario Lieutenant Governor Awards	2013	2012	2011	Total (Average)
Total number of still and sparkling wines	10	9	10	29
Total number of still Niagara Rieslings	2	2	3	7
Percentage of awards won by still Riesling	20%	22%	30%	24%
Total number of icewine	2	2	2	6
Total number of Niagara Riesling icewine	1	1	1	3
Percentage of awards won by Riesling icewines	50%	50%	50%	50%
Total number of Rieslings	3	3	4	10
Total number of awards	12	11	12	35
Percentage of awards won by Riesling	25%	0.27%	33%	29%

Table 4: Percentage of Lieutenant Governors Wine Awards awarded to Riesling Niagara Region for Riesling

The above data indicates that Riesling has averaged approximately 24% of the total still and sparkling awards, ranging from 20-30% over the course of three years. It has always been awarded between 2-3 awards for still Riesling every year. This identifies that local expert recognise that Niagara Riesling stands out among all the other different varieties, and consistently represents excellence in Ontario wines. It has won on average 50% of the total icewine, winning half of the icewine awards every year of the competition.

	2011	2012	2013	Average	Total awards	Percentage
Riesling	4	3	3	3.3	10	28.6%
Chardonnay	2	2	3	2.3	7	20.0%
Gamay	1	1	0	0.7	2	5.7%
Pinot Noir	1	0	0	0.3	1	2.9%
Rose Blends	1	0	0	0.3	1	2.9%
Vidal	1	1	1	1.0	3	8.6%
Meritage Blends	1	1	1	1.0	3	8.6%
Cabernet Franc	0	2	1	1.0	3	8.6%
Champagne Blend	1	1	0	0.7	2	5.7%
Merlot	0	0	1	0.3	1	2.9%
Cabernet Sauvignon	0	0	1	0.3	1	2.9%
Syrah	0	0	1	0.3	1	2.9%
Total	12	11	12	11.7	35	100%

Table 5: Lieutenant Governor Wine Awards arranged by variety

Table five indicates that Riesling has won the largest amount of awards consistently over the past three years. The two competitions were compared to determine whether there were consistencies in award winning grape varieties. It is important to note that there were a total of 35 Lieutenant Governor Wine awards awarded while there were only 13 gold Decanter Wine Awards given to the Niagara region. This will skew percentages, but will still highlight consistencies and inconsistencies between varieties. As Riesling was the most awarded wine in the two competitions investigated, is considered a grape which grows well in the area and has the ability to develop a distinct style which is not reproducible, it could be used as a model to develop regions identity and help raise the quality and consumer confidence in Ontario wines. Though, because of the demands of the LCBO consumers, the Ontario wine industry should continue to produce a selection of grape varieties.

5. Recommendations

5.1 Encourage Wineries to Develop Niagara Style Riesling

Through quantitative research, it has been determined that Niagara Riesling is a consistent winner at both international and local awards. The grape variety has proven to thrive consistently in the area and produce high quality wine. This is supported by qualitative findings.

The region should focus on better defining the Niagara style of Riesling. This will help to give the region an identity (difficult to replicate) with a simple message which consumers can understand. This can be explored through viticulture and vinification including using different clones, discovering what the local terroir has to offer.

5.2 Focus on Exporting Riesling

Only a small percentage of Ontario wine is exported and approximately half of it is icewine. In order to develop international recognition, winemakers, winery owners and marketers need to work in unison to develop individuality, personality and regionality. By exporting too many grape varieties in a range of styles, consumers are having problems understanding what the region has to offer. Although Niagara will never be a leading exporter, it still can gain international recognition by exporting small amounts of world class Riesling which will enable consumers to understand a simple message: Niagara Riesling is world class, cool, crisp and Canadian.

5.3 Emphasize the Quality of Riesling at the LCBO

There is a great opportunity for the LCBP to promote the quality of Ontario wines. At the moment, local wines are not perceived by Ontarians' consumers to be very high quality. Probably this perception is influenced by low quality wines that were produced 30 years ago. If the LCBO and Ontario wineries started to promote Riesling as a local and world class product, Ontarians may be more inclined to consume Ontario wines.

By facilitating more locals to try a high quality product which can be produced consistently and locally, this may increase consumer confidence levels when purchasing wine from Niagara. Using Niagara Riesling as the entry wine for many locals who have not tried Ontario wines or have had bad experiences with Ontario wines may facilitate higher sales at the LCBO for local wines, creating a larger market share as well as higher sales for Ontario wineries.

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Redefining 'The Rich'

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One important demographic variable used to segment market is income. Although there is a wide gap between rich and poor, identifying and targeting rich is a difficult proposition. The objective of this study was to find out how and why consumption basket of two sets was different from each other. Focused group discussion method followed by qualitative research tool of bubble drawing was used for this research. Total number of participants was 25 only and represented almost equally by both genders. Importantly, all of them were highly educated and were either independent professionals or senior executives. Interestingly none of them was from so-called royal rich family. However, age group varied widely from 35 to 68. Participants unanimously confirmed that liquid assets held by them were prime mover of their buying pattern. In their opinion, only ownership of fixed assets did not make an individual rich. Consumption basket consisted of small number of necessities and a large portion of luxury products. Interestingly, mobile handset and services was treated as necessity, I phone owned by them was treated as luxury. Similarly, a car as category was necessity for them, but a BMW owned was a luxury.

Their responses to occasion, home, possession, investments, vacation, priorities, attitude to life, socialization, services needed, sports, cuisine and hobbies were decoded. On basis of the responses and discussion, two-dimension matrix was developed which included robust rich, fragile rich, robust poor and fragile poor. To conclude, marketers need to relook to the rich customers and further sub segment them into robust rich and fragile rich. This sub-segmentation shall help them in delivering value to the sets of customers in a more efficient and effective manner.

Key words: Consumption basket, HNI, luxury, income

JEL classification: M31.

1. Introduction

The universe is divided into two broad categories – who are vegetarian from who are non-vegetarian, who believe in God knows it all from who believe in Google knows it all, who like Lionel Messi from who adore Christiano Ronald, who have seen Taj Mahal from who have not seen Taj Mahal! However, this binary approach to segmenting market is not enough. Particularly, when we find a shift in paradigm from mass markets to segments to niches to personalization, we need to use succession of variables. One important demographic variable used to segment market is income. However, in developing country such as India, this may prove a deceptive one. Although there is a wide gap between rich and poor, identifying and targeting rich is a difficult proposition. A marketing consultant Dr Rama Bijapurkar in her book WE ARE LIKE THAT ONLY aptly described this phenomenon. She confirmed 'In India, consumption data is maternity, but income data is paternity'.

In this paper, author has focused on rich customers in Western India and then tried to decode their consumption basket and priorities. The rich in different parts of world show different patterns of both buying and consumption. Still, there is a common thread. They are a readymade market for various kinds of luxury products and services. This market, although growing steadily all over the world, is complex and decoding the black box of rich customer can help marketer fine tune their offerings with pinpoint accuracy.

2. Objectives of the study

While working on another paper dealing with marketing of luxury products to rich customers, author found that the group was widely divided and their priorities were diametrically opposite in same category of products. This ignited me to work further on RICH. The objective of this study was to find out how and why consumption basket of these two sets was different from each other. The distinction would help marketers to subtly change elements of marketing mix while targeting these two set of customers.

Word luxury means different things to different people. The Latin LUXUS means "excess, extravagant and vicious indulgence". However, there has been change in meaning of luxury now and concept is treated on basis of consumer perception and interpersonal motives than purely on money-spent acquisition of an asset, product or service.

Figure 1. Assets, products and services in the luxury market

Author has tried to understand which assets, products and services rich customers preferred in luxury category.

3. Literature review

The RICH are relatively small in number throughout the world but are a subject of hot discussion on various platforms for different reasons. They form an attractive market for luxury products, which are beyond the reach of common man. Rich is an adjective that means having a great deal of money or assets. According to Merriam Webster, Rich is having abundant possessions and especially material wealth. Authors, economists, marketers all have different definitions of rich. For some $1 million is wealthy while for others, $100 million is wealthy. However, a new survey from UBS shows that most investors say "wealthy" means $5 million—with at least $1 million of that in cold, hard cash. The top 1% now controls 39% of the world's wealth according to Boston Consulting Group's Wealth Report.

Now a day, another term used by marketers that is HNWI- High Net worth Individual. According to Wikipedia, A *high-net-worth individual* (HNWI) is a person with a *high net worth*. In the western, and primarily American, private banking business, these *individuals* typically are *defined* as having investable finance (financial assets, excluding primary residence) in excess of US$1 million. Then there is a new sub set which has emerged due to concentration of wealth in hands of a few. They are Ultra High net worth Individuals. Ultra High Net worth Individuals are defined as having a net worth of at least US$30 million (after accounting for shares in public and private companies, residential and passion investments such as art, planes and real estate).

From dictionary meaning to marketers' approach, everyone talks of rich in financial terms. Further classification is done on basis of tiers of wealth, possession and liquid cash.

An ultra high net worth household (ultra HNH) is defined as the one with a minimum average net worth of Rs. 25 crore accumulated over past 10 years, which as per CRISIL's proprietary tool IDeA (Income & Demographic Analysis) is mapped to a minimum income of Rs. 3.5 crore to Rs. 4 crore a year.

In 2012, India was the fastest growing luxury market in the Asia-pacific region, brisker than even China. The market grew at 30%in 2013 and is expected to be worth $ 18 billion by 2017.

According to Jo King head of Audi India; we have several examples of Audi Q3 and A4 customers who have jumped price bands to buy our luxury cars. These customers were looking for better value and not a lower price. According to report from Kotak Wealth Management & CRISIL research, half of the HNH (there were more than 100,900 ultra HNH in India in 2012-2013)were from four metros in India. This number is expected to triple to over 329,000 by FY 2018.

Indian customers in general are known as VFM- value for money customers. However, one aspect which came to fore recently in a survey carried out by JLL was Indian shoppers today are at times ahead of the market in terms of information. For instance, eager customers are aware of a favorite brand's new product launch even before the manufacturer formally introduces the product to the market. Be it cars, mobile phones, movies or books, many customers are informed well in advance should a new product feature in their desire list; they are also in the know as to which will be the best destination to shop for it. Further, increased exposure to foreign products through various channels—by either travelling abroad or interacting with foreign tourists in India—has increased the appetite for foreign brands. At times, these brands may not be available in physical stores, but an online platform will provide shoppers the luxury

4. Detailed Profile of Participants

Total number of participants was 25 only and represented almost equally by both genders. Importantly, all of them were highly educated and were either business persons, independent professionals, entrepreneurs and senior executives. Interestingly none of them was from so-called royal rich family. However, age group varied widely from 35 to 68.

Mumbai, in India, is a place where we have largest concentration of millionaires. Participants in this study were all from Mumbai. Those in businesses were mainly from high value exports such as diamond trading. Four first generation entrepreneurs had start-ups in information security (high end) and made it big in only four years. There were only two male respondents who became millionaire in real estate field.

Women respondents were again independent businesspersons. One made it big by production and export of herbal cosmetics. Two were independent professionals and two were tax consultants.

Practically, all of them, except two were fluent in English, the common global business language. For the two exceptions, language was no barrier and they were successful at global level without any formal education or proficiency in English language.

They were in highest income tax payers category and were clients of branches of banks that were having boutique branches to serve high net worth individuals. Such branches served only millionaires/HNIs and such branches were opened in metros and mini-metros in India.

All of them visited luxury malls Palladium in Mumbai and Select City walk in New Delhi. At global level, they preferred to buy items at Dubai mall during Dubai festival and at Galleries Lafayette in Paris, France. All of them were platinum credit card holders of various banks and members of frequent fliers clubs of different airlines.

5. Research Methodology

I have used focused group discussion method followed by qualitative research tool of bubble drawing. The participants were not ready for in-depth interview because it was for research purpose. They were, in any way, not going to be benefitted out of it in form of published interview in a magazine or a newspaper. I therefore decided to first use the tool of focused group discussion to break ice between me (researcher) and them (respondents).

Focused group discussion initially revolved around definition of RICH, their consumption basket, attitude of Government and society to RICH. Later on, it shifted to how marketers treat this set of customers and in turn their reaction to various marketing programs. At second stage of research, each participant was given 12 pieces of paper with two characters shown talking to each other with empty bubbles. The participants were asked to write in those bubbles what they thought was communication between the two characters which comprised of a man and a woman from rich class. Each paper had headline above the bubble. The headlines were- occasion, home, possession, investments, vacation, priorities, attitude to life, socialization, services needed, sports, cuisine and hobbies. Instead of in-depth interview, this method proved extremely useful. All respondents were comfortable in expressing their opinion through the two characters in picture ie. through third person than expressing on their own verbally.

6. Results and Discussion

Participants unanimously confirmed that liquid assets held by them were prime mover of their buying pattern. In their opinion, only ownership of fixed assets did not make an individual rich.

Consumption basket consisted of small number of necessities and a large portion of luxury products. Interestingly, mobile handset and services was treated as necessity, I phone owned by them was treated as luxury. Similarly, a car as category was necessity for them, but a BMW owned was a luxury.

They were vocal on poor treatment by Government in spite of their contribution in form of taxes paid. The group stated that professionals and executives were honest enough to pay tax compared to a businessperson.

All respondents complained over invasion of their privacy by marketers. They blamed it to the information given in KYC (Know Your Customer) form and CRM programs run by marketers. All of them received large number of junk mails, spam mails and calls on their mobile at most awkward time. In age of information available on net, this bombardment of communication from marketers proved to be an irritant for all of them. They expressed satisfaction over special efforts taken by some marketers by isolating them from ordinary customers. An Indian bank opened boutique branches for HNIs. Respondents categorically stated that marketer, if wanted to tap rich customers, must insulate and isolate them from others.

In second stage of research, participants were automatically divided equally and their responses were diametrically opposite. The division was due to age group. Younger lot (named as group A) and mature lot (group B) had very different preferences in each category.

1- **Occasion:** - For younger lot, it was birthday of partner, marriage anniversary, performance of kid in school function were most important occasions. Only four respondents, who worked in field of information technology said that 25th marriage anniversary of parents was important.

On the contrary, group B (older group) preferred to tick marriage of son or daughter, their own marriage anniversary, alumni meet of school or college as important occasions.

2- **Home:**- The younger lot preferred an independent villa or a bungalow. They were well aware of the maintenance issues in case of larger homes. The other older group preferred two/three BHK flat in a posh locality. They did not prefer independent house for safety issues and wanted security gadgets including alarm, camera phone to be installed in flats. For interior decoration, younger group preferred DIY- do it yourself and not DIFM- do it for me. Younger group (A) preferred green building and LED lights and was concerned over electricity and water consumption issues.

3- **Possession**: - The younger lot preferred products, which were for individual consumption but can be displayed in public. This included cars, bags, pens, suiting, and gadgets. The older lot wanted items falling in antique category. They were not interested in display of their possession to public. In their own opinion, they were true connoisseur of luxury that meant appreciation of antique and unique. In case of gadgets, the first lot (read younger) practiced concept of showrooming. This meant that they checked product/gadgets off line and then bought same on line. This was only in electronics category and that too confined to only limited brands of repute.

4- **Investment:**-The younger lot wanted to save and invest in high risk/high return instruments. They were not interested in concept of second home. The older lot preferred savings in bulk in Government securities with nomination of kids or wife. Group B was not interested in real estate now and those who preferred to invest had preference for a vacant developed plot of land rather than a home. Spreading thin was the mantra of younger group.

5- **Vacation:-** First group wanted to go to unknown and not exotic places. Although, they had not fully explored the world, their preference was not to the well-known popular destinations in USA or Europe. Adventure and experience was the key. The older group wanted to rejuvenate and relax and preferred exotic destinations. Unanimously, they preferred luxury cruise as value for money option. Internet and videos on YouTube apart from channel Travel & Living played a crucial role in determination of destination. Six respondents from group B wanted to undertake journey on Trans Siberian route through luxury train journey operator Zarengold.

6- **Priorities:-** Partner (husband or wife) and kids education was on top priority of first lot. In case of second lot, preventive medical check-up, marriage of son or daughter, planning for welfare and well-being of partner after one's death was on top priority. There was unanimous opinion across respondents of group B that wife after death of husband can survive with relative ease compared to reverse situation (husband living after death of wife). Searching for modern home for aged was on top priority of three respondents from group B.

7- **Attitude to life:-** ETIL- Enjoy till it lasts was the mantra of first lot. They exhibited strong confidence in themselves and wanted to live life on the edge. The other group was focusing on cautious consumption. First group was impatient and did not believe in knocking of opportunity at door. Build another door, if opportunity does not knock at earlier one was the opinion. This attitude had lot of impact on both- buying and consumption. In case of group B, fear was the key and they bought few products out of fear of unknown. Surprisingly, majority of respondents from group B had seen program Doomsday Preppers on you tube and were thinking to prepare themselves on those lines.

8- **Socialization:**- The younger group wanted to socialize with people from different cultural backdrop apart from their own relatives and friends. Some respondents from group A were working part time for different NGOs. The other group wanted to socialize with people who were enjoying similar social status. As a result, membership to a particular social clubs was on their bucket list. Gatherings of senior citizens were a no no for second group.

9- **Services needed**:- Here again the first group believed in DIY- Do it yourself. However, group B that comprised of seniors wanted DIFM- Do it for me. This included sundry domestic services. First group wanted advice on education for kids, shopping experts for buying high- end gadgets, specific inputs from experts for their vacation. There were exceptions such as cosmetic surgery, finishing school and short courses on power yoga were on top priority of younger group. The seniors focused on health related services and especially on preventive medical checkup. Group B believed opinions of expert on T V while group A respondents believed in blogs and websites related to a particular field. One young respondent referred to a service provider Just Dogs – a pet products and service chain which used videos, on line chat, tele-calling, home delivery to provide a comprehensive delivery model.

10- **Sports:-** Younger lot surprisingly has shown interest in football and not in cricket which was treated as religion in India. When asked, they confirmed that majority of them were having global exposure due to information technology work culture and hence this change. The old lot was happy with cricket and golf. In spite of recent controversies and corruption related to Indian cricket, they still were strongly loyal to cricket. Adventure sports such as bungee jumping, skydiving was on top priority of group A.

11- **Cuisine**:- The responses were again divided between experimentation and experience. The young lot was ready to experiment with continental cuisine. They were interested in calorie and fiber information before preferring a dish. The senior lot was more conservative on experimenting on variety and focused on traditional ethnic cuisine. Group A respondents experimented with Mexican, Thai and Italian cuisines. Group B wanted to consume gourmet food, which included specialty cheeses, meats, condiments, exotic herbs sourced from all over the world.

12- **Hobbies**:- Young group had hobbies, which would distress them from stressful work routine. The list included listening and playing music, Sudoku , Rubik cube, computer games. The old lot was having a different view. Their hobbies included social service in immediate vicinity, reading, philately, watching old movies.

The broad division of respondents and their priorities helped in gaining insights to consumption basket of rich. As a result, author has drawn conclusion that all rich customers could not be put in one basket.

I present following matrix in which the rich are redefined.

Matrix]

RICH (FINANCIALLY + PHYSICALLY) ONE ROBUST RICH	POOR (FINANCIALLY POOR + PHYSICALLY RICH) THREE ROBUST POOR
RICH (FINANCIALLY + PHYSICALLY POOR) TWO FRAGILE RICH	POOR (PHYSICALLY POOR + FINANCIALLY POOR FOUR FRAGILE POOR

Figure 2. Redefined rich matrix

Not all rich were necessarily physically fitAs a result, they had shown different trajectories of both-buying and consumption that was evident in their preferences for different variables.

- **Robust Rich** were those who had both – money and were blessed with good health. They formed an attractive market for different luxury products and services. In product category, they were early buyers for different wearable gadgets and also potential buyers for unique services.
- **Fragile Rich** were those who had money- but were suffering from health issues which affected both- their purchase and consumption pattern. This proved an extremely attractive market for different services because fear was the key and they opted for different services on regular basis.
- **Robust Poor**
- **Fragile Poor**

The other two quadrants, robust poor and fragile poor were not objectives of my study and hence not discussed here.

7. Conclusion

To conclude, all rich cannot be put in one segment only because they are monetarily rich. Some of them, mainly due to age, were not be in best of physical health. This means composition of consumption basket changed dramatically with age although purchasing power was be same. The group in this research was vertically divided between young and fit rich, old and not so fit rich. On all parameters, they have shown different trajectories of consumption.

Younger lot could be put in YOLO – you only live once category. They lived life on edge, were confident and experimental and did not fear of losing life. They preferred passion over stability and took extra ordinary decisions such as changing career path in mid 40s.

The old rich could be put in YODO category. You only die once is a philosophy which encouraged people to live life consciously. They chose reason over passion, thought of future, were concerned for long-term benefits and not in instant gratification. Moderation was the key in their consumption process. In their opinion, one action would either enrich or spoil their life.

Marketers need to relook to the rich customers and further sub segment them into robust rich and fragile rich. This sub-segmentation shall help them in delivering value to the sets of customers in a more efficient and effective manner.

8. Limitations

Number of participants was 25 only and this certainly is a small number considering the scope of research.

Respondents were from western India only. As a result, findings cannot be said to be applicable at all India level.

Participants were enthusiastic on consumption basket composition. However, they were reluctant to talk on income part, which financed this basket.

The report suggests that the total net worth of Indian ultra high-net worth households (ultra HNHs) will reach Rs 318 trillion in 2016-17, a nearly five-fold increase from around Rs 65 trillion in 2011-12. This growth in net worth will be driven predominantly by growth in the number of ultra HNHs and the returns on wealth.

The four RICH principles as defined by Matt Ham in his book ‘Redefine Rich’ that hold the key to unlocking this truth:

R ecognize you are broke(n)
I nvest in others
C hoose gratitude
H umble yourself with confidence

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The Educational Innovator

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The purpose of the hereby paper is to describe who bears or should bear the role of an educational innovator within the environment of higher education, as well as to emphasize the primary factors of motivation necessary to assume this role, by trying to compare and contrast the motivational scheme of the business innovator with that of the academic innovator. The research focuses on a combination of the individual dimension (individual motivators to be an innovator) and organizational dimension (creation of conditions to perform this role).

The paper is an essay that approaches both a theoretical and empirical view, thus trying to define the major groups or organizations currently involved in education restructuring as well as their impact. Moreover, it addresses new groups that should take part of this process and the potential outcomes of their involvement.

The main findings of the paper are a clear definition of the educational innovator, which can be used for any of the primary, secondary or post-secondary systems, as well as the current status of the higher education system in Romania and its barriers for innovation.

It is true that the process of innovation in the educational environment has become increasingly important within the last two decades. However, the innovative university is still a new field of research, especially taking into account that traditional universities have had no real competition until the burst of technology. Therefore, this paper comes to supplement this field of innovation within the educational environment.

Key words: educational innovator, business innovator, university, factors of motivation

JEL classification: I23.

1. Why innovate the higher education system?

1.1 Reality of universities today

Motto: In tomorrow's world a nation's wealth will derive from its capacity to educate, attract, and retain citizens who are able to work smarter and learn faster—making educational achievement ever more important both for individuals and for society writ large. Margaret Spelling (2006)

It is true that not every individual can or should pursue a university. However, the economic security of every individual and its financial stability major relies on graduating one, or at least a post high-school educational institution.

However, not everyone has access to this tertiary system, either it is because of lack of information, lack of financial aid or pure lack of interest. But the beneficiaries of the system are not alone in this problem. The fact is that universities are now trying to cope with the future, by relying on what they did in the past. And since the future of the 21st century is very much different from the future they were used with, it is obvious that universities are not doing a great job.

However, as technology has evolved, it created on the market real competition for the universities, offering convenient courses at affordable prices and flexible timing. Historically, higher education has avoided such competitive disruption. There are several reasons for this past immunity. One is the power of prestige in the higher education marketplace, where the quality of the product is hard to measure. In the absence of comparable measures of what universities produce for their students, the well respected institutions have a natural advantage; because they have been admired in the past, they are presumed to be the best choice for the future(C. M. Christensen, H.J. Eyring, 2011:17).

The concept of Christensen, regarding innovative universities is also connected to the Third Generation University concept (Wissema, 2005) which specifies that "external and the internal landscapes of universities as well as their ambitions are changing in a fundamental way. Universities are used to accommodate new developments by adding, say, a new faculty for a scientific subject on the rise."

A global survey performed by United Nations this year shows the number one priority worldwide is to provide a good education. This is true also for Romania, where the voters chose this as a problem they perceive for their reality.

1.2 University system in Romania

According to the European Commission, "Romania faces a major challenge in raising the quality of its education and training system. Early school is a significant challenge. Romania should implement its reforms whilst building up its administrative capacity. Tertiary education should be aligned with the needs of the labor market and improve access for disadvantaged people."- Europe 2020. We can observe below a statistic regarding the number of people that attain tertiary education, within age 30-34.

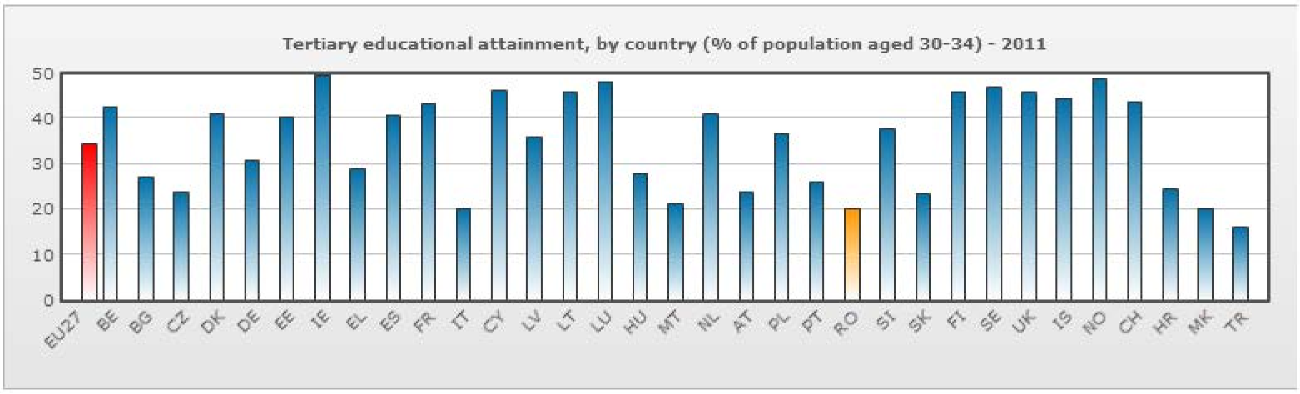

Table 1. Tertiary education by country

Source:http://ec.europa.eu/europe2020/europe-2020-in-your-country/romania/progress-towards-2020-targets/index_en.htm

It is highly interesting that as a country, we reach a percentage that is less than half of those in Finland, Sweden or UK, countries that rank high regarding the standard of life quality. So can we find any link between them?

I believe we can. Just as stated previously, the tertiary system offers financial security. A reason for this is the fact that in a country where the private sector is increasingly growing and foreign investment funds look for educated labor force, only the universities can provide a solution for them.

Moreover, even if we refer to the most performing sectors of our country, industry and agriculture, people need to be specialized in order to cope with the new demands, have the necessary training and attract the available European funds.

Therefore, we can perceive the need for universities that understand the requests of the market, educate the future employees and behave as they should, as an engine for the economy.

1.3 Ranking

The quality of education, although hard to measure, is constantly monitored and evaluated worldwide. No matter that different variables are taken into account for each measurement, many groups of interest rely on these evaluations in order to make decisions, either we refer to government, parents, students or private companies.

Therefore, based on evaluations, the government empowers the universities that rank good, parents and students select them and private companies finance them. All these action finally translate in the power of those universities to open and finance new programs, create innovation incubators, support new start-ups and qualitative research.

The importance of the results and measurements are important not only for the power the universities to foster innovation but also to the social value that universities create. Either this social value relies in better educated people who have access to better employment, or high quality research that enhances the economic environment, the social benefits can be quantifiable and reliable.

THE (Times Higher Education), one of the most renowned magazines that evaluates the quality of education worldwide based on variables like teaching, research, citation or industry income (innovation), creates an annual ranking of the universities.

In 2013 report Romania doesn't have any university ranking in the top 400 worldwide.

Moreover, according to European Universities Association report under the Institutional Evaluation Program , only 12 of the universities in our country can be categorized as research intensive institutions, which are the best valued according to our government assessment.

Coming to support the educational system and enhance transparency, ARACIS, the Romanian Agency of Quality within the Higher Education System, performs annual assessments of the study programs as well as of the institutions and their functioning. However, coming to supplement the above statements, in 2012 report, from 11 universities that were analyzed, only 2 universities ranked as high level of confidence from the Agency, while the other 9 reached a medium or low level of confidence.

Therefore, it can be acknowledged without doubt that the higher education system needs a change, in order to become sustainable and adapted to today's market and environment.

According to a study performed by MECTS together with UE FISCDI (2011), the current situation of the higher education system(and not only) can be summarized as follows:

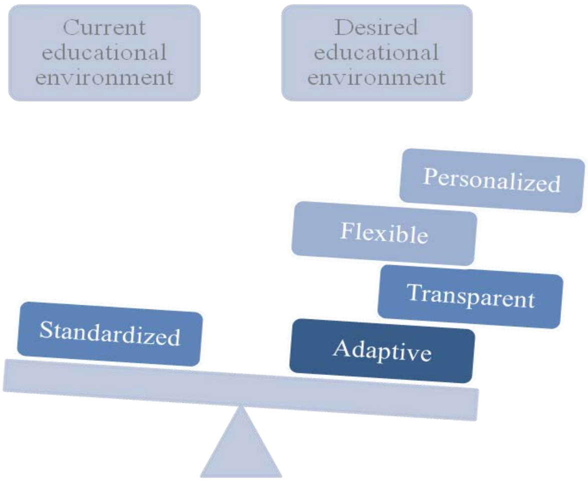

Figure 1. Status of Higher Education Environment
Source: MECTS, UE FISCDI (2011)-adapted

2. The educational innovator

2.1 Definition

Motto: Leaders of companies that go from good to great start not with "where" but with "who" - James C. Collins (2001)

Even though the research is not scarce in the field of innovation and education, little is said about who should actually assume this role to innovate the system, upgrade or improve it in order to better cope with the realities of today. Better said, who is the educational innovator?

I believe that this concept is best described as any individual (member of the educational institution, researcher or stakeholder) or group that contributes to the development, growth, change, reshape or rebirth of the education institution or system through innovative practices, thus creating value.

Hence, it assumes the role of pioneer and introduces new methods, ideas or structures for the educational system, like new teaching methods, effective and efficient ways of performing regular activities, reshaped curricula or universities with changed structure.

Combined from literature, the concept of the business innovator can be described as an individual/group/company that bring new ideas, concepts or techniques on the market, which are an adequate solution for the current economic and social situation and thus bring value to society and create wealth.

As it can be observed, a real contrast between the two does not really exist. It seems that aside of the objective of innovation, they are very much the same. Furthermore, there are characteristics identified in by scholars, who can describe any type of innovator, as for example creativity, assertiveness, commitment or willingness to take risks.

2.2 Factors of motivation

When it comes to motivation however, things may lie differently as scholars argue between a social value that the innovator of the educational system pursues to create, social value that is not necessarily an objective in business innovation.

A long-time observer of the business innovator, Professor Clayton M. Christensen identifies in the article The Innovator's DNA (2009), the abilities that define the business innovator as the following:

- Associate
- Question
- Observe
- Experiment
- Network

According to Christensen, the above abilities or capabilities can transform any individual or group in an innovator, no matter the field of innovation. Therefore, one can easily translate this attributes in the educational sector.

However, aside the DNA, one of the most important external drivers and motivators of innovation in the business environment is and will be competition. Therefore it is of an utmost importance to create and acknowledge competition in the educational environment.

"Historically, higher education has avoided such competitive disruption. There are several reasons for this past immunity. One is the power of prestige in the higher education marketplace, where the quality of the product is hard to measure. In the absence of comparable measures of what universities produce for their students, the well respected institutions have a natural advantage; because they have been admired in the past, they are presumed to be the best choice for the future" (Christensen, Eyring - 2011:17). Moreover "For the first time since the introduction of the printed textbook, there is new, much less expensive technology for educating students: online learning". (Christensen, Eyring – 2011: xxiii)

It is then only natural that after experiencing such a long period of self satisfaction and indulgence, that the higher education institutions need to find new ways of adapting to present.

2.3 Actors

Because there is this obvious need now for a change in education, it is of an utmost importance to acknowledge the groups that bear the responsibility of producing this change. Is the government the only answer? Is civil society the sole answer? Nelles and Vorley (2011:347) state that “university, administrators, board members, department heads, and the directors and staff within structures that support the third stream are important sources of initiative, all of which contribute to developing knowledge exchange strategies, processes, systems and a supportive (or depending on the orientation of these leaders potentially unsupportive) organizational culture .”

There it is not a single answer to this question. As mentioned in the above definition of the educational innovator, any stakeholder of the educational system can and should become a driver of change, a starter of innovation. The main groups identified are:

- Civil society
- Policy makers
- Private environment
- Academic institutions
- Teachers/Professors
- Parents
- Students

These groups are present worldwide and impact differently the educational structure.

Whether they currently impact or not the system is not however, as relevant as the fact that they have the power to do it and must be aware of this. "Whereas government institutions are poorly organized to tackle with complex problems, the power and responsibility goes to the civil society that currently lacks capital, skills and resources to take the ideas to a promising scale" (Murray, Caulier-Grice, Mulgan 2010: 4).

This is not necessarily true when it comes to Romania. While developed countries can rely on civil society as an important group of power, in our countries it represents still an unknown variable, because of its poor influence and incipient stage of development.

Moreover, private companies and the educational environment experience a rather poor relationship, even though they share the students, in different stages of their development as workforce. This is mostly true for our country, where private funding and research are rarely mixed, where the capacity of the universities to create new knowledge applicable in the private economic environments is rarely appreciated or transformed into a resource and where the private environment starts educating the people they hire within their inner training centers adapted to their needs.

Parents are as well, a minor influence group, as their involvement within the higher educational system is either poor or completely missing.

Therefore, after a brief analysis, one can acknowledge that the groups who do currently impact the higher education system are made of the government, the educational institutions and their members, as well as the students.

A relevant question appears in such a case - Why can't anyone that has an interest in this system become part of its process of change?

3. Barriers

The answer is that there are barriers imbedded in the system, that prevent other groups to get involved in it, even though such an involvement could have a positive impact.

The barriers are different, starting with institutional ones like power distribution, the separation of groups of stakeholder, closed system, lack of transparency, to more individual ones that are connected to social values, like sense of citizenship, common vision, create a critical mass etc.

The result is that the groups that need a change but do not feel they have the power to do it, create alternative structure (e.g. non-formal education, training centers, alternative universities) and other just stay aside.

But when those groups do not share a common vision and when the government institutions limit the power of the education institutions to create innovative structures within their formal ones, it goes without saying that the educational innovators are hard to find.

4. Conclusion

Motto: Changing direction requires…leadership that views universities idealistically, as something more than a business and something better than a slave to the logic of economic competition. - Harry Lewis (2007)

This paper is not meant to criticize the current structures but rather to point out the fact that the higher education system needs innovation in order to keep its importance on the map of an individual life long development.

Moreover, it wants to emphasize the importance of every stakeholder in the development and change of higher education and the fact that each and every one should assume the role of educational innovator. Whether the means to do it are discovered or not, it is our duty, as parents, students, teachers or policy makers to make use of this status and find ways to cope with the realities of today.

There are many alternative structures and technology breakthroughs that change constantly the shape of learning, in such speed that traditional system becomes obsolete. It is for sure that we have to reinvent the system and imbed the innovative process into the core system of all universities.

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The Impact of Packaging Design on Health Product Perceptions

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Packaging design has been studied in a variety of contexts but findings remain inconsistent, particularly on the impact of individual elements (e.g. Mitchell & Papvassiliou, 1999; Becker, Rompay, Schifferstein and Galetzka, 2011; Siloyoi & Speece, 2007). Although several studies have found visual cues (picture, typography, colour) to be the most impactful on consumer attention and attitude (e.g. Folkes & Matta, 2004; Silayoi & Speece, 2004), most studies have focused on other elements such as size and shape, (e.g. Ares & Deliza, 2010) and verbal cues (e.g. Klimchuk & Krasovec, 2013). Responding to recent calls for more research (Orth, Campana & Malkewitz 2010), this study investigates the impact of both visual elements and verbal elements on consumer perceptions, specifically looking at product 'healthiness'. To date, there is relatively little research looking at health product perceptions in the marketing literature, despite recognition that health is 'the most significant trend and innovation driver in the global and foods drink market' (Meziane, 2007). This paper applies conjoint analysis to examine the relative importance of four product attributes representing visual and verbal cues: level of information provided on the label (low vs high); presence of an organic 'kite' mark (yes/no); colour (green/orange) and the product image on the label (transparent window vs product photo). It is worth noting that despite being widely found on health food packaging, transparent windows have been considered in only one paper to date (Sioutis, 2011). Three product categories were tested (baby food, soup and coffee) across 288 UK participants. The results find verbal cues to be most important, with the amount of information provided being the key driver.

Key words: food packaging, conjoint analysis, consumer behaviour

JEL classification: M31.

1. Introduction

Although packaging design has been widely studied in the context of general product perceptions, there are relatively few studies addressing perceptions around healthiness. This is somewhat surprising as health has been a dominant trend in Western nations, affecting the food and beverage industry through the re-formulation and introduction of new heathier style products in many categories. UK market research found that over 80% of consumer claim to follow a 'healthy' diet (Leatherhead Food Research Institute, 2012). Consumer perceptions of health food products vary widely, and the drivers of these perceptions remain unclear. This study explores the impact of packaging design on consumer perceptions of the healthiness of food products. It considers the relative impact of visual elements of packaging (e.g. pictures, use of colour) vs the written cues (e.g. amount of information, a nutritional kite mark). This is an important area for research; although some studies suggest visual cues to be more effective in attracting consumer attention (Bone and France 2001, Folkes and Matta, 2004; Silayoi, & Speece, 2004), most studies have focused on other elements, such as size, shape, and information provision. (e.g. Ampuero & Vila, 2006; Yan, Sengupta & Wyer 2014; Newman, Turri, Howlett & Stokes 2014). This paper begins with a brief review of the packaging literature, followed by a detailed discussion of the research design and analysis.

2. Literature Review

Purchase situations in the real world, and particularly grocery shopping, are characterized by multiple visual stimuli and buying decisions that are often not fully conscious (Clement, Kristensen & Gronhaug, 2013). While the visual stimuli in advertising have been the focus of much research (e.g. Elder and Krishna 2012) the impact of packaging design remains a nascent domain of academic research (Orth & Malkewitz, 2008). In recent years, research focus has included the impact of package shape(e.g. Clement, Kristensen & Gronhaug, 2013; Garber Jr., Hyatt & Boya, 2009; Westerman et al., 2012), colour (e.g. Kauppinen-Raisanen & Luomala, 2010; Labrecque & Milne, 2012; Gordon, Finlay & Watts, 1994), imagery (e.g. Ampuero and Vila, 2006; Underwood, Klein & Burke, 2001), typography (Baik et al., 2011; Celhay, Boysselle & Cohen 2015), and graphics (Bone and France, 2001). Product categories considered include (among many others): milk desserts (Ares & Deliza 2010), Thai convenience foods (Silayoi and Speece 2004), OTC medical products (e Schoorman & Robben), yoghurt (Becker et al 2011), wine (Boudreaux and Palmer 2007), and water (Ngo, Piqueras-Fiszman & Spence 2012).

2.1 Package Design and Healthiness Perceptions

That information on nutritional content can influence consumer expectations and beliefs about the healthiness of the product is now well established (e.g. Aaron, Mela & Evans 1994; Kahkonen, Tuorila & Rita 1996, Kozup Creyer and, Burton, 2003, Chandon, 2013). There have been a number of studies that have investigated relative placement of the information and depth of detail (Graham, Orquin & Visschers 2012, Sorensen & Clement 2012). What is less clear is the role of other packaging design elements such as colour, imagery, and shape on consumer's health perceptions. A review of the literature identifies only a few studies. Bone & France (2001) find visual elements (imagery, colour) influence consumer perceptions of caffeine content in colas. Baik, Suk and Suh (2011) applied conjoint analysis to determine the relative importance weights of the product name, typography, colour and imagery (photo vs illustration) for an organic Korean food. They find typography to be the most important factor in appealing to consumer's eco-sensibilities and influencing purchase propensity. In a four country survey of > 8000 current and former smokers, Muttie et al. (2011) revealed that one fifth of smokers believed incorrectly that some cigarette brands could be less harmful' than others, with colour of the labelling influenced perceptions of relative risk (gold, silver, blue & purple were perceived as less harmful than red or black), as well as the label verbage ('light/mild' and 'slim' were considered less harmful than 'regular'). Conversely, Fenko, Backhaus & van Hoof (2015) found that manipulating the perceived healthiness of soy products (through design and information) did not influence attitudes. Schuldt (2013) found that products with green labels were perceived as healthier than other colours, despite the fact that all the labels conveyed the same information. Soutis (2011) found shape and the ability to view the product (through a clear window) influenced health perceptions for cereal and juice products. To date, there is no consensus in the literature as to which attributes are most influential on health perceptions. This research attempts to address this gap, looking at the relative impact of visual (colour, imagery) and informational cues (amount of information, kite mark) to consumer perceptions of the healthiness of food products. In the next section we discuss the methodological approach and selected attributes.

3. Methodology

This study uses conjoint analysis to examine the relative importance weights for the packaging elements above. Conjoint analysis has been widely used marketing to evaluate consumer preferences for products and services (Hair et al., 2006) and is frequently applied in examining preferences for food product attributes (Ares and Deliza, 2010; Sillayoi and Speece, 2007; Underwood and Klein, 2002). The necessary data to carry out conjoint analysis consists of consumer evaluations of alternative package designs.

3.1 Establishing the attributes

A review of the literature indicates that size, shape, colour, graphics (i.e. imagery), and product information are the main packaging elements potentially affecting consumer purchase decisions (e.g. Ares & Deliza, 2010). As size is strongly dependent on situation and consumer demographics, and shape has received substantive research attention (see Garber, Hyatt & Boya (2009) for a review), we restrict our attention to colour, imagery and product labelling information. Two levels are developed each product attribute. Although more variables could be considered, most discussion of conjoint methodology emphasizes the importance of balancing the number of attributes required to represent the product against the need to simplify the representation so that it does overly complicate the respondents ranking task (e.g. Green and Krieger, 1991).

3.2 Colour

Although past research recognizes that colour is an influential design element, empirical studies with marketing implications are relatively few. Several studies, (Kauppinen-Raisanen and Luomal, 2010; Grossman & Wisenblit, 1999) find that warm colours (red, yellow) attract attention better than cool colours (green, blue) and that colours influence product associations (see Pantin-Sohier, 2009 for a review). Green is often used in packaging when stressing a healthy, organic or ecological product (Klimchuk & Krasovec, 2013; Schuldt, 2013). Dark colours are more likely to be associated with a more expensive and/or more effective products than light colours (Ampuero and Vila 2006). Based on this, the two selected colour levels for the study are green and orange.

3.3 Imagery

Product images on packaging have been associated with greater product differentiation (Underwood, Klein & Burke 2001; Ampuero and Vila, 2006). In an experimental study, Labbe, Pineau & Martin (2012) find packaging imagery influenced perceptions of product 'naturalness'. Baik et al., (2011) found product photos on packaging to be more associated with organic attributes than illustrations. Ampuero & Vila (2006) find that product photos were more often used with 'safe' or upper-class' products. Although several studies have focused on the distinctions between illustrations and photos (Underwood & Klein 2002, Underwood, Klein & Burke 2001), we found only one paper that addressed transparent windows (Soutis 2011), despite their widespread use on health food packaging. For the current study, the product label will be presented as either a product illustration or a transparent window.

3.4 Information

As cited earlier, the large literature on product information in food packaging is testament to its impact on consumer perceptions (see Hieke and Taylor, 2012 or Hershey et al., 2013 for a review). Studies have looked at relative placement of information (Rettie and Brewer 2000,), and particularly the impact of varying amounts of product information on the packaging (Silayoi and Speece, 2004). Several studies have found that too much information on packaging negatively impacts consumer response and beliefs (Meyvis & Janiszewski 2002). For this study, two levels of information were provided (high/low).

Product labelling with certification logos (such as organic or free trade) is a widely used tool for signalling consumers, but perceptions are often subjective rather than based on familiarity with the scheme (Janssen and Hamm, 2012). The impact of such logos versus detailed nutritional information is a matter of ongoing debate (Larceneux, Benoit-Moreau and Renaudin, 2011, Mitchell and Papvassiliou, 1999). The current research addresses this by considering the above information with and without an organic health logo. The attributes and levels are summarized in Table 1.

Attribute	Level 1	Level 2
Organic Logo	None	Present
Information	Low amount	High amount of information
Colour	Warm colour (Orange)	Cold colour (Green)
Imagery	Product illustration	Transparent window

Table 1: Attributes of package design and their levels

Four attributes, each with two levels, gives rise to 16 possible scenarios (2 x 2 x 2 x 2). As it would be tedious for respondents to rank their preferences for so many different products, the Orthoplan subroutine in SPSS was used to produce an orthogonal main effects design, which ensures the absence of multi-collinearity between attributes. The eight combinations of attribute level which resulted and were used in the study are shown in Table 2.

Description	Logo	Information	Colour	Image
1	None	High	Green	Transparent window
2	Present	Low	Orange	Transparent window
3	None	High	Orange	Photo image
4	Present	High	Orange	Transparent window
5	None	Low	Orange	Photo image
6	Present	Low	Green	Photo image
7	None	Low	Green	Transparent window
8	Present	High	Green	Photo image

Table 2: Product descriptions

3.5 Presenting the stimuli

In our study, the eight sets of packaging scenarios were simulated into prototypes and presented via an online survey. Three products were selected for the study, baby food, soup, and coffee, based on a pre-test with consumers to identify product categories where healthiness is a reasonable attribute and where a wide range of product offerings exist. The designs were done by the third author of this study, who had experience as a designer. Each respondent saw two product categories. An initial profiling question (family status) determined whether respondents saw the baby food product (n=112) or the soup product (n=176), with all respondents seeing the coffee products (n=288). To simulate the packages in a realistic situation where consumers would be considering multiple items, the eight pictures of each product were presented at the same time. The order of the products (and product categories) was rotated to avoid order bias. Respondents were asked to order the 8 design profiles from the most to the least preferred in terms of healthiness. As each product was selected, it disappeared from the consideration set, and the remaining products were presented for the next choice decision. This ranking method was chosen because it was clear, practical and best echoed a grocery purchasing situation where one product would be selected from many. See Figure 1 for graphical examples of the products with varying attribute levels.

The study collected 288 responses from UK consumers via an online consumer panel. This is well above the minimum recommended 100-200 sample size to obtain reliable results from conjoint analysis (Quester and Smart, 1998). Most of the respondents were women (59%).

Figure 1: Examples of attribute levels for Baby food (B1-B4), Soup (S1-S4) and Coffee (C1-C4)

4. Results

The conjoint results for the baby food, soup and coffee products given in Tables 3-6 indicate that information plays the most important roles in consumer preferences for all three categories. The relative importance of this attribute is about 40% for baby food and coffee products, and 48% for soup products. The other attributes included in this study were closer to each other. Imagery had a slight edge over the presence of an organic logo or the colour for all three product categories.

Information is the most important attribute. The higher positive utility for a higher level of information indicates that sufficient clear information on the packaging influences consumer preferences. A product photo had the second highest utility scores. A photo was preferred to the transparent window for all product categories. The presence of an organic logo had a positive influence on consumer preferences. Green packaging colour was preferred to orange for all three products, echoing past findings associating green with environmental or 'healthy' products.

Attribute	Level	Utility	Relative importance (%)
Information	High	0.985	40.06
	Low	-0.985	
Imagery	Product Photo	0.2254	20.38
	Transparent window	-0.2254	
Organic Logo	Present	0.5580	20.24
	Not present	-0.5580	
Colour	Green	0.1674	19.33
	Orange	-0.1674	

Table 3 Results of Conjoint Analysis for Baby food products (n=112)

Attribute	Level	Utility	Relative importance (%)
Information	High	1.577	48.78
	Low	-1.577	
Imagery	Product Photo	0.254	19.09
	Transparent window	-0.254	
Organic Logo	Present	0.486	16.30
	Not present	-0.486	
Colour	Green	0.342	15.83
	Orange	-0.342	

Table 4 Results of Conjoint Analysis for Soup products (n=176)

Attribute	Level	Utility	Relative importance (%)
Information	High	1.262	40.09
	Low	-1.262	
Imagery	Product Photo	0.621	21.97
	Transparent window	-0.621	
Organic Logo	Present	0.536	16.30
	Not present	-0.536	
Colour	Green	0.505	19.18
	Orange	-0.505	

Table 5 Results of Conjoint Analysis for Coffee products (n=288)

4.1 Segmenting responses to packaging elements

Using the largest response set (for coffee, n=288), cluster analysis (K means) was performed using the four individual level importance weights. Three (3) clusters were distinct, separating from each other at relatively large distances in the mental space about attribute importance. The three clusters had a clear and meaningful interpretation, and thus were taken to represent three broad segments, characterized by differing emphasis on package attributes in evaluating packaging. Figure 3 shows the pattern of importance across the three segments. Reference to Table 6 shows that the segmentation scheme derived from the cluster analysis is not based on minor differences of opinion. We name these three segments 'Colour influenced', 'Image seeking' and 'Information seeking.'

Information seeking shoppers represented the largest segment, accounting for two-thirds of the sample. They place the greatest weight on the written information on the package (50%) followed by the presence of the organic label (22%) which is also information. The Image seeking group (21% of respondents) is visually driven – with the product photo (49%) and colour (21%) carrying the greatest weight. The Colour Influenced segment was the smallest (12.5% of sample) with colour the principal driver (43%) and the other factors roughly equivalent in importance.

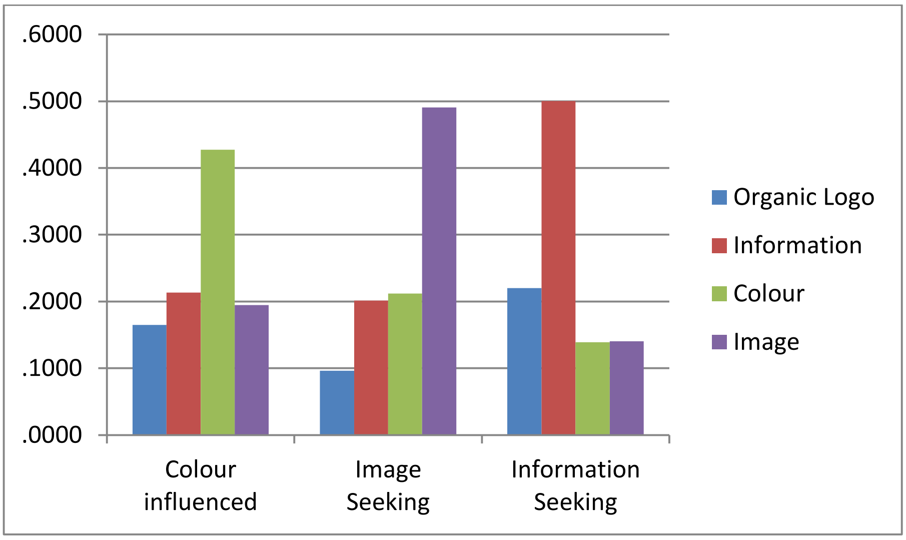

Figure 3 Importance weights in three segments

Level of Attribute	All consumers (n=288)	Colour influenced (n=36)	Image Seeking (n=60)	Information seeking (n=192)	Sig
Organic Logo	.1877	.1647	*.0961*	*.2203*	.000
Information	.4024	*.2134*	*.2015*	*.5001*	.000
Green Colour	.1903	*.4271*	*.2117*	*.1391*	.000
Product Photo	.2196	.1948	.4906	.1405	.000

Note: Sig = ANOVA significance of difference between italicised means.

Table 6 Mean of importance on 4 packaging elements by segment

5. Conclusions

The analysis reveals that the amount of information plays the most important role in consumer perceptions of healthiness. Although the value of nutritional labelling has been heavily scrutinised (e.g. Newman et al 2014), this study finds that more text on the packaging is associated with greater healthiness, even when the additional words contains relatively little added health information. For instance, the relative importance of information was 40% for both coffee and baby food, despite the coffee information being fairly neutral ('Full body with Low acidity' 'Balanced, Bold, Clean', 'Coffee protects the liver') while the baby food much more health focused and detailed. This finding suggests consumers use cues (amount of text and relative positioning) to aid decision making and challenges the value of providing detailed nutritional information on front labelling, in line with recent studies highlighting the preference for simple signposting systems, such (see Hawley et al., 2013 for a review). The preference for a product photo rather than a transparent window is an interesting finding, given the current popularity of product windows in packaging. The reason for this preference may be the more visual appeal of the photos, and suggests relationship between aesthetics and healthiness. The relatively impact of the organic logo as a signal for healthiness (16-20%) was surprising, as past studies have suggested that symbols on packaging have more impact than verbal cues (e.g. Carrillo, Fiszman, Lahteenmaki & Varela, 2014). The consumers perceived the green packaging to be more 'healthy' than the orange one. This finding extends past research on the health associations of green, which had focused on red and white as contrasting colours (Schuldt, 2013).

The segmentation analysis suggests that consumers draw on different cues to assess a product's healthfulness. The three segments identified follow patterns seen in other research (e.g. Siloyoi & Speece, 2007). The study has a number of limitations that could be addressed by further research. Only two levels of information provision were tested, yet there are many different degrees and formats for package labelling in the market. We tested the presence of an organic kite mark only; again there is opportunity to explore a variety of different informational heuristics. Other colours, product categories and package attributes (e.g. shape) should be considered, as well as the relationship with other attitudes, such as willingness-to-pay and propensity to purchase.

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The Impact of Music Pleasantness and Fit on Advertising Attitudes for Low and High Involvement Consumers.

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Research in advertising suggests that music produces a substantial impact on a consumer's attitude (e.g. Alpert and Alpert, 1989; Kellaris and Cox, 1989; North, MacKenzie, Law & Hargreaves, 2004; and Zander, 2006). However, there has been relatively little work on the mechanisms affecting low vs high involvement consumers. This study applies two dominant models on the impact of music in persuasion, classical conditioning and musical fit, to investigate the influence on low and high involvement consumers. Classical conditioning theory suggests that when a positive stimulus (i.e., the music) is associated with a neutral stimulus (the advertised product), the positive reaction to the music becomes associated with the product, leading to a favourable attitude (Gorn, 1982). Musical fit theory suggests that music activates information and evoked associations based on previous knowledge/familiarity, and when these fit the advertised product, the message becomes more persuasive (MacInnis and Park, 1991). Using an experimental design, 188 respondents saw advertisements paired with music that was pre-tested to be either pleasant/unpleasant (classical conditioning context) or congruent/incongruent with the product category (musical fit). Respondent's involvement with the product category was also measured. The study found that 'pleasant' music significantly increased attitudes/purchase intention for low-involvement respondents (regardless of fit), while congruent music positively affected attitudes under high involvement conditions. Managerial implications and future research are discussed.

Key words: music, consumer behaviour, classical conditioning, congruence

JEL classification: M37.

1. Introduction

Many studies in the marketing literature have investigated music effects in advertising (e.g. Gorn, Goldberg, Chattopadhuay & Litvack, 1991; Bozman, Melling & Petit-O'Malley, 1994). Research has shown that, depending on different circumstances, music could either increase or decrease communication effectiveness (see Lantos & Craton (2012) for a review). Key factors that influence how music impacts on the advertisement and the product are: a) the consumer through different levels of involvement and cognitive or affective processing (e.g. Petty, Cacioppo and Schumann, 1983); b) the consumer's subjective perception of the appropriateness of the music as it relates to the central idea of the ad ('fit' as defined by MacInnis and Park, 1991); and c) the organization of the musical elements (e.g. Alpert, Alpert & Maltz, 2005). Two dominant models, classical conditioning and musical fit, are widely used to explain the impact of music in persuasion, emphasizing the role of consumer involvement and the associated influences on cognitive processing. From a marketing perspective, consumer involvement is commonly conceptualized as the degree to which a purchasing decision has perceived personal importance, relevance and consequences for the buyer (Greenwald & Leavitt, 1984). A consumer highly involved with purchasing and/or using an advertised product is motivated to extensively search for and deeply process marketplace information (Laczniak, Muehling & Grossbart, 1989).

In this paper, we use the elaboration likelihood model (ELM) of ad processing and persuasion as the theoretical lens to consider the degree of effort consumers exert learning about a brand's attributes and forming an attitude (Petty, Cacioppo & Schumann, 1983). This model proposed two distinctly different routes to persuasion, depending on the consumer's level of involvement (which serves as a proxy for motivation, opportunity, and ability to process information). Under 'central route' processing, involvement is high, with active effort put into processing. This can result in either highly cognitive ad processing (i.e. focused on the product information), or high affective ad involvement (e.g. evoked by emotion-inducing imagery or music). Under 'peripheral route' processing, involvement is low and consumers devote little energy to ad processing and to making choices, passively encountering unsought information (Batra and Ray, 1993). Here consumers utilize peripheral cues – less relevant, easily processed positive and negative advertising stimuli (North and Hargreaves, 1997).

MacInnis and Park (1991) argued that music can positively influence high involvement consumers if there is a high *musical fit*, since it primes relevant product beliefs. When music 'fits' the ad, by matching recipients individual perception of its relevance or appropriateness towards the central ad message, the music reinforces the basic advertising message and product. A number of studies have found advertisements were perceived more favourably and considered more informative when they contained music easily associated with the advertised brand (e.g. North, MacKenzie, Law & Hargreaves, 2004; Kellaris, Cox & Cox, 1993). In contrast, under low involvement conditions, consumers might be influenced by a passive process of learning stimulus-response associations, called *classical conditioning*. Under classical conditioning, an attitude is formed by frequently associating a positive or negative stimulus (A), such as music, with an initially neutral stimulus (B), such as a brand. Through repeated pairings, consumers transfer to B whatever thoughts and feelings they had about A (Mitchell and Olson, 1981).

In this paper, we explore the role of classical conditioning and musical fit on attitudes toward advertisements and brands. We present the initial findings for two studies: i) an investigation into the effect of 'pleasant' vs 'unpleasant' music on attitude formation in a low involvement context (i.e. classical conditioning) and ii) the impact of musical fit (congruent vs incongruent music) in a high involvement situation. We start with a short review of the literature and develop the research framework.

2. Theoretical base and literature review

2.1 Classical Conditioning

Classical conditioning is generally accepted in the consumer behaviour literature as a relevant mechanism for understanding (and producing) advertising effects (Allen & Madden, 1985). Attitudes are thought to develop through repeated pairings of potential attitude objects (the 'conditioned' stimuli – CS) with positively and negatively valenced stimuli (the 'unconditioned' stimuli – US) which will cause the CS to elicit a conditioned response (CR) in an unconscious, automatic fashion. Classical conditioning has received attention from social psychologists (e.g. Cacioppo, Marshall-Goodell, Tassinary & Petty, 1992), marketing and advertising researchers (e.g. Shimp, Stuart and Engle, 1991), human learning theorists (e.g. Hammerl & Grabitz, 1996) and cognitive psychologists (e.g. Lewicki 1986). A core concept of classical conditioning is that subjects are not in a state of cognitive thinking processes. In an experimental study, Gorn (1982) found that subjects would be more likely to choose a specific pen colour if that pen had been matched with liked music rather than disliked music. The result suggested that liked music with an upbeat sound might stimulate the perception of that specific color of a pen as being 'fun color', and could be appropriate for an active lifestyle. This finding supports the view that a peripheral cue such as background music in advertising might be associated with the product in the advertisement and influence product choice, through mood inducement (Alpert and Alpert, 1989) and cue association (e.g. upbeat and zingy vs somber and melancholy songs). Findings suggest that product-relevant information must be minimal in an advertisement for classical conditioning to occur.

Although classical conditioning as a general phenomenon has been supported by many studies (e.g. Bierley, McSweeney & Vannieuwker, 1985; Gibson, 2008; Tom, 1995), results in the context of music have been decidedly mixed. While some researchers report that consumers can be classically conditioned to prefer a product by pairing it with well-liked music (e.g. Gorn, 1982), others have failed to obtain this effect (Allen and Madden, 1985; Albert and Alpert, 1989, Gresham and Shimp, 1985; Macklin, 1986; Kellaris and Cox, 1989). In one experiment, Kellaris and Cox (1989) attempted to replicate Gorn's study, but did not find an affect. The equivocal findings might be due (at least in part) to the use of experimental objects (pens, greeting cards) as the unconditioned product rather than a complete advertisement (Juslin and Sloboda, 2010). In summary, it appears that classical conditioning occurs unreliably with music in advertising, and only for low involvement/passive consumers. To investigate this further, we hypothesize:

H1a: An advertisement will be perceived more positively by consumers under low involvement conditions where there is pleasant background music than where there is unpleasant background music.

H1b: The brand in an advertisement will be perceived more positively by consumers in a low involvement condition when there is pleasant background music than where there is unpleasant background music.

Considering the mechanisms by which classical conditioning occurs, it is reasonable to expect a greater impact on emotionally-oriented (i.e. hedonic) attributes of the brand rather cognitively-oriented (i.e. utilitarian) attributes. Therefore we hypothesize:

H1C: Under conditions of low involvement, the hedonic attributes of a brand will be perceived more positively by consumers where there is pleasant background music rather than unpleasant background music.

2.2 Musical Fit

While ELM proposed a peripheral cue such as music could influence the consumers' attitude only when they are in a state of low-involvement, affective and non-message-based processing (Petty et al., 1983), a more recent concept, musical fit, offers an alternative approach for the opposite state of high-involvement, message-based processing. MacInnis and Park (1991) first identified the characteristic of 'fit' as a complementary role of music with other advertising stimuli that could affect advertisement processing, stating specifically 'music might positively influence these high-involvement consumers if it fits the advertisement or corresponds with "consumers" subjective perceptions of the music's relevance or appropriateness to the central ad message'. In this context, music recalls prior beliefs about the brand (for example, upbeat lively music that performs in the background of energy drink advertising (North et al., 2004)). Music's ability to manipulate and activate information related to the product requires cognitive processes not activated under classical conditioning, and studies suggest fit is important in high involvement settings (Lavack, Thakor & Bottausci, 2008). Therefore, under high involvement conditions, the degree of fit (congruent vs. incongruent) music is expected to determine the production of negative and positive emotions that could influence positive and negative attitudes towards advertisement, and influence attitudes towards the brand. It is reasonable to expect fit to impact positively on both hedonic and utilitarian attributes. We hypothesize:

H2a: An advertisement with background music that is perceived to be congruent with the brand will be perceived more positively by consumers [in a high involvement context] than advertising with an incongruent fit of brand and background music.

H2b: A brand in an advertisement with background music that is perceived to be congruent with the brand will be viewed more positively by consumers [in a high involvement context] than advertising with an incongruent fit between the brand and background music.

H2c: For a brand with congruent background music, hedonic and utilitarian attributes will be more positively perceived than for a brand with incongruent background music.

In summary, in situations of low involvement, classical conditioning predicts that pleasant music will have a positive influence on attitudes to the advert and the brand. In high involvement conditions, the degree of musical fit (defined as 'congruent' vs. 'incongruent') between the music and the brands is expected to influence attitudes.

3. Methodology

Based on the ELM framework, our research model (Figure 1) presents two main scenarios; a) a low involvement advertisement setting that draws on classical conditioning processes (pleasant vs. unpleasant music), and b) a high involvement advertisement context that tests the musical fit concept (congruent vs. incongruent music). This is to identify the influence of different characteristics of music on the attitude towards advertisements and brands based on two state of involvement. The research design consists of two categories (classical conditioning vs. musical fit) each evaluating two different background music settings for the advertisements: Low involvement with pleasant music (1), Low involvement - unpleasant music (2), High involvement with congruent music (3) and High involvement with incongruent music (4). We began by pretesting a sample of 10 real-life advertisements and 24 musical excerpts with a group of 30 undergraduate business students. Pretest subjects were asked to categorize the advertisements according to 'natural' involvement levels (high/medium/low), and from this a 'low involvement' advert and 'high involvement' advert were selected. The pretest group was then divided in half to evaluate 12 musical excerpts each. For the classical conditioning context, pretest subjects were asked to rate each song (pleasant vs not pleasant on a five item scale from very unpleasant (1) to very pleasant (5). For the musical fit context, pretest subjects were asked to evaluate each song's fit to the "high involvement" adverts, using a five-item index adapted from MacInnis and Park (1991), with songs selected that were the most congruent (best fit) and least congruent (worst fit). In each case (classical conditioning vs musical fit), songs selected as extremes for their given treatment also had roughly equivalent scores for their opposing scenario (i.e. the pleasant and unpleasant selected for the low involvement context were similar in fit to the brand; the congruent/incongruent music selected for the high involvement context was rated as equally pleasant). All songs were familiar to the subjects. The selected advertisements and songs were then used in the main experiments.

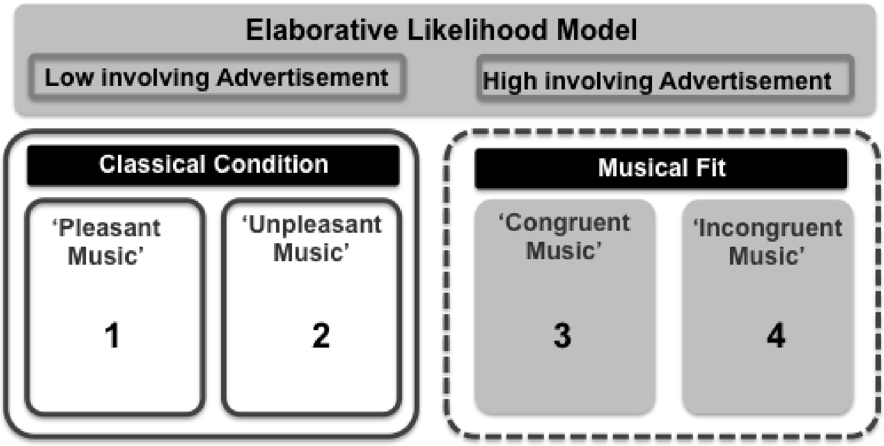

Figure 1. Elaborative Likelihood Model

3.1 Main experiments

The pretests identified the materials (advertising and music) used in the two studies. In the classical conditioning context (low involvement) a beer commercial was presented with either pleasant music or unpleasant music. For the musical fit experiment (high involvement), a car advertisement was presented with congruent or incongruent background music. Although the ads had been pre-tested for 'natural' high/low involvement levels, involvement was intentionally manipulated by personal-relevance instructions in the treatment. For the automotive advertisement, subjects were told that the relevant brand would soon launch a new model. Before the introduction, the brand was interested in consumer reactions to the brand. Subjects were asked to pay close attention to brand information contained in the commercial (a normal exposure environment) and to consider their interest in buying the brand. Low involvement subjects were told they would see a short clip from the programme "Mary: Queen of the Shops" concerning regenerating the UK high street, and that they would be asked several questions about their views on the tactics advocated by Mary after watching the segment. Subjects were told the clip contained commercials but that the products were not locally available. For the high involvement setting, the commercials were either accompanied by the congruent music selection or the incongruent one. For the low involvement setting, the accompanying music to the advert was either pleasant or unpleasant.

Following exposure to the commercial (or commercial + programme), subjects completed questions that asked about attitude to the advertisement and the brand. Manipulations checks for involvement were done by asking whether consumers paid not much (1) or very much (7) attention to the ad. In addition to a single-item five point measure of liking for the advert and for the brand, brand attributes were measured using a ten-item five-point semantic differential scale for hedonic and utilitarian (HED/UT) dimensions of attitude (Spangenberg, Voss & Crowley, 1997). The five utilitarian items were 'usefulness', 'practicality', 'functionality', 'helpfulness' and 'necessity'. The five hedonic items 'excitement', 'delightfulness', 'thrill', 'enjoyable' and 'fun'. Measurement analysis confirmed a two dimensional scale with high reliability for each factor ($\alpha HED = 0.86$; $\alpha UT = 0.90$). Using a snowball sampling technique among undergraduate and postgraduate students at a UK university, 188 respondents participated in the test.

3.2 Analysis

For study 1 (low involvement, n=92), independent sample t-tests were conducted to examine the impact of music-brand congruence on attitudes and perceived attributes. An examination of the means in Table 1 shows attitudes toward the advertising and the brand were in the direction expected: adverts/brands with pleasant music were preferred to adverts with unpleasant music. Because a priori hypotheses were presented and these hypotheses make predictions that are directional in nature, one-tailed tests are used to test the relevant hypotheses. Analysis reveals significant differences in attitude to the advertisement ($t(90) = 3.344$, $p < .001$ one tailed) and to the brand ($t(88) = 3.09$, $p = < 0.01$ one-tailed), which supports H1a and H1b. As expected, hedonic attributes were stronger in the pleasant music context ($t_{HED}(88) = 2.204$, $p = < 0.02$ one-tailed; but no difference was seen for utilitarian brand attributes $t_{UT}(88) = 1.388$, $p = >0.10$ two-tailed), supporting H1c.

	Pleasant music (n=44)	Unpleasant music (n=48)
Liking for Advert	3.77(1.14)	2.92 (1.30)
Liking for Brand	3.77(1.00)	3.06(1.15)
Hedonic Brand Attributes (HED)	3.76 (0.92)	3.35 (0.85)
Utilitarian Brand Attributes (UT)	3.18 (0.88)	2.89 (1.03)

Table 1. Means for attitudes and attributes for LOW Involvement Ad

For the second study (n=88), independent sample t-tests were conducted to examine the impact of music-brand congruence on attitudes and perceived attributes, (mean values in Table 2). The results show significant differences between the treatments for attitude to the advert ($t(74) = 2.519$, $p < .01$ one tailed) and attitude to the brand. ($t(86) = 1.724$, $p = < 0.04$ one-tailed), which supports H2a and H2b. As expected, the hedonic and utilitarian brand attributes were higher for the congruent advertisement ($t_{HED}(86) = 1.791$, $p = < 0.05$ one-tailed; $t_{UT}(86) = 3.59$, $p = < 0.001$ one-tailed), supporting H2c.

	Congruent music (n=46)	Incongruent music (n=42)
Liking for Advert	3.67 (0.92)	3.07 (1.28)
Liking for Brand	3.59 (0.98)	3.21 (1.05)
Hedonic Brand Attributes (HED)	3.71 (0.83)	3.37 (0.96)
Utilitarian Brand Attributes (UT)	3.35 (0.71)	2.70 (0.94)

Table 3. Means for attitudes and attributes for HIGH Involvement Ad

4. Discussion

The results suggest that for settings where an advertisement is unlikely to attract focused attention (for instance, if placed between successive commercials), or where initial audience testing is lacklustre, the choice of musical accompaniment should focus on general appeal rather than the fit with the brand. We suggest general appeal is probably best measured by general popularity in terms of radio play. Allan (2006) found that advertisements with popular music received more attention and were retained better than advertising without popular music. Our findings suggest that positive hedonic attitudes are formed from this greater attention.

However, where an ad/brand is likely to generate high involvement, the fit between brand attributes and the song are important. Our findings suggest that musical fit promotes liking for the advertisement, and influences both knowledge and emotional responses to the product, impacting the associated utilitarian and hedonic attributes associated with the product. Managers should consider the likely level of involvement for their target audience and tailor their music choice accordingly. The desired relative impact on hedonic and utilitarian attributes should be considered. If a brand wishes specifically to increase perceptions of utilitarian benefits (as opposed to hedonic benefits), the fit between music and the brand (as opposed to general ‘pleasantness’ or popularity) becomes increasingly important. Overall, advertisers should consider the listening situation, characteristics, product category, desired associations and nature of the musical stimulus when selecting music for advertising.

The current studies have a number of limitations that could be addressed by future research: classical conditioning processes and musical fit mechanisms could be considered for high and low involvement adverts respectively. The music used was easily accessible to the participants; the effects of fit when consumers are unfamiliar with the type of music could be considered. The current research did not account for familiarity with the brands or for repeated exposures to the adverts. Future research could also explore the impact of foreground vs background music.

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Space Tourism Market Analysis. Current Situation and Future Trends

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Nowadays, tourists benefit from a substantial variety of destinations to choose from. In the near future, with the development of new technologies, tourism activities could exceed the boundaries of our atmosphere. Access to space to the common person could become a reality very shortly. The objectives of this study are to analyze the current situation of space tourism and determine the potential of this activity, both economically and socially. Space tourism is currently accessible only to the very rich. The most promising segment in opening space tourism to the masses is represented by the suborbital flights, segment dominated by the company named Virgin Galactic. According to the research presented in this study, it is observed that there is a significant public demand for this kind of activity. With the entry of more operators of such services and with the increase of the consumer flow, prices will decrease and the space tourism sector will become one of the main tourist activities to generate profit.

Given the uniqueness of the product offered, the space tourism industry will not compete with other tourism sectors, bringing economic benefits untapped to date. We can compare the beginnings of space tourism with those of aviation. Nobody would have imagined 100 years ago that, one day, millions of people will be traveling immense distances by air in a very short time, safely and comfortably. Drawing a parallel, we can speculate, without risk, that public access to outer space will lead to the development of new industries and technologies, bringing huge benefits to our society and transforming it in a way that is unimaginable today.

Key words: space tourism, market potential, suborbital flights, consumer behavior

JEL classification: M31, L83.

1. Introduction

Tourism is a very important activity for people. We provide a wide range of tourism products. As technology allows us, we can access increasingly exotic and interesting places reaching the desired destinations in no time. As a result of the technology boom of the twentieth century, the number of potential attractions has grown exponentially, with far fewer places on Earth to which we do not have access yet. However, the ultimate destination to which many of us dream is not on Earth, but at least 100 km above us, a line considered the conventional border of crossing into space.

People with vision in space tourism are creating the next generation of holidays, working on projects related to entering a new era of tourism. In the very near future, each of us will be able to enjoy a great panoramic image of the Earth from orbit. It might mean for us the journey of our lives.

The space frontier will give us an unforgettable adventure. Think of how it would be to be able to check in at a “billion stars” luxury hotel, somewhere on the Earth orbit or, going further, how it would be to schedule your vacation at one of our luxury resorts on the Moon or Mars. These images seem drawn from science fiction movies, but one should not forget that 100 years ago, the Wright brothers, aviation pioneers, inventors and builders of the first airplane, would not have imagined how, every day, hundreds of people will dine aboard a modern and safe aircraft flying great distances, such as from New York to London.

Considering the huge revenues associated with tourism, public space travel is a market with huge potential. These space travels are divided into two distinct services: orbital flights (travels across the Earth orbit) and suborbital flights (travels beyond the Earth's atmosphere and back). Each of these markets is in different stages of development.

2. Space private access: a luxury that few can afford under current conditions

We can consider space tourism being somewhere in its inception, as aviation was 100 years ago: an extravagant and experimental field. We can see it by observing the similarities of the users of the two types of products. 100 years ago, very few people had access to air travel, as it was a new, very expensive experience and had a high risk factor because the aviation industry was in its early stages of development.

We notice the similarities with the current aerospace industry. The number of people who have flown into space so far is somewhere around 550. In relation to the global population, this number is extremely small. The number of tourists who have travelled to space is much smaller (seven people). This is because, currently, the only organizations that can send people into orbit are the state agencies of the main economic world powers.

Those who can afford an adventure of about 2 weeks aboard the International Space Station are, therefore, only very rich people who are willing to pay from 20 to 40 million dollars. There are several reasons why the price is so high. One of them would be that the technology needed for one to reach orbit is much higher than that of an aircraft used in commercial aviation or any other mode of transportation of passengers. For example, the Russian Soyuz TMA-7 capsule used for orbital flight was propelled into space by rocket engines totaling 20 million horsepower.

Although we can consider the 7 people who paid to spend a little time on board of the International Space Station, where normally only scientists and astronauts who work for state space agencies have access, as tourists, their activities during the journey are more like those of an astronaut than those of a tourist. These people are passionate and interested in the activities that take place aboard the station and participate with professionals in scientific experiments undertaken on board. Because of this, the term most commonly used to catalog public space flights aboard the International Space Station is "space mission".

Although an adventure of this kind is spectacular, most people will not be able to afford it in the near future and, although orbital space tourism will continue, it is unlikely to grow much in this format. (Crouch, et al., 2008)

We can see how, at this incipient stage, space tourism is very difficult to compare with other forms of niche tourism, as a spaceflight is very different from any other possible vacation experience on Earth. Therefore, for the current form of public access to space (those who can afford to pay exorbitant amounts to reach the International Space Station) the proposed term was "public space travel". (Foust, 2004)

Another reason for which the term "tourism" is yet inadequate is the scale of exclusivity and uniqueness of a space adventure. A space adventure is, objectively, the most expensive holiday in the world.

Tourism is traditionally defined as either visitor activities or commercial activities related to both the demand of tourists / visitors and the offer presented to them. At the WTO Conference on Travel & Tourism Statistics in Ottawa, "tourism" was defined as representing "the activities of people traveling to and living in different environments than usually frequented for a period not exceeding one year, for leisure, business and for other purposes." (WTO, 1995) According to these definitions, we can include the public space tourism activities in the "tourism" category. However, the dimensions of recreation and comfort do not occupy such an important role in the current form of space tourism. The purpose for which such a trip is desired is another, because of current technological limitations. We can assume that in the future, as the supply will become more diversified and prices for access to space will decrease substantially, the recreation and comfort concepts will be present. Just like in the beginnings of the airline industry comfort was not a primary element and came gradually, with the development of the industry itself, so in the future, space tourism will include, if possible, the comfort factor that will be found in both the supply and the demand.

3. Opening outer space to the public: commercial suborbital flights

As a result of increased public interest in space travel, several companies dealing with related activities have appeared. They offer services such as immersive computer simulations, training programs similar to those of the astronauts using original means and equipment, parabolic flights of certain models of aircraft that simulate the feeling of weightlessness (such as Ilyushin 76 MDK), or flying at high altitude with jet aircraft type MiG-31. Nevertheless, we live in a society based on and driven by experiences, in which people constantly want new adventures. Therefore, there is a growing demand for new experiences regarding the space-related sphere of activities. Consequently, this request has determined an increase in the number of companies that currently develop technology platforms that can provide services to the market segment targeted for business purposes.

As mentioned above, the challenges to send people into Earth orbit go far beyond other tourism activities carried on Earth and therefore the testing of technologies and their subsequent implementation is quite slow, as the hazards in case of failure can lead to the bankruptcy of companies that offer this type of service.

Since the 80s, many organizations have made many requests to initiate space tourism. Although there was a great interest in this futuristic form of travel, the huge costs necessary for the development of space tourism could not provide a crucial element in the work of any private company, namely, to generate profit. There was no viable financial solution in using space as a tourist area. Even so, a number of important progresses in this area in recent years has brought hope and has created expectations. (Billings, 2006)

An important step in the development of space tourism was made on the 4th of October, 2004, when the Ansari X PRIZE competition awarded a 10 million dollar prize for the first non-governmental organization that managed to launch a reusable spacecraft at an altitude of 100 km.

The winning project, SpaceShipOne, is capable of carrying three people to 100 km above the Earth's surface, twice within two weeks. (AnsariXPrize, 2009) Following this success, the project was taken under the wing of Virgin Galactic.

Virgin Galactic is a British commercial space company whose aim is to develop the technology necessary to offer travel services in the form of suborbital flights. The company is made up of hundreds of dedicated and passionate professionals. The staff includes scientists, engineers and designers united in their vision to create something new and resilient that stands the test of time: the first commercial space tourism network. So far, 550 people have traveled to space. Virgin Galactic will open this border for the rest of us.

The partnership between Scaled Composites and Virgin Galactic led to the development of an improved prototype. The current improved model, SpaceShipTwo, can carry six tourists along with the two pilots. The prototype has been tested several times, but progress was slowed down by an accident that occurred in October 2014 when the ship crashed into the desert after a technical failure. One of the crewmembers died. Even so, after this incident, continuous efforts have been made, since a new vessel is under construction and it will be completed during 2015.

The flight will start early in the morning and will be conducted in two phases. At launch, the spacecraft will be attached to a carrier aircraft that will take it to an altitude of 15 km. Then, the shuttle will come off the plane and will start the rocket engine that will propel it to an altitude of 110 km. There, the passengers will experience a feeling of weightlessness for about 5 minutes and will enjoy a panorama of about 1600 km in all directions. Thereafter, the vessel will enter Earth's atmosphere where it will be slowed down until it reaches an altitude of about 18 km. From here, it will land at the company's spaceport. The whole trip will last for about two and a half hours, but the actual flight time is much shorter. On board of the shuttle there will be two pilots and six tourists. Each tourist will be assigned a seat next to a window to be able to enjoy the view and have enough space to experience the five minutes of weightlessness. (Papathanassis, 2011, p. 99) The SpaceShipTwo cabin was designed to offer tourists a maximum of safety and comfort, being the only spacecraft ever created to optimize the passenger experience. There is a total of 12 windows on the side and above the tourists, this giving everyone a better view of the Earth and the cosmic space.

Before the actual flight, the tourists will be staying for 3 days at a location near the space terminal, where they will go through a series of short training procedures that include training in an acceleration simulator, several presentations related to safety and a basic medical examination.

The cost of these services was expected to be somewhere around $ 200,000 per person and the price was going to decrease, as more such operations would have been made, but also due to the expansion of providers of such services on the market. There were more than 65 thousand applications for the first travel of 100 tickets. In December 2007, Virgin Galactic recorded 200 customers who had paid in advance and 95% of them successfully passed the physical tests. By 2011, the number of paying customers had reached 400 and by early 2013, 575. In April 2013, Virgin Galactic increased the suborbital trip price to $ 250,000, the motivation being one related to inflation. (Papathanassis, 2011, p. 98) The estimated total cost of the SpaceShipTwo project in 2011 was somewhere around the amount of 400 million dollars.

Except for the rocket engine that has to be replenished with fuel and oxidant after each flight, SpaceShipTwo is a fully reusable spacecraft.

4. Space tourism market. Analysis and future trends

Research shows that people generally have the curiosity to travel to space. Nevertheless, this desire is expressed without knowing the costs and risks that one takes as a space tourist. It is clear that enough people show interest and have the financial possibilities to fulfill this dream. However, because of the high prices, very few people have so far afforded to go on flights in space.

Marketing research is essential in commercial space tourism, in the idea that these trips are designed by understanding the consumer's behavior regarding such services. In this context, we are dealing with a new industry and we are unable to rely too much on history or a past consumer behavior to be able to consider it as basis for future research.

Since space tourism is technologically feasible, there are many variables to be analyzed from the point of view of entrepreneurs as well as that of potential consumers. For example, the relationship between customer demand and pricing and what would be considered as the most important set of characteristics of a space tourism experience that would determine the client to pay that amount.

Clearly, people turn their attention to the price of the travel, but also to the security aspect of that kind of an experience. Flying in space is still dangerous and all tourists must accept that they are subject to relatively high risks in terms of health. The stress placed on the body during takeoff, landing, the effects of exposure to the feeling of weightlessness and the fact that the whole journey is performed in a relatively small space are characteristics that can influence the health of even the most enduring people. It is obvious that in the case of orbital flights, the physical and mental stress tests are more detailed. Conversely, suborbital journeys will not need more than a set of basic examinations.

Space tourism industry has made amazing progress lately, developing technological options to reduce costs for space exploration. The entire SpaceShipOne project, including both construction and shuttle flight tests, cost about 25 million dollars, an amount that is less than what NASA spends in a day of space exploration. (Collins, 2002) If these cheap technological methods will eventually allow space travel for much smaller amounts of money, starting with the amount of $ 200,000 that Virgin Galactic assigned in the beginning, space travel will become more accessible to a greater number of people, especially in relation to the results of a market analysis, which has found that potential consumers are very price sensitive. (Goehlich, 2005) A study shows that at least 10 million people from around the world would be willing to spend a year's salary for space travel. (Smith, 2001)

In order to understand and deepen the needs and preferences of the target market, researchers and governmental and commercial organizations surveyed the market in the US, Canada, UK and Japan. However, research results are difficult to assess in terms of potential variations caused by price factors, travel safety and product design offer.

After analyzing and interpreting the results of these studies, researchers have come to several conclusions. The first is that most respondents said they would be willing to pay the equivalent of one month to three months' salary for a trip to space. Between 10-20% of those surveyed said they would sacrifice even one year's salary for such a journey. The level of interest varies with sex. Female respondents generally expressed an interest of 5-10% lower than male respondents. The survey also included questions related to the requirements and expectations of future space tourists. When they were asked about the amount of time they would like to spend in space, 37% of the respondents indicated a period of 2-3 days. On questions regarding personal needs, respondents mainly indicated the need for privacy and hygiene in space. Space tourism will mainly target middle class people. (Crouch, et al., 2008)

Space tourism will be a lot like tourism on the Earth's surface. A small component will comprise of a niche segment that will target very rich people, but most of the offer will target middle-class customers. Space tourism industry will have difficulty in finding the most profitable economic strategy for the carried out operations. It is therefore very difficult to predict how this market segment will evolve in the future. The fact is that it will take several years until the quite high initial prices will stabilize at a level acceptable to the vast majority of the middle class.

To make profit, one should use the skimming pricing strategy. (Goehlich, 2005) This represents a marketing strategy that at first introduces high prices for a new product in order to get the most profit. Thus, initially, the tickets for these trips will be bought by very rich people. The strategy in terms of price will be one where ticket cost will decrease over time, in sequences, targeting a market segment growing bigger with each sequential drop in price. This approach will make every client pay the maximum amount they would be willing to pay.

It is expected that the number of space travelers will grow somewhere to a million per year when the price of a ticket will be under $ 10,000. According to researches, people around the world are already prepared for an adventure in space, despite its high price and physical risk. It is recommended for space tourism industry to aim, at first, for rich and adventurous young people. They seem to form the most suitable target market due to their care-free rebellious component and the low level comfort that they will accept in return of the fact that they would be among the first passengers in space. (Crouch, et al., 2008)

Following another research conducted in 2002, 450 people in the US were interviewed by telephone in order to find out their opinion of space travel. Each discussion lasted about 30 minutes. Those surveyed had an annual income / family between 250,000 and 1 million dollars. The average age of the respondents was of 57 years old, only 18% of them being between 30 and 49 years of age. In terms of percentage, 70% of the respondents were male. After they were informed about what a suborbital flight actually implied, 28% of the respondents expressed interest in such an experience. In contrast, over 40% of them said they would not like to experience it. When they were told about how one should follow a week training in advance, things changed. Only 19% were still excited to travel to space, while the percentage of uninterested people increased to 57%. By comparing the answers to the two questions, we understand that a real presentation of space travel can greatly influence the demand. The most important aspect of such a trip, as expressed by 60% of the respondents, was that they would have to be able to see the Earth from space. The rest of the people mentioned, in order, the following points of interest: the experimentation of space shuttle launch, weightlessness and, finally, the interaction with things to which only astronauts and cosmonauts have access to. There is a huge pleasure to see how different continents pass before your eyes, with no visible border between countries. Regarding the cost of such travel, only 16% of the respondents were willing to pay the maximum amount established by the researchers, that of $ 250,000. The main reason respondents would not participate in space travel is the extremely high price. (Futron, 2002)

This study was conducted only to find out what is the current demand for space travel, but also to establish strategies and chart future trends regarding the demand for space tourism for the next 20 years.

A segment of 10% of the respondents was very interested in space travel and would be willing to pay the maximum price. The Futron Corporation study concluded that in 2021, the market for suborbital flights could reach 15,000 passengers per year, bringing revenues of 700 million dollars. (Futron, 2002)

Most times, when the market must adopt completely new technology services, it generally follows a model called the “S” curve. According to this model, there is an initial slow customer absorption until the market becomes familiar with the product, followed by a period of rapid adoption when the market fully engages in the purchase of the product, culminating in a slowdown, when the market reaches saturation.

Another study was conducted in 2006 on 783 Australian respondents with high incomes. Of these, 54% were male. The average age was 41 years old, with 29% of the respondents between 26 and 35 years of age. This study showed that potential consumers are price sensitive. At a price of $ 50,000, about 20% of those surveyed were interested in a suborbital flight. When the price climbed to over $ 200,000, the percentage halved. Potential customers preferred American or Australian operators to the detriment of Japanese, German, English or Russian ones. They also expressed increased interest regarding safety rules implemented by operators when organizing space tourism experiences. The preferred launching mode was indicated as being that of a rocket, vertically. Those who showed the most interest to travel into space were mostly thrill seeking young men. (Devinney, et al., 2006)

The economic potential of space tourism development is extraordinary. The expansion of this type of tourism will bring significant benefits, both economically and socially, as such that we could predict a huge surge in this kind of activity in the future that may overcome aviation at the Earth's surface. So far, the activities undertaken in space only received funding from state agencies and organizations. Therefore, it was not necessary to generate profit directly in a financial form. Benefits were scientific, because all progress and all the innovations resulting from that particular area led to the development of technologies that have helped us in our daily lives, even if we do not clearly realize this. In this category, we can mention communication satellites, GPS satellites and technology miniaturization.

There are some opinions stating that tourism development in terms of access to space would be a financial loss or that it would not have an economic value. This is because, as mentioned above, so far, the funding has been received only from the state and, as such, it has not been aimed at covering initial expenses and generating profit.

The reason why the direct economic contribution of space agencies is very low, despite the massive funding they receive, is that they do not strive to develop services that the public would purchase or would like to purchase. Another reason is that in government-financed organizations bureaucratic behavior determines that the recovery of public investment is not necessarily a priority for employees.

The development of the space tourism sector would generate, in addition to indirect scientific and technological advances, a direct important economic component. This will lead on to an exponential growth of this sector. Because space tourism has the potential to become a new important branch of the tourist industry using advanced aerospace technology, the economic effects of this development will be significant for both these industries involved, as well as for the global economic progress and development of society as a whole. In this type of organization, the investor aims mainly at the return on investment and profit and, consequently, it will want to maximize the efficiency of all processes in order to minimize the investment.

There needs to be a better strategy of informing the public and media regarding global economic benefits that would result from the development of commercial space travel. Space activities would become a massive economic generator and launch costs will decrease dramatically in the future, leading to an acceleration of the development of this industry.

Space tourism will become an activity that will include a very large number of people (both operators and beneficiaries) and will generate significant trading profits in the decades to come. It is important to recognize this and to realize that, in a very short amount of time, space tourism could become as common as other forms of tourism, and, because of the sensational experiences that it will offer to the consumer, it will become a significant segment of the entire tourist sector.

5. Conclusions

The increase of what we call the “Space Tourism Movement” will have a significant cultural impact and will broaden the horizons of people in a characteristic manner of the XXIst century. Under this influence, spatial development will gain an economic dimension and will signify the true beginning of the “space age”, in which people will reach this border as passengers, customers, employees, operators and managers, not just as government employees. Therefore, the roles will reverse and the private space services consumers and providers will become a majority. (Collins, 2004)

The beginning of tourist suborbital flights will open the way for a revolution in how we view and manage society. It is hard to imagine the direction in which this first step will take us. Just as 100 years ago, the emergence of the car radically transformed the world and generated unexpected industries, we can predict a similar transformation in terms of human activities in space. Fully understanding that these innovations will transform our society, inspired by previous examples, the potential investors in this sector will generate a huge profit in the long run, even if the initial costs of entering into this race do not seem to be justified. The studies presented reveal that potential customers show both the demand for space travel and the financial availability for this activity. These results are encouraging for investors in space tourism as prices are still quite high and the requirements for conducting this kind of business are not yet fully in place. The market will grow exponentially as the prices will decrease and vice versa.

The flow of innovation and optimism generated from this type of activity will influence our society in many other ways. The impact generated by the possibility of private access to space will develop a multitude of related activities needed to support this new industry.

This is the first time in history that space exploration is financed by private investors, an important aspect in establishing a space tourism industry.

Space is not important only for the future of transportation, commerce or science. Overcoming the space border represents the future in our imagination. What is clear is that the ability to overcome this border is one of the drivers of human development.

So far, very few people have had the opportunity to orbit the Earth. From here, they have experienced the so-called panoramic effect, looking at our planet as a whole, from afar. Looking at Earth from space, they saw and understood that most borders for which we fight are imaginary lines and that the atmosphere seems a very thin, fragile protective layer to support life, as we know it. This experience is a fundamental personal one, but its magnitude cannot be doubted or denied. It is possible that following the rise in accessibility to space travel, this experience will lead to a better understanding of the unity of humankind and our relationship with the planet. This could lead to a radical transformation of our society, to the degree of magnitude that exceeds the current boundaries of our imagination.

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Pricing Strategy in Services - Pricing Strategies in Transport Services

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The paper aims to highlight the main ways in price fixing strategies in general and customized in the field of transport services. Establish strategies and tactics price is a complex process requiring consideration of a multitude of influencing factors and experience a wide variety of options. Pricing strategies are grounded and chosen by taking into consideration the conditions of service offerings, demand, competition, cost and price perception by consumers and the objectives of the firm in the market. There are a great variety of strategies and tactics price for the services sector. This gives companies the freedom to choose the most suitable options in relation to their factors or profile, offer services, marketing objectives, the targeted segment, etc. The most used of price strategies and tactics can be classified according to the novelty of the service provided, and for new services and existing services.

Key words: price, strategy, services, transport services

JEL classification: M31.

1. Introduction

The component price is of vital importance in view of marketing and developing competitive strategies as a determinant factor of performance. Price is the unit of measure by which customers appreciate the value of an offer, which has a strong impact on the selection of one of several competing alternatives. Moreover, price is the only element of the marketing mix that generates revenue for the company. It is generally acknowledged that the price is a determining factor for the competitiveness and even the viability of a company, in the strategic decisions of the price involved a number of factors direct or indirect influence among which stands out costs, demand and market competition.

2. Pricing strategy - determinant factor of a firm's market success

Substantiation of pricing policies according to the objectives set on medium and long term lead to survival results in the company on the market and of course to its success by gaining a substantial profit margins. Price strategy involves coordination of marketing and financial decisions interdepenedent, mainly focused on managing costs, price reactions of consumers and competitors in a given market, in order to achieve common goals. It defines a general attitude of the company in relation to prices, which allows setting their levels before the start of the product development process (Vranceanu, 2006). Analysis of factors which affecting and influence global price strategy includes both organization-specific factors (organizational and marketing objectives, cost structure, characteristics of supply of services, etc.), and environmental factors (law of the country of origin and the country concerned, currency fluctuations, inflation, etc.) and market (consumer expectations, market growth potential, frequency of purchase, degree adaptation / standardization of services, etc). Price setting strategy must take into account the company's objectives, internationally may involve centralization or location, depending on the advantages and disadvantages of each alternative evaluated according to the factors identified above. Setting price strategy is followed by the development and selection of the most suitable option pricing, implementing cost option selected and continue with overseeing transactions, evaluating and updating strategy and policy of price options.

Regarding the assessment of price competitiveness is necessary to identify those tenderers who are perceived as offering the greatest value to consumers. Because the value is a combination of price and perceived quality, value analysis requires assessing how consumers perceive the quality of competing offers from the market. Such an evaluation can be done in several ways, which generally follows the steps outlined below:

- identify quality dimensions - those attributes of services that consumers have in mind when choosing the service provider;

- measuring the quality dimensions - identifying attributes that are considered most important by consumers;
- evaluating competitors as quality dimensions - by giving scores to consumers for each competitor, for sizes identified;
- identifying preferences quality / price - respective, combinations of the most sought after by consumers (Doyle P., and Stern P., 2006)

Given the complexity of developing and implementing a strategy of price is recommended to follow a methodology as shown schematically in Figure 1, internationally.

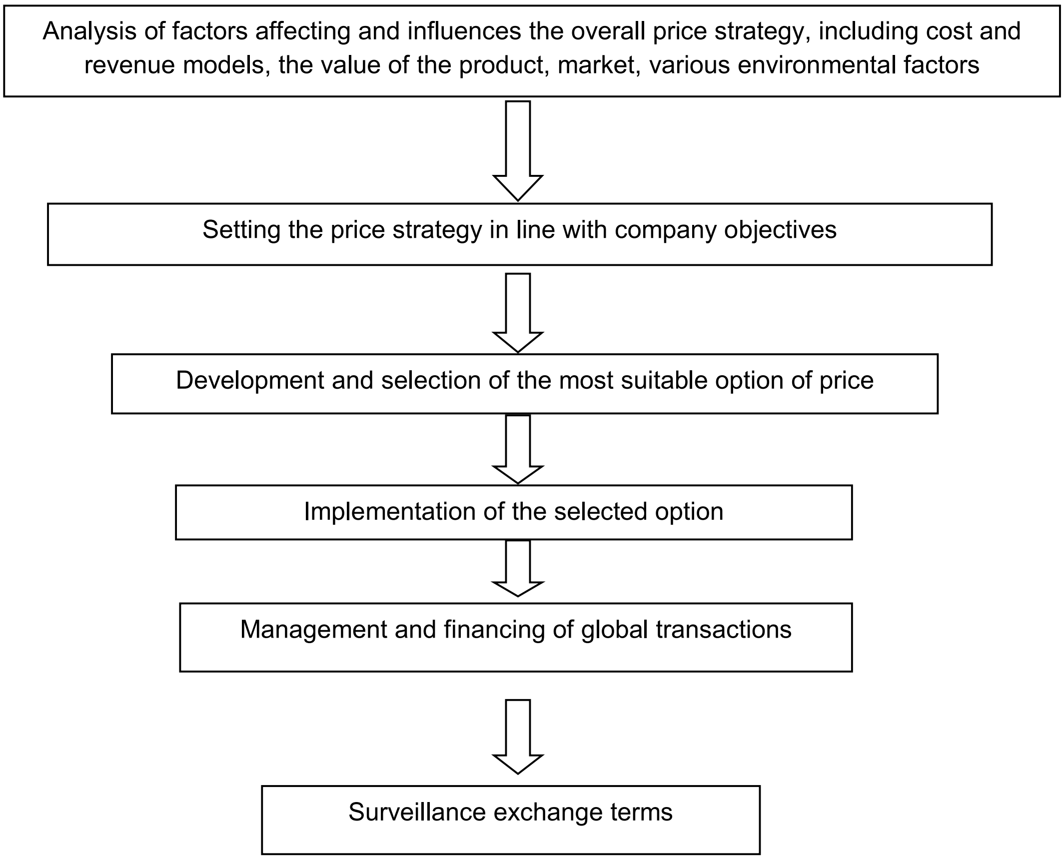

Figure 1. Steps of international price development strategy
Source: Lee K., Carter S., 2005.

Strategic alternatives of price can be differentiated depending on a number of criteria, namely: services offer, temporal variation in demand, level and way the price formation, mobility of price. The synthesis of these alternatives is shown in Table 1.

	Position of the company to:				
	1. Offer	2. Demand variation	3. The orientation	4. Price level	5. Mobility of prices
STRATEGIES	*a. Strategy of flat prices*	*a. Temporally differentiated pricing strategy*	*a. Oriented after costs*	*a. The strategy of high prices*	*a. The strategy of prices relatively stable*
	b. Pricing strategy differentiated on component	*b. Undifferentiated temporally pricing strategy*	*b. Oriented after demand*	*b. The strategy of moderate prices*	*b. Prices change frequently strategy*
	c. The strategy of combined prices		*c. Oriented after competition*	*c. The strategy of low prices*	

Table 1 - Strategic alternatives in the price policy
Source: Olteanu V., 2003.

In the table above we capture the most strategic alternatives that have a company at hand in terms of pricing in the market.

3. Strategies and tactics of pricing in services

There are a wide variety of strategies and tactics price for the services sector. This gives companies the freedom to choose the most suitable options in relation to their factors or profile, offer services, marketing objectives, the targeted segment, etc. The price strategies and tactics most used can be classified according to the novelty of the service provided, so for new services and for existing services.

Pricing for new services is generally more closely approached by companies because they do not have experience with a service on which to base their decisions. In this sense, it should meet the following objectives (Scarborough N. M., and Zimmerer T., 2006):

- price acceptable to potential consumers;
- price must to preserve the market share when the competition intensifies;
- established price must afford a profit.

Based on these objectives, the most used pricing strategies for new services are:

- Penetration strategy - involves setting a low price for the new service provided to ensure its rapid acceptance by consumers. The strategy is advisable when market competition is intense, there are a large number of similar services and offer opportunities for differentiation are reduced. Usually, the introduction of a new service on market using the price penetration strategy is accompanied by strong promotion services through advertising, discounts, etc.

- Skimming strategy - involves setting a high price for the new service offered for fast return of investment for development and launch offer and making a profit. This strategy is used mainly when market competition is little or no competition, or there is a market segment of consumers who are willing to pay a high price for high quality services and research and development costs or input market are substantial. Using this strategy allows at any time reduce the price to increase sales volume and profit respectively.

- “Slip” strategy - is a variant of skimming strategy, which involves determining the "slip" demand curve by introducing a new service at a high price and because of technological advances held by the company is able to reduce price earlier than competition can. By reducing price faster than competition the company can achieve a high sales volume, and at the same time discouraging competitors. This strategy involves the emergence and intensification of competition in the market after the introduction of the service, but can be used even if there is no competition, to attract a broader segment of consumers.

4. Strategic and tactical price alternatives for air transport services

Air transport has become, over time, more cheap, on the one hand, due to lower tariffs absolute, and on the other hand, due to tariff range expansion that allows access to air transport audiences with a very elastic demand price. They proliferated, thus, very low rates, but conditional upon compliance by the traveling public of terms or restrictions which do not affect the quality of services, while benefiting airline companies (for example, by reducing the seasonality of demand). Differences high of tariff ranges have raised the discriminatory character of pricing policy in air transport. According to economic theory, price discrimination occurs when a manufacturer perceive different unit prices for the various units of the same product or service, citing reasons unrelated to changes or differences in costs of production.

A. **Official rates** (published in specialized textbooks and distributed by computerized reservation systems - CRS), which can be:

A.1. IATA rates

A.2. Rates of company

A.1. IATA rates are negotiated by member companies and registered in the IATA system, generally at Meetings of Coordination Tariff.

The criteria for establishing tariff structures, levels and conditions of application relating to:

- for levels of tariffs are envisaged distance of route, the economic potential of the market, local currency evolution, changes in operating costs items with worldwide effects, etc;

- for structures / application conditions are taken into consideration IATA resolutions with binding and / or guidance character, specific structure of traffic, etc.

A.2. Company rates are not recorded in the IATA system, which are negotiated between partner companies and aviation authorities in those countries, according to the specific requirements of intergovernmental aviation agreements. These rates, which are lower than tariffs IATA, represents special offers of some carriers and generally reflect the level of market sale, containing specific restrictions of route, carrier, documentation, location of selling. Distribution of company rates experienced in recent years, in the context of liberalization of international air transport regulatory framework, emphasizing competition and over-capacities offer, a development boom, consisting of effective tools to attract traffic, by the advantage posed to be approved, recorded and distributed quickly.

B. **Market rates**, are not subject to negotiations between member companies IATA or between partner companies (except only contracts BSA - Blocked Seats Agreement - which may provide tariff coordination, including the market rates) and do not have a universal distribution (by manual CRS). In fact, market prices achieved an improvement of the whole system of tariffs in a market-based through diversification of prices depending on variety of conditions:

- type of journey (business, excursion, group, travel arrangement included, etc.);
- traffic categories;
- length of stay;
- age.

The level of market rates is determined based on market conditions and specific market segments based to be raised or maintained to transport, allowing adaptation operative and permanent of own offer to the competition. Within market rates may differ two types of rates: private rates and negotiated rates.

Private rates are all prices limitations on distribution and use, using special input systems "pricing" for their viewing.

Negotiated rates is a subcategory of private rates, are also not viewed and shared publicly, but offered to customers and agents selective and differs from any published fare in terms of the conditions for the application or class of service, or commission paid to an agent that differs from the standard fee. Air carriers can charge such rates in CRS sites which offer the following advantages: viewing / automatic issuance, control / upgrading of distribution, the possibility of changing / updating without circulation of papers. CRS-sized role has been expanding its importance in the life cycle of rates through the development of new systems that are sensitive to changes of customer requirements. Another aspect of the operation of the CRS, with important implications for competition in the air transport market, refers to the possibility of access to a huge volume of market information, provided by CRS holders priority. This information is particularly useful for estimating the price elasticity of demand, forecasting the profits, enhances competitive advantage.

Whatever tariff categories mentioned above, tariff structures can be grouped as follows:

A. Normal rates

B. Special rates

Normal rates are the rates for which the following conditions are met:

- is published as OW (one way) or RT (round trip);
- has one year validity;
- no restriction on: advance purchase, minimum stay, booking / payment / ticket issuing, time of day of the trip, flight specific, framing under certain conditions.

Special rates are any rates other than normal (for example, PEX type rates, SUPERPEX, APEX, etc.).

5. Conclusions

The choice of policy options for responding to competition price-based requires consideration of the competitive advantages of the company, its strengths and weaknesses in relation to competition, demand, and of course costs. You cannot ever say that is the most important element in pricing.

A favorable cost structure can be a significant advantage for a firm even in conditions where competing against larger companies because small unit costs generates higher profits, despite the setting of relatively small prices.

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Polish Tourists' Perceptions of Service Quality Offered by Summer Resort Hotels in Romania

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The paper presents the results of a secondary data analysis examining Polish tourists' perceptions of service quality offered by summer resort hotels in Romania. The researchers examined tourists' comments regarding their satisfaction with their holiday experience in Romania presented on Polish leading travel websites over last years. Comparing to other countries, Romania is not among popular package holiday destinations and it is not promoted sufficiently in Polish market, however, more and more tourists might show their interest in visiting Romania. Assuming the further increase in the number of Polish travelers spending their holidays in Romania, the analysis of tourists' opinions on tourism product quality will enable a more effective response to customers' needs. The aim of the present research was to analyze tourists' comments and opinions regarding their holiday experience in summer resort hotels in Romania in order to identify positive experiences as well as areas of tourists' discontent. The surveyed sample comprises tourists that spent their summer holidays in one of 11 hotels, including three-star and four-star hotels between 2011 and 2014. The conclusions of the study are useful for hotel owners and managers, presenting a series of recommendations for service quality improvements.

Key words: hotel product attributes, service quality perception, qualitative analysis

JEL classification: M31.

1. Introduction

As competition between tourist destinations and between resort hotels inside destinations has intensified over the last years, one of the most significant challenges for hotel managers is to identify attributes that determine the accommodation choice of tourists, as well as attributes that are perceived as the most important for travelers. The empirical research in this subject area will enable hotel managers to develop a relevant product policy by eliminating gaps between customer expectations and product quality perception. The recent studies show that tourism product offered by resort hotels should be regarded as a combination of various factors including: location of the hotel, standard of rooms, quality of customer service, quality and diversity of meals, animation programs offered to entertain hotel guests, as well as attractions located in the vicinity of the hotel and quality of local beaches (Johann, Anastassova, 2014). Moreover, cultural differences among tourists should be taken into consideration while designing and adjusting tourism products to visitors coming from various countries.

The paper presents the results of a secondary data analysis examining Polish tourists' perceptions of service quality offered by Romanian summer resort hotels. The researchers examined tourists' comments regarding their satisfaction with their holiday experience in Romania presented on leading travel websites. Romania is not a typical travel destination for Polish visitors, however, the number of Polish travelers visiting Romania might increase over next years. Thus, it is reasonable to analyze Polish tourists opinions regarding their holiday experience in Romania in order to respond more effectively to customers' needs. The researchers decided to analyze comments of Polish tourists who spent their summer holidays in selected hotels located at the Romanian seaside. The aim of the research study was to identify positive experiences, as well as areas of tourists' discontent. The results of the qualitative analysis of tourists' comments and opinions regarding their holiday experience in summer resort hotels are presented in the following sections.

2. Tourist perception of service quality

In 1985, Parasuraman, Zeithaml & Berry were defining service quality as zero defects (doing it right the first time). Later definitions gave the concept a superior perspective, as quality now represents exceeding what customers expect from the service (Zeithaml, Parasuraman & Berry, 1990). In the service sector, the quality and its perception are influenced by the four service's characteristics: intangibility, perishability, variability and inseparability, which may lead to a gap between customer's expectations and the final perception of the service quality.

This concept represents one of the ongoing concerns both for the service marketing specialists (such as A. Parasuraman, V. Zeithaml, L. Berry, C. Gronroos, R. Rust or R. Oliver) and the business environment, considering that high service quality has an impact on organizational outcomes such as improving profitability, high market share, customer loyalty and probability of purchase (Brady & Cronin, 2001).

There are various methods of service quality evaluation, most of them relying on the customer perception, by comparison with his expectations. One of the most valuable methods is SERVQUAL, system developed by Parasuraman, Zeithaml & Berry, representing a multiple-item scale for measuring customer perceptions of service quality. These perceptions are being measured on five dimensions: tangibles (physical facilities, equipment, and appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (caring, individualized attention the firm provides its customers) (Parasuraman, Zeithaml & Berry, 1988).

As every service sector has its own characteristics, quality must be evaluated according to the specifics of each market and the particularities of customer's needs and demands. The tourism sector is one of the most important in terms of national revenue, country's image and use of natural and cultural potential, thus a high quality of the services from this sector exceeds the individual objectives of hotel owners.

The high quality of tourism services in Europe makes tourism here attractive and constitutes a competitive advantage. This is the reason why, on 20 February 2014, the European Commission proposed a set of voluntary European Tourism Quality Principles to help tourism service providers promote the quality of their services and strengthen consumer confidence. These principles are focusing on four areas of tourism services: employee training, consumer satisfaction policy, cleaning and maintenance and information provided to tourists (European Commission, 2014).

The importance of tourism service quality evaluation determine a positive reaction from specialists, thus we have numerous methods and instruments of quality assessment in the tourism industry, such as "Tourism service quality toolkit" provided by the Australian governmental institutions (Queensland Government, 2014); Correspondence Analysis for Mapping service quality in the tourism industry (Atilgan, Akinci & Aksoy, 2003); "National Quality Assessment Scheme", a standard that was created to ensure that all properties from the UK market are assessed against the same criteria (VisitEngland, 2015); Tourist Satisfaction Index and Tourism Service Quality Index (PolyU TSI and PolyU TSQI) developed by Hong Kong Polytechnic University together with a series of academics and tourism practitioners (Hong Kong Polytechnic University, 2012); "Qualmark quality assurance" developed by New Zealand Tourism Board, granting a star classification system for accommodation providers and venues, and a quality endorsement programme for other tourism businesses (Tourism New Zealand, 2010).

Considering the significant differences between the tourism offer from each country or region, the analysis must be undertaken separately, emphasizing the strengths and weaknesses, as they are the main determinants of tourists' decision when choosing the future destination. The scientific literature provides us with dedicated studies on tourism service quality, each paper focusing on the influence factors and practical implications for the region (Yuksel & Yuksel, 2001; Yurtseven, 2005; Correia, Oom do Valle & Moço, 2007; Butnaru, 2009; Ukwayi, Eja & Unwanede, 2012; Sun, Ryan & Pan, 2014; Ragavan, Subramonian & Sharif, 2014; Ramseook-Munhurrun, Seebaluck & Naidoo P., 2015; Sun, Zhang & Ryan, 2015). From a managerial perspective, the studies show that global analysis of the contribution of tourism experience elements is meaningless and each destination management organization needs to conduct a specific study without neglecting the human factor (Camelis & Maunier, 2014).

Most papers focusing on service quality emphasize the strong relationship between high quality perception and satisfaction (Augustyn & Ho, 1998; Chi & Qu, 2008; Alegre & Garau, 2010; Rajesh, 2013;

Della Corte, Sciarelli, Cascella & Del Gaudio, 2015), considering that understanding what drives satisfaction for a tourist is one of the relevant research areas for the tourism industry, as satisfied tourists tend to transmit their positive experience to others (Armario, 2008).

One of the most used means of communication through which tourists express their perception and level of satisfaction after visiting a country/region/resort/hotel is online reviewing.

Interpersonal influence and word-of-mouth are ranked the most important information source when a consumer is making a purchase decision. This influence may be especially important in the hospitality and tourism industry, whose intangible products are difficult to evaluate prior to their consumption (Litvin, Goldsmith & Pan, 2008). This type of communication is important both for other tourists who rely on reviews from real customers in their purchase decision process, and for hotel owners who can receive rich information about their clients' satisfaction. This is the reason for which we have decided to further investigate this rich source of data, in order to determine Polish tourists perception of service quality offered by summer resort hotels in Romania, using their reviews from the most important travel websites.

3. Research methodology

The purpose of this study was to analyze Polish tourists' perception of the services quality offered by Romanian hotels located in the main summer resorts. The research task included the identification of the quality gaps and areas of discontent with regard to the attributes valuable for tourists related to their holiday experience in the selected hotels located at the seaside.

The main research objectives were related to standard of rooms, location of the hotel, entertainment, customer service, food services, attractions and beaches located nearby. Tourists' evaluations presented on travel websites were carefully examined in order to identify good experiences as well as areas of discontent.

The research method used in this study consists of a qualitative secondary data analysis of tourists' comments and opinions regarding their holiday experience. All leading travel websites were investigated in order to find tourists' comments regarding their holiday experience in summer resort hotels in Romania. Eventually, the researchers examined tourists' opinions on such travel websites as www.holidaycheck.pl, www.easygo.pl and www.travelplanet.pl as detailed comments were only presented on those websites. All travelers' comments written between 2011 and 2014 were analyzed in December 2014.

The analysis presented in this study includes tourists' evaluations with regard to their summer holidays in Romania in 11 hotels located at the seaside: including three-star hotels and four-star hotels. 54 tourists made detailed comments about their holidays in summer resort hotels in Romania.

4. Discussion of results

The results of the qualitative analysis are presented according to each research objective, highlighting the most mentioned comments and the components of the tourism offer that they refer to. Each component has an impact on the perception of Polish tourists regarding Romanian summer resort hotels, facts that determines the overall level of satisfaction.

The general opinions about the hotels were positive. In many cases, the tourists perceived hotels as nice, clean, and well maintained. Good price/quality relationship was perceived as an important advantage for numerous tourists (25.93%). Many guests appreciated comfortable and well equipped rooms (14.81%), as well as very nice and spacy rooms (12.96%), however, some visitors complained on old and neglected equipment in the rooms (7.40%). A large number of travelers appreciated everyday cleaning (51.85%) and frequent changes of towels and bedclothes, however, many guests indicated not sufficient cleaning as a disadvantage (22.22%).

The location of the hotel, which refers to the environment of the hotel as well as the distance from the beach, was considered along with the attractions situated near the hotel and the quality of the local beaches. According to the opinions of many tourists, hotels are nicely situated in the vicinity of the beaches, close to attractions, including: cafes, restaurants, gift market, shops, shows, and performances (66.67%). The hotel guests described the beach as nice, sandy and wide and the sea as warm, shallow and safe (33.33%). Some visitors were disappointed with uncleanliness of the beach due to trash (12.96%).

The most frequently repeated positive and negative tourists' comments regarding their holiday experience are presented in Table 1.

Positive comments	% of indications	Negative comments	% of indications
Nice, good, great location	66.67	Not sufficient cleaning	22.22
Clean rooms, everyday cleaning	51.85	Limited choice, small portions of meals	20.37
Nice, friendly, helpful hotel personnel	46.30	Problems with communication in English	20.37
Delicious, diversified, very tasty meals	37.04	Repetitive menu	14.81
Nice, wide, sandy, beach, warm sea	33.33	Trash on the beach, unclean beach	12.96
Good price/quality relationship	25.93	Limited access to WI-FI	12.96
Very good animation program	22.22	Not friendly, distant personnel	12.96
Nice, big, clean swimming pool	18.52	Lack of animation programs	7.40
Personnel able to communicate in English	16.67	Old equipment in the rooms	7.40
Comfortable, well-equipped rooms	14.81	Lack of Polish channels on TV	7.40
Very nice, spacy rooms	12.96	Lack of attractions near hotel	3.70
Access to WI-FI in rooms	5.56	Small rooms	3.70

Table 1. The most repeated tourists' comments regarding their holiday experience

Customer service is a significant component of the overall service experience. Professionalism, friendly attitude, communication skills, and good command of foreign languages are very important for a positive evaluation of customer service. Considering all the tourists' opinions regarding service personnel, positive comments prevailed. The hotel guests appreciated nice and helpful staff (46.30%), able to communicate in English (16.67%), however, there were also areas of discontent. Some tourists expressed problems related to communication in English (20.37%). The visitors also noticed that sometimes it was easier to communicate in Russian than in English, but nice and welcoming attitude, friendliness, and hospitality of hotel personnel compensated difficulties with communication. In some cases personnel was perceived as not friendly and distant (12.96%).

The quality and diversity of meals is also a very important part of a holiday experience, especially when tourists buy package holidays with the all-inclusive option. In general, Polish visitors appreciate Romanian cuisine and praised the taste of regional dishes. Many guests described meals as delicious, diversified and tasty (37.04%), however, many were dissatisfied with too small portions of meals and limited selection of dishes and perceived food as not tasty (20.37%). Some hotel guests complained about a repetitive menu (14.81%). Some tourists suggested that it is better to go to local restaurants that offered good and tasty dishes at reasonable prices instead of eating in the hotel restaurant.

In general, tourists enjoyed hotel entertainment including nice swimming pool (18.52%) and animation programs (22.22%), but some critical comments were concerned with the lack of animation programs and other forms of entertainment organized for tourists (7.40%) which is so important for creating nice and friendly atmosphere and having good time and fun. Moreover, limited access to WI-FI was also pointed as a disadvantage (12.96%) as well as lack of Polish channels on TV (7.40%).

5. Conclusions

The qualitative analysis of Polish tourists' comments regarding their holiday experience in the selected hotels enables to draw conclusions with regard to positive experiences as well as areas of discontent. The most appreciated features were: very good location of the hotels which are situated close to the beach; clean rooms; friendly and helpful hotel personnel, able to communicate in English; delicious and tasty meals; and nice, sandy and wide beach as well as reasonable prices for delivered services. Moreover, visitors enjoyed comfortable, spacy, and well-equipped rooms, good animation programs and nice swimming pools. The critical comments refer to: limited choice and small portions of meals, repetitive menu, not sufficient cleaning, difficulties with communication in English, and unclean beach. Some guests complained on the limited access to WI-FI, some perceived hotel personnel as unfriendly and distant and room furnishing as used and neglected.

The results of the analysis allow to formulate recommendations for hotel owners and managers. Beautiful beaches, warm sea, very good location of hotels and services offered at reasonable prices are among main advantages of summer resorts in Romania. However, it is important to improve the quality of provided services. Serving more diversified meals, including Romanian specialties and wine is highly recommended. Additionally, organization of animations, evening programs, and other forms of entertainment would significantly enhance customers' experience. Free access to WI-FI within hotel area should be also guaranteed. Service personnel need to have good communications skills as well as a good command of English. Beautiful beaches and the seaside are crucial for tourists' holiday experience; therefore, they should be cleaned and maintained daily. Moreover, it is necessary to improve overall cleanliness.

In order to increase the number of Polish tourists visiting Romania, it is also important to put much efforts in marketing communications and encourage tour operators to sell package holidays to Romania. Furthermore, there are no charters to Romanian summer resorts available from Poland, which definitely limits travelling opportunities. Whereas tour operators offer a large number of package holidays to Bulgaria, there are no offers of package holidays to Romania besides those involving own means of transportation. Thus, hotel owners could be more concerned with organizing study tours, farm trips and incentive programs for tour operators, travel agents, and journalists. They could also focus more on senior tourism and spa and wellness segment due to therapeutic mud and mineral waters available in Romania. They could emphasize great location of hotels, services offered at reasonable prices, traditions, regional dishes, friendliness of people, treatment opportunities, natural beauty of the Black Sea, wide and sandy beaches, a pleasant climate in summer as well as the Danube Delta – Europe's largest and best preserved delta.

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Brand Extensions Differentiation: Implications for Strategy

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The purpose of competitive strategy is to create and sustain competitive advantage. Traditionally, this is done by finding a favorable opportunity in a well-defined market and creating relevant differentiation. In this framework, brand extensions can represent a favorable opportunity for developing a winning competitive strategy. However, a competitive strategy that is not based on meaningful differentiation of brand extensions leads to a transient competitive advantage. The solution proposed by this article is centered on creating brand extensions that provide momentum for the brand, yield positive energy, enhance differentiation and further intensify core brand associations. Furthermore, brand extensions should provide new features that transcend product category boundaries, thus increasing product functionality, reliability and capabilities. From a competitive point of view, brand extensions should decrease rivalry among competitors by establishing dominance on an untapped criterion of purchase.

Key words: brand extensions, differentiation, competitive advantage, competitive strategy

JEL classification: M31.

1. Introduction

In order to obtain long-term profitability, companies must create and sustain a strong competitive advantage. In the quest for creating competitive advantage, companies struggle to build unique capabilities and to acquire the means to protect these capabilities. Consider the purchase of a Pepsi can. In the local supermarket the consumer considers buying the drink as part of a 6-pack for the smallest price available. However, the same consumer may pay even 50% more for a single can of Pepsi sold from a local vending machine on a hot day. This price premium is not due to a better or different product, but to a more convenient means of obtaining it. Basically, the customer values the fact that he is not forced to remember buying the 6-pack, store it or lag a can the entire day until he is thirsty and figure out how to keep it chilled. For sustaining this type of competitive advantage, companies create external linkages with customers, channel partners or even competitors (Dyer&Singh, 1998).

Creating linkages in the marketplace makes consumers unwilling or unable to switch to competitors, thus preserving competitive advantage. The general consensus is that only companies with a strong marketing orientation are capable of creating such linkages (Kirca et al. 2005). A company has a strong marketing orientation if it has mastered the art of listening to consumers, provides a better fulfillment of their needs than competitors and cares for customer satisfaction (Hedaa&Ritter, 2005). As a result, companies spend large amounts of money to implement or preserve this marketing orientation. For example, every year Coca-Cola spends one million dollars worldwide for focus-groups, large consumer surveys and social media tracking studies.

Reality shows that "the voice of the consumers reigns" ideology is no longer a paradigm for success. Nowadays, companies achieve greater results by defying what customers want and "shaping" consumer behavior. Competitive advantage cannot be sustained by continuously raising the bar on existing performance or differentiation criteria. Today market leaders are those that define what performance or differentiation really means for a product category. Mercedes sets the bar on elegance, shaping consumers' expectations for car design to interior tapestry. Dove makes women believe in themselves by redefining the beauty standard for women. Amazon promises consumers the best online shopping experience ever.

2. Differentiation for competitive advantage

In essence, competitive advantage reflects the top management's ability to understand and cope with competition (Dyer&Singh 1998). CEO's always aim to maximize market power. What eludes most CEO's is the conspicuous fact that market power is basically the same thing as sustained profitability. As a consequence, sustained profitability is becoming the cost of competing. Yet, competition for better revenue margins is fiercer that ever. Sadly, in the mad rush for revenue, companies start ignoring true strategy in favor of a short-term revenue boost, pursuing a utopia formed from various answers to the question "what else can we do?" In reality, strategy should be about making choices and deliberately choosing to be different. But this is becoming more difficult as companies are forced to compete.

Traditionally, businesses think of competitive advantage in terms of new or better products. Naturally, companies keep tabs of competitors in order to develop these products. But in the era of hyper competition every product promises its consumers to be bigger, better or improved (Moon, 2005), as companies embark on a continuous race for raising the bar on attributes or benefits. For example, when P&G created Ariel for black clothes, Henkel responded with Perwoll Black that also included balm. Paradoxically, consumers eventually have more benefits than they want or actually need. It is no wonder why every new product feels similar and brand loyalty is becoming a novelty. Consequently, today the big question is not anymore: "What else can we do for our customers?"

Nowadays, consumers and the market stand at the core of business together. As a result, competitive differentiation should be the core of competitive strategy, while competition should be the core of marketing orientation. According to some scholars, this is possible only when a company does not pursue to extend the brand (Keller, 2008). Brand extensions ultimately lead to strategy oblivion, because they expand brand associations instead of narrowing brand focus (Trout&Rivkin, 2008). Another issue related to brand extensions is the traditional view that, as competitors can easily catch up or imitate, competitive advantage slowly erodes. Thus, it is impossible to create competitive advantage through brand extensions.

The key premise of brand extensions criticism as a strategic instrument for competitive advantage is that causing a customer to think is never in the brand's best interest. The choices need to become crystal clear, so the customer or prospect does not need to think. Consider Louboutin Shoes who paints the sole of every shoe bright red and charges no less than $2000 for a pair. In this case, women do not buy based on rational attributes like good craftsmanship or premium materials, but they buy that alluring red sole as a purely emotional reaction. As consumers, the less information we are given, the more probable it is for us to remember it. In this manner, virtually any focus becomes better than no focus.

3. Brand extensions differentiation for competitive advantage

The purpose of competitive strategy is to create and sustain competitive advantage. Competitive differentiation should be at the core of competitive strategy (Johnson et al. 2008). In creating a differentiation strategy for a brand extension, managers must focus on brand extension relevance to preserve brand focus (Keller, 2008). In order to become relevant, a brand extension must be both visible and credible for consumers to actually purchase it.

Scholars tend to ignore that competitive advantage is cumulative, expanding with the number of customers served. For example, the competitive advantage of The Simpsons is not "stored" somewhere in the FOX Studios, but is represented by the 12 million viewers who watch the show every Sunday night. Not only does a brand extension provide the ability to serve more customers, but it also provides momentum for the brand. Therefore it is logical for FOX Network to capitalize The Simpsons brand by creating t-shirts, toys, mugs, board games and other related items. In this case, competitive advantage is all about network effects: people want to spend their money and time on what is popular. The more viewers the show attracts, the higher the probability that their friends will join them. As the show popularity grows, it is likely that more viewers will also buy other related products.

The very nature of competitive advantage is not only cumulative, but is also comprehensive. Companies pay two million dollars for 30 seconds of media presence at the Super Bowl End Season Finale. Even if the target customer may not be an American Football fan, companies still spend large amounts of money because such actions assure customers that the brand is "alive". Brand extensions can further enhance brand associations rather than mitigate them. Consider a company like Disney that first started in the animated movies industry and then expanded through Disneyland theme parks, while diversifying their range of movies. Today, Disney strives in resort hotels, retail stores, video games, TV broadcasting, cruises, retail and even on Broadway. By extending, Disney didn't only manage to develop an edge over competitors, but from a strategic perspective its brand extensions provide higher visibility for the brand.

In the era of hyper competition, brands proliferate by slicing product categories wafer-thin or even creating a category of their own (Moon, 2005). As a result, the battle for customer mindset has become fiercer while customers' mind space is becoming scarce. Audi does not claim to make a better car than

Mercedes, nor the other way around, but just a different one. In consumers' minds, Mercedes is associated with luxury and classiness while Audi is associated with elegance and sportiness. Even though the target customer may have similar characteristics, the two automakers emphasize different criteria for purchase, which appeal to a totally different mindset. As a result, brand related competitive advantage is created by convincing customers of the relative importance of each specific purchase criteria.

Under these circumstances, brand extensions can provide energy for creating and sustaining a brand based competitive advantage by reshaping consumers purchase criteria. In this context, the main focus is on consumer needs and on positioning brand extensions relative to their purchase criteria. By introducing a brand extension, the company can influence how consumers perceive the brand and can even redefine competition. For example, due to limited distribution and some technical glitches, Segway HT didn't appealed to the wider population after it was introduced, despite attracting a core base of loyal customers. However, the company resolved this issue by offering customized vehicles and multipurpose units that transcend the incremental functionality Segway HT offers over other no-emission forms of transportation such as walking or biking.

Brand extensions can also prevent a brand energy loss by complying to a different set of purchase criteria. For example, if there is a perceived risk to the brand, a brand extension can be created to provide some distance. Brand extensions like Pizza Hut Express, Intel Celeron or Budget Rent-a-Car are all good examples of brands created to provide protection from a downscale offering that could hurt the brand.

4. Brand extensions and competitive strategy

Competition should be at the core of marketing orientation. In the marketplace, the nature and intensity of competition is determined by five forces that shape the product category: rivalry among existing competitors, threat of new entrants, bargaining power of buyers, bargaining power of suppliers and the threat of substitute products (Porter, 2008). The configuration of the five competitive forces tends to differ by industry, but always the strongest force determines profitability. Sadly, in most cases, the strongest force is not the most prominent. For example, even thought rivalry is fierce in the toys industry, low revenue margins are the result of superior substitute products such as video games.

In a traditional manner, strategy can be viewed as creating defenses against competitors or finding a position where the five competitive forces are the weakest (Porter, 2008). For instance, Wal-Mart managed to successfully position itself in a structurally very challenging industry. Competition is fierce in the retail industry and is composed from a wide range of different competitors: from small stores to large international retail chains like Carrefour or K-Mart. Consumers always demand lower prices so price competition is rampart, while unions and trade labors exercise a strong supplier power. But in this setting Wall-Mart has chosen to focus on a cost leadership strategy that proved to be successful.

Rivalry among competitors intensifies naturally over time. Competitors are becoming similar as consumer needs and expectations converge (Dawar, 2013). Competitive differentiation becomes the norm for competing. In these circumstances, eliminating rivals becomes a high risk strategy because removing today's competitors can attract new competitors and generate backlash from consumers or suppliers. As a result companies often attempt to stop intense competition. This leads to a situation in which a product is neither new nor improved, but the company charges more for it because this will be a good differentiator.

In order to reverse the trend brand extensions should be on the same rampage against competition. In this case, the best possible strategy is to actually choose your competitors. The generally accepted belief regarding competition is that a brand is stuck with its competitors no matter the circumstances (Dawar, 2013). However, a brand extension offers the opportunity to actually choose or at least influence its competitors. Practically, successful brand extensions destroy self referential strategy frameworks by working against the current. For example, when developing a new shampoo assortment, brand managers have the choice of how to position it: a shampoo for women, an antidandruff shampoo, a gentle care shampoo or maybe even a shampoo for kids. Thus the target segment and the competitive frame of reference are changed. In each of these instances, the benefit provided by the product is different and the consumer is more likely to compare the product to different competitors.

Also, brand extensions provide an opportunity to establish dominance on a free chosen criterion of purchase (Keller, 2008). Surprisingly it is easier to differentiate a brand extension because it is easier to pay attention to the target market and identify competitors. For avoiding competitors, the brand extensions should simply do something different. To avoid familiar cues to customers, a simple analysis of a product category is often enough. For example, a visit to the local supermarket shows how similar many products are: most sweets are sold in similar packages, contain the same ingredients and their marketing communication is often indistinguishable from each other. It is no wonder why the first brand to emphasize a difference gains a significant competitive advantage. This difference could simply be a brand extension that redefines the market or creates a new relevant criteria for purchase.

Brand extensions can offer massive expanding opportunities for new features that add product functionality and an even greater reliability for the current features. Extensions can provide much wider product functionality by adding new capabilities that transcend product category boundaries. For instance, Jägermeister is a well-known alcoholic beverage while also being positioned as a strong cough syrup. Also brand extensions can increase reliability of current product features by incorporating credible benefits that augment the core value proposition. For example, McDonald's added salads and other healthy food to the menu in order to provide customers' more options for their daily menu.

Successful brand extensions often disrupt value chains and can alter industry or product category structure. As a result, companies are forced to rethink the nature of competition and almost everything they do internally in order to respond properly to new competitive opportunities and threats.

Companies usually prefer a smaller slice of a vast market in the detriment of a large slice of a smaller market (Martin, 2014). The rationale behind it is that a vast market can provide an unlimited growth potential. But, giant opportunities encourage bad strategy (Neilson et al. 2008). Such companies miss the opportunity where to play and how to win. However, through an undifferentiated market approach, when everyone is a potential customer, it is becoming impossible to determine who to target and what customers really want. In other words, companies just stop pursuing competitive advantage.

Brand extensions offer smaller market opportunities that force the company to develop an adequate value proposition in accordance with market development. In other words, brand extensions reiterate the need for competitive differentiation starting from scratch. In these cases the success often depends on the core brand's value proposition. If the value proposition of the parent brand is mainly functional, there is a small growth potential. For example, people buy Volvo cars mainly because Volvo is the leading authority in car safety. On the other hand, if the value proposition of the parent brand is mainly symbolic, the growth potential is vast. For instance, Louis Vuitton products are valued more for the lifestyle they project rather than for their functionality or the manufacturer’s expertise in the product category. As a result, only people that value safety will buy other Volvo products, while a larger group of people who share or aspire to the lifestyle projected by Louis Vuitton will buy their products.

5. Final thoughts

Almost all strategic frameworks and instruments used today are based on the idea that the sole purpose of strategy is to create and sustain competitive advantage. This transforms competitive strategy in a quest of finding the next best opportunity. In general, companies are improving their ability to understand what consumers really want and provide an overall better experience for them. In these circumstances, brand managers view brand extensions as the primary tool for finding these opportunities.

The main problem regarding brand extensions is the fact that they often lead to a transient competitive advantage. On the other hand, one advantage of brand extensions is that competitive differentiation for brand extensions can transform them in a tool of competitive strategy. An even better advantage is that brand extensions are an unassailable source of differentiation once integrated in the proper competitive strategy framework. At the end of the day, managers who learn how to correctly use brand extensions in a competitive framework achieve an early start in the process of creating and maintaining a long-term competitive advantage.

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Global Brands Dynamics: Implications for Building Corporate Identity in Emerging Markets

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The purpose of this paper is to investigate dynamics of the most valuable Chinese brands by applying the Zipf-Pareto law and the index of Sheppard. Top 100 global brands' values (incl. top Chinese brands) measured by Interbrand BGB100 and Millward Brown BrandZ valuation methodologies were compared with respect to the emergence of power laws in the size distribution. The results of the analysis show that the distribution of the most valuable Chinese brands' satisfies the Zipf-Pareto law. These results are compared to the findings for the top 100 global brands dynamics. Based on the research results authors conclude that the system of the most valuable Chinese brands tends to reach equilibrium but due to the external factors, the growth of the top few brands is limited. The deviations from the power law fit were measured by the primacy index of Sheppard. The achieved results are used to suggest and discuss several implications for brand strategies in emerging markets.

Key words: global brands, emerging markets, nonlinear dynamics

JEL classification: M31.

1. Introduction

The world is changing with a speed which has never been seen before. Years of research done by the McKinsey Global Institute (MGI) and McKinsey's Strategy Practice reveal three major economic forces the global economy has ever seen: the collision of technological disruption, rapid emerging-markets growth, and widespread aging. Much bigger shifts in each of these areas are expected which will tremendously affect economy, social life and personal behaviour worldwide.

First, technology and connectivity have disrupted industries and transformed the lives of billions of people in their different roles as workers, consumers and citizens. The KPMG report on complexity (2011) shows that technology is changing business models, improving processes, and opening new markets, but also creating volumes of new data that must be managed, supported, and secured. More transactions are taking place across more borders. Changing global regulatory environment is forcing businesses to react to ensure compliance while managing new risks. We are witnessing an extraordinary growth in computing capacity, power, and speed of ITC penetration[1]. This acceleration in the scope, scale, and economic impact of technology will be supplemented with a new age of artificial intelligence, consumer products and services, instant communication, and unlimited information which in turn will distress the business in unthinkable way. With instant information and communication, virtually everything is available to anyone, anywhere. Markets are now global and many corporations are often richer and more powerful than many countries.

Second, the world's economic center of gravity has continued shifting from West to East, with China being at the centre of the trend. This shifting locus of economic activity and dynamism to emerging markets and to cities within those markets, will give rise to a new class of global competitors both companies and brands. The global urban population is growing by 65 million a year, and nearly half of global GDP growth between 2010 and 2025 will come from 440 cities in emerging markets, 95% of them being almost unknown small and medium-sized cities in emerging markets. According to the data provided

[1] According to the Moore's Law, the overall processing power for computers doubles every two years.

by the Global Cities Index and Emerging Cities Outlook[2] (A.T.Kearney, 2014) there are six cities from Asia in top 20 global cities and nine in top 20 emerging cities in 2014. Beijing is ranked in top 20 by both indices. This shifting balance of power has been indicated as a transition from Globalisation 2.0 (Western-dominated) to Globalisation 3.0 (China-dominated) (Walker, 2007)[3]. Globalisation 3.0 is characterised by the fact that the West no longer dominates the world's savings, and as a result no longer dominates global investment and finance. The erosion of Western power is accompanied by the erosion of the authority of the grand institutions of Globalisation 2.0, which sustained power by enforcing the implicit rules of Western economic orthodoxy. This situation is confirmed by the 2014 FDI Confidence Index ranking and scores[4]. The first and second place are occupied by United States and China with maintained ranking from 2013 (respectively 2.16 and 1.95 out of maximum 3.0)[5].

As we can see in Figure 1 and Figure 2 there are obvious differences in the structure of the globalisation process between Bulgaria and China, especially for the elements "personal contact" and "cultural proximity". The tendency toward globalisation is positive as a whole for both countries with two "jumps" in cultural proximity (1989 and 1997) for China and one "jump" in social globalisation and cultural proximity (1993) for Bulgaria.

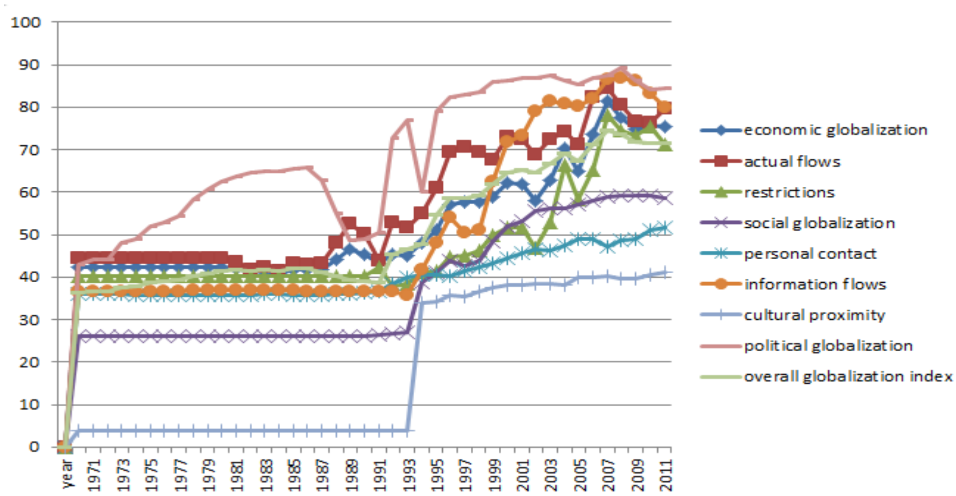

Figure 1. KOF Index of Globalisation for Bulgaria, 1971 – 2011
Source: Data set from http://globalization.kof.ethz.ch/ [last visited on 29.03.2015]

Regarding the second economic force, there is a group of scholars and researchers (Distler, 2005; Laudicina, 2012) who suggest that the locus of global economic, political and demographic power has been shifting with growing intensity from Global North (developed countries) to Global South (developing countries) as well. Both trends affect global supply chains decisions, especially their sourcing locations as well as expansion strategies of the companies.

[2] A.T.Kearney's Global Cities Index (GCI) examines a comprehensive list of 84 cities, measuring how globally engaged they are across 26 metrics in five dimensions: business activity, human capital, information exchange, cultural experience, and political engagement since 2008. Emerging Cities Outlook (ECO) complements the GCI.
[3] The exact moment of the shift is considered to be the accession to WTO membership of China on December 11, 2001.
[4] The Foreign Direct Investment Confidence Index®, established in 1998 by A.T.Kearney, ranks countries based on how changes in their political, economic, and regulatory systems are likely to affect foreign direct investment inflows in the coming years.
[5] There are scholars (Dreher, 2006) who question the statistical significance of FDI Confidence Index since it covers only 67 countries, there is no clear explanation about the weights and cultural factors are excluded. They propose KOF Index of Globalisation which measures the three main dimensions of globalisation: economic, social and political, and includes sub-indices referring to: actual economic flows, economic restrictions, data on information flows, data on personal contact and data on cultural proximity. An alternative perspective to measuring globalisation from the perspective of nation-states can be found in UNCTAD's "Transnationality Index" (TNI). Although ostensibly a measure of how internationalised MNCs are, the TNI can also be construed as reflecting organisational responses to globalisation.

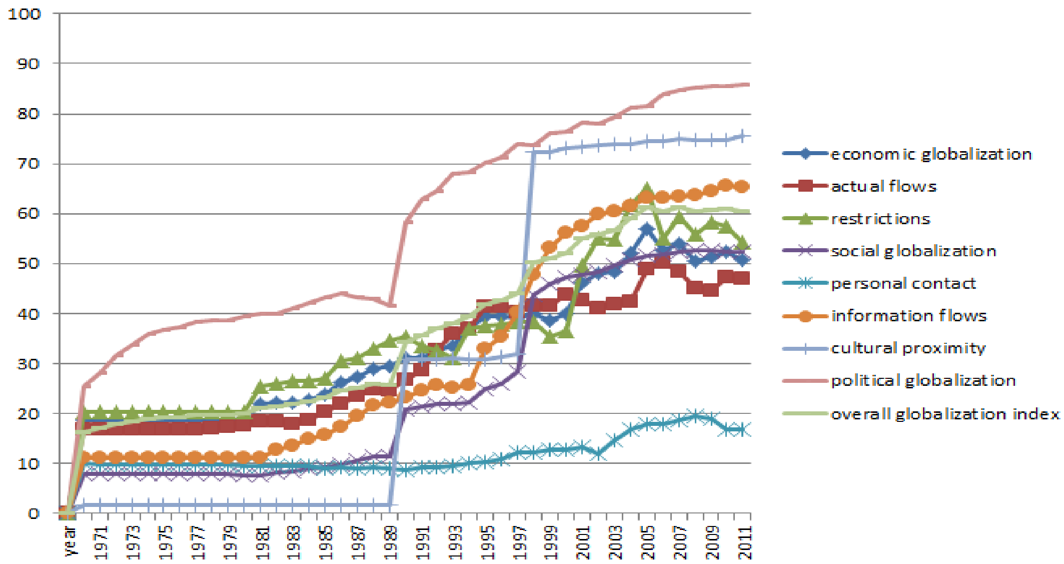

Figure 2. KOF Index of Globalisation for China, 1971 – 2011

Source: Data set from http://globalization.kof.ethz.ch/ [last visited on 29.03.2015]

Third, the rapid aging of the world's populaton will create a massive set of economic pressure. The baby boomers have begun retiring. Aging has been evident in developed economies for few years, with Japan and Russia seeing their populations decline and the trend is spreading slowly to China. It is expected that during the next few years it will "reach" Latin America.

The researchers suggest that during the collision of these three forces, the resulting change will be so significant that much of the management and marketing expertise, know-how and intuition that have surved in the past will become irrelevant. Companies will face with more discontinuity and volatility, with long-term charts no longer looking like smooth upward curves, with outdated long-held assumptions, and useless formerly powerful business models (Dobbs et al., 2014).

The circumstances described above present a perfect explanation of a situation when low-probability, high-consequence events can dominate the impacts and societal concerns which is called by Nordhaus (2011:1) "the problem of fat tails" or "tail events".

2. Dynamics of Global Brands' Values and Power Laws

According to the framework developed by Strogatz (1994: 9-10), the application of complexity theory and nonlinear dynamics in economics is a part of the spatio-temporal complexity and belongs to the frontier studies. These studies deal with many variables ($n \gg 1$) and they are characterised by their nonlinearity. During the last decade a constant flow of multiple applications of nonlinear dynamics and deterministic chaos in economics has been developed (Chatrath, Adrangi, and Dhanda, 2002; Goodwin, 1990; Majumdar, Mitra & Nishimura, 2000; Pesaran and Potter, 1993; Rosser, 1999; Vitanov, Dimitrova, and Kantz, 2006). In the last two decades various methods of nonlinear dynamics and chaos theory have been frequently used to analyse various branches of economics (Markose, 2002). He divided these methods into three groups. The first group includes formalist/deductive methods and related dynamical systems, e.g. classical methods of optimisation, classical probability and econometric models. These methods have an implication for economic models studying perfect competition, market completeness, command economy. The second group is the so called 'New logic' or mathematics of incompleteness. These methods have been applied by renown economists like Hayek (1967, 1982) in his studies on the limits of constructivist reason and later (Hayek, 1952,1982) on cognitive incompleterness and Lewis (1985,1987) with his work on algorithmic unsolvability of general equilibrium prices. Inductive methods and self-organising dynamics comprises the third group. Some of the most important implications of these methods in the field of economics emphasise on market incompleteness, irregular innovation based structure changing dynamics in capitalist growth, stock market crashes and non-Guassian asset returns with fat tails.

Following the abovementioned discussion two questions could be posed: (1) Shall we face the phenomenon of fat tails for the most valuable Chinese brands?, and (2) Shall we face a small number of extremely highly valued Chinese brands and a vast number of medium to low valued Chinese brands (a brands hierarchy)?

2.1. Rank approach and non-Gaussian distributions. Zipf-Pareto law

Rank approach is based on preliminary ordering (ranking) of the subgroups (having similar value of the studied objects) with respect to decreasing values of some quantity of interest (Vitanov et al., 2014: 120). Then the subgroups could be studied with respect to their rank from the point of view of selected quantity. The rank denotes the number of the position of the value x of the studied random variable when all values of the random variable are listed in a list ordered by decreasing frequency $n(x)$. It is stated in specialised literature (Khaitun, 1983; Vitanov et al., 2014) that in natural sciences most of probability distributions are frequency distributions while in social sciences most of probability distributions are rank distributions. Many processes in nature can be described by the binomial distribution, Poisson distribution or by the Gaussian distribution. But there are also non-Gaussian distributions. Their specific features are as follows:

First, non-Gaussian distributions have a “fat tail”. The probability of tail events is much greater than as it was predicted by the normal distribution. The fat-tailed probability distribution associated with the power law.

Thus the logical question is: Shall we face the phenomenon of fat tails for the most valuable Chinese brands?

Second, non-Gaussian distributions are asymetric.

Shall we face a small number of extremely highly valued Chinese brands and a vast number of medium to low valued Chinese brands?

Third, non-Gaussian distributions have only finite number of finite moments. For an example for the Zipf-Pareto law (with characteristic exponent α) a moment of order $n < \alpha$ exists. And if $\alpha = 1$ (as in the case of many practical applications) then there is no finite dispersion. According to Vitanov et al. (2014:127) the non-existence of the finite second moment violates an important requirement of the central limit theorem (namely existence of finite second moment) and thus some distributions do not converge to the normal distribution which means that there is a class of non-Gaussian distributions that describe another “non-normal” world. Many social and economic systems belong to this world.

The Zipf distribution is one of a family of varied scaling relationships (Bettencourt et al, 2007). The rank-size rule is a very simple scaling law followed by many observations of the ubiquitous empirical patterns in physical and social systems (Chen, 2011:1). The numerical relations between rank and size generally follow Zipf's law, and the scaling exponent (β) is close to β=1 in most cases (Krugman, 1996). During the last years, a number of scientists are interested and confounded by the rank-size pattern, which appears in many complex systems. The particular case $\beta = 1$[6] represents a desirable situation, in which forces of concentration balance those of decentralization. In this case the rank-size relationship is called the rank-size rule (Vitanov and Dimitrova, 2014:11). The rank-size rule describes a certain remarkable statistical regularity and forms a source of considerable interest in many fields, such as the distribution of city sizes in a country (Batty, 2008; Vitanov and Dimitrova, 2014), sizes of companies (Axtell, 2001), wealth distribution (Clementi, et al., 2012), street hierarchies (Jiang, 2009), etc. In accordance with Zipf's law, when log rank is plotted against log size, a line with slope = -1 ($\beta = 1$) appears. If the rank-size rule of Zipf holds well in marketing and specifically in the field of branding, this will mean that the brand of rank n has a value proportional to $1/n$ or, in terms of the distribution, the probability that the value of a brand is greater than some V is proportional to $1/V$: V (Value > V) = α/V^{β}, with $\beta \cong 1$. Our proposition states that since the global brands' values are considerable, practically there is no upper limitation and Zipf-Pareto law can be applied. During the literature search nothing was found about the implementation of rank-size rule to the distribution of global brands'values.

2.2. Power laws

It has been known for many years that there are large deviations from the normal or bell-curve distribution for the stock market as well as for many other phenomena (Nordhaus, 2011). A particularly

[6] When $\beta = 1$ it is considered that the classical Zipf's law exists. When $\beta \neq 1$ without any limitation it is considered that we have Zip-Pareto law. In the same situation but with a upper limitation the Zipf-Mandelbrot law exists.

interesting probability distribution that may have fat tails is one that is known as the "power law." The quantitative and formal development of the personal or size distribution of income and the measurement of income inequality was first introduced by the Italian economist Vilfredo Pareto (Clementi et al., 2012:1). Pareto discovered that the relative number of individuals $Q(>w)$ with an annual income larger than a certain value w is proportional to a power of *w*:

$$Q(>w) \sim w^{-\alpha}. \quad (1)$$

Other ways to express the same relation are (Blank and Solomon, 2000: 280):

- in terms of the probability for a person to have an income between *w* and *dw*

$$P(w)dw \sim w^{-1-\alpha}\, d(w). \quad (2)$$

- by expressing the income *W(n)* of the various individuals in descending order: *W(1)* being the income of the person with the highest income, *W(2)* the income of the person with the second highest income and so on

$$W(n) \sim n^{-1/\alpha}. \quad (3)$$

The plot of *W(n)* on a double logarithmic scale is called a "Zipf plot" (Zipf, 1949, cited in: Blank and Solomon, 2000:280) and leads in the case of a power law (Eq. (3)) to a straight line with slope $-1/\alpha$. A power law is a relation of the type $Y = kX^{\alpha}$, where *Y* and *X* are variables of interest, α is the power law exponent, and k is typically an unremarkable constant (Gabaix, 2009: 256). By meaning (Stanley et al., 1996; Ioannides and Overman, 2003; Newman, 2005; Cordoba, 2008; Gabaix et al., 2003) the power laws are useful tools in studying complex systems because scaling relations may indicate that the system is controlled by a few rules that propagate across a wide range of scales. Power law is also a form taken by a remarkable number of regularities, or laws, in economics and finance (Gabaix et al., 2003). Similar to Eq. (3) power laws were discovered in a wide range of other than income distribution fields, e.g. individual wealth distribution (Clementi et al., 2012), sizes of companies (Axtell, 2001), sizes of cities (Vitanov and Dimitrova, 2014), stock market returns, trading volumes (Gabaix, 2009), etc. There is a notion in specialized literature that power laws give the hope of robust, detail-independent economic laws. A particular case of a distributional power law is the rank-size rule of Zipf.

The level of dominance is measured by the index of Sheppard (Sheppard, 1982) (Eq. 4).

$$P_{rN} = \frac{1}{N-2}\sum_{r=1}^{N-2}\left[\frac{\ln(N_r)-ln(N_{r+1})}{\ln(N_{r+1})-ln(N_{r+2})}\right] \times \left[\frac{\ln(r+2)-ln(r+1)}{\ln(r+1)-ln(r)}\right] \quad (4)$$

where N = number of observations, N_r = r-th observation, N_{r+1} = observation with a rank (r + 1).

3. Methodology and results

Based on aforementioned discussion, authors focused this study on the most valuable Chinese brands as a system of brands. It was assumed that there are variations in the factors which affect the distribution of their values as well as that these variations can be modelled by stochastic processes. Since the authors were interested in global brands' values distribution, than the starting point of the research methodology should be the selection of a proper stochastic process instead of model equation of factors affecting brand value. The basic assumption states that the explanation of the distribution of the most valuable Chinese brands needs only an implementation of mathematical model based on stochastic process with proper characteristics.

The authors investigate dynamics of the most valuable Chinese brands by applying the Zipf-Pareto law and the primacy index of Sheppard. Following the purpose of the paper – to investigate dynamics of the most valuable Chinese brands, we defined the following twofold research goal of present study: (1) to analyse if the state of equilibrium of the ranked Chinese brands (based on their values) fits to the power law, and (2) to examine if the deviations from the power law are characterised by the index of Sheppard. Next, three research hypotheses were proposed:

RH1: The distribution of the most valuable Chinese brands (measured by Interbarnd valuation methodology) satisfies the Zipf-Pareto law.

RH2: The distribution of the most valuable Chinese brands (measured by Millward Brown BrandZ valuation methodology) satisfies the Zipf-Pareto law.

RH3: The system of the most valuable Chinese brands satisfies the primacy index of Sheppard.

The performance of top 50 /100 Chinese brands was checked against real data on their values measured by Interbrand and Millward Brown's BrandZ valuation methodologies and datasets. In order to check the validity of the proposed model, the authors analysed the values of the most valuable Chinese brands from 2012 to 2015[7] and concluded an excellent agreement with the data that is superior to any other model already known in the literature. The performance of rank-size rule and power law was checked against these data.

The empirical analysis is employed to show that the rank-size rule could be implemented to the distribution of brands' values. The analysis is based on considerations of complex systems, i.e. finding whether power or other simple law fits are appropriate to describe some internal dynamics. It is observed that the ranking is specifically organised: a major class comprising a few brands emerges every year. Other classes, which apparently have regular values, occur subsequently. Thus, the notion of the Sheppard primacy index (Sheppard, 1982) is envisaged to describe the findings.

3.1. Results and discussion

During the first stage of present research the most valuable Chinese brands were compared with respect to the emergence of power laws in the size distribution. The analysis of the data set started with representation of empirical distributions and their corresponding rank-size relationships for the period from 2012 to 2015. Next, a rescaling procedure to log-log distributions was performed. The distribution of rescaled values and a power law fit for the same period are given in Figure 3.

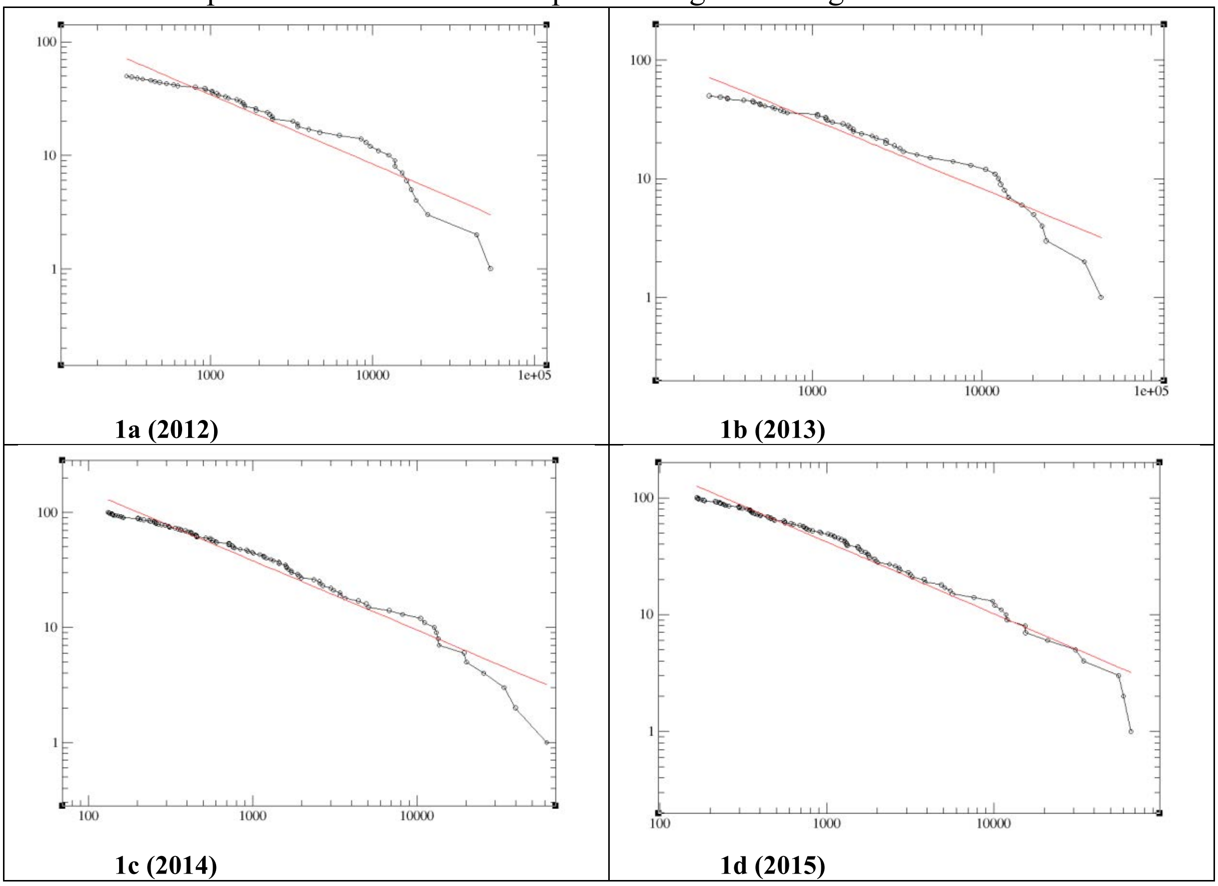

Figure 3. Rank-size relationship for the rescaled values V of the most valuable Chinese brands (N = 50 / 100), 2012-2015

Based on curve estimation results (Figure 3) the authors suggested that top 10 brands should be excluded from the data row and should be analysed separately since their distribution differs substantially from the distribution of the rest. After the modification of the data set it has been found that the rank-size relationship seemed to be almost folding on a unique relationship and described a state near equilibrium (Figure 4).

[7] Interbrand data set for the most valuable Chinese brands was available only for 2014.

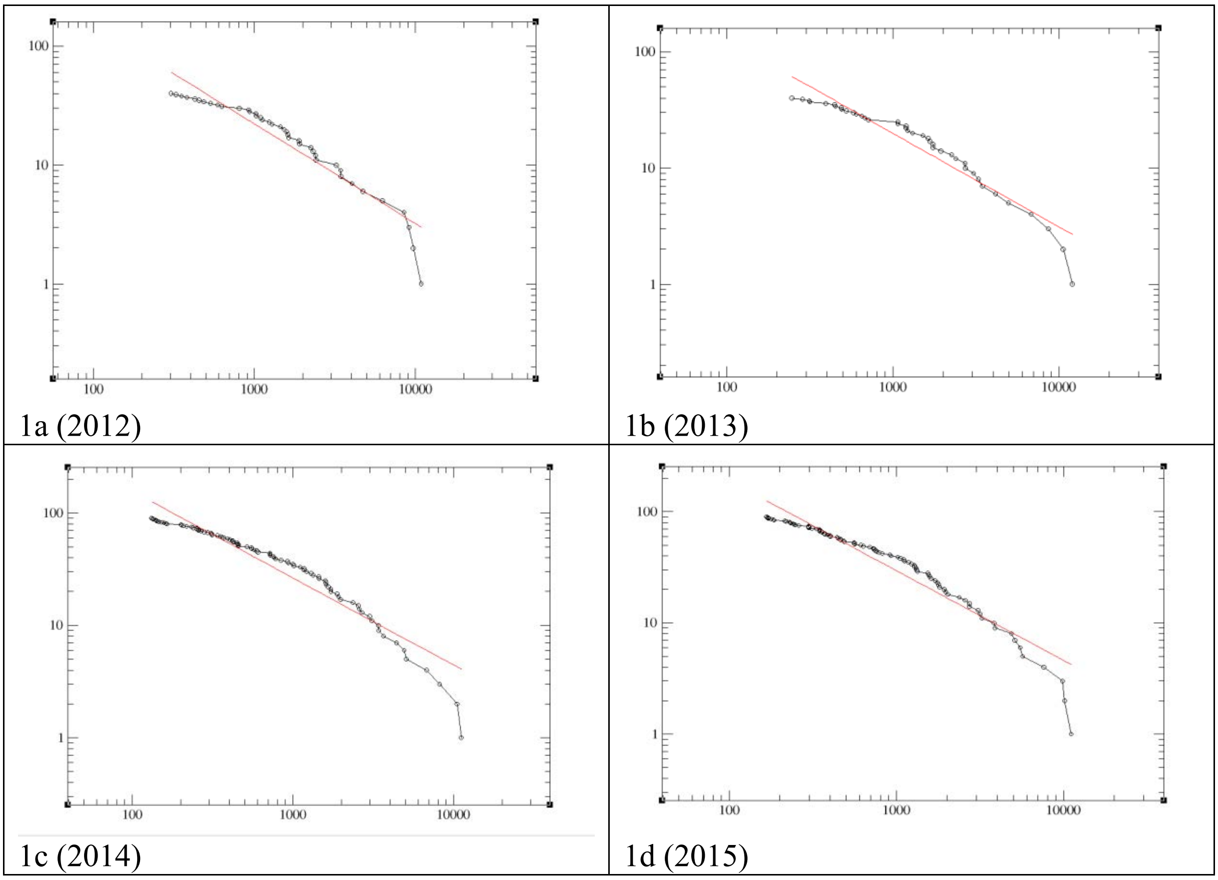

Figure 4. Rank-size relationship for the rescaled values V of the most valuable Chinese brands (N = 40 / 90), 2012-2015

Hence, a conclusion was drawn that the system fluctuates around a status of equilibrium, hence the parameters of the power law will change slowly with the time. In such situation managers have to focus on gap dynamics and associated processes. A clear distinction between fluctuations and disturbances should be made in order to take the most appropriate long-term marketing decisions. Such a distinction could be quite slippery since it depends on the view point, i.e. managerial focus. For instance, if we consider a decision to exclude a certain brand from product portfolio. Can it be regarded as a fluctuation or disturbance?

The calculated power law fit characteristics for both data sets are presented in Table1.

	Millward Brown BrandZ			**Interbrand**		
ear	Power law	Corr. coef.	Regr. coef.	Power law	Corr.coef.	Regr. coef.
012	$y = 7287.3\ x^{-0.839}$	-0.949	-0.839	n.a.	n.a.	n.a.
013	$y = 5266.4\ x^{-0.807}$	-0.955	-0.807	n.a.	n.a.	n.a.
014	$y = 5607.8\ x^{-0.776}$	-0.956	-0.776	$y = 31803\ x^{-1.076}$	-0.964	-1.076
015	$y = 7887.4\ x^{-0.809}$	-0.958	-0.809	n.a.	n.a.	n.a.

Table 1. Summary of power law fit characteristics: correlation coefficient and regression coefficient (slope), N = 40 / 90 (2014, 2015)

The evolution of the power law exponent indicates the position of the state of equilibrium, which very slightly changes during the years included in present research. The power law exponent for Millward Brown BrandZ set fluctuates around a value of -0.8. Similar results were achieved during previous research on top 100 global brands for both data sets for the period from 2000 to 2014. Since $\alpha \approx 1$ we can suppose that the situation within the system of the most valuable Chinese brands is characterised by the forces of concentration which balance those of decentralisation.

The first hypothesis of present research states that the distribution of the most valuable Chinese brands (measured by Interbarnd valuation methodology) satisfies the Zipf-Pareto law. Based on aforementioned results authors conclude that the distribution of the most valuable Chinese brands is non-Gaussian and it satisfies the Zipf-Pareto law. It means that the moments depend considerably on the size of the sample and the probability of extreme events becomes larger. The same conclusion is done for the second research hypothesis which states that the distribution of the most valuable Chinese brands (measured by Millward Brown BrandZ valuation methodology) satisfies the Zipf-Pareto law. We can conclude that the system of top Chinese brands is controlled by a few rules that propagate across a wide range of scales. Despite the fact, that China is an emerging market, the dynamics of Chinese brands follows the same stohastic complexity as the dynamics of the top global brands (Vassileva, 2015).

As we can see in Figures 3 and 4, there are three classes of brands which are naturally formed. That is why, the index of Sheppard was calculated for the system of the most valuable Chinese brands (Table 2) to study their primacy (or “hierarchy”). The problem of primacy comprises an essential issue in the analysis of distributions of top Chinese brands’ values being a part of the assessment of their dynamics.

Year	Millward Brown BrandZ	Interbrand
2012	2.421	n.a.
2013	1.612	n.a.
2014	2.661	2.341
2015	2.839	n.a.

Table 2. Index of Sheppard calculations for the most valuable Chinese brands

The third research hypothesis that the system of top Chinese brands satisfies the primacy index of Sheppard has been confirmed. It was found out that P_{rN} (see Eq. 4) exceeded one (ranging from 1.612 to 2.839) for the whole system (N= 50 / 100 observations) which suggests primacy. Hence, the results support the proposition that there is a great level of dominance within the system of the most valuable Chinese brands.

This corresponds to the changing focus of marketing decision support systems (Lilien et al., 2013: 221) which usually support strategic decisions but nowadays it is expected that they have to assist operations decisions as well using proper marketing analytics. Described approach to the system of top brands reflects the notion of a brand not merely as a set of relations between products but “as a set of relations between products in time” (Lury, 2004: 2). The key assumption is that time is dynamic, where dynamism is not an activity of fixed objects moving through static space, but a process of differentiation.

3.2. Conclusions, limitations and implications for future research

Economic systems are constantly evolving. Companies are facing a growing number of both market challenges and business opportunities. Despite the variations in global brands’ values during the last decade, only small changes occur in the rank-size relationship, including the emerging markets. The system of top Chinese brands fluctuates around a status of equilibrium, hence the parameters of the power law will change slowly with the time. The classes within the system of global brands should be determined naturally according to their fit to the power law and deviations should be characterised by the primacy index of Sheppard.

Several implications for future research were defined.

First, it is interesting to be explored further if tail events matter for investors in emerging markets, in particular in case of M&A decisions or global branding strategies, especially market expansion.

Second, in order to support marketing managers for their strategig branding decisions it would be noteworthy to test superstar models (Gabaix & Landier 2008, Rosen 1981) to see if the link among stakes (e.g., advertising revenues), talents (e.g., the capability of a designer), and income is predicted by these theories.

Third, with the availability of big data sets what new power laws will be discovered?

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Business Development Characteristics: Findings from Literature

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In an environment of severe competition and dynamic technological- and market change, companies need to maintain their competitive advantage. The management of growth, as one of the strategic options of firms, has become an entrepreneurial key challenge. Using Business Development (BD), an evolving management concept, the firm identifies and manages opportunities for potential growth. Although the term "business development" is frequently used in today's business world, the concept itself is rarely defined or empirically tested. Based on a limited but growing body of BD-related academic publications, the purpose of this literature review is to present a comprehensive definition of the term BD. Key characteristics are summarized in sixteen categories and consolidated under five major BD fields: management, organization, capability, innovation and process. The analysis identified several gaps in the BD literature. Firstly, no BD specific methods and guidelines are available to explain how companies initiate organizational stretching and move into new growth directions. Secondly, no comprehensive BD framework seems to be available in the literature. Thirdly, some of the identified BD capabilities are not reflected in the state-of-the-art capability framework. Lastly, no comprising BD process model is available which integrates the factors type of BD process and the type of innovation.

Key words: business development, business development capabilities, business development process, innovation

JEL classification: M10, M31.

1. Introduction

Companies are forced to create new resources, competencies and business models to survive in today's global hyper competition (Teece 2010; Cassadeus-Masanell, Zhu 2013). Based on the ongoing technological- and market changes and the severe pressure to sustain competitive advantage, firms are forced to permanently develop new business opportunities. Due to the technological complexity and the required diversity of resources and capabilities for the creation of new infrastructure, it seems to be impossible for any single market actor to develop new technology or business (Lundgren, 1995; Murtha, Lenway, & Hart 2001; Teece, 1986). Company structures with a focus on exploitation activities are inadequate to explore new business opportunities (Burgers, Van Den Bosch & Volberda, 2008).

Business Development (BD), an evolving management concept, is expected to provide companies with answers to help them manage new business opportunities develop growth and explore new product markets. However, until recently, only a few academic publications have addressed the concept of BD. Despite elucidation on the range of specific BD activities, there is a lack of understanding how the BD function works and how it can contribute to maintain competitive advantage (Kind, zu Knyphausen-Aufseß 2007). What is the theoretical framework behind BD? BD as well as other new business formation practices such as corporate venturing, corporate entrepreneurship, intrapreneurship, new product development and commercialization are types of corporate entrepreneurial behavior (Davis, Sun 2006). The importance of the state-of-the-art business development function, based on the actual corporate entrepreneurship management concept, is steadily increasing for international high-tech and high-service companies (Becker, Gora, Michalski 2014). Hence, corporate entrepreneurship (CE) serves as one theoretical anchor for the BD concept. From another perspective (Sorensen 2012), the theoretical foundation of organizational expectations and choice is embedded in the behavioral theory of the firm (Cyert, March 1992). Recently published studies provide evidence that the BD function has commonalities with other corporate functions such as strategic management and -marketing (Poelzl, Eidhoff 2011). Given the lack of understanding of the theoretical principles and methods of the BD concept, the aim of this work is to identify and examine the existing body of literature on this topic, to identify BD-related conceptual key-patterns and to draw a structured and comprehensive picture of the pre-dominant BD characteristics. This work should help to generate further insight and knowledge on the evolving BD management concept and stimulate further argumentation and research in this area.

1.1 Research Method

The literature has been systematically reviewed. The search variable was limited to the term business development in order to identify the specific state-of-the-art BD characteristics and not mix these characteristics with similar functions like technology marketing, corporate venturing, etc. An initial search was conducted using the online database Google Scholar using solely the keyword business development. The target of this search was to identify a broad range of peer-reviewed, high-quality publications. Based on the initial examination of known BD key publications the first high-quality research paper identified was published in 2006 (Davis, Sun 2006). Therefore the research period was set to include the years 2004 through 2015. A total of 159 publications were identified including several cross-reference articles not found through the database search. Based on a preliminary review of the document abstracts and after reducing all duplications, 31 publications were deemed appropriate for more extensive review, 128 publications were excluded because they mainly dealt with general management topics, topics related to geographical business politics, business services or innovation topics. These 31 publications were more intensely reviewed for content covering BD theory and relevance in line with the aim of the study. The final number of publications included in the study was 15. Business development-related conferences papers from the European Marketing Academy (EMAC) and the international conference on Marketing and Business Development (MBD) were reviewed and 7 qualified research documents were identified and selected for study inclusion. Although 11 BD-related books were found in bookshop online databases, 7 were excluded due to their commercial, non-scientific content. The literature search, therefore, yielded 26 qualified, BD-specific publications for review.

1.2 Research Result

The 26 publications included 20 research and conference documents, four books and two master theses. Using these publications the analysis for BD-specific characteristics was conducted and the findings were listed as concentric view in a concept matrix (Webster, Watson 2002). Within this concept matrix the identified major BD characteristics were identified and clustered according to specific BD element categories. In total, 16 clusters were created according to common BD-related themes and characteristics and consolidated into five characteristic fields: management, organization, capability, innovation and process. The 16 clusters as well as the five consolidated fields are critically discussed in the next paragraph. Of note, while the average number of BD-related publications per year was 1 to 5 between 2005 and 2013, 7 articles on BD were published in 2014 possibly indicating an increased interest in BD.

2. State-Of-The-Art, Results

2.1 Business Development Definitions

Starting with an overview of what has been defined as BD, the following definitions for BD were identified (Table 1):

BD Definitions
BD aims to create growth through expansion or extension of existing product-markets (or their service equivalents) or through development of product-markets or services that are new to the firm (Davis, Sun 2006)
We define BD as a capability comprised of routines and skills that serves to enable growth by identifying opportunities and guiding the deployment of resources to extend the firm´s value creation activities into technological or market areas that are relatively new to the firm (Davis, Sun 2006).
In the Roberts & Berry framework BD practices can be regarded as capabilities that enable organizational stretching to extend the frontier of familiarity toward new combinations of markets and technologies (Davis, Sun 2006; Roberts & Berry 1985).
The BD function can be seen as an empirical manifestation of a capability that may allow a company to adapt to changing technology and market environments (Zy Knyphausen-Aufseß; Kind 2007)
New business development is the process of linking the technological and market knowledge together (Burgers, Van den Bosch, Volberda 2008)
BD refers to the tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities, but does not include decisions on strategy and implementation of growth opportunities (Sorensen 2012).
Sustainable Business Development (SBD) involves the total integration of the enterprise and the deliberate linking of its strategic management system and the product delivery system with all of the value networks, strategic partners, and constituencies (Rainey 2006).

Table 1: Definitions for business development

These definitions of BD have three commonalities: growth, opportunity and new markets. It could be argued that BD function is not involved in strategy decision making. This point will be commented later on in this paper.

2.2 Research Streams

All identified BD characteristics in the literature review were clustered and sorted into 16 categories based on common themes and functional directions and then consolidated into five BD fields: the BD field *management* contains the categories *entrepreneurship* and *strategic management*. The category *strategic management* is sub-categorized into *strategic choice, strategic marketing* and *managerial elements*. The BD field *organization* contains the categories *BD functional elements*, *type of BD*, *BD manager's responsibilities*, *BD institutionalization* and *BD maturity*. The BD field *capability* contains the categories *BD capability theoretical aspects, knowledge and organizational learning* and *opportunity management*. The BD field *innovation* contains the categories *general BD-innovation link*, BD influence on the *commercialization of innovation*, BD influence on *radical-/disruptive innovation* and the BD field *process* contains the category *BD process models*. The five BD fields and their related categories will be discussed later in the paper.

2.2.1 Management

Under the BD field *management*, BD-related characteristics are summarized to explain the management strategic motivation of firms to conduct BD activities and to establish the BD function. The related sub-categories are *corporate entrepreneurship (CE)* and *strategic management*. How is the BD function reflected in the corporate entrepreneurship (CE) theory? Corporate entrepreneurship is "the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization" (Sharma, Chrismann 1999). As a consequence, new business will be created and companies will be transformed through renewal of their key ideas (Guth, Ginsberg 1990). New business formation practices, which are a type of corporate entrepreneurial behavior, are corporate venturing, corporate entrepreneurship, intrapreneurship, new product development, commercialization or business development (Davis, Sun 2006). Hence, the foundation of the BD concept is based on the CE theory. Looking into the sub-category strategic choice options of companies, according to Sorensen (Sorensen 2012), the theoretical foundation of organizational expectations and choice is embedded in the behavioral theory of the firm (Cyert, March 1992). From a similar perspective the elements 'analysis', 'choice' and 'implementation' within the framework of Johnson and Scholes outline the strategic options of a firm (Johnson, Scholes 1999). In conjunction with the strategic product- and market dimension, the product market matrix from Ansoff is used to give four optional growth directions to a firm (Ansoff 1965). This framework has been enlarged by the so-called familiarity matrix (Roberts, Berry 1985) from which nine optional growth directions were drawn whereby the strategic market- or technological stretch of a firm moves from base to familiar to non-familiar market-/technology fields. From a strategic marketing perspective and based on a recent study from the biotechnology industry, the terms "outside-in thinking process" (Brondoni 2007; Sciarelli 2008; Day 2011) or market-oriented management are used to explain the capability of firms to identify new business opportunities and to adapt to changing market conditions (Lorenzi, Sorensen 2014). BD uses instruments and methods belonging to strategic management and marketing (Eidhoff, Poelzl 2011) and is described as a marketing activity or a specific kind of relationship marketing management (Giglierano, Vitale, McClatchy 2011). Hence, there are arguments that view BD function as being close to or interrelated with the strategic marketing field. BD organizational elements are described under the sub-category managerial aspects. Organizational capability in a specific business function can be created through the implementation of specific managerial and organizational aspects including elements structure, task and process as well as people. BD as organizational function is classified as BD structure, task and process, and people (Lorenzi, Sorensen 2014). In a similar but different view the elements of an innovation management system are objectives and mandates, leadership and culture, structures, processes, governance and decision making, skills and talent development, system resources and metrics (O´Connor et al 2008).

2.2.2 Organization

The findings in literature in the BD field *organization* are categorized into the specific BD *function* in the organization and how it differentiates from other business functions, *type of BD*, the *BD manager's responsibilities*, how the BD function is *institutionalized* and characteristics of *BD maturity* in companies. The major findings for BD function and BD managers' roles and attributes are described under the terminology BD concept, routine, process, function and task (Davis, Sun 2006; Kind, zu Knyphausen-Aufseß 2007). Research on the formation process from an implicit to an institutionalized BD function, describe this process as a reaction on pressure from venture capitalists who see the BD function as an integral part of professional management (Kind, zu Knyphausen-Aufseß 2007). These arguments should be further investigatedSuccessful BD is based on the four CE instruments and the type of governance intrapreneurship, corporate development, corporate ventures and corporate venture portfolio (Becker, Gora, Michalski 2014) which are divided into a two dimensional matrix which includes the dimensions grade of institutionalization (from individual to department) and internal and external activities. Another BD study highlights the importance of external relatedness for innovation and presents external BD based on the four governance modes corporate venture capital, alliances, joint ventures and acquisitions (Keil, Maula, Schildt, Zahra 2008). Yet another perspective dealing with BDs role in actor networks in emerging business fields highlights the idea that the more an innovation is embedded, the more new infrastructure is needed for commercialization and the more innovating firms will have to develop relationships with political and social actors (Möller, Svahn 2009). Hence, our results reveal three visible types of BD: internal, external and network-based. Surely, more angles to view the type of BD may exist. As to the organizational category BD maturity, a maturity model supports self-assessment to identify performance factors and learning needs and serves as an awareness tool for management. In our analysis, only one 3-axis BD maturity model was identified (Becker, Gora, Michalski 2014). This model suggests the monitoring of the BD process quality (axis1) from ad-hoc activities to a learning organization and monitors not only the quality of implementation (axis2) but also the systems and methods of BD management to achieve sustainable value from the BD function.

2.2.3 Capabilities

The identified characteristics under BD field *capabilities* are summarized under capability theoretical aspects, knowledge and organizational learning and opportunity management. Starting from the theoretical side, the resource based view considers firms as bundles of resources and capabilities. Resources are defined as production factors controlled by the company which are deployed and combined in order to perform a particular task using organizational capabilities (Amit, Shoemaker 1993). Capabilities, by contrast, refer to a company´s capacity to deploy resources, usually in combination, using organizational processes to produce a desired effect (Stalk, Evans, Shulman 1992). Capabilities enabling a transformation process by engender first-order change are called dynamic capabilities (Eisenhardt, Martin 2000). In dynamic markets, dynamic capabilities become a source of sustained competitive advantage (Eisenhardt, Martin 2000). Therefore, in order to address the fast changing markets, managers integrate, build, and reconfigure internal and external competencies (Teece, Pisano, Shuen 1997). The specific interrelation of knowledge/learning based aspects as well as opportunity identification aspects in BD practices are, among others, highlighted in an overview of all identified capabilities in literature. In summary, 152 capabilities and 79 competencies were initially identified and objectively listed and sorted according to common themes and functional alignment. The 27 capability categories were consolidated into six capability fields: tasks, market, network, innovation, knowledge and change. All identified competencies have been separately added (Table 2).

Tasks (64)	Market (30)	Network (30)	Innovation (11)	Knowledge (10)	Change (7)	Competencies (79)
Business Tasks (22)	Screening, (18) Opportunity Identification	Alliance creation (9)	Innovation (8)	Learning (5)	Change (5)	Management (17)
General Operations (8)	Business, Commercialization (6)	Alliance Communication (8)	Requirements (3)	New Knowledge (4)	Leadership (2)	Leadership, Personality (15)
Financial Tasks (5)	Evaluation (4)	Partner Coodination (7)		Existing Knowledge (1)		Communication, Interaction (10)
Communication (2)	New Market Creation (2)	Alliance Evaluation, Partner Evaluation (5)				Powerful, Energetic (9)
Planning (2)		Partner Selection (1)				Trust, Integrity, Empathy (7)
Strategy Preparation (8)						Efficiency (6)
Internal BD, External BD (6)						Technical, Analyitical (6)
Strategic Planning (4)						Knowledge, Learning (6)
Exploit, Explore (3)						Creativity (2)
Strategic Decision (3)						Teamwork (1)
Strategy Communication (1)						

Table 2: Identified BD capability categories

2.2.4 Innovation

Under the BD field *innovation*, based on the BD innovation-related findings, the categories general BD-innovation interdependence, commercialization of innovation and the influence of BD for the emergence of radical/disruptive innovation were created. How does BD influence the company's capability to innovate? The birth of new business within an existing firm, the transformation of existing business through renewal or reshaping of key ideas and innovation are three phenomena related to CE (Sharma, Chrisman 1999). BD practices are part of the innovation process (Davis, Sun 2006) including the execution of the innovation process (Uittenbogaard, Broens, Groen 2005). The model of Technology Adoption Life Cycle (Moore 1991) highlights the influence of BD on radical business creation and has been compared with the model of Disruptive Innovation (Christensen 1997). It is argued that BD is used as tool to reduce uncertainty in early phases of commercialization of innovation. From the innovation perspective, the model of commercialization of breakthrough innovation (O´Connor et al 2008) with an embedded commercialization function is seen as very close to what the authors call BD (Giglierano, Vitale, McClatchy 2011).

2.2.5 Process

Seven BD-/Innovation process models were identified and compared in our literature review. The differences between models were mainly related to the completeness and modularity of process steps. The process chains vary from very high-level descriptions with low modularity to models which were short on either a back-end or front-end description. Most of the models started with the process step "identification" or "discover". In the majority of cases, the strategic input or direction at the process front-end was not mentioned as a guideline for the BD process activities. Only one of the models had a commercial back-end description with the process steps "commercialization" or "business" (Thornhill, Amit 2001). In a recent study about the design of a corporate entrepreneurship function for BD in technology based SME a guideline for structured innovation process was introduced (Uittenbogaard, Broens and Groen 2005). In this model, the BD aspects, BD mission, BD type and BD characteristics are directly part of the innovation process model. Hence, this provides initial evidence for a direct link between the BD function and the innovation process.

3. Discussion

3.1 Findings

The definition of BD contains three key activities of BD: the management of growth, the identification of opportunities and the movement into new product-market combinations. BD links the strategy management system (Rainey 2006). The move into new product-market combinations influenced by BD may influence the strategic direction of a company. Both factors are in contradiction to the definition provided by Sorensen in which BD is not involved in strategy decision making.

In the following section the our findings on characteristics of BD within the five BD fields (management, organization, capability, innovation and process) will be critically discussed.

Management: From a strategic management perspective the Ansoff model or the familiarity matrix from Roberts & Berry serves as a strategic tool for companies to set their growth direction. However, companies need to do organizational stretching to move into new familiar or non-familiar product-market areas. Firms learn to extend value creation capabilities by following partners or customers into areas of lower market or technological familiarity (Davis, Sun 2006). Keil et al suggests that external BD activities and innovation performance are influenced by relatedness of the focal company to the external partners (Keil, Maula, Schildt, Zahra 2008). However, the specific BD related methodology, guidelines and processes to achieve the organizational stretching to move into new growth directions are not described in literature.

Organization: Under the classification type of BD, the perspectives and characteristics of internal, external and network-related BD activities have been identified. The value chain analysis (Porter 1985) as another potential BD-related tool and type of BD might be a sub-category of internal type of BD. At this stage no framework containing type of BD could be found. In terms of BD maturity, only one maturity model from Michalski et al could be identified (Becker, Gora, Michalski 2014). At this stage there is not enough evidence on the applicability and usefulness of this model, further investigation and research is needed to obtain more compelling evidence.

Capability: The state-of-the-art research on BD-related capabilities refers to a study in biotechnology and draws a BD capability framework comprising the main elements BD structure, BD process and tasks and BD people (Lorenzi, Sorensen 2014, Figure 1). Comparing the framework in Figure 1 to the identified capabilities in literature (Table 2) the following sub-categories are not reflected in the existing framework: strategic tasks, commercialization, innovation, knowledge, change and communication and interaction. “Different types of innovation require different organizational resources and skills” (Sorensen 2012). What are the capabilities needed to handle the type of innovation? The existing capability framework does not reflect type of innovation. “BD aims to create growth through expansion or extension of existing product-markets (or their service equivalents) or through development of product-markets or services that are new to the firm” (Davis, Sun 2006). Looking into a company’s strategic choice, the existing tools from Ansoff and Roberts and Berry provide direction on how to strategically move a company forward. However, what are the needed capabilities for a company to move in a new growth direction? There is little research-based knowledge on the management of radical new biz creation (Möller, Svahn 2008). Hence, there is no specific description or listing of available capabilities to support the typical requirements coming out the Ansoff or Roberts and Berry matrixes.

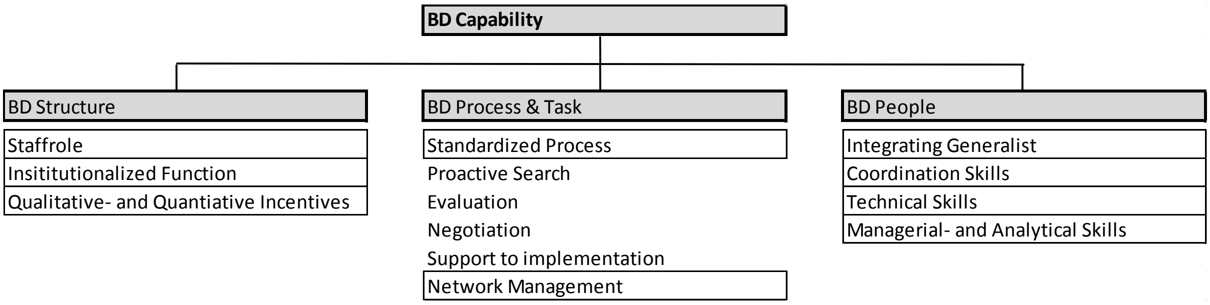

Figure 1: BD capability framework according to Lorenzi, Sorensen 2014 (authors own drawing)

Innovation: Findings in literature indicate that BD-related activities have some influence on the commercialization of innovation. For example, it is stated that different BD practices are needed based on institutional arrangements for commercialization of innovation (Davis, Sun 2006). In a recent study, focus is given to commercialization in the early phases of disruptive innovation as a critical part in the innovation diffusion process (Giglierano, Vitale, McClatchy 2011). In the study of O´Connor et al, commercialization is also mentioned as one of the breakthrough innovation capabilities (O´Connor, Leifer, Paulson, Peters 2008). The findings highlight the interrelation of the BD function to the commercialization of innovation. Further investigation is needed to obtain more evidence and empirical manifestation.

Process: The investigation of seven BD-related process models highlights variability in the completeness and modularity of process steps and incomplete or missing front-end or back-end process steps. A recent study proposed that the type of BD process for the front-end idea generation can be either network oriented, internally oriented, research and development oriented or ad-hoc (Uittenbogaard, Broens and Groen 2005). This process element on the process front-end side was not mentioned in any of the investigated BD processes. The type of innovation influences needed resources and skills (Sorensen 2012). Type of innovation, however, is not reflected in any of the identified process models. Only one interrelated BD-innovation process model was identified. In this model BD aspects, BD mission, BD type and BD characteristics are directly part of the innovation process (Uittenbogaard, Broens and Groen 2005) which clearly underlines the importance of the BD function in relation to the innovation function. At this stage, more investigation on this topic is needed to gain deeper insight into these interrelations.

4. Recommendations/Conclusion:

The purpose of this work was to review existing BD-related publications, to indentify the major characteristics of BD and to present these characteristics in a structured manner. The characteristics were clustered into 16 sub-categories and consolidated into five major fields: management, organization, capability, innovation and process. While there is increasing research activity and the number of BD related publications has recently increased, there are still gaps in the existing BD research. For example, within the cluster of strategic management and the related frameworks of Ansoff and Roberts & Berry there is no detailed description of BD methods, guidelines or processes available to guide companies wanting to move into a new growth direction and initiate organizational stretching (Ansoff 1965, Robert & Berry 1985). Different types of BD were identified within the cluster type of BD (e.g. internal, external, network related etc.) but no comprehensive framework seems to exist which integrates all types.

Commenting on the indentified capabilities and competencies, and based on study findings, the following shortcomings of the capability framework from Lorenzi and Sorensen have been identified: firstly, the identified capability sub-categories strategic task, commercialization, innovation, knowledge, change and communication and interaction are not reflected. Secondly, capability requirements related to the strategic choice options presented by Ansoff and Roberts & Berry (Ansoff 1965, Robert & Berry 1985) are not reflected (e.g. which specific capabilities are needed to move into a new market/and product dimension?). Thirdly, capabilities needed to handle a specific type of innovation are not reflected. These shortcomings suggest that the BD capability framework from Lorenzi and Sorensen should be further elaborated on. In the field of BD processes, elements such as type of BD process (e.g. network, internal, R&D and ad-hoc) and type of innovation were not reflected in any of the BD process models. Hence, no comprising and integrated BD process model exists based on the actual findings. Only one hybrid model combining BD and innovation process elements was identified (Uittenbogaard et al 2005).

Despite evidence that the BD function influences the innovation process, more research is needed to judge the existing hybrid-model. Because our understanding of the BD concept is in its early stage, further research on this topic should be conducted. For example, it would be worthwhile to gain a better understanding of whether the BD function can be widened to include elements such as value chain analysis and business model innovation. Furthermore, greater insight is needed on how BD is carried out in different industries and different company formats such as start-ups, SME or very large organizations. The existing capability frameworks are incomplete and need further elaboration based on ongoing research. There is also a need to identify a comprehensive integrating BD process model considering all identified aspects presented in this research.

In summary, the available research on specific characteristics and concepts of business development as a newly evolving management discipline is still very limited and in an early stage. This paper serves as an elaboration of characteristics and key-aspects of business development and identifies gaps in literature that might be addressed in future research.

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Analysis of the Relationship Between Sustainable Development and Economic Growth

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An economic development is based on economic growth. Nowadays, these concepts are related to each other more than ever. This paper presents the sustainable development concept which is described through its three dimensions (social, economic, environmental). The economic growth concept is included in economic development and it is based, especially, on gross domestic product. On the other hand, the sustainable development model is a multidisciplinary concept and it relies on reducing resource consumption, producing clean alternative energy, protection of environment factors, quality of life in its complexity.

Key words: economic growth, sustainable development, economic development

JEL classification: Q01, Q56.

1. Introduction

The theory of economic development studies the problems of efficiency in resource allocation, social and institutional phenomena, but also social and political mechanisms used to raise living standards.

Economic dictionary defines the concept of economic development as a ”manifestation of macroeconomic dynamics, which involves, in addition to the economic growth of countries, a set of quantitative, structural and qualitative transformations, both in economy and in scientific research, and technology manufacturing, in organizational and functional mechanisms and structures of the economy, in people's thinking and behavior.”

Development as a complex process, is the ability of a national economy to generate and sustain an annual growth of macroeconomic indicators tells Caracota (2004).

Besides the phenomenon of gross domestic product (GDP) growth with positive effects on the population, are discussed in the literature other problems, such as poverty, unemployment and inequality income distribution. It can be said that as people get more income, they consume more resources. Permanent change of technologies, support for research and development processes are possible solutions to the problems facing humanity, especially with the limited resources with the population growing.

2. Literature review

Chivu et al. (2012) treats the concept of sustainable development as the link between economic growth, environmental sustainability and human development. They presented the three dimensions of sustainability (economic, social and environmental). There is no sustainability without environmental protection. People have a negative influence on the environment, voluntarily or involuntarily, by industry (air pollution, waste liquids and solids), deforestation and intensive cultivation of the land, or by wasting the water.

Moving from natural capital, sustainable development concept includes three dimensions: environmental sustainability (development must be compatible with the main ecological processes, biological and natural resources), social and cultural sustainability (development should maintain and strengthen the identity of individuals and communities) and economic sustainability (development must be economically efficient, all operators should have the resources to reach future generations).

Developing a single dimension can adversely affect the system, is not sufficient to achieve sustainable development of the human system. The three dimensions have specific objectives: economic (growth, equity and efficiency), social (participation, social mobility, social cohesion) and environmental (ecosystem integrity, biodiversity).

Arifa and Gan (1996) presents a model of choice between current consumption and future growth through changes in capital stock. It is shown that sustainable growth limit the choice, but it’s not a cause.

The model shows a trade-off between current consumption and growth rate. A limit of the model is that it does not allow technological changes over generations.

Boldea (2012) shows in his work that macroeconomic indicators such as GDP, are not the most viable in measuring sustainable development because it does not take into account the underground economy, education and health indicators, relying solely on the relationship between level of income and welfare of a country. The concept of economic growth has captured the attention of many economists because it has significance to the entire population.

Social factors are divided into demographic and cultural factors. Demographic influence on economic growth is due to changes in age structure and economic behavior of people ranging lifetime. Population structure has three mechanisms for determining growth: human capital, savings and labor supply. Cultural influence on economic growth can be shown by three aspects: the direct impact that culture has on expectations, consumer preferences have an impact on economic performance and that the idea of mutual causality, from culture to economy and economics to culture.

Troanca (2013) examines the relationship between economic growth and sustainable development, presenting conceptual delimitations, theories and models of economic growth. The concept of growth is a complex one, for his understanding must be taken into account: the evolution of economic outcomes should be monitored for a period of time, the study of growth in real terms, correlation with demographic dynamics and macroeconomic growth.
In the literature we meet several concepts of economic growth: zero growth (leads to a constant per capita results), negative growth (indicates a decrease in macroeconomic outcomes), extensive growth (quantitative factors that leads to the increase of macroeconomic indicators) and intensive growth (the increase of macroeconomic indicators is based on a qualitative contribution).

Factors that determine economic growth are set in two categories: direct factors (natural resources, human resources, innovation, research and development) and indirect factors (efficiency of the banking system, savings rate, labour migration, tax policy etc.).

Many economists have had as a subject the concept of economic growth. Smith, Malthus and Ricardo analyzed the natural factor limitation and population growth. Samuelson and Dornbusch developed a model that highlights the influence of technological change and capital accumulation have on economy. There are costs and benefits of economic growth. The benefits may be: poverty might be countered using growth, consuming new products might change people's lifestyle. On the other hand, there are social and personal costs of economic growth.

Pohoață (2012) adds to the list other negative outcomes of economic growth:

- pollution of the environment (major changes in the environment were caused by mineral deposit);
- emissions and waste resulting from the production process;
- reduction of the natural resources from increasing output in order to minimize production costs;
- widening the gap between the poor and the rich countries;
- the image on welfare is not always consistent with reality;
- the human relationships are becoming mercantile.

Some economists state that economic growth conduct to degradation of environment and some others believe that economic growth can improve the link between man and environment.

The Kuznets curve presents the relationship between the evolution of average income and inequality of income distribution in the economy. Negative environmental impact is small when a society is in its early condition of development. After the impact increases up to a point, the level of development is inducing improvement in negative environmental impact.

Scutaru (2013) shows the features of two models of development, the economic development model based on consumption and pollution, that includes economic growth, and it doesn't take into account poverty, unemployment, education, health, population migration, social inclusion, and, on the other hand, the model of development based on concepts like sustainable development and offering solution to many pronlems like producing clean alternative energy. Nicholas Georgescu-Roegen brings to discution the needs and security of future generations. He has conceived a plan called "The minimal bio-economic program" with the following ideas: the termination of wars so that productive forces can help poor countries, great responsibility in using the natural resources and avoiding unnecessary energy losses, feeding the population with only organic agriculture and manufacturing goods with high durability. The concept od sustainable development might be explained through the Program of 6 R: review, restructuring, redeployment, reduction, reuse, and recycling.

3. Hystory of the development concept

Natural resources inefficiently used are a restriction on development. Compared to a country with more resources, a poor country will achieve harder economic growth. Some countries have shown the opposite (Japan, Singapore, Taiwan). Thus, if a country has abundant reserves of natural resources does not mean that this ensures growth.

Rapid population growth can be another restriction. Thomas Malthus argued that food production tends to increase in arithmetic progression, and the population tends to increase in a geometrical progression. Malthus's conclusion was that population growth will always bring forward the increase in world food supply. This coctrine is partially correct for that Malthus had underestimated the importance of changing production technology.

History of the concept of sustainable development starts in the 70s, since the Stockholm Conference on the Human Environment (1972) where there is a need to respond to issues raised by environmental damage.

The problem was studied by the Club of Rome, in 1970, the work „Limits to Growth”. In their view, resources, population, agricultural production, industrial production and pollution constrain growth.

As Caracota (2004) states, sustainable development is a strategy that community seeks ways of growth, benefitingof the environment and can benefit to the quality of life.

Definitions of sustainable development are numerous:

- Beth E Lachman (Critical Technologies Institute, Linking Sustainable Community Activities to Pollution Prevention: A Sourcebook, April 1997): „Many people think it is better that such problems are treated by means of cooperative and holistic approach because, such problems are confusing, multidisciplinary, multiorganizational, multiple stakes and multisectorial in nature.”
- Musco Martin (A Sustainable Community Profile, 1995): „The word sustainable (supporting) has roots in Latin, meaning the *stem/retain* or *bottom support*. A community must be supported from below by current and future residents. Some places, by combining specific physical, cultural and spiritual can, inspiring people to care for their community. These are places where sustainability has the best chance of being. "

In the 1987 in Report Brundland is used for the first time the concept of sustainable development. The definition of sustainable development presented in the report „Our common future” is „the development needs of the present proceed without compromising the future generations to meet ability of their own needs”. The report’s findings recommended qualitative economic growth and the creation of committees and directions of public bodies to take various strategic sectors nationally and internationally. There are noted two main factors: human needs and limitations of the global system. It is not too clearly explained the term quality of life.

Offering an analysis of the situation at that time and some recommendations for the future, the report involves synthesis of three aspects: one economic, one social and one environmental. This report led to the Conference on Environment and Sustainable Development in Rio de Janeiro in 1992.

World Conference on Environment and Sustainable Development in Rio de Janeiro from 1992 discusses 27 principles of sustainable development, including: integration of environmental protection in economic development, equity between rich and poor, recognizing the importance of women in society and their role in educating young people. Only by changing attitudes and behavior of the whole world can be made the desired changes. Agenda 21 brings together specific programs relating to protection of water resources, the role of local communities, poverty reduction, the role of technological development etc.

In 1997 it is negotiated the Kyoto Protocol which was meant to reducing negative environmental impacts. In 1999 Romania develops the National Strategy for Sustainable Development.

In 2002 takes place in Johannesbourg, South Africa, the Earth Summit. It represents the transition from concept to action. They discussed topics such as sustainable development, poverty, irrational consumption and unsustainable lifestyles.

In 2005 the European Commission reviewed Sustainable Development Strategy, and in 2007 Romania reviews the National Sustainable Development Strategy.

Regarding the European Union (EU) stands Europe 2020, from 2010, in Gothenburg and it includes smart growth, sustainable growth and inclusive growth.

To measure progress in the goals achieved by Europe 2020 were set five major objectives: employment (employment rate of 75% working population aged between 20 and 64 years), the allocation of 3% of GDP to research and development, climate change and energy, education (reducing school dropout) and reducing poverty and social exclusion.

In 2012 takes place the last Earth Summit in Rio de Janeiro in which participants tried to agree on the concept of green economy, the sustainable use of water, energy sources and food security in the world.

4. The economic and social context in Romania

Our country has a key objective and also a goal, that to achieve economic growth in order to consume more goods and services and improving the life standards.

From the economic point of view, Romania's economic growth is forecast for this year to 2.7% and for 2016 to 2.9%, supported mainly by domestic demand and a stable labor market, and gradual recovery of the global economy. Based on private consumption and exports, as well as on investors contribution, our country has recorded growth in 2014 of 3%.

The purchasing power of households is supported by low inflation, declining interest rates and improving labor market conditions. It is expected investment return both private and public. Exports will have a slow growth both in 2015 and 2016. On the other hand, imports will have a higher growth rate due to domestic demand. In recent years, the labor market has been stable, with the unemployment rate in constant values that were located around 7%.

Regarding inflation, after a minimum of 0.9% in June 2014, it can be said that it began to rise in recent months. From 3.2% in 2013, it reached 1.4% in 2014 and it is forecast to be 1.2% in 2015. The decrease of inflation is due to reduced value added tax (VAT) on bakery products, a good harvest and lower energy prices. Fiscal consolidation should continue in 2015. The budget deficit was reduced from 2.2% in 2013 to 1.8% in 2014, reaching 1.5% in 2015.

Following the Lisbon Strategy, launched in 2000, the Europe 2020 Strategy was adopted by the European Council in June 2010 and supports smart, sustainable and inclusive growth as the way to improve productivity and competitiveness.

Following these three objectives, the European Union adopted five targets on employment, research and development, climate change and energy, education and poverty and social exclusion. These are monitored using nine headline indicators. They were transformed into national targets, reflecting the extent to which is each country member of the EU and the state of implementation of the Europe 2020 strategy.

For a long time, GDP was used to show the well-being of a society. But lately there were new approaches to measure progress, some of the proposals being in the Stiglitz-Sen-Fitoussi's report (2009). They propose 12 recommendations (see Table 1) to a better measure of economic performance, sustainability and prosperity of society.

1.When evaluating material well-being, look at income and comsumption rather than production.	7. Quality-of-life indicators in all the dimensions covered should assess inequalities in a comprehensive way.
2. Emphasise the household perspective.	8. Surveys should be designed to assess the links between various quality-of-life domains for each person, and this information should be used when designing policies in various fields.
3. Consider income and consumption jointly withvwealth.	9. Statistical offices should provide the information needed to aggregate across quality-of-life dimensions, allowing the construction of different indexes.
4. Give more prominence to the distribution of income, consumption and wealth.	10. Measures of both objective and subjective well-being provide key information about people's quality of life. Statistical offices should incorporate questions to capture people's life evaluations, hedonic experiences and priorities in their own survey.
5. Broaden income measures to non-market activities.	11. Sustainability assessment requires a well-identified dashboard of indicators. The distinctive feature of the components of this dashboard should be that they are interpretable as variations of some underlying „stocks".

	A monetary index of sustainability has its place in such a dashboard but, under the current state of the art, it should remain essentially focused on economic aspects of sustainability.
6. Quality of life depends on people's objective conditions and capabilities. Steps should be taken to improve measures of people's health, education, personal activities and environmental conditions. In particular, substantial effort should be devoted to developing and implementing robust, reliable measures of social connections, political voice, and insecurity that can be shown to predict life satisfaction.	12. The environmental aspects of sustainability deserve a separate follow-up based on a wellchosen set of physical indicators. In particular, there is a need for a clear indicator of our proximity to dangerous levels of environmental damage (such as associated with climate change or the depletion of fishing stocks).

Table 1. 12 recommendations from the Stiglitz-Sen-Fitoussi commission
Source: Report by the Commission on the Measurement of Economic Performance and Social Progress, 2009

In Romania (see Figure 1), until 2012, were reduced greenhouse gas emissions in non-ETS sectors by 6.5%, but is well below the target of 19%. Developments were recorded between 2008 and 2013 for tertiary educational attainment, reaching 22.8%, four percentage points below the target of 26.7%. On the expenditure on Research and Development, they were 0.39% of GDP, and it is far from the target of 2%.

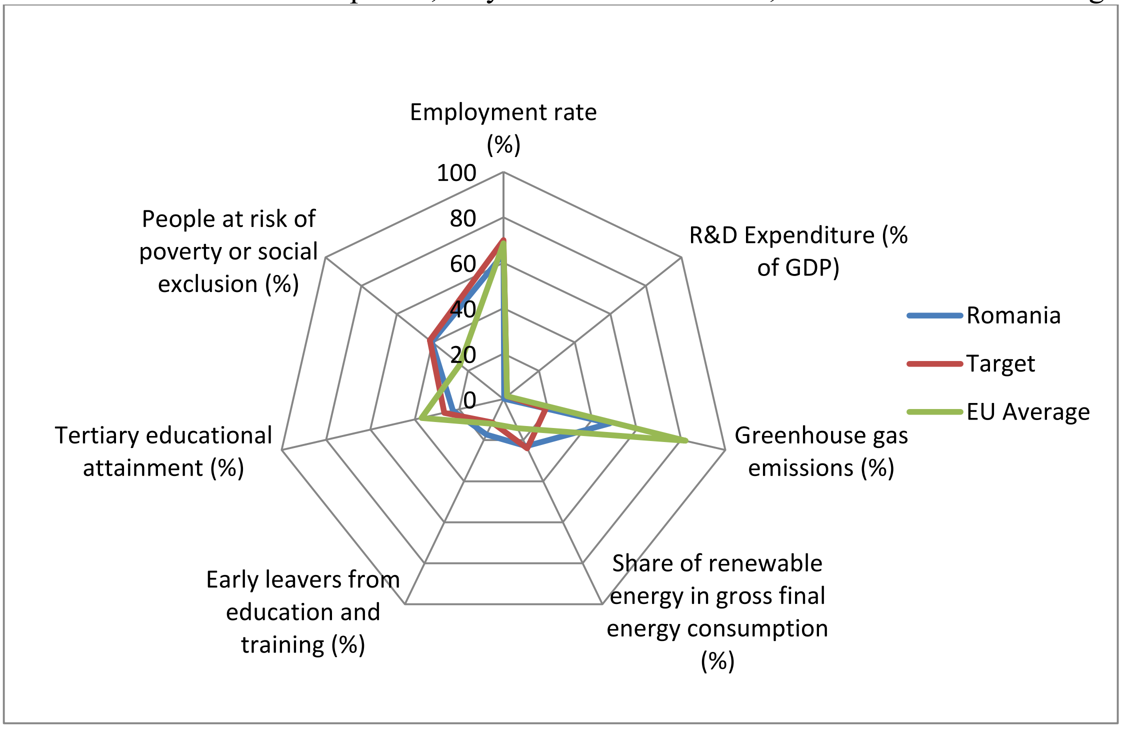

Figure 1. Comparison with EU average and national targets for Romania
Source: Own calculations based on Eurostat, Europe 2020 headline indicators

Indicators for measuring the economic growth, like GDP, are not always consistent with the reality on welfare. This represents one of the reasons why the United Nations Development Program has calculated the composite indicator named „Human Development Index" (HDI) since 1990. It measures the average performances in three aspects: a long and healthy life, access to knowledge and a decent standard of living. Thus, it indicates whether the growth is reflected or not in the human sustainable development.

Romania belongs to the category of high human development countries, behind countries like Poland, Czech Republic, Estonia, Hungary, Slovenia, Greece, Malta, Cyprus etc.

As it is seen in table 2, HDI in Romania recorded a small increase from 0,7 in 1990 to 0,71 in 2000 and to 0,79 in 2013, a level which places our country on position 54. Bulgaria is situated on 58 place.

	1980	**1990**	**2000**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
High human development	0,53	0,59	0,64	0,69	0,7	0,71	0,72	0,72	0,73	0,73	0,74
Romania	0,69	0,7	0,71	0,76	0,77	0,78	0,78	0,78	0,78	0,78	0,79

Table 2. The evolution of the Human Development index in Romania
Source: Human Development Report 2014

5. Conclusions

In the context of Europe 2020 Strategy, our country needs to accomplish some targets about the indicators like employment rate (% of population aged 20-64), gross domestic expenditure on Research and Development (% of GDP), greenhouse gas emissions, share of renewable energy in gross final energy consumption, early leavers from education and training, tertiary educational attainment (% of population aged 30-34), people at-risk-of-poverty or exclusion (% of total population).

In order to achieve a sustained economic growth one cannot avoid environmental problems. Both economic growth and sustainable development are two of the aims that people pursue in their activities. Economic growth might become harmful or it might generate undesired effects. It is necessary to create a balance, a stability between economic growth and sustainable development.

It has become obvious that the irrational consumption of resources has to be stopped and it need to be done as soon as possible. Also, the gap between rich and poor countries need to be reduced, the poverty and ensuring food for everyone on the planet are problems that need to be solved.

It is a necessity to refocus on a sustainable development model that supports human life and the natural environment.

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Interaction between Firms in New Product Development

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This work-in-progress paper, through an exploratory case study, investigates how two industrial companies, operating in different sectors, start a business relationship. One company, named Antrox, operates in the lighting industry, whereas the other, Nel Design, primarily in the design industry. This case shows the antecedents and inhibitors to business relationships beginning. Reciprocal trust is the foundation and the driving force of the relationship. The outcome of combining two firm's previous set of facilities, actors, relations and business units is unpredictable a priori; anyway, both companies saw potential benefits in combining them, as they are distinctive and non-overlapping. The article sheds light on the effects of the partnership on each firms' set of resources and on the reciprocal adaptations faced by both companies.

Key words: New Product Development, Partnership, Resource Interaction

JEL classification: M10.

1. Introduction.

Relationships are the basis of business. No business would exists without relationships. Business relationships consists of interactions processes. Relationships are delicate: they require involvement and commitment; every part put itself on the line. They may carry advantages but also problems.

Business relationships are indeterminate in terms of changes that materialize over time. They are discontinuous and intermittent, as they could stop for months and recover later or interrupt definitively (Hakansson and Snehota, 1998). Similarly, the process behind the birth of business relationships is discontinuous, as business relationships do not emerge unexpectedly, without prior negotiations. The outcome of those consultations is uncertain, but it may be influenced by particular dynamics and episodes. Relationship beginning is a relevant theme, not enough discussed in management research, as much more attention is reserved to the management of established relationships, maybe because relationship beginning is often a blurred phase (Holmen and Pedersen, 2001; Aarika-Stenroos, 2008; Edvardsson et al., 2008). Anyway, some conditions and episodes have proved to favor, or act as obstacles, to business relationships beginning (Pedersen et al., 2005): we speak about antecedents, or inhibitors, to business relationships beginning (Oliver, 1990). The beginning of a new relationship could be considered as a critical moment in which the companies try to enlarge their market (Perna et al., 2013). As for the companies of our case, new business relationships may result in the establishment of a partnership, with the goal of developing a new product and strengthen their presence in the design market.

The aim of this paper is to investigate how the new product development process unfolds by taking as empirical context the case two companies operating in different sectors. This paper will shed light on the antecedents and inhibitors of relationship formation, as the firms involved in our case took six years to form a business together, in a back and forth approaching process. The interaction processes and the reciprocal adaptations faced by the two companies, from prototyping to distribution phases, will be presented.

Reciprocal trust, developed sharing experiences, is a precondition of successful partnerships (Morgan and Hunt, 1994; Ploetner and Ehret, 2006). As stated by Oliver (1990) there several antecedents to relationship formation, such as necessity, asymmetry, reciprocity, efficiency, stability and legitimacy. Anyway there are also several factors that may inhibit the business beginning, such as the image of a firm, perceived risk and bonds with other companies (Edvardsson et al., 2007).

Relationships evolve during various stages. According to Ford et al. 2011, they move into four stages: pre-relationship stage, exploratory stage, developing stage, stable stage. During the first stage, companies evaluate possible advantages coming from the relationship. During the exploratory stage, the parties invest time and get close to each other, but no procedures are established. Intensive mutual learning, trust building and tangible investments characterize the developing stage. The final stage is the stable one, characterized by formal routines and by an institutionalization of the relationship. Relationships have three facets: they are a device, an asset and a problem. They are a device for different purposes: the may be useful to influence others and to reassure them about the reputation of a firm or its fulfillment level; they may generate demand; they may solve uncertainties with clients and partners, they may foster innovation through a matching process with other technologies; they may increase efficiency through shared resource management. Relationships are also an asset because they require substantial investments of time, people and technologies; they have to be implemented over time and they are costly, but they are one of the main features of a firm. Relationships may also be a source of problems, as every relationship requires a freedom concession; the parties involved may have different opinions on strategy and different perceptions about each other; in these cases, even if relationships interrupt, it may take time for a firm to recover from the costs sustained.

One of the aim of any relationship is to have access to the other party's resource set, as every business builds on a collection of specific resources, combined to form a meaningful whole of value (Penrose, 1959); furthermore no company control all the resources it need. Firms use a constellation of resources found in their network, therefore a firm's network is among its most important attributes (Ford et al., 2011). A counterpart may permit the exploitation of a company's current resources in a new way, but it may also allow the creation of new resources, through interactions. The driving force behind every collaboration is the quest of advantages from the relationship. A company decides to collaborate with another, only when the benefits deriving from the relationship are expected to overtake the costs (Ford et al. 2011). Relationships allow companies to access resources out of their control, enhancing innovation opportunities. Interactions across firm boundaries are crucial to foster business development and technological improvements (Baraldi 2008; Hakansson and Waluszewski 2002, 2007).

This paper is structured in the following parts: first, the Industrial Marketing and Purchasing Group (IMP) approach about business-to-business relationships and networks will be presented. Then we will describe in detail the companies involved in our case study and the interaction processes that took place between them. We will analyze all the steps through which the business relationship began, the inhibitors and antecedents of this relationship and the effects of firms' interactions on their network; we will conclude with final considerations.

2. Relationship formation in B2B contexts.

In literature, little attention is paid to relationship formation and to the factors that may facilitate business beginning between two firms. The formation of a partnership is rarely a linear process, but usually requires discontinuous interaction processes, made of episodes, factors and conditions facilitating, and others inhibiting, the new venture creation (Johnston and Sibley 1994). Oliver (1990) classify six antecedents of relationship formation. Necessity refers to the establishment of inter-organizational linkages to satisfy legal or regulatory requirements. Asymmetry refers to the potential to exercise power or control over another organization or its resources. Reciprocity concerns the fact that two parties will engage in a relationship only if both benefit. Efficiency concerns the firm's drive to improve its cost structure or profitability. Stability is an adaptive response to conditions of environmental uncertainty. Finally, legitimacy is the quest of consensus from internal or external stakeholders, as a response to environmental pressures. For what concerns the inhibitors, Edvarsson et al. (2007) classify three categories of factors that could create relationship inertia, difficulties in cooperation processes or negative outcomes. Image is related to the external perception of a firm's competence and service offering, thus it is based not only on direct interactions with the counterpart, but also on others' experiences; it may contain both facts and fiction. Risk is related to the perception of the counterpart reliability, thus it is a subjective factor, consequence of a particular assessment. Bonds refers to structural or perceptual ties between the firms, which result in preference and stability in partner selection. Companies collaborate for several and different purposes, but the drivers behind every partnership formation could be found in the common vision for future benefits, the development of new markets, technologies or capabilities (Speakman and Carraway 2005).

The outcomes of any collaboration have to be forecasted prior to its realization. The traditional literature on the subject, underlines the importance of the evaluation phase prior to the collaboration start: the assessment of the company's needs, the assessment of the counterpart's resource base and the consideration of the external risks. If the analysis has been correct and nothing extraordinary happens, the partnership will almost certainly be successful. The Industrial Marketing and Purchasing Group (IMP) express a more complex view on the topic: the results of a collaboration are only partially predictable. Companies do not know how clients, suppliers, distributors and every other entity affected by the relationship may react to it. Companies just guess, and hope. Companies have also to evaluate how a new relationship may fit within their existing relationships portfolio, as it may generate unexpected effects through the network such as challenges, dilemmas and trade-offs (Persson and Awaleh 2003). Managers should try to examine all the technical, social, administrative and economic connections between the relationships of the portfolio.

The IMP group consider B2B markets as complex network settings, strongly connected between crucial, long-term relationships that make companies interdependent on each other. The real object of B2B relationships rarely concern only the transaction of products, but it is rather a multidimensional complex matter (Ford et al. 2011). Business landscapes are shaped by the interactions that take place between firms: "business relationships are built from interaction processes and are embedded in their counterparts' context, which takes the shape of a network" (Hakansson and Snehota, 2000). This is the so-called "Industrial Network Approach", where companies and their relationships can be viewed as part of a complex network of interconnected relationships (Hakansson and Johansson, 1992). The network shapes relationships and relationships shape the network: in a network, firms are interdependent. The position occupied by a company within its network of relationships is defined by its most important relationships. As stated by Ford et al., 2011: "A network position consists of its set of relationships and the benefits, restrictions, obligations and reputation that it has acquired through its unique interactions with those relationships. Each company's network position is affected by changes in those around it. The position is not solely the result of a company's strategy".

No single company possess all the resources it needs to achieve its goals, but every company is dependent on other counterparts providing them, through a process of combination, re-combination and development of resources among organizations (Baraldi et al., 2012). The effects of the introduction and implementation of a new product have to be investigated understanding of the complex mechanisms by which several other resources, both technical/physical and social/organizational, need to be combined with and around the new technology in order to allow it to produce its effects (Baraldi and Waluszewski, 2005). The potential value of a resource emerges only through the use made by actors within specific activities in specific contexts. The longer the use, the more adaptations between resources, with the result of improving their functioning (Baraldi et al. 2012).

The IMP perspective is innovative for considering how this resource interaction phenomenon takes place, not only between the resources of the single firm, but also between the resources of other firms of the network and the single firm's resources.

3. Methodology

We will use an exploratory case study, which is a good method to "investigate a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003). To increase case validity, we will triangulate between different sources of data (Eisenhardt, 1989), obtained during six months of research: interviews, participation in meetings, e-mail and websites analysis, internal reports and brochures.

Case studies may not be fully generalizable, but this case is relevant as the companies object of study, even if belonging to different sectors, decide to partner and to produce innovation in order to respond proactively to the slowdown of their businesses.

4. Case analysis.

4.1 Antrox.

Antrox is an Italian Ltd. company that provides tailored lighting solutions. It was founded in 2004 in Ancona; at the moment the company is split in two equal shares between Luca Giraldi, who takes care of the management of the company, and Massimo Rinaldi, in charge of the technical and commercial aspects. Other people working in the firm are: lighting engineers, an accountant, a commercial agent for Italy and an IT systems professional. The company sells professional solutions capable of satisfying any lighting request. Their lighting solutions characterize for high performances, great reliability and a premium customer service. They sell primarily to individual architects, distributors and contractors involved in big projects (i.e. hotels, restaurants, shopping centers…). They don't just sell the product, but they assist the client in designing and realizing the desired lighting experience. Every year they sell in about 15 - 20 different countries. At the end of 2013, 35,3% of revenues came from Italy; 10,4% from EU (except Italy); 54,3% from Extra EU countries. The company's turnover varies deeply from year to year, as picking a big project can really boost revenues. 2011 was the best performing year of the company, as their sales accounted for more than 5 mln. €. During the other years, revenues varied from 1 to 2,4 mln. €. Every year the company concludes between 100 and 200 transactions, with a range of clients between 50 and 90. They have a wide network of distributors all around the globe, who keeps them updated about job opportunities. They are now selling two categories of lights: Cold Cathode and Led. The former is the technology who made the fortune of the company. It was customizable in shapes and colors, but required technical capabilities and a deep knowledge of its functioning. Led is a newer, cheaper and more efficient technology. It is easier to shape and customize, as its design and realization doesn't require big technical capabilities. The global market is gradually adopting Led technology for most uses, but the Cold Cathode technology remains superior in some applications. Since 2012, the company, in addition to Cold Cathode, started selling Led Lighting Solutions. Big structured companies were already present in the Led market and, in the last couple of years, the competition became even more intense, especially abroad. At the end of 2014, Led lighting sales are expected to weight for more than 5% of Antrox revenues and around 40% of Antrox Italian sales. Antrox is still capable of playing the game in this market, as its value doesn't derive purely from the product, but mostly from its designing service.

4.2 Nel Design

Nel Design is a Ltd. Italian company established in 2010 at Corropoli (Teramo) speciliazed in polystyrene carving. At the moment the company is run by two associates: Sauro Raschiatore, in charge of the managerial aspects, and Simone Pelizzi Narcisi, in charge of the designing and technical part. Other people work in the company as specialized technicians and clerks. Company's revenues are between 200.000 and 250.000 Euro each year. The company invested in cutting and coating machineries: its technological development is considerable, but the company's value added resides in the capability to satisfy buyers' requirements with a complete package of services, that start from design and end with the physical realization. They use hot wire cutter for simple productions and a computer numeric control (CNC) machine to create complex shapes. Starting from buyer's input, they design the desired object in front of a computer, where the all the information regarding the product is putted into (desired shape, size, weight, resistance…) and a digital prototype is done. After that, polystyrene cutters machines read the file, until the creation of the desired object. The last step is the hot coating, to give resistance and strength to the polystyrene. Their products' destination are typically furniture and outdoor decorations, but the potential applications are endless. Nel Design's points of strength are: the lack of any shape constrains, the competitive price and the low weight of the final product, compared to more traditional materials. They sell in two different markets: the construction market (outdoor decorations for buildings) and the design market (refined objects for interior design). The former suffers from the crisis of the construction industry, whereas the demand for the latter is increasing.

4.3. Antrox Lab

Antrox Lab is the product resulting from the interaction between Antrox and Nel Design. The former provides its lighting design capabilities; the latter its polystyrene design capabilities.

The relationship between Antox and Nel Design started in 2008, when Luca Giraldi (Antrox) met Sauro Raschiatore (Nel Design); at the time, Luca was offering consulting services at Policolor Ltd, another polystyrene company. Luca believed in the potentiality of polystyrene for design purposes and he was wondering about a possible collaboration between the two companies. Right from the beginning, he wanted to insert Antrox's lighting solutions into a polystyrene shell. That same year, Policolor was looking for an account manager and Sauro applied for the position. Luca was present during the job interview and was instantly fascinated by Sauro's communication skills and by his competences. Immediately he felt he could trust a person like Sauro and convinced Policolor's staff to give him the job. Anyway, the time wasn't ripe for the collaboration between the two firms: things in Antrox were going good and revenues were increasing; the cold cathode technology was still in its expansion phase, with dozen of new clients every year adopting Antrox's solutions from all over the world. Furthermore, Daniele, one Antrox associate, was unwilling to invest in a new project, as he was completely absorbed in its role of sales manager and he preferred to spend all his efforts trying to maintain and develop his already established relationships. In a similar vein, Policolor's associates preferred not to take the risk of investing in a new project. In 2010, Sauro left Policolor to form with other associates Nel Design. In those two years he increased his competences as account manager and developed substantial knowledge of the polystyrene sector.

A second meeting occurred in 2012, as Nel Design was engaged in a project with other partners to realize furniture turnkey solutions. The contractor was looking for a lighting solution provider and Sauro named Antrox. They asked Antrox to join the project for the lighting part. Anyway, Luca wasn't completely convinced and refused the collaboration for a lack of trust, not in the project, but in Nel Design's partners.

The relationship evolved during the second half of 2014, when Sauro contacted again Luca. Both companies were now facing a different situation: Nel Design was suffering from the construction sector crisis. Similarly, Antrox was facing a demand slowdown for cold cathode products. Luca and Sauro still deeply believed in the potentiality of creating innovative lighting solutions inserted in a polystyrene shell. Furthermore, they still profoundly respected each other and the competences of the people working in their companies. Another decisive factor was the exit of Daniele from Antrox, as he was the one who refused the partnership in 2008. All these factors, in September 2014, allowed the start of a relationship of collaboration between the two firms, that few months later gave rise to the first Antrox Lab products.

The idea is to build decorative lighting systems with a Porotex structure and Led lights inside. Both technologies are highly customizable and easy to mold; furthermore, both technologies are cheaper and more efficient than traditional solutions. At the knowledge of both firms, this product is unique. In the market, there are no highly customizable lighting solutions in Porotex. The goal is to transfer a technology (Porotex) from one application (constructing) to another (lighting solutions). To make this possible, the actors forming the partnership have to evaluate all the peculiarities of the new context: Antrox's contacts and experience in the sector play a vital role. At the moment, there is no formal agreement between the parties, but they are planning to create a formal partnership, as the market has been very responsive to their product and both parties may benefit from it.

In order to understand why Nel Design decided to form a partnership with Antrox and viceversa, a list of 20 parameters regarding the counterpart's features has been submitted to Luca Giraldi and Sauro Raschiatore **(Table 1)**.

PARAMETERS	ANTROX SEEN BY NEL DESIGN	NEL DESIGN SEEN BY ANTROX
1. Marketing Capabilities	5	1
2. Product Quality	4	4
3. Value for Money	4	4
4. Company's reliability	5	3
5. Clients Number	4	2

6. Clients Importance	4	1
7. Design capabilities	5	4
8. Company's Technological level	4	4
9. Delivery Time	4	2
10. Company's Innovation Capabilities	5	3
11. Product Innovation Level	4	4
12. Company's Ability to Adapt to Changes	4	3
13. Brand Equity	5	2
14. Company's Distribution Network	5	1
15. Product Array	4	2
16. Communication / Promotion	4	2
17. Commercial Capabilities	4	1
18. Suppliers Bargaining Power	4	1
19. Service Level	5	2
20. Product Customization	4	4

Table 1. Factors affecting the counterpart's perception (1 minimum value, 5 maximum value)

The table shows that Nel Design perceives Antrox in very good terms, especially for what concerns marketing, design and innovation capabilities, their service, brand and distribution network. Evidently, Nel Design sees Antrox as a well-established and structured company. Differently Antrox perceives Nel Design as a company with a very good product, in terms of quality, value for money, innovation level and customization possibilities. The company is considered technologically advanced and with good design capabilities, but with poor marketing and commercial skills, an insufficient client base, a scarce distribution network and low bargaining power toward suppliers. Markedly, Antrox sees Nel Design as a company capable of designing a product with high potentialities, but inexpert in selling and promoting it. Luca believes that Nel Design need to increase its marketing efforts, presenting its product to more extended audiences. Sauro and Simone, on Nel Design side, are impressed by the fact that such a small company, from a small Italian town, is involved in important projects worldwide.

Luca and Sauro deeply trust each other, as they spent time working together and confronting their opinions in several occasions. Their reciprocal trust is the basis of this relationship, and it represent an asset on which to build a successful collaboration between the two firms. They thought that they could create a new product, profitable per se and that could increase their visibility in the design market. They persuaded their associates to form a partnership to sell Led lighting solutions inserted in a Porotex shell. In this way, each company could access to the counterpart unique resources, which are different and non-overlapping. The relationship should be formalized with a formal contract of partnership during the second half of 2015. The agreement details will be depend on sales and criticalities. If things go well, they don't exclude extending the collaboration to other market segments.

The partnership may generate several benefits. Each party will be stimulated by the counterpart's different view of the business and by their design capabilities. Nel Design will leverage Antrox's experience in dealing with important partners worldwide, its brand and its distribution network. On the other side, Antrox will leverage Nel Design's innovative product to be more visible in the led market, differentiating from competitors: not just lighting solutions, but also the possibility to realize the desired object in any shape, at a small cost and in a very short period, thanks to the Porotex characteristics. The Antrox Lab project will also be promotional for the companies' others businesses.

5. Interaction processes

Antrox Lab project started in September 2014, but the relationship between Luca and Sauro started six years before. During this period a series of events sometimes facilitated, sometimes inhibited the collaboration. In our case, we found six factors facilitating the start of the partnership: previous personal knowledge of the members of each company; reciprocal personal trust; reciprocal high regard for the competences of the members of each company; revenue's slowdown of each company's traditional business; overlapping competences; high technological level of the firms involved.

Since all the condition were favorable to the start of a business relationships, actors, resources and activities of the two companies interacted continuously in a great effort to create an innovative lighting product. The prototyping phase took approximately two months and started right after the decision of collaborating. Massimo Rinaldi and Simone Pelizzi Narcisi started to discuss possible shapes, where to insert led lights. Some technical constrains soon emerged. Led Lights did not have to generate a temperature higher than 70°, otherwise the Porotex material could be damaged. For this reason, they decided to use only highly efficient lights, with low or medium voltages. Furthermore lamp shape had to be of at least medium size (30 sq. cm or more), otherwise the 5-D machine could not guarantee its optimal cutting precision. Starting from these limits, they began to do some freehand draw of possible shapes. They had to raise architects' interest; therefore, their shapes had to be extreme and unconventional. To do this they could rely on Porotex's high versatility, compared to traditional materials. Together with the company's staff, they selected a sample of draws and started the rendering process at the computer. Then, the draws were transmitted to the 5-D machine for the physical realization and coating. They asked feedbacks to lighting experts to test perceptions and main criticalities. Their product resulted to be lighter in weight, more customizable and more affordable than traditional lighting solutions, but they had to face a skeptical attitude towards polystyrene, as it is generally considered as a fragile and low value material. Therefore, they needed to work on the coating to increase the feeling of resistance and durability, at touch. They soon found a new coat supplier. In 2 months, four prototypes were ready and functioning. For what concerns the managerial aspects, the website was redesigned and Luca organized a list of potential clients, working in different sectors, and started contacting them. They created a specific catalog, and, a month later, it was online together with a video, on the Antrox's website, under the name "Antrox Lab". Both parties presented the product to architects and participated at several fairs. Some architects asked to touch the product; the product's lightness and resistance surprised them all. New connections were established. Both the parties started also to send email to old and potential clients around the globe, presenting their new creation. After only 3 months, from the start of the prototyping they sold their first two products to Fala Città della Luce, a furniture and lighting contractor. From February 2015 the products were also promoted sending to architects: a brochure via email; a letter with 1 € coin inside, with the slogan: "Please give me the time of a coffee and read my brochure"; a sample of a 10 cm high lamp in Porotex (so they can touch and appreciate the material's lightness and resistance).

6. Conclusions

In our case, the process behind the formation of a business relationship hasn't been linear. Several factors and episodes facilitated and inhibited the venture formation. Business relations are discontinuous over time and they are often the consequence of episodes and changes in actor bonds. The start of a partnership, resulting in new product development, can only takes place under certain circumstances: the openness of collaboration may exist under complex dynamics of interaction in a non-linear process. Much more attention should be reserved to the episodes anticipating the formation of business relationships, as it is in this phase that we can find dynamics that will play a crucial role in the following events. Applying the factors we found in our case to Oliver (1990)'s framework, one factor categorize into asymmetry antecedents (overlapping competences), one factor into reciprocity antecedents (high technological level of both companies) and one factor into stability antecedents (revenue slowdown of both firms). Out of the six, three factors don't fit within Oliver's model, as they are facilitating factors, rather than explaining factors. In detail, we found social relations (previous personal knowledge), trust (reciprocal personal trust) and subjective evaluations (reciprocal high regard for the competences of the members of each company) as factors that play a facilitation role in the creation of business relationships. We suggest that Oliver's model could be extended to embrace these dimensions. Conversely, in our case all the factors we found as acting as obstacles to the partnership formation fit into the model proposed by Edvardsson et al. (2007). Specifically, in 2008 the risk inhibitor took place when Policolor associates refused to hazard investments in the project. During the same occasion, the bonds inhibitor occurred, as Daniele preferred to spend all his efforts with his already established relationships. Finally, in 2012, the image inhibitor prevented Luca to start a collaboration, as he had a negative perception about Nel Design partners in the contractor's project.

The interaction process required mutual technical and organizational adaptations, in a back and forth process. Neither Antrox nor Nel Design were able to completely control the counterpart. The product management, in all the phases, from prototyping to promotion had to be interactive, evolutionary and responsive. Only when the parties started to cooperate, they found out how to assemble their resources. A need for process integration occurred, allowing adaptations during the design phase, to cope with the different expertise involved. The first prototypes necessarily had to be produced jointly, and actor bonds soon emerged, in order to share solutions and different points of view.

Only through interactions, they were able to adapt their working processes and routines to fit the counterpart's software packages and knowledge. Both parties had to adapt their working habits: Antrox and Nel Design way of designing was different; they used different software and each company was specialized in its own field. To be compatible, Antrox changed the software used for prototyping, whereas Nel Design had to modify its project management software. The product design required technical mutual learning and process adaptations, to fit with pre-existing procedures and facilities. Employees' relationships moved from weak to strong as mutual knowledge and trust arose. Each company's set of expertise was slowly unveiled, as far the prototyping was moving forward.

Cultural, technological and social distances between the companies progressively decreased. New knowledge and skills also emerged from the collaboration, born from the combination of explicit and tacit knowledge embedded in the two companies' resources, activities and actors. However, this is an ongoing process, continuously evolving through new interfaces, necessary to make adaptations between the venture's resources and the network's resource constellation.

The collaboration produced effects on the companies involved but it also changed their position in their network. If we take the IMP approach, every company is a node that is tied to others by a complex web of relationships. Business is about developing the position of that node in the network and managing those relationships (Hakansson and Snehota 1995). Nel Design can now have access to a wider network of potential clients all over the world, where it appears as a dynamic, flexible and innovative design firm. Without the Antrox Lab project, it would never access such a global network and its brand image would be probably appear less innovative and more associated with the constructing sector rather than with the design sector. The Antrox Lab project could also have positive consequences on the company as a whole, as it will increase the whole company visibility in all its productions. Architects all over the world would probably never hear about Nel Design and its design capabilities. If Antrox Lab orders continue to grow, Nel Design would possibly negotiate better prices with polystyrene and coat suppliers. Revenues growth would also produce the effect of increasing the company's reliability towards banks, institutions, universities and all the other entities to which it relates. In a similar vein, the relationship had effects on Antrox as it gave new inputs to a company who was suffering from the cold cathode crisis. Especially abroad, this partnership allowed the company to be considered an innovative led solutions provider, different from the others. Antrox still has to compete in the led arena offering excellent services and an affordable price, but, thanks to Antrox Lab, it has also something new and fresh to offer. This granted the attention of foreign buyers, unlikely to receive without it, with potential positive effects on all the company's products. Both companies seem to have changed their network position as new interaction patterns were set-up with the result of a modification in the companies' position through the network. In any case, this is to be verified in the long term, as the relationship, and its effects, are constantly evolving.

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Clustering of Respondents for Developing a Recommender and Targeting System: The Case of Assigning Education, Training and Employment Services

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The context of recommendation of education and employment services, for example in the so called "on-demand job markets", provides various marketing implications. Our study is based on empirical data from respondents to the questionnaires, the issuers of demand for training and employment, mainly students, as well as on answers of employers from the western part of Romania.

We present an alternative analysis of the data without the use of socio-economic assumptions to guide results: using a simple evolutionary search enables explorative cluster formation. The comparison of clusters for student and employers opinions is based on the answer scores and illustrated by the emergence of distinct correlation structures for both types of respondents. At the end of our analysis we obtain the following information: the size of clusters, the comparison of cluster representatives, which turn out to be relative scores, which lead to cluster pairs with different degrees of opinion discrepancies between students and employers. High opinion discrepancies in cluster pairs inform which sub-population should be approached by educational re-commendation while low discrepancies would conduct to job placement recommendations or services.

Key words: educational services, employment services, clustering, targeting, recommendation

JEL classification: M39, M54, J230.

1. Introduction

Suppliers of labor are in general organizations which may also provide educational services (schools, organizations for training and professional development). Private labor market matching services and different types of public employment offices share such activities. Generally, the dynamic nature of the socio-economic environment, especially that of labor markets determines the framework of the recommendation of such services. These services should include both group-based and also highly personalized variants. They should target adequate (often small enough) groups of applicants. The concept of "on-demand labor" also appears in the above mentioned context, being in part related to the organizational capacity of service suppliers to meet the actual needs of beneficiaries, subject to certain conditions on quality, structure and deadlines. However, on-demand labor may also be criticized and rejected by job-seekers on behalf of being viewed as a kind of "retrograde exploitation".

The educational and placement services, and the re-orientation of labor roles does not easily compare to any other category of services and markets. Relevant actions are often done using specific instruments (constrained by laws and regulations).

Within these services, the relationship between provider and customer, from the perspective of marketing, following Bradley (2001), is as follows: relationships are formalized, delivery is discontinuous; the provider-client contact has a high degree of customization, the demand fluctuates annually and the resilience of supply is low.

Educational services for the potential labor force, may be motivated by strong habitual, and cultural influences. Attitudinal aspects will probably play a major role in grouping persons for such services. All these features lead us to a series of marketing implications connected with targeting persons. In this sense the present research should be regarded as a specific and concrete computational mechanism as was proposed by Schebesch, Pop and Pelau (2010) in the context of "Computational Marketing". Specifically, we link certain aspects of explorative evolutionary search applied to grouping of persons by different recommending services in the labor markets of an economic region.

The resulting services will appeal to specific target groups, in being adaptable to many actual concerns like, e.g. on-demand labor job placement, by means of relatively continuous contacts with the clients, as observed in Vandermewe S. and Chadwick M.(1989) and Patterson P.G. and Cicic M.(1995) and also quoted by Bradley (2001).

The integrative vision presented here will be simplified and decomposed into algorithmic steps, starting from a set of empirical data (answers to questionnaires) offered by two distinct populations: 1) young potential employees and 2) employers from various activity areas of the analyzed region. In section 2 we describe the method of exploring clusters of students and clusters of employers. In section 3 we give some more details and context concerning our empirical data and its subsequent use. The findings of our computations will be described in section 4, proposing a way to target certain groups of persons by recommending placements on the labor market, and a complementary set of people, by recommending educational services. Finally, in section 5, we offer some conclusions and outlook.

2. Research methodology

The purpose of the study is to design a recommender and targeting mechanism that assigns services, tailored towards segments (clusters) of young people, by confronting them with an appropriate clustering of employers. These assignments can be exploited in the context of educational and employment placement services (on demand labor). The proposed analysis is based on the empirical data from respondents interviewed as part of research conducted by an European project entitled "A career for your life! Careers, advice and guidance."- SOP HR/161/2.1/G/132792. The project focuses on studying a regional labor market situation - involving a total of 1120 student respondents to questionnaires, respectively on a study concerning the barriers existing in searching and finding work. In the study participated a total number of 330 companies, with 96 of these specialized in technical activity domains, with 139 of companies working in the economic services, with 39 respondents coming from organizations active in the social and communities sector, with further 36 respondents coming from organizations working in health, and with 6 representing employers from the legal field and 7 respondents that do not fit in any of the above mentioned sectors.

The geographical region in which the two questionnaires were applied during the period June to November 2014, was Western Romania (especially the Arad and Timiș counties).

The paper uses clusterings as an exploratory tool without recurring biased pre-clustering of any kind (by using strictly coordinate-wise criteria, say). Instead k-means as a “simultaneous” grouping criterion is repeatedly used by applying simple evolutionary search. This search is used to restart k-means (which provides just local solutions) and to eventually select “improved” clustering by using a scoring criterion. For the merits and limitations of such restarts consult e.g. Bubeck et al. (2009). To implement the computations we used the powerful R-CRAN statistical programming platform.

The results of the questionnaires from our two populations (students and employers) are collected in two matrices, with line inputs denoting persons and columns stand for answers to a set of questions with a total of 78 answers. We limit our study here to the first 8 questions, the remaining information provided by questionnaires being discarded. Thus we use two restricted matrices: one for students or potential employees, with 1120 lines and 78 columns, and the other for employers, with 330 lines and 78 columns. The answers (column entries) are the same for both groups in number and content.

In the explorative search we use relative answer scores as the primary criterion for comparison between clusters. First we identify for both total populations those answers on which they differ strongly. This comparison already allows for certain coarse grained conclusions and recommendations. But these findings still need refinement.

To this end, both populations of respondents are clustered separately, repeating this procedure until we obtain relatively homogeneous groups of target persons. Unfortunately, for such tasks there exist many alternative clustering methods. For simplicity we limit ourselves to k-means, which more easily scales to even much bigger data. The usefulness of each clustering obtained during simple evolutionary search is measured by comparing relative answers scores for each single cluster (from both populations). Thus we compare the scores for each possible pair of clusters that belong to the two populations (students and employers). This however vastly increases the number of comparisons of such pairs if the number of clusters k is increased.

In the present study we limit ourselves to the exclusive use of 2-clusterizations ($k = 2$) during all epochs of the explorative search. This simple case also lends itself to a more natural interpretation of the findings. Hence, for pairs of clusters that are more similar in scores, we choose to recommend direct labor placement (leaving aside the technical matching details), and, for other pairs that are less similar, we would recommend educational services inspired by the discrepancies of the scores (for a stylized mechanism description see figure 1).

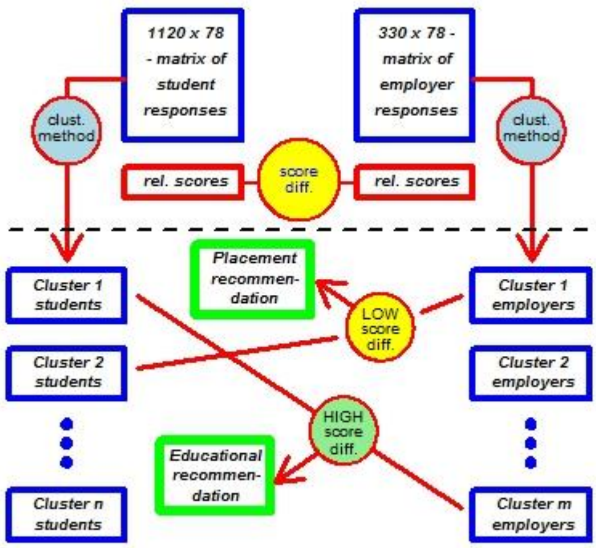

Figure 1. The evolutionary clustering algorithm scheme for our two analyzed populations, students (a part of the regional labor demand) and employers as a part of regional suppliers of labor.
Source: Own programming by utilizing R-platform for statistical software.

From figure 1 we also conclude that, in order to use the evolutionary clustering scheme to its full potential, one may encounter many resource consuming computational tasks, namely that of a) choosing one or more clustering methods, their concrete distance functions, of b) repeating the clustering step (here k-means with given $1 < k < N_i$, and with N_i the number of persons in population i) and of c) varying (a-)symmetrically the number of clusters per clustering k_s and k_e for the two populations. We will refrain here from diving into technical details of such a general evolutionary approach and we will stick to the simplest feasible case $k_s = k_e = 2$. Furthermore we restrict ourselves to evaluating the relative score differences.

3. Empirical Data and Scores

In our computations we use the „common answers" part of the questionnaire matrices, denoted Y_s and Y_e, respectively. They largely contain questions with „attitudinal" content, expressing opinions and atmosphere about the barriers to entry into the (regional) labor market. Both matrices have categorical entries which allow for simply summing up their columns (answers over persons) into „scores", by counting the number of given answers within each population. Such simple interventions are actually very useful, for instance, also for considering additional types of answers to more domain-oriented, technical questions, possibly with industry specific context, which would then imply using Rasch-type analysis expressing condions concerning „domain difficulty" and „average person score".

Our relative scores for the two populations are given by $s_s = (\ \mathbf{e}^{\mathrm{T}} Y_s) \ / \ N_s$ and $s_e = (\ \mathbf{e}^{\mathrm{T}} Y_e) \ / \ N_e$ respectively, with $\mathbf{e}^{\mathrm{T}}$ being a vector of ones of appropriate length. By nature, these scores are all within the intervall of (0,1) and they are comparable across different population sizes.

4. Findings

In what follows we apply the procedure depicted in figure 1, further exploring the clusterings over a given number of epochs (1000, say), and restricting ourselves to one clustering method (*k*-means by using Euclidian distance). In figure 2 we start out by displaying the score differences found in the the two full populations of students and employers, respectively.

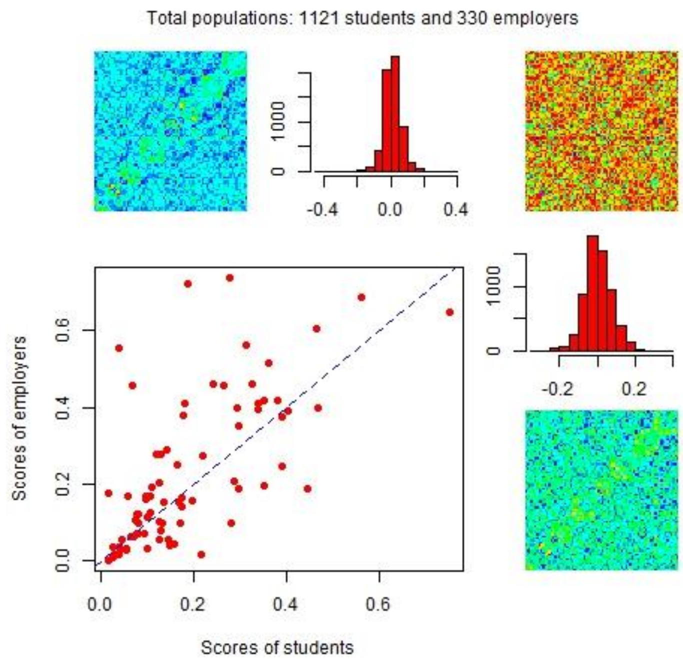

Figure 2. The relative score absolute differences between the answers of students and employers (main plot) complemented by the linear correlation of both populations (upper left inset for students and lower right for employers), the histogram of the correlation values without the main diagonal (mid-upper inset for students and mid-right for employers) and the absolute differences between the correlations of both population (matrix upper right inset).

Source: Own programming by utilizing R-platform for statistical software.

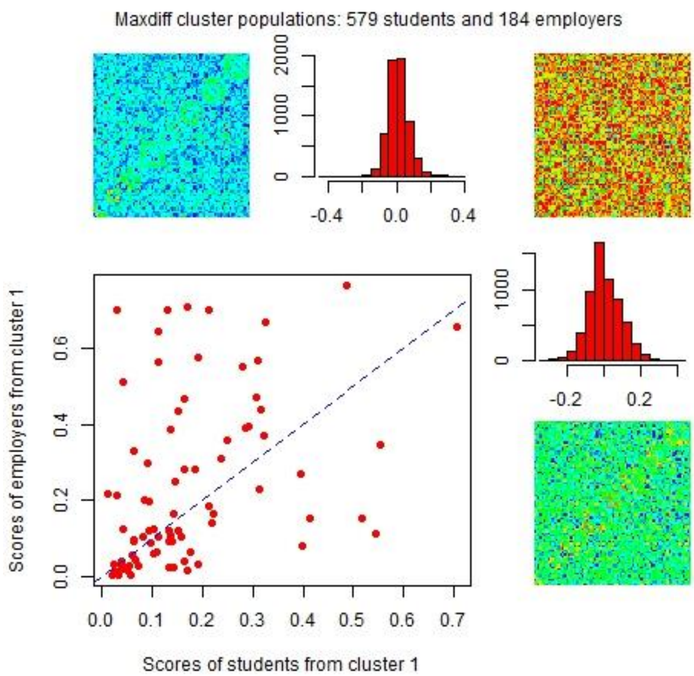

Figure 3. The same collection of plots as in figure 2, but for those clusters which imply recommendation of educational measures. This cluster pair (1, 1) is generated at epoch 589. For explanation see main text.

Source: Own programming by utilizing the R-platform for statistical software.

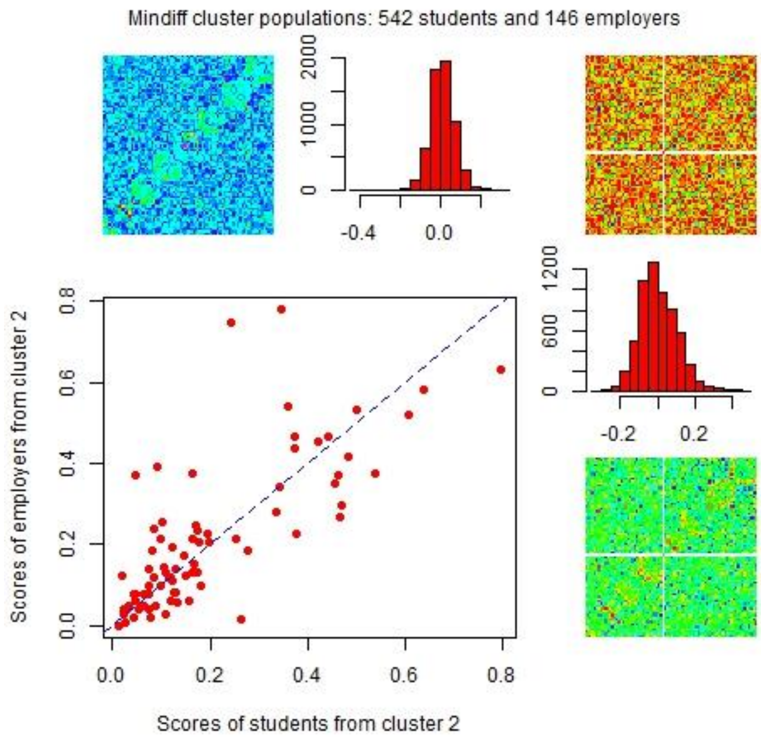

Figure 4. The same collection of plots as in figures 2 and 3 but here for those clusters which imply recommendation of job placements. This cluster complementary pair (2, 2) is generated at epoch 589. For explanation see main text.
Source: Own programming by utilizing the R-platform for statistical software.

From the figure we observe that confronting the score vectors ss and se (see previous sections) one obtains information about the *discrepancy* of scores (each point plots s_s(i) against s_e(i), for i = 1,2,...,78) as well as about the *distribution* of scores (i.e. here many small, few large ones). Note that there are slighly different correlation structures and distributions of correlation coefficients. Normal-like disributions indicate a proper (well colleted) data set of both populations (students and employers).

Figure 3 depicts a pair of clusters with larger discrepancies between the answers (views, opinions) of students and employers found at epoch 589, which implies seeking candidates for educational services from this cluster of students (cluster 1). Note also larger diffrences in correlation structure and distribution of correlation coefficients.

Figure 4 depicts the complementary pair of clusters with smaller discrepancies between the answers of students and employers found at epoch 589, which implies seeking candidates for job placement (matching) from this cluster of students (cluster 2) and firms (cluster 2). Note also larger differences in correlation structure and distribution of correlation coefficients. Correlation structure differs strongly from that of figure 3. One answer was not given by any of the 146 employers from this cluster (white crossing lines vizible in upper right hand side matrix).

Finally figure 5 depicts a summary of the simple evolutionary serch. The criterion for improvement (a kind of objective value) is maximizing the discrepancy between cluster pairs. Hence running the explorative serach for 1000 epochs produces improvements at increasingly larger distances in „time” (or epochs) as can be seen from the table in the left hand side inset.

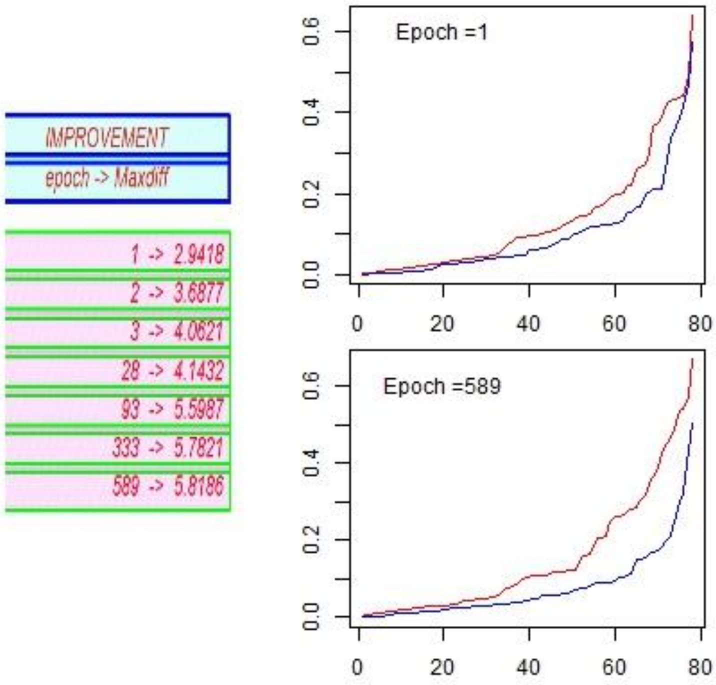

Figure 5. The simple stochastic search was conducted for 1000 epochs. Improvement in finding clusters with larger answer discrepancy is listed in the left column. The two right hand side inset plots depict the cluster pairs with largest and smallest discrepancy (upper and lower curves respectively). After the improvement at epoch 589 there was no more improvement in the run reported here.

Source: Own programming by utilizing R-platform for statistical software.

This explorative search shows that the clustering results are in fact quite stable in the sense of producing reasonably similarly sized clusters for population. This is confirmed by inspecting the entire history of the search (not shown here). As a last step in the present study we like to show what the more exterme discrepancies in the scores actually contain. To this end we first show the list of the common questions (shared by both populations) in table 1.

1	In your opinion the best situation is following
2	How much work-related experience did you accumulate during your studies? (e.g. volunteering, internship, part time / full time jobs)
3	Where are you looking for information on available jobs?
4	When you are searching for a job, what are the most useful informations ?
5	If you did apply for a job and you have been rejected, the reasons therefor were:
6	What do you think are the reasons for a graduate declining to work ?
7	What do you think are the reasons for a graduate to have difficulties in finding a job ?
8	What do you think are the most important barriers for young people wishing to find a job well suited to their aspirations and training levels ?

Table 1. The questions of the questionnaire common for students and employers numbered from 1-8. Each question many answer alternatives (in total 78, not shown here) and also allows for multiple answer.

Source: From the questionnaire developed by our research group and deployed during fall 2014 in the Western region of Romania

We refrain here from listing all the78 answers to these questions (the full list may be obtained from the authors). However, we are interested in displaying those question - answers pairs for which there are relative score differences of at least 0.4 (see also figure 5), that is the topics which generate the most disagreement between students and employers. It turns out that at epoch 589 there are 8 such top cases and for epoch 1 (not shown in the present material) there are 7 top cases. They largely conincide and we list them together in table 2 below.

Orig. answ. code	Diff. in scores	In epoch 589	In epoch 1	Quest → answ	→ Explicit answer
[39]	0.670	1	1	5→ c	→ attitudine and presence not convincing
[37]	0.571	1	1	5→ a	→ fails to have competences required by employer
[58]	0.541	1	1	7→ c	→ candidate is pretending too high a salary
[46]	0.536	1	0	6→ b	→ candidate does not feel obliged to work
[27]	0.488	1	1	4→ c	→ candidate has (no) skills for the job
[38]	0.467	1	1	5→ b	→ defective communication
[50]	0.454	1	1	6→ f	→ low initiative / perseverence in job serach
[42]	0.429	1	0	5→ f	→ lack of experience
[8]	0.386	0	1	2→ a	→ lack of experience (a different question)

Table 2. The answers with the largest score discrepancy between students and employers, clusteringof epoch 598 (see also figure 5, the last improvement in serching for clusters with large) and the ansers also present in clustering epoch 1. The question – answers code is listed in column 5.

Source: Own programming by utilizing R-platform for statistical software

In table 2 (use table 1 to decode question) we observe a strongly - but not an exclusively - attitudinal context. Note the answers [46] and [42] do not appear in the top list of epoch 1 and [8] does not appear in the top list of epoch 598. The pro-eminence of question - answers pairs 6→ b and 5→ f give quite good reasons to design non-standard educational programs for young candidates in the regional labor market. Note also the persistence of the highly attitudinal question – answers pairs coded by the answers [39],[58], [50] and, in modern times, the somewhat surprising [38] which stands for "defective communication".

5. Conclusions and outlook

In this study we have developed, implemented and evaluated a simple explorative evolutionary search method for finding pairs of clusters from two functionally and socially distinct but interacting populations (students and employers from a region) which exhibit high or low discrepancies in relative opinion scores. In case of restricting ourselves to so called 2-clusterizations we find it also easy to interpret the different cluster pairs as candidate groups for educational services or for direct placement services, respectively. Here we did not consider fine grained matching mechanisms of persons (student – employer assignments) or concrete actions in order to support procedures for personalized "labor-on-demand".

However we may in principle deduce from the top score discrepancies list of evolved clusters new directions for concrete educational services which may have high attitudinal content (i.e. how to trigger attitude change in students, but maybe also in employers).

We propose that developing a more general procedure of multiple, heterogeneous clustering based on evolutionary principles, and perhaps not just on relative score differences, may be a worthwhile undertaking, both for labor placement companies and for labor-market oriented educational services organizations. This certainly will be the case when considering many more persons and much more detailed personal micro-data, e.g. concerning technological competences, risk propensities and private social positioning. Here again, appropriate clustering along the lines of Schebesch and Stecking (2014) may help to effectively hide sensitive personal data without losing much overall information about persons.

Acknowledgments

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Predictors of Organizational Trust: The Dynamic Relationship Between Organizational Trust, Organizational Identification and Cultural Intelligence

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Researchers in the field of business ethics have assumed organizational trust as the connecting puzzle piece between organizational theory and philosophical ethics (Hosmer, 1995). Organizational identification has gained a lot of momentum in the attempt to explain how trust emerges and develops within organizations (Ashforth & Mael 1989). However there is scarce empirical evidence suggesting whether there is an association between organizational trust and organizational identification across multiple organizational levels. Using the framework of social identity theory, this research aims to illustrate the dynamic relationship between trust and identification within organizations and present a model of the predictors of organizational trust. Employing a quantitative research design and using a large student sample (N=222), this study issued cross-sectional surveys to measure organizational trust, organizational identification, team trust, and team identification while controlling for the effects of team size, team type, age, gender and culture. The results of the multiple regression analysis show a significant relationship between the predictors and the outcome variable, organizational trust (r2=.54, p<.05). The findings support a predictive model of organizational trust and of its importance to the functioning of teams and organizations. Organizational trust appears strongly related to team member's attitudes towards the organization. These results have extensive implications for human resources departments, for managing teams, fostering trust and organizational identification within organizations, thus ultimately improving organizational performance.

Key words: organizational trust, organizational identification, business ethics

JEL classification: D23.

1. Introduction

The modern trends of globalization and technological development are constantly changing the way organizations function. Presently, if an organization wants to stay competitive, it has to be able to adapt fast, be flexible and change under constant external demands such as high quality and diversity of products, innovation in product development and new technology. Under these demanding factors organizations are developing new forms of increasing their responsiveness and flexibility, diversifying their products and maintaining their competitive advantage (Bachmann & Zaheer 2006). Trust is one of the most important skills that should be developed within and between organizations due to the tremendously positive effects it has on team performance, organizational productivity and competitive advantage (McEvily et al. 2006). It is therefore relevant for organizations to have a solid foundation of trust at every level of the organization. This is seen as an emerging topic in the organizational trust literature (Costa & Anderson 2011) with many aspects that require an extensive expansion of understanding.

For decades now, trust has been a steadily growing topic in the area of management and organizational studies and organization behavior. Although in the beginning it was mainly studied as a mechanism of organizational control (Kramer & Cook 2004), with time scholars have shifted the attention to trust as an important organizational resource that has been shown to influence in a positive way work engagement, team commitment, cooperation and teamwork (Costa et al. 2001), leadership effectiveness (Dirks & Ferrin 2002), and organizational productivity (Aryee et al. 2002). Therefore, this growing body of research refers both to individual, team and organizational level outcomes.

Although there are many ways in which trust can be defined, this research conceptualizes trust by looking at the definitions by Mayer and colleagues (1995) and Rousseau and colleagues (1998) who focus on two dimensions: *positive expectations of trustworthiness* – generally referring to the trustor's perceptions about the intentions of the trustee - and *the willingness to accept vulnerability* – referring to suspension of uncertainty or "leap of faith" (Möllering 2006: 109), or to the decision/intention of the trustor to depend on the trustee. In this research trust is conceptualized in line with these two theories as an individual's perceptions about the trustworthiness of the organization (organizational trust) and of the team (team trust).

In underlining the specificity of team trust, scholars have defined trust as "a common belief among a group of individuals that another group or individual (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available" (Cummings & Bromiley, 1996:303).

Teams matter because they are the building blocks of organizations (Zand 1972) where the need for diverse skills, expertise and experience can be satisfied. In their extensive review on work teams, Kozlowski and Bell (2001) point out how teams have more rapid, flexible and adaptive responses, higher level of performance, innovation and efficiency than individuals. When it comes to trust perceptions within the team, McEvily and colleagues (2006) differentiate between trust in individuals and trust in collective entities. Although trust in individuals and trust in collective entities are related concepts they are also characterized by crucial and distinct differences. Their findings are very important because they imply that the effects of an initial experience between members of different work groups do not start "fresh", but are construed through the lens of shared group identity (McEvily et al, 2006). This means that the individuals, who are working together in teams, tend to develop overall perceptions about their team, which can be very different from their individual beliefs about other members of the group. Additionally, trust perceptions can exist both when individuals trust each other and their organization and when they do not, when the members of the team are working with one another in an honest way, honoring their commitments, but also when they are taking advantage of the other individual working within that team in order to achieve a team or organizational goal. This is where the literature on organizational trust presents an important gap: so far there is low empirical evidence that can offer a relevant insight into how individuals' perceptions of their organization can be predicted in relationship to interpersonal trust.

When it comes to explaining the way employees who work together in organizations understand their relationship and trust each other and the team, research has looked at social identity theory (Walumbwa et al. 2011). Social identity theory postulates that people tend to use social classification and identification as a way of assessing and categorizing the information in the environment and also locating themselves in this environment (Tajfel & Turner 1979). Categories are usually defined by prototypical characteristics abstracted from the members of the specific group; this could point out that inside a team we identify shared beliefs about the typical member of the team, similar in a way to a prototype of the ideal member of the team or the average team member. This information is then used by the individual to define the self in relation to the team. Also, this information helps the individual in better predicting the trust behavior of the other team members. Additionally, employees use their membership to a team to identify with the group. By stating that "trust in a collective entity has a basis in group identification" (Kramer 1996: 26) highlights trust transfer as an underlying causal mechanism that links trust in individuals and trust in collective entities.

Identification as a psychological concept has been commonly assumed to describe the process by which an individual is both assimilating an aspect or attribute of the other and is being transformed to a certain degree by the model the other provides. In management and organizational studies identification has been studied intensely as a measure of the length to which individuals feel that they are part of their company or the team, more specifically as the perception of oneness with and belongingness to the organization (Ashforth & Mael 1989). Therefore, in the framework of social identity theory, it could be hypothesized that there is a significant relationship between organizational trust and organizational identification and that certain characteristics of the team might influence this relationship. In this paper, we will examine two main hypotheses:

H1: Organizational trust and organizational identification are significantly correlated.

H2: Team size, team identification and type of team influence the relationship between organizational trust and organizational identification.

In addition, using the framework of social identity theory, we build a hypothetical model of the predictors of organizational trust, where we expect that organizational identification, team identification and team trust at different organizational levels are significantly associated to our outcome variable. Relations between the organizational levels are important in shaping the results of cooperation. Indeed, trust at one level can have important effects on trust at other levels; like for instance interpersonal trust can impact trust at the group level, which, in turn, might influence trust development at the organizational level. Developmentally speaking, trust may have its origins in one-on-one relationships between managers but, over time, such trust may diffuse within an organization by fostering trust within and among groups. This leads to the third hypothesis:

H3: Organizational identification, team identification and team trust are significant predictors of organizational trust.

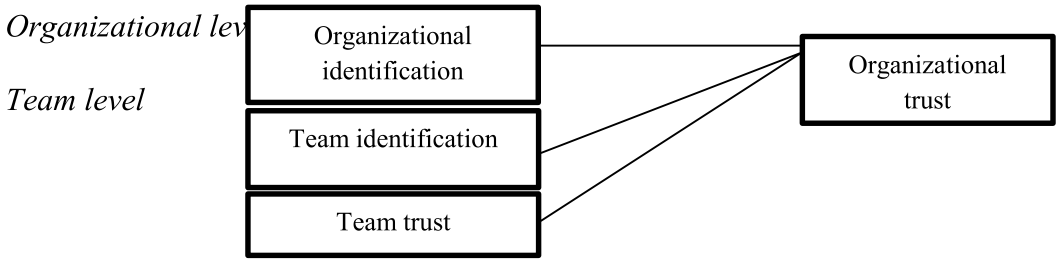

Figure 1. Proposed theoretical model with hypotheses

2. Methodology

2.1. Participants

The participants were undergraduate students from a private campus university in Germany; the size of the undergraduate student population is approximately 700. A sample of 222 students (N=222) of which 52.3% female, aged between 16 and 25 years old, with the majority (18.3 per cent) coming from Western Europe, participated in the online survey. This number of participants was obtained through convenience sampling.

2.2. Procedure

The online cross-sectional survey was advertised as a campus life and culture study on the Unipark online platform. Students took part on a voluntary basis and the study was advertised within the campus (posters and flyers were put in key places throughout the campus: cafeterias, campus coffee bar, library and lecture halls). The students were also informed about the study via emailing campaigns, Facebook groups as well as during methods courses. Participants were encouraged to participate, being incentivized with course credit and eligibility for entering a raffle to win ten Amazon Vouchers. The survey was open over a period of one month at the beginning of the winter semester (September, 2014). The average completion time of a survey was 26m 43s and the items were presented in a randomized order. Completed surveys were received from 222 respondents, with 148 fully completed surveys, for a response rate of 58.07 per cent. All participant responses were anonymous.

2.3. Measures

All of the variables described in this research, have been measured using well-established and secure scales that have been used in different research papers published in the management and organization studies literature. Some of the items in these scales have been adapted in order to better fit the current research context: for example, the term 'organization' was replaced with 'university' in some of the items that were looking at organizational and team trust. A seven point Likert scale was employed for all measures (the item responses ranged from 1 = strongly disagree to 7 = strongly agree). Alpha coefficients for all scales were above the .80 lower bound for reliable measures in applied management research (.86 ≤ α ≥.92) (Nunnally, 1978).

Organizational trust was measured with 8 items from the scale developed by Tyler (2003). This trust scale consisted of two dimensions benevolence such as 'At the university, I am usually given an honest explanation for decisions' and integrity 'My views are considered when decisions are made', measuring perceptions of the trustworthiness of the organization. The alpha reliability of this scale was .83.

Team trust was measured using the 5-item scale developed by De Jong and Elfring (2010). This looks scale looks at perceptions of reliance 'I can count on my team members' and 'My team members will take my interests into account' and 'I trust my team members' and keeping commitments 'My team members will keep me informed' and 'My team colleagues will keep their word' as dimensions of team trust, is assessed at individual level and the alpha value was .87.

Organizational and team identification were measured using the four highest-loading items of affective commitment scale (Allen and Meyer, 1990) and like in the study by Han and Harms (2010) included the following 4 items 'I feel emotionally attached to my team/ university', 'I feel a strong sense of belonging to the team/ university' 'I feel the team's/ university's problems are my own' and 'I feel like part of the family in this team/at the university'. Cronbach's alpha for this study was .85 for organizational and .78 for team identification.

2.4. Analyses

First the data from the online survey was exported from the Unipark platform to SPSS. Afterwards the data went through an initial analysis of excluding missing values due to participant drop-outs. The distribution of the scores was analyzed to see whether it fits the requirements for applying the specific statistics test (skewness, kurtosis, outliers). As a preliminary analysis, the reliability coefficient was calculated for each of the scale to assess their quality. In the next step, the data transformation-phase, a CFA (confirmatory factor analysis) for each of the four variables was performed and the scores for each variable were aggregated per individual case. As the main statistical analysis, a multiple regression analysis was performed.

3. Findings

In order to offer a confirmation and cross validation of the results and assume the structure of all four factor variables in our research model, we ran a confirmatory factor analysis (CFA) using the SPSS software. The main difference between confirmatory factor analysis and exploratory factor analysis is that the first assures a far better assimilation of the theory and the measurement method in a research design (Hughs, Price & Marrs 1986). Another particular advantage of the confirmatory factor analysis is that it provides and overall picture regarding the indices for the goodness-of-fit method as well as showing the values of the significance tests (Church & Burke 1994). In this study, the results of the CFA have offered a clearer picture of the significant loading that corresponds to the outcome variable – organizational trust. The scores range from .31 to .77 at a significance level of $p < .05$. Additionally, the CFA has proved how the research model manages to fit the data quite well as results show a normed fit index of .95. The comparative fit index of 0.96, with an adjusted goodness-of-fit score of 0.89, shows a statistically significant model of the predictors that load on the outcome variable ($p < .001$).

The next step was to perform a multiple regression analysis in order to find out whether the independent variables or the predictors have significant effects on the outcome variable and what interactions there are between these variables. The multiple regression analysis of the outcome variable the predictors was performed. As reported in the table below, the regression analysis was done stepwise and we can see that the most significant predictor variable for organizational trust is organizational identification (r^2=.54, p<.05).

That is, to get the unique contribution to r^2, first regression analysis was that of the outcome variable (organizational trust) on all the predictor variables. Then the outcome variable was regressed four times on the other predictors in a stepwise way each time excluding one predictor. The difference between the r^2 values gave us the squared semi partial correlation. As the analysis was performed in a stepwise manner, we can see the strength with which each of the independent variables is able to predict organizational trust. In that order, organizational identification is the most powerful predictor, followed by team identification and team trust.

Hierarchical step	Predictor variable	Total R square	Incremental R square
1	Organizational identification	0.54*	0.12*
2	Team identification	0.51*	0.07*
3	Team trust	0.39*	0.03*

*p < .05.

Table 1. Hierarchical multiple regression analysis of individuals' organizational trust

4. Discussion

This research aimed to show the association between organizational trust and organizational cooperation as well as show a number of predictors for organizational trust. It seems that perceptions of organizational identification are the most powerful predictors of organizational trust, while team trust and identification are medium, all the time controlling for the effects of the following individual level variables such as age, gender and culture.

Through the multiple regression analysis, the research hypotheses were confirmed. In the following we would like to discuss the principal findings of the study. First of all, one of the key findings is that individual perceptions about the trustworthiness of the organization (i.e. the university) were reliably and significantly predicted by organizational identification, which means that the more people identify with their organization, the more likely they are to perceive that organization as being trustworthy. This data shows that organizational identification as well as team trust and identification are associated and might, therefore, function as predictors for an individual's trust in the organization. Perceptions of organizational identification are likely to be very robust predictors of an individual's perception of the trustworthiness of the organization: the means by which an individual identifies with the organization, could be related to how trustworthy they perceive that organization to be. The results of this article seem to correspond with the research on identification processes that shows how the extent to which people identify with their organizations positively influences their perceptions of that organization (Ashforth & Mael 1989). Additionally, this indicates that trust perceptions about the organization can be influenced both by managers by increasing the individual identification with the team and the organization they are part of , but also through organizational processes - through training and coaching (Pain & Harwood 2009).

Nevertheless, the results of this study should be interpreted with precaution, by taking into consideration the next limitations. Probably the most important limitation to consider in understanding the results of this research was that it relied on self-reported measures. Seeing how the same individual source was asked to report their individual perceptions on organizational trust, team trust, organizational identification and team identification, it is quite possible that common method variance has contributed to magnifying the relationships between the predictors and the outcome variable. Despite the fact that the findings of this study are strengthened somewhat by the use of confirmatory factor analysis and multiple regression analysis, other data sources could also be instrumental in understanding the hypothesized relationships. Furthermore, in the current research project the relationships between the variables reflected individuals' perceptions of reality, and were not triangulated with independent objective measurements such as performance, turnover or qualitative measurements such as interviews, focus groups or observations. The third restriction of this study is related to the representativeness of the sample as we used a convenience sampling strategy; there are of course limitations of the extent with which the results should be generalized. In this case, the sample consisted of students at a private university in Germany. This needs to be considered when future research will build upon our results.

5. Conclusion

From this study, three conclusions can be drawn. Firstly, the extent to which individuals identify with their organization is an important predictor for their perceptions of the trustworthiness of the organization. This is consistent with the social identity theory that views identification as being associated with multiple positive work attitudes and behaviors (Friedlander 1970). Also, identification could also be regarded as a facilitator for trickle-down effects from one level to another: the more you identify with the organization, the more likely you are to identify with your team as well (Han & Harms 2010a). Secondly, trustworthiness perceptions that individuals have about their work teams can guide the formation of the overall attitude towards the organization. That is, individuals' experience of working in that team predicts how they assess the organization in which that team is embedded in. Third, individuals' affective identification with their team is strongly associated with their perception of the trustworthiness of the organization. The more individuals identify with the team they are part of, the more positive their perceptions of the organization. This is in line with research studies on the positive effects of identification (Ashforth & Mael 1989).

Moreover, this study has important practical implications for managers, human resources practitioners and other strategic departments that are developing systems of increasing performance or conducting activities where the point of focus is employee's organizational trust. First of all, this framework offers a reliable prediction tool for evaluating the abilities of organizations to make use of the human resources activities on the way to achieving both strategic and performance goals. Second, this research suggests a demand for a better understanding of organizational trust. In order to gain a better understanding about an individual's perceptions about the organization, organizational practitioners or relevant associated departments are encouraged to pay attention to the individual interactions within the team. Working teams might be the most important environment for organizational trust to be developed and fostered. Thirdly, by realizing the full potential of the notion of organizational trust, they could effectively link it with the important aspects of organizational life, such as performance evaluation systems and employee relationship management under the umbrella of corporate strategy and business ethics.

This study indicates several paths for future research to follow. Most importantly, further research should examine the predictors of organizational trust showed in our research under specific and different situations. Secondly, future research should seek to explore more appropriate assessments of an individual's combined organizational perceptions regarding trust and identification as taken together. In this study, the endogenous (dependent variable) did not reflect the development individual perceptions regarding organizational trust, but focused on measuring them at one point in time. Future research might try to capture the development of these perceptions over time and in doing this look at how the predictors vary along certain indicators along the phases of trust development. Also, since the scales used for measuring individuals' perceptions were applied in a cross-sectional manner, they may reveal just a narrow reflection of the more complex issues of organizational life. Additionally, as this study used a student sample, future research needs to investigate organizational trust in actual organizational settings but also take into consideration developing and implementing a longitudinal measurement tool. All in all, more research needs to be conducted in various samples to confirm validation of the theoretical model assessed in this study. Research in other countries could offer a more cross-cultural understanding of the phenomenon. And in different occupational settings would be valuable to investigate the significance these predictors might have as they are likely to be moderated by different contexts, more specifically culture and organizational factors.

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Composite Evaluation of Customer Satisfaction

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The aim of our paper is to identify attributes and elements of customer satisfaction that individually and collectively influence seniors´ evaluation of and satisfaction with retail stores and the consequent contribution towards repeat purchase behavior. Customer satisfaction per se refers to a whole set of particular attributes. We argue that any single attribute of customer satisfaction (for example low prices), does not necessarily ensure satisfaction with the store. From marketing point of view, customer satisfaction indicates consistently doing something valueable for customers in the way meeting their expectations. This could influence consumer´s attitudes during their subsequent decisions and enhance repeat purchase behaviour and positive word-of-mouth communication.

In our research contribution of 21 individual attributes towards overall shopping satisfaction in seniors´ segment was analysed based on the empirical research in seniors´ population. All 21 attributes have been assigned to 6 broader marketing mix elements. To explain the complexity in satisfaction judgments and to arrive at limited number of explanatory variables, factor analysis was applied to the empirical data. Factor analysis identified three complex factors of customer satisfaction that are significant in seniors´ satisfaction with the chosen store. They are: convenience of shopping, value for money and store image and they collectivelly indicate the inter-relatedness of individual satisfaction attributes and explain the composite character and complexity of the term „satisfaction". The findings confirm that participants tend to compromise among individual attributes in favour of an „overall shopping experience", which reinforces the belief that seniors´ rating of individual satisfaction attributes should be considered less important than that of a collective rating of satisfaction factors in judgment of shopping satisfaction. The research in this paper was conducted within the Research project VEGA 1/0224/15.

Key words: satisfaction, seniors, store evaluation, shopping experience.

JEL classification: M20.

1. Introduction

Development of customer satisfaction as a prerequisit of survival in a competitive market has been discussed frequently in recent years (Nielsen, 2002; Seybold, 2001). Satisfying the customers is an essential goal of the whole business. Companies satisfying their customers achieve better results, while those with dissatisfied customers, fail. These findings are valid across consumer goods, services and store selection (Giese & Cote, 2000).

In our paper we raise two research questions: 1) what are the attributes and elements of customer satisfaction that individually and collectively influence seniors´evaluation of and satisfaction with retail store, and 2) what is the consequent contribution of those attributes / elements towards repeat purchase behaviour.

Customers evaluate shopping experiences and arrive at „satisfaction judgments" by comparing what they really received with their expectations (Schiffman & Kanuk, 2010). This framework has been tested many times: customers form judgements of satisfaction by comparing what they get to what they expected (Payne, 2008). Research has confirmed that satisfaction is an important variable driving positive word of mouth and loyalty. Loyalty as a tendency of customers to stay with a store or a brand, is closely related to satisfaction and finally to store profitability. The dissatisfaction of consumers can result in negative word of mouth and lost sales. Building satisfaction is especially important in the retail sector (Hayley & Lumbers, 2008).

Retailers develop their business in a highly competitive environment, where competitors are located in a small distance of one another, knowing that if they do not satisfy customers wants properly, these customers will very quickly find another store that fulfills their expectations (Oates, Shufeldt & Vaught, 1996). Therefore the constant feedback from seniors´ attitudes towards the stores where they conduct their purchasing is vital for retailers survival (Moschis, 2003).

In order to remain competitive and growing, marketers need to satisfy their customers. It has been documented that customer satisfaction positively influences repurchase rate and loyalty (Buttle, 2004;

Huddleston, Whipple, Mattick & Lee, 2009). Cheng et al. (2011) argue that satisfying customers is more important than short term profit goals, because as long as customers are satisfied, the business has a perspective of profit for the future.

Several authors (Goodwin & McElwee, 1999; Lambert, 1979; Lesakova, 2013) define customer satisfaction as the ability of an organisation to provide a service performance that exceeds the customer expectations. Deng, Lu, Wei and Zhang (2010) identified two types of satisfaction: the transaction specific satisfaction and the general satisfaction. While the transaction satisfaction refers to satisfaction after completing the purchase act, the general satisfaction describes the consumers´ overall rating. In order to satisfy consumers, retailers need to understand the particular attributes of satisfaction, because customers can derive satisfaction from diverse satisfaction elements (Peterson & Wilson, 1992).

Cronin, Brady and Hult (2000) suggest that any evaluation of customer satisfaction that takes into account only individual attributes, is not complete. A set of attributes provides a complex tool for explaining the interrelated aspects of customer satisfaction in a store in terms of the whole – total experience of satisfaction with a particular store.

2. Literature review

The elements of customer satisfaction are represented by the physical, human and operational resources / attributes that affect customers´perception of the retail store and that may patronise a specific store (Thang & Tan, 2003).

These elements include 6 categories:

Products – Element E1. Following attributes within the core element of product serve as an attraction to the store: product quality, freshness of products, large product variety, practical packaging. Packaging influences the decision-making process in the purchase, because it determines product image, communicates product information, protects the product, determines shelf life (Lumpkin, Greenberg & Goldstucker, 1985).

Price – Element E2. Price is one of the most important aspects in satisfaction development in older people segment (Levy & Weitz, 2001). While price is often used to attract consumers, affordability (lower / reasonable prices) in conjunction with quality, contribute to consumers´ perception of service value (Cronin et al., 2000).

Promotion – Element E3. Marketing communication with the aim of advertising store offerings and boosting store image belongs to distinctive elements enhancing store attraction (Shiffman & Kanuk, 2001).

Sales personnel – Element E4. Employees with the courtesy, empathy, experience and knowledge, with a customer oriented approach, are frequently cited to be critical in encouraging positive word-of-mouth communication (Clopton, Stoddard & Clay, 2001).

Store environment (Place) – Element E5. The store environment could contribute to customer satisfaction with such attributes as: well organised store design / layout, covenience of store location, comfortable and clean trolleys, pleasant environment, store cleanless and practical shelf layout (Levy & Weitz, 2002).

Processes and services – *Element E6.* Customer satisfaction with retail stores involves various additional services such as complaint handling, internet access, free parking places, etc., that contribute to consumers´ perception of the store as an business with commitment. This may even lead to patronising a store that is not the cheapest, the nearest, or the most impressive.

Satisfaction elements	Attributes of customer satisfaction
Product - E1	E11 - Freshness of products E12 - High quality products E13 - Large product variety E14 - Practical packaging
Price – E2	E21 - Lower price, cheaper products E22 - Frequent discounts / bargains in store E23 - Products affordability
Promotion – E3	E31 - Regular promotions / demonstrations

	E32 - Regular advertising
Personnel – E4	E41 - Friendly staff with commitment E42 - Knowledgeable and professional staff E43 - Efficient staff assistance E44 - Staff uniform
Physical Store Environment - E5	E51 - Convenient store location E52 - Comfortable and clean trolleys E53 - Pleasant environment E54 - Store with a fresh appearance E55 - Well-organised store design / layout E56 - Store cleanless E57 - Practical shelf layout
Processes and services – E6	E61 - Short queues at cashiers E62 - Packaging services E63 - Internet access E64 - Free parking places

Table 1. Attributes of customer satisfaction
Source: own composition

Evaluation of customer satisfaction (e.g. as superior) may not necessary be based on individual attributes that are considered in isolation (e.g. low prices that could make an impression of superior satisfaction). A complex picture of satisfaction is derived from the collective contribution of the several elements and attributes of customer satisfaction Although consumers obviously express their views and comments on individual attributes of satisfaction, the collective contribution of these attributes determines the interpretation of customer satisfaction.

Consumers´evaluation of satisfaction (e.g. as excellent) may be the result of some special attributes, like a combination of affordability (lower prices) and broad sortiment, at the cost of store design and layout.

Consumers value all attributes of their satisfaction with the aim to achieve a final „score“ for each visited store. The preferred store will be the store with the highest total score. Two stores may be rated as acceptable, although individual „scores“ for satisfaction attributes might differ significantly. In some cases even a store with a high score will not be attractive to customers, if the most important attributes (high price, poor design) are unacceptable. If a customer is satisfied with the overall purchase experience, the probability of repeat purchase will increase.

3. Methods and goals

The main goal of this paper is to identify attributes and elements of customer satisfaction that individually and collectively influence seniors´ evaluation of and satisfaction with retail stores and the consequent contribution towards repeat purchase behavior.

The research method integrates a qualitative technique (focus group discussions) with a quantitative approach (survey, implementing a structured questionnaire) to enhance the validity and reliability of data. Focus group of 8 participants was used to discuss and settle the construction of the scales and the content of the questionnaire.

The final version of questionnaire was distributed among 365 respondents (seniors aged 65+) and consisted of 2 parts. The core part of the questionnaire was respondents´ judgement of the importance of customer satisfaction attributes. On a five-point scale respondents weighted 21 attributes (belonging to six elements of satisfaction, discussed in previous text). They responded to the question: „How important is the attribute X in perceiving your satisfaction with the store“?

Second part of the questionnaire was aimed on performance rating of individual satisfaction attributes in customers´ real life. On a five-point scale participants rated their satisfaction with individual attributes in that retail store, where they mostly purchase their grocery products. Finally, mean and standard deviation were calculated for each attribute both for satisfaction importance and satisfaction performance.

Attr. code	Satisfaction attributes	Satisfaction importance		Satisfaction performance	
		Mean	St.Dev.	Mean	St.Dev.
	Product - E1				
E11	Freshness of products	4,61	0,28	4,08	0,92
E12	High quality products	4,63	0,25	4,12	0,78
E13	Large product variety	3,94	1,02	3,81	0,55
E14	Practical packaging	3,41	1,54	3,94	0,78
	Price – E2				
E21	Lower prices, cheaper products	4,69	0,14	3,72	0,26
E22	Frequent discounts / bargains in store	4,03	0,42	3,44	0,42
E23	Products affordability	4,52	0,26	3,98	0,89
	Promotion – E3				
E31	Regular promotions / demonstrations	2,96	1,08	2,89	1,21
E32	Regular advertising	2,54	1,12	3,08	1,09
	Personnel –E4				
E41	Friendly staff with commitment	4,00	0,32	3,46	0,88
E42	Knowledgeable and professional staff	4,38	0,21	3,94	1,02
E43	Efficient staff assistance	4,44	0,20	3,98	1,18
E44	Staff uniform	1,18	0,31	3,98	0,56
	Physical Store Environment –E5				
E51	Convenient store location	4,00	0,50	4,18	0,61
E52	Comfortable and clean trolleys	3,98	0,88	4,02	0,38
E53	Pleasant environment	3,92	0,65	3,81	0,92
E54	Store with a fresh appearance	3,72	1,06	3,68	0,80
E55	Well-organised store design / layout	4,02	0,68	4,05	0,54
E56	Store cleanless	4,38	0,35	4,28	0,58
E57	Practical shelf layout	4,30	0,24	4,11	0,72
	Processes and services – E6				
E61	Short queues at cashiers	4,25	0,55	4,14	0,72
E63	Internet access	2,15	1,41	4,03	0,22
E64	Free parking places	3,01	1,12	3,50	1,08

Table 2. Importance and performance levels of satisfaction
Source: own calculation

4. Findings

Participants´ rating of the importance of a list of individual attributes reveals that:

- price, quality and freshness of products, knowledgeable staff, staff assistance and cleanliness of the store are required as very important and important by more than 90 % of the respondents;
- store location, short queues at the cash and practical shelf layout are valued by more than 80 % of respondents; while
- frequent discounts, products affordability and pleasant environment is required by more than 70 % of respondents.

Less than half of respondents demanded as very important and important: free parking places, staff uniforms, regular advertising and promotion and practical packaging. Surprisingly to our expectations, product variety and broad sortiment seems to be not very important in shopping decisions.

An analysis of the specific elements of customer satisfaction reveals that attributes that are considered as very important and important (on a scale 1-5) by more than two-thirds of the participants are:

1) place-related: store design / layout, store cleanliness, store location, good access to the store;
2) product-related: high quality products and freshness of products;
3) personnel-related: knowledgeable, friendly and efficient staff; and
4) process-related: minimum waiting time at cashiers and clean trolleys.

In-store demonstrations, staff uniforms or internet access were considered least important.

Performance rating of individual attributes of customer satisfaction with the particular store reveals that more than 75 % of the participants were satisfied or highly satisfied with the performance of the attributes that were: 1) place-related: convenience of store location (90, 3 %); in-store design / layout (85,3

%); cleanliness of store (85,2 %); and 2) product-related: quality of products (85,0 %) and freshness of products (83,9 %). Participants were mostly dissatisfied with price-related aspects and staff in particular. A significant percentage indicates that friendly approach and politeness are often disappointing.

To identify attributes and factors that are critical in terms of their contribution towards the complex customer satisfaction, factor analysis was used. Factor analysis suggested three main factors, which were then used for varimax rotation. An attribute loaded on a specific factor, when the loading was 0,3 or greater for that factor. Nine items loaded on the first factor, four on the second and six on the third factor. Table 3, Table 4 and Table 5 reveal attributes and corresponding factor loadings.

The factors were named with regard to their distinct attributes. The first factor, convenience of shopping, contains 9 attributes that can be associated with comfortable shopping and minimum frustration. The second factor, indicating value for money, consists of four attributes that have relevance to the financial site of the shopping and communication of the value-for-money aspect. The third factor, store image, contains six attributes related to the quality of the products, quality of the store and quality of the staff.

Instead of 21 partial attributes and 6 elements of customer satisfaction discussed earlier in the paper, only these three factors were identified as crucial in terms of satisfaction judgment. Table 3, Table 4 and Table 5 present the factor loadings.

Customer satisfaction code	**Attributes relevant to factor 1 Convenience of shopping**	**Factor loadings**
E13	Comfortable and clean trolleys	0,352
E14	Practical packaging	0,308
E21	Convenient store location	0,498
E22	Practical shelf layout	0,412
E24	Well-organised store design / layout	0,374
E25	Store cleanless	0,346
E26	Pleasant environment	0,344
E61	Short queues at cashiers	0,398
E63	Large product variety	0,311
Percentage of variance (in %)		24,41

Table 3. Factor 1 and relevant attributes – Convenience of shopping
Source: own calculation

Customer satisfaction code	**Attributes relevant to factor 2 Value for money**	**Factor loadings**
E31	Lower price, cheaper products	0,883
E32	Frequent discounts / bargains in store	0,690
E41	Regular promotions / demonstrations	0,421
E42	Regular advertising	0,368
Percentage of variance (in %)		21,95

Table 4. Factor 2 and relevant attributes – Value for money
Source: own calculation

Customer satisfaction code	**Attributes relevant to factor 3 Store image**	**Factor loadings**
E12	High quality products	0,399
E23	Pleasant store atmosphere	0,379
E11	Freshness of products	0,341
E27	Store with a fresh appearance	0,311
E52	Knowledgeable and professional staff	0,545
E53	Efficient staff assistance	0,612
Percentage of variance (in %)		13,02

Table 5. Factor 3 and relevant attributes – Store image
Source: own calculation

Linear regression and calculation of Pearson correlation coefficients were used to determine whether the three identified factors of customer satisfaction can be used to predict satisfaction in general. Significant correlation is found between factor 1 (convenience of shopping) and customer satisfaction, as well as between factor 2 (value for money) and customer satisfaction. There is also a smaller, yet significant correlation between factor 3 (store image) and satisfaction. Both two first factors of customer satisfaction, namely shopping convenience and value for moeny make a significant contribution in terms of satisfaction.

	Factor 1 Convenience of shopping	**Factor 2 Value for money**	**Factor 3 Store image**
Satisfaction	0,3109 <0,0001	0,3864 <0,0001	0,2771 <0,0001

Table 6. Pearson correlation coefficients for factors of customer satisfaction versus customer satisfaction
Source: own calculation

5. Conclusion

The findings reveal the interactive contribution of individual attributes of shopping satisfaction to the overall satisfaction judgement by senior shoppers. Seniors argued that the attribute „affordability" prevents them from patronizing the stores that they are more satisfy with. Despite a dissatisfaction with a store, seniors shop there because of „value for money" aspect in conjunction with convenient location of the store, which evidently negates certain unacceptable attributes. This confirms the initial assumption that consumers criticise a certain attribute of satisfaction for a particular store when this attribute is evaluated in isolation, but that they will nevertheless eventually shop there. Participants tend to look for balance in terms of an „overall - complex shopping experience" with the importance attached to colletive satisfaction of all attributes.

Three factors – namely convenience of shopping, value for money, and store image – can be identified as crucial in terms of customer satisfaction. A significant correlation of value for money and shopping convenience with customer satisfaction indicates the importance of affordability in conjunction with product quality, as well as the need for an offering of additional processes, comfortable environment, well organised store, practical shelf layout, short queues at cashiers etc.

The attributes that are used to describe the factors of customer satisfaction, that is, attributes of shopping convencience, store image and value for money, confirm the importance of the context in a discussion of satisfaction development in slovakian grocery retail and suggest that strategies specifically designed for the grocery retail could be beneficial to enhance customer satisfaction.

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Change Management Initiatives for Romanian Tourism Industry, Based on Benchmarking against South-East Asian and CEE Countries

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Taking into consideration the wide gap between Romania's and other CEE countries' level of development in the travel and tourism industry, the paper aims to identify and apply the most effective change management approach to the tourism industry in Romania, in order to facilitate the country's transition towards a competitive tourism destination. The paper proposes a three-step change management approach for closing this gap: diagnosis of the current state; transformation towards the desired state; evaluation and correction in order to maintain the desired results. The analysis provides a comparison of the strength of travel and tourism industries in Romania vs. two groups of countries that have proved successful in this field in the past 20 years: CEE countries (Bulgaria, Poland, Czech Rep. Slovak Rep., Croatia, Hungary) and SE Asian countries (Malaysia, Thailand, Singapore, Indonesia, Philippines, Vietnam). The paper provides a diagnosis of the current situation of the Romanian tourism industry by analysing the recent history of economic and tourism industry indicators (2008-2013), such as contribution to national GDP, capital investments, etc. An additional mapping of the target countries' current positions follows the Travel & Tourism Competitiveness Index of the World Economic Forum and takes into consideration a two dimensional model based on the destination's level of development and the community engagement, in order to establish the countries' relative competitive positions and the gaps between them. Following the diagnosis of the current state, the paper provides a set of recommended actions, tailored for both public and private sectors, so that Romania may capitalize on its national, historical and cultural resources and become a successful tourist destination, reaching the status of a competitive tourism industry.

Key words: marketing strategy, marketing in tourism, change management, travel and tourism, competitiveness

JEL classification: M10, O30, R11, L83.

1. Introduction

In 2013 the total number of international tourist arrivals in the world reached 1,087 Mn. people, registering a 5% growth from 2012 and a 57.5% growth compared to 2003, maintaining the global upward trend observed in recent years, even through the economic and financial crisis. The preliminary estimates for 2014 indicate a further 5% growth, higher than the initial industry forecasts of 4-4.5% (UNWTO, 2014a; UNWTO, 2014b).

The vast opportunities of the travel & tourism industry have long been recognised by the advanced, as well as the developing countries. The growing and successful travel & tourism market in the Asia Pacific, including the well performing SE Asian region, is the result of over 20 years of government backed initiatives, and a continuous effort to identify opportunities and trends, capitalizing on natural and cultural resources. A good example in this context is the *Visit Malaysia Year* programme launched by the country's government in 1990 that attracted 7.4 Mn. tourists in the first year, 54% more than the previous year. This international campaign promoted local tourist destinations and year-round events, while establishing advantageous partnerships and alliances with stakeholders in the private travel and tourism sector (Ministry of Tourism and Culture Malaysia, 2015).

Public policies regarding the travel and tourism industry go beyond national level, the whole region establishing common goals and implementing common programmes, such as the APEC (Asia-Pacific Economic Cooperation) initiative to support travel facilitation in the region. In an effort to "promote tourism and facilitate business, by making travel more accessible, convenient and more efficient while also safe and secure", the APEC countries established a goal to facilitate visas in the region, research estimates indicating that it will generate an additional 38 to 57 Mn. international tourist arrivals and 62 to 89 Bn. USD in international tourism receipts by 2016. Also, this initiative is expected to increase the number of new jobs by 1.8-2.6 Mn. in the region (UNWTO, 2014a).

The best performing regions in the world in 2013 were Europe, with 563 Mn. inbound international tourists (52% of total) and registering a 5% growth from the previous year, followed by Asia Pacific, with 248 Mn. international tourists (23% of total) and 6% growth from 2012. Industry forecasts indicate that

Asia Pacific will take the lead starting with 2014, when the estimated growth is 5-6%. By 2020 the total number of international arrivals is estimated to reach 1.4 Bn., and 1.8 Bn. by 2030 (UNWTO, 2014a).

In this fast growing and successful industry Romania lags far behind other countries in Central and Eastern Europe with a similar recent history, with regard to the national travel and tourism indicators. For instance, in 2013 the total contribution of tourism in the country's GDP is 5.1%, well below the European and worldwide levels of 9% and 9.5% respectively, while Bulgaria registered a total contribution of 13.3% and Croatia 27.7%. Furthermore, the Romanian tourism industry's total contribution to employment is 5.7%, also bellow the European (8.5%) and world (8.9%) averages (WTTC, 2014).

At first glance, the main factors generating this situation are the few and inefficient governmental programmes in terms of long-term consistency, doubled by poor communication between the public tourism authorities and the private tourism sector. In our opinion a significant jump in industry indicators can be achieved only by vertical and horizontal cooperation within the sector, as well as with adjacent industries, and also through benchmarking against and getting inspiration from other success stories, such as those of CEE and SE Asian countries. Managing such a large scale change initiative is a difficult endeavour that requires highly effective change management skills, methodologies and tools.

The paper aims to identify and suggest an effective change management approach to the travel and tourism industry in Romania, in order to facilitate the country's transition towards a competitive and successful tourism destination. Based on an analysis of the Romanian tourism industry compared to other CEE countries, as well as to SE Asian countries that have proved successful in this field in the past 20 years, the paper provides a three-stage approach to closing the gap: diagnosis of the current state; transformation towards the desired state; evaluation and correction in order to maintain the desired results. In order to facilitate the planning, execution and monitoring of this transition, the paper provides guidelines based on the well known organizational change methodology from John Kotter (Kotter, 1996).

2. Current status of the travel and tourism industry in Romania compared to CEE and SE Asia

Industry sources indicate that, even though tourism has registered constant growth during the economic and financial crisis (2008-2013), Romania is still far from reaching its potential in the field. The Travel & Tourism Competitiveness Report for 2013 ranks Romania on the 68th position in the world (out of 140), based on the Travel & Tourism Competitiveness Index (TTCI) that measures "the factors and policies that make it attractive to develop the T&T sector in different countries". Romania's position has dropped compared to 2011 (63) and 2009 (66) (World Economic Forum, 2013).

Other CEE countries that are comparable to Romania rank much higher in the global top, from Czech Rep. (31) to Slovak Rep. (54). In a similar manner, SE Asian countries that are well known tourist destinations rank either in the top 50, such as Singapore (10), Malaysia (34), and Thailand (43), or closely after Romania: Indonesia (70), Vietnam (80), and the Philippines (82).

The TTCI is constructed taking into consideration 14 elements (pillars) that provide a comprehensive description of the T&T industry at country level:

- *T&T regulatory framework*: (1) policy rules and regulations, (2) environmental sustainability, (3) safety and security, (4) health and hygiene, (5) prioritization of T&T;
- *T&T business environment and infrastructure*: (6) air transport infrastructure, (7) ground transport infrastructure, (8) tourism infrastructure, (9) ICT infrastructure, (10) tourism infrastructure, (11) price competitiveness in the T&T industry;
- *T&T human, cultural, and natural resources*: (12) human resources, comprising of education, training and availability of qualified labour, (13) affinity for T&T, (14) natural resources, cultural resources.

The lowest scores registered by Romania for three elements (pillars), resulted in the following global ranking (World Economic Forum, 2013):

- *(5) prioritization of T&T*: 103 out of 140;
- *(7) ground transport infrastructure*: 109 out of 140;
- *(13) affinity for T&T*: 122 out of 140.

3. Change management application in the travel and tourism industry

Organizational change management has proved to be a valuable managerial skill in ensuring the survival and development of companies in a fast paced economic environment, both during the economic crisis, and once the world economy began its recovery.

Change management provides the conceptual framework, as well as a wide variety of methodologies and tools, to effectively support a company in transition towards a desired state (Cameron & Green, 2009). A large share of organizational change models approach change as a three stage process: the current stage, the transitional stage (or *the transformation*) and the future/desired stage (Uhl, 2012).

Change management focuses on creating the necessary conditions to best assist people in the company (managers, employees, and other stakeholders) to transition towards the desired state, taking into consideration different dimensions of the change: values, attitudes, culture, skills, technology, processes, strategies, policies, behaviours, etc. Also, change management takes into consideration that a change process impacts people both on individual and group levels, and that change itself generates resistance that requires specific approaches and management. Other common obstacles in managing a successful change process are: inefficient support from leaders, insufficient resources and poor communication (PROSCI, 2014).

Regarding the travel and tourism industry in Romania, the aim is to apply the basic three-stage approach of change management in order to best assist its transition towards a competitive and successful tourists' destination, as follows:

1. *diagnosis of the current state* in the tourism industry in Romania, including a recent history (2008-2013) and mapping the current status against other countries;
2. *transformation towards the desired state,* by *setting the goals* for a competitive tourism industry, followed by *designing and implementing* a set of recommended steps for achieving the desired state;
3. *result evaluation* and *corrections* for maintaining the status of a competitive tourism industry.

One of the best known models, that provides clear and structured guidelines for managing a change process within an organization is the 8-step model proposed by John Kotter in the 1990' (Kotter, 1995; Kotter, 1996) and presented in Table 1. We further propose that this model can also constitute a basic road map for transforming the travel and tourism industry in Romania, for both the public and private sectors in Romanian travel and tourism.

Nr.	Stages	Kotter model steps
1	diagnosis of the current state	Step 1. Establish a sense of urgency *(investigating the current economic conditions, the market; identifying the crisis; identifying opportunities; rallying stakeholders; mapping/benchmarking the current situation against other success stories, etc.*)
		Step 2. Form a powerful guiding coalition *(putting together a group of stakeholders and experts committed to steer the change process)*
2	transformation towards the desired state	Step 3. Create a vision *(establishing a comprehensive vision to direct the transformation process)*
		Step 4. Communicate the vision *(delivering the message of the vision to all involved by all means necessary; role-modelling new attitudes and behaviours)*
		Step 5. Empower others to act on the vision *(removing obstacles; change and/or establish systems, structures, procedures, and tools in order to support the transformation; act according to the vision)*
		Step 6. Plan for and create short-term wins *(establish specific short-term goals with quantifiable results; recognising the contribution of valuable inputs from participants)*
3	evaluating results and applying corrections	Step 7. Consolidate improvements and produce more change *(rely on earlier success to build further along the same vision; empowering successful contributors; establish new short-term goals to keep the change process alive)*
		Step 8. Institutionalize new approaches *(learn from the change process and transform lessons learned into new guidelines; institutionalize the new attitudes and behaviours; setting new goals based on lessons learned)*

Table 1. The 8-step change management model proposed by John Kotter.
Source: adapted from *Kotter, 1995; Kotter, 1996.*

4. Comparison between Romania and CEE/SE Asian countries

A brief analysis of macroeconomic indicators, such as the GDP per capita in 2013, puts Romania (6,696 EUR) below the global average (8,043 EUR) and far behind the EU-28 average (21,907 EUR). Romania is only ahead of Bulgaria (5,671 EUR), and some of the SE Asian countries. In this context, it is surprising that countries such as Bulgaria and Thailand, with lower macroeconomic indicators, are far ahead in the travel and tourism industry (ch. 5).

In CEE, Croatia reports the highest share of capital investment in the tourism industry (10.3%), compared to Romania's 7.3%, while in SE Asia, Thailand and Malaysia have similar levels of capital investment in tourism: 7% and 7.7%, respectively.

Currently, Romania has the lowest total contribution of the travel and tourism industry to the national GDP in the CEE countries, 5.1% in 2013, and expected to grow by 0.5% over the next decade. Countries such as Hungary (10.6%), Bulgaria (13.3%) and Croatia (27.8%) are even above the EU-28 (9%) and world (9.5%) averages (Figure 1). Also, Romania registers a total contribution to GDP lower than all SE Asian countries under analysis, including those with much poorer macroeconomic indicators, such as Vietnam, Indonesia and the Philippines (Figure 2).

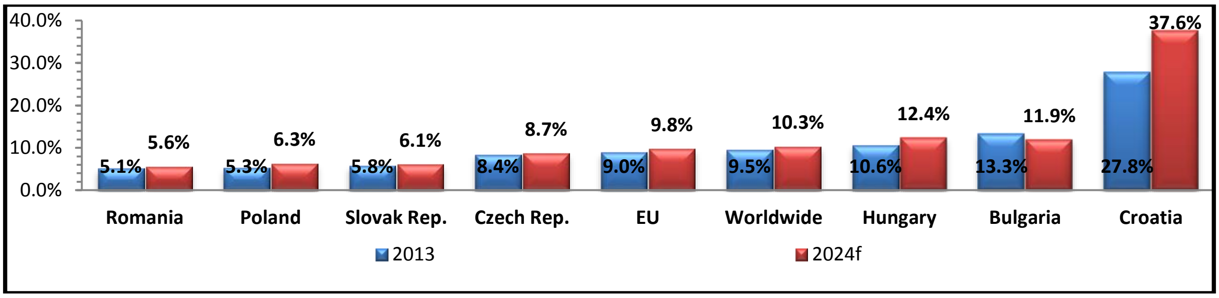

Figure 1. Total contribution of tourism industry to GDP in 2013 (reported) and 2024 (forecast), Romania vs. CEE countries.

Source: adapted from *World Travel & Tourism Council*, 2014.

Current estimates for the next decade, based on a variety of factors (national policies, estimated industry investments, demographics, etc.) do not indicate major changes. If Romania follows the trend registered in the past few years, it will continue to remain behind the other CEE countries. Croatia, who has best understood the great potential as a tourist destination and has capitalized on its assets, is expected to increase the industry's contribution to GDP by 10% until 2024, to a total of 37.6% (Figure 1). Similarly, the tourism sector in Croatia is expected to increase its total contribution to employment from 29.9% to 36.9% over the next decade. By comparison, Romanian tourism contributes to employment by 5.7% in 2013, and is expected to raise this share up to 6.5% by 2024 (WTTC, 2014).

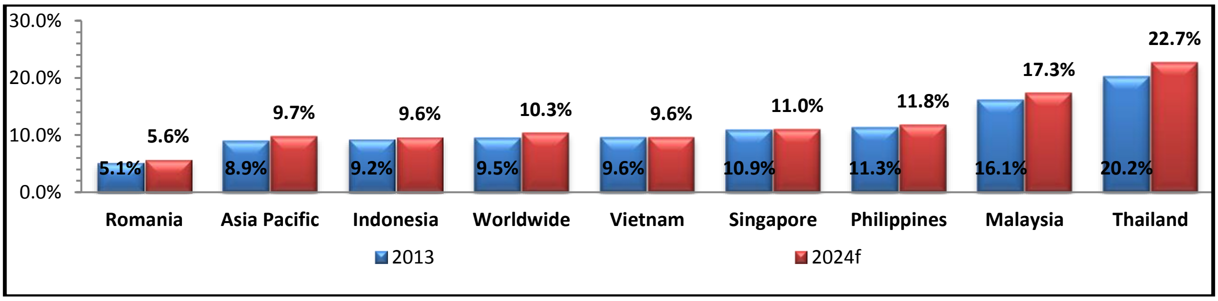

Figure 2. Total contribution of tourism industry to GDP in 2013 (reported) and 2024 (forecast), Romania vs. SE Asian countries.

Source: adapted from *World Travel & Tourism Council*, 2014.

With regard to the total number of international tourist arrivals, CEE countries registered a 5% growth from 2012 to 2013, same as the worldwide average. Romania registered a modest growth of 3.5%, with only Hungary (3.1%) and Czech Rep. (-4.8%) showing poorer results. Overall, SE Asian countries showed a 10.6% growth in tourist arrivals, with Singapore registering a record 40.6% growth, and only

Malaysia registering a modest growth of 2.7% (UNWTO, 2014b).

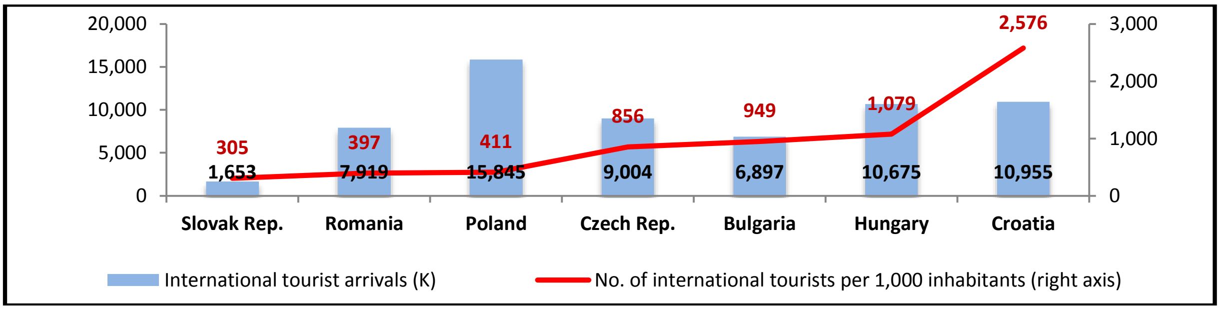

Figure 3. International tourist arrivals in 2013 (K), Romania vs. CEE countries. Note: The average number of international tourists per 1,000 inhabitants is: EU-28 (853), Worldwide (152), SE Asia (151).
Source: adapted from UNWTO, 2014b.

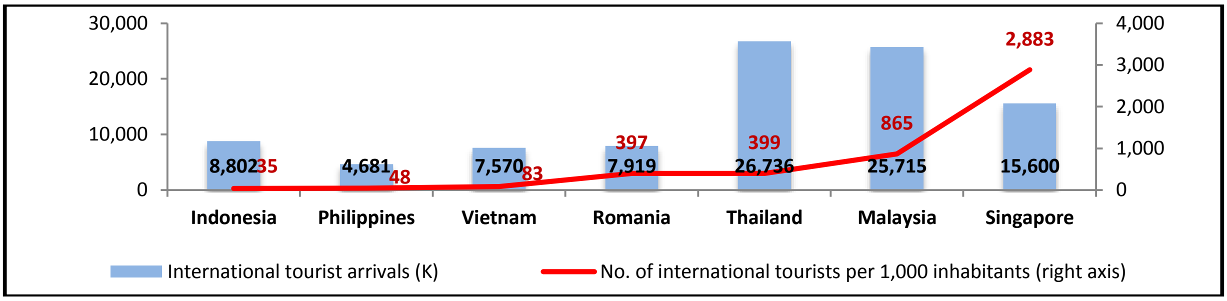

Figure 4. International tourist arrivals in 2013 (K), Romania vs. SE Asian countries. Note: The average number of international tourists per 1,000 inhabitants is: EU-28 (853), Worldwide (152), SE Asia (151).
Source: adapted from UNWTO, 2014b.

Even though Romania reported a total of 7,919 K. international arrivals in 2013, higher than Bulgaria (6,997 K.), the ratio per 1,000 inhabitants is the second lowest in the region (397), while region's averages vary from 411 in Poland to 2,596 in Croatia (Figure 3). The most successful tourist destinations in SE Asia also report higher ratios of tourist arrivals per 1,000 inhabitants: Thailand (399), Malaysia (865), and Singapore (2,883), taking in account the large population of first two countries (Figure 4).

5. Mapping differences between Romania and CEE and SE Asian countries

According to the Travel & Tourism Competitiveness Index, the ranking of SE Asian countries range from 10th place occupied by Singapore to Philippines, which is placed on the 82nd position. In CEE, the best performer is the Czech Rep., while Romania, with the 68th position occupies the last place (Figure 5; Figure 6).

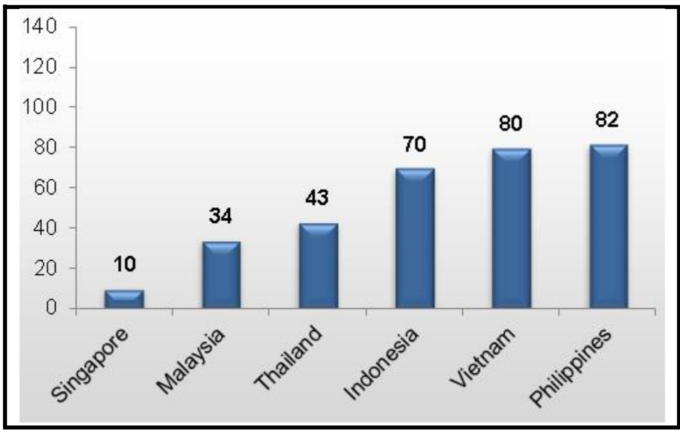

Figure 5. Selection of SE Asian countries ranked according to the Travel & Tourism Competitiveness Index 2013
Source: adapted from *World Economic Forum*, 2013.

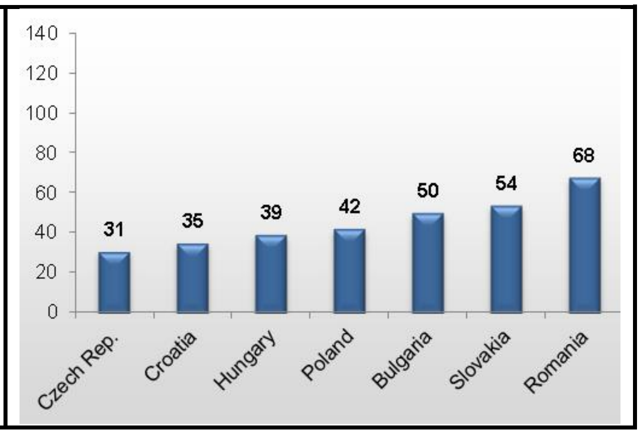

Figure 6. Selection of CEE countries ranked according to the Travel & Tourism Competitiveness Index 2013
Source: adapted from *World Economic Forum*, 2013.

According to Destination Marketing Association Intl. the studied countries can be seen as:

Established Destination – Characteristics: • Long-term destination marketing plan • Diverse markets and customer segments • High awareness of the destination • Convenient to get to and move around • Good scope of infrastructure and products • Ease of doing business • Long-term performance success • Wide portfolio of activities and events • Foundation of business forecast on future bookings • DMO is highly respected and accountable	***Developing Destination – Characteristics:*** • Destination marketing plan in place • Markets and customer segments being tested and explored • Medium awareness of the destination • Some concerns on transportation access • Mixed quality and quantity of facilities and products • Some improvements in customer servicing needed • Business results lag behind some key competition • Need for more activities and events • Business forecast based on future bookings is moderate • DMO developing its organization capacity
Strong Community Engagement – Characteristics: • Long-term destination management strategies • Political support • Local resident appreciation for tourism • High industry participation • Businesses outside of tourism engaged with the tourism industry • High standards of customer service • Good alignment of partners and stakeholders • Industry respects natural and cultural assets in community • Appropriate level of resources to market and manage • DMO is at the table on local issues and plans	***Weak Community Engagement – Characteristics*** • Lack of a destination management plan • Political support comes and goes • Local residents not aware of tourism's importance • Industry inconsistent in their involvement • Limited connection to businesses outside of tourism industry • Customer service quality varies from place to place • Lack of an integrated approach with partners and stakeholders • Industry concerned only with its own needs • Lack of funding to market and manage the destination • DMO has little involvement with the community

Table 2. The main characteristics of tourism destinations.
Source: adapted from *Destination Marketing Association International*, 2014.

However, there are strategies that can help destination countries acknowledge their setbacks and enhance their overall tourism performance. One such model takes into account two determining variables: strength of destination (e.g., current market position, brand strength, air transport infrastructure, quality of service and infrastructure) and the level of community support and engagement (e.g., political support, regional support, community understanding of tourism impact, potential membership satisfaction) (Destination Marketing Association International, 2014, p. 22). The characteristics corresponding to the destination's strengths and community's engagement are presented in Table 2, while the intersection of these determining variables generates four different strategic positioning quadrants (Figure 7).

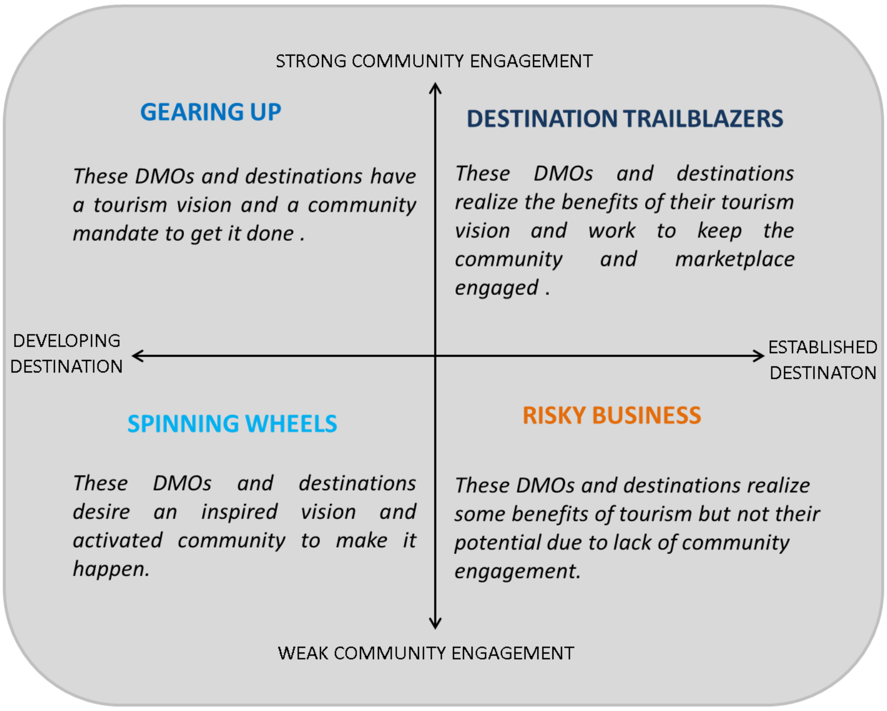

Figure 7. Scenario model

Source: adapted from *Destination Marketing Association International*, 2014, p. 22.

In order to map the SE Asian states and CEE countries on this framework, we have selected from the Travel and Tourism Competitive Index (World Economic Forum, 2013) the criteria corresponding to the two dimensions.

Henceforth, for the destination criterion the selection included: air transport infrastructure, ground transport infrastructure, tourism infrastructure, business environment and tourism infrastructure and for the community criterion, prioritization of T&T, affinity for T&T, natural resources and cultural resources were selected. The T&T Competitiveness Index positions a country in a top of 140 and also grants a mark from 1 to 7 (1 meaning the lowest level of development and 7 the highest) for a number of pillars, greater than the ones selected for our analysis. Based on the average mark received for the components of each of the two dimensions – destination and community – which is very similar with the overall mark received for all the pillars, the countries present themselves as follows:

The Travel & Tourism Competitiveness Index mainly shows the current state while the mapping is more concentrated on the direction towards which a destination is heading. Even though Romania is ahead of a few South East Asian countries such as Indonesia, Vietnam and Philippines (Figure 8), its position does not seem to change in the future, at least not for the better. Furthermore, taking into account that Romania's position in the T&T Index has dropped from 63 in 2011 to 68 in 2013, some urgent measures must be taken to put the country on the right track (Figure 9).

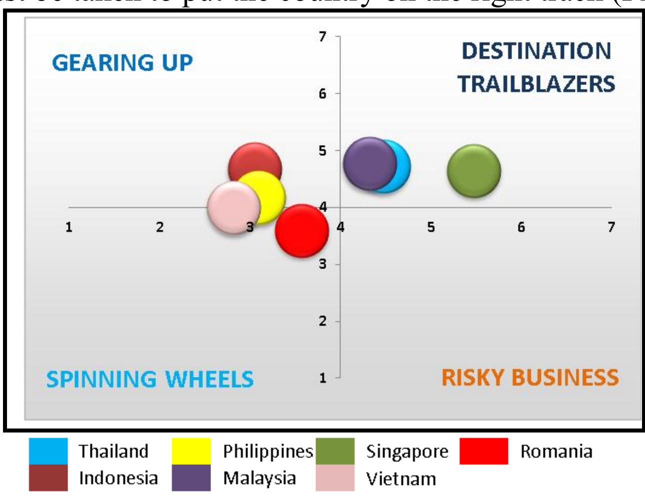

Figure 8. Mapping SE Asian countries vs. Romania

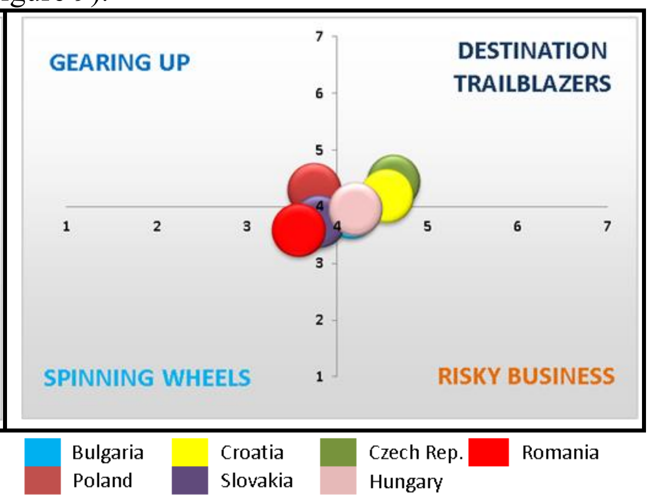

Figure 9. Mapping CEE countries vs. Romania

6. Recommendations for reducing the gap between Romania and CEE/SE Asian countries

In order to increase Romania's competitiveness in the travel and tourism industry, a series of measures should be adopted by both the public and private sectors. Among the most important measures we propose the following, matched to the Kotter model of managing change processes (Kotter, 1995; Kotter, 1996):

PUBLIC SECTOR	PRIVATE SECTOR
1. Establish a sense of urgency	
• Increase focus on travel and tourism industry as a Priority of Romania's Government, in light of the economic growth brought by an increase of the tourism industry (in the CEE, EU and global);	• Start to benchmark and think strategically; • Participate actively in the initiatives and processes put in place or supported by the public authority in the field of tourism (try to influence and follow);
2. Form a powerful guiding coalition	
• Establish a long-term partnership among public and private sectors, as well as the academic environment, that will continuously boost the focus on travel and tourism industry as a National Priority; • Prioritize and coordinate support for travel and tourism across the Ministries and other public institutions; • Create strong and effective regional association with the other CEE/EE target countries;	• Form a multi-stakeholder participatory coalition (NGOs, community based organisations, enterprises and experts), and develop partnerships at local, national and regional levels in order give all the actors the chance to express their opinion on how tourism is developed and managed; • Create public-private partnerships to improve regional tourism industry and ensure that targets are prioritized to make best use of scarcer resources;
3. Create a vision	
• Correctly design and adjust a multi-annual (5-10 years) Travel and Tourism Strategy with clear objectives, output and outcome indicators, adapted to the current situation in Romania and international trends in the field;	• Elaborate long term business strategies and business plans, based on well thought analysis; • Collaborate with the public sector, as well as the academic sector, in establishing clear objectives and feasible outcomes;
4. Communicate the vision	
• Develop a Romanian Tourism Marketing Campaign, based on the multi-annual Travel and Tourism Strategy, particularly focused on Romania's competitive advantage in the region; deliver it adapted to national, regional, European and international audiences;	• Participate in developing the Romanian Tourism Marketing Campaign, and capitalize on its strengths when using own marketing channels; • Develop new marketing channels and partner with Romanian or foreign entities sharing the same vision;
5. Empower others to act on the vision	
• Establish an updated and modern framework for education & professional training in travel and tourism (aligned with the new strategy); • Create partnerships between central/local authorities and the private sector entities, in order to best capitalize on local and regional tourism opportunities • Engage the public by making them fully aware of the benefits brought by the development of the travel and tourism industry; • Offer incentives for faster alignment of public and private entities to the new vision;	• Foster a skilled workforce (through proper recruitment and training); • Create and maintain opportunities for innovative and efficient employees, recognizing added value provided by talented people; • Create strong associations, sharing best practices, management knowledge & business opportunities; • Encourage all establishments to upgrade their standards of service (particularly small, medium and micro-enterprises) enforcing those standards through industry specific control levers;
6. Plan for and create short-term wins	
• Identify and focus on pilot projects, learning from these, increasing their success chance and offering success stories to stakeholders; • Prioritize allocation of available public funds and resources, aligning different public authorities (irrespective of political colour); • Support and develop the tourism ICT infrastructure, adapted to the international trends in the field;	• Test new business models and increase investment in product development and product innovation; • Capitalize on international travel and tourism consumer trends by adapting own business models; • Start to cooperate with other businesses to maximise benefits and create win-win situations; • Identify own strengths and start exploiting these first;
7. Consolidate improvements and produce more change	

PUBLIC SECTOR	PRIVATE SECTOR
• Support the implementation of the National Strategy and the Marketing campaign, by promoting the competent people to reinforce the change; • Reshape the public authorities structure according to the newly identified need for competency, flexibility and coverage; • Promote a new performance management system, based on the new strategy and the results envisaged;	• Reward successful change management initiatives and agents; • Create an internal change management team responsible for all change initiatives; • Plan initiatives and investments to contribute to the broader local economic development strategy; • Make the necessary adjustments in the management team, based on the current business needs;
8. Institutionalize new approaches	
• Monitor and evaluate the implementation of the National Travel and Tourism Strategy and adapt its content from year to year, by taking into consideration the evolution of the Romanian economy and international tourism trends; • Create and maintain a structure of well-paid experts working in management positions in tourism related authorities.	• Provide constant support in developing the National Travel and Tourism Strategy, by providing skilled consultancy and own research data; • Encourage business relationships between foreign entrepreneurs and local and emerging entrepreneurs; • Promote a new set of management and operational standards, periodically revisited

Table 3. Recommendations for the public and private sectors in Romania in order to determine the transition towards a competitive tourism industry, based on the 8-step Kotter model.

7. Conclusions

The paper aimed to provide a comparative look at Romanian travel and tourism industry today vs. more successful examples from Central and Eastern Europe (Bulgaria, Croatia, Hungary, Poland, Czech Rep., Slovak Rep.) and South-East Asia (Singapore, Malaysia, Thailand, Indonesia, Vietnam, Philippines), and provide a change management approach to foster its transition towards a competitive tourist destination.

The three stage change model involves an initial diagnosis of the current state of the industry based on macroeconomic and tourism indicators and comparison between Romania and more competitive clusters of countries in CEE and SE Asia, followed by mapping their relative positions according to a two dimensional model consisting of destination development level and community engagement (Romania scored as a "spinning wheel" destination, the least developed among the investigated group of countries). Further, we endeavoured to provide a preliminary set of recommendations for both the public and private sectors in Romania that we estimate would result in a transition towards a more competitive tourist destination.

These preliminary recommendations are proposed by referencing the change management methodology of John Kotter, a well known teacher and professional in the field. According to the 8 steps of this methodology, we provide a parallel between the public and private sectors of the travel and tourism industry in Romania, and the necessary measures for transitioning towards a more competitive market, from establishing a sense of urgency, creating and communicating a vision, to acting on this vision and institutionalizing the positive results. The Kotter methodology also allows for adjustments along the implementation of the change process, whether at a small (organizational), or large (regional / national) scale. It also takes into consideration the human aspects specific to the change management approach, as well as the management of resistance to change.

This research is to be further developed in order to improve the depth of recommendations, based on continuous monitoring of the evolution of the travel and tourism sector in Romania.

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Direct Marketing Strategy for „Coradrive" Service, Promoted by Cora Company

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In this article, we aim to develop a theoretical presentation about the concept of direct marketing strategy in all its forms, tools and techniques used for the development and implementation of direct marketing strategies for "Coradrive" service, service promoted by Cora company - an international chain of hypermarkets. Through this service, customers can purchase products online and then they go to the store just to pick up the ordered package, which is already prepared. Also, customers can set the time they can come and pick up the purchases and will not pay any extra charge, as products have the same price as in the physical store. In this article, we shall propose an original strategy for this service of the company.

Also, through our contribution on direct marketing strategy for "Coradrive" service, the service website will generate more direct orders. In addition, in the end, we shall present the context of expressing the direct marketing strategy by analyzing the internal and external environment influence on the activity of the company.

Key words: direct marketing strategy, retail marketing, marketing communication

JEL classification: M310, M370.

1. Introduction

Given that e-commerce in Romania has increased from year to year, and the Romanians have already got accustomed to make payments online and buy various products and services, the opening of online hypermarkets is just a natural step. In this respect, the most important players on the Romanian retail market have lately invested in promoting remote shopping."Coradrive" service promoted by company Cora, has emerged as a need of the busy customer who do not have time to spend a longer period of time in the supermarket, and want to order products from the computer. This is a very well-established system, and the prices are the same as those of the stores, and the order and delivery can be made easily, as the clients sets the time when he goes to the physical store in order to pick up his/her order (Baker, 1991). In terms of objectives set, through a direct marketing strategy that we highlight in this article, we shall try to increase the number of orders (sales) directly from *www.coradrive.ro* site.

2. The background of direct marketing strategy formulation

In Romania electronic commerce is booming and Romanian consumers become more and more accustomed to resort to online tools when they want to make their payments or purchase various products or services (Pricewaterhouse Coopers, 2012). In this way, large retail chains have decided to open online platforms to meet the needs of their customers. "Coradrive" is a very well-established system, the prices are the same as those of the stores, and the order and delivery can be made easily. The customer's desire to save money and time is now met by Cora organization by the advantageous placing of this new service and prices affordable to any type of pocket. Featuring a large number of employees and specialized surveillance systems, and 80 cash registers (a very large number compared to the rest of supermarkets in Romania), Cora manages to be closer to its customers and also to discover their needs in a specialized manner. Cora has a wide range of products (food and non-food sectors), thanking both demanding clients as well as those less demanding. There are several aspects that Cora is considering in the future: removal of the fee for exterior trolleys and the arrangement of outdoor spaces for children, and also the avoidance of the discordance of prices between those in the brochure and those displayed on the shelves. With the help of emerging opportunities, Cora will have the chance to establish a new strategy for profitable exploitation. The prospects are encouraging. Thus, the Romanian retail market (estimated at 16 billion Euro) will be ranked first among the expected growth for the period 2013-2020 (Manager Anticriza, 2013). Also, Western traders are tempted to invest in this type of business unit, as in the countries of origin they face stagnating markets and thus through the expansion of the store they have more chances to achieve their objectives. Placing 4 hypermarkets in the first city in terms of economic power in the country, offers it the advantage of a population with an income above average, more open to consumption, while enjoying a great potential of buyers. In addition, there is access to a wide range of vehicles that customers can use (metro and buses). The main threat for Cora comes with the interest of the Romanian consumer for small neighbourhood stores (at country level, the segment of this type of stores remained unchanged in the last three years, in a quite high percentage: 43%) due to lower income because Cora addresses, first, people with middle and high income, therefore to those who can afford a complete product purchase. Competition is also increasingly fierce, for example, 2013 being a very good one for the Romanian retail market for large stores (hypermarkets, supermarkets, cash & carry, discount) for the purpose of their setting up and extension. Following a study performed by Nielsen, in Romania, it was found that on the list of retail chains with the lowest prices are Carrefour and Auchan threatening thus the sales volume of Cora hypermarket. In addition, due to the changes in the economy in Romania, the costs associated to the daily shopping basket are reduced daily. The rebuilding the main boulevards (limiting access to Cora) and the unstable legislative environment threatens the development and expansion of the Belgian retailer. However, when a threat is perceived in time by appropriate measures, it can be turned into an opportunity.

3. The content of the recommended direct marketing strategy

As regards the **objectives pursued**, the strategy chosen is that of the generation of direct orders (sales). Since this is a new concept of product distribution, the service for Cora customers, it aims primarily to stimulate them to buy directly products sold in the online hypermarket. Thus, the service can be tested by them and they will decide whether it is useful and whether they are going to use it again.

In fact, the main objective of Cora organization for 2015 is for the sales made through “Coradrive” reach up to the end of the year 5% of the turnover in the store. Another goal that supports the fact the organization relies on the strategy of generating direct orders is the increase of “Coradrive” shopping basket by 40% as compared to the shopping basket in the store (approx. 35 Euro) in 2015. It is more than obvious that direct marketing helps the traditional one, in order to promote this new service, the use of which involves the generation of direct orders. From the point of view of the **target public**, they will use an exclusive strategy, the direct marketing efforts of the organization being directed towards a specific audience. It will consist primarily of people who are Cora hypermarket customers and who live in the cities where it has stores (Bucharest, Cluj-Napoca, Drobeta-Turnu Severin, Baia Mare, Constanta, Arad, Bacau, Alexandria and Ploiesti). It will target Internet users (people up to 50 years old) who have a car and average to high income implicitly. Also, the whole concept is designed for people doing their shopping in Cora hypermarkets once a week, but who are also very busy and make an effort to make time for this. Cora wants to help these clients, enabling them to acquire the necessary products within minutes, launching an online order from home or even from the office, and then getting the package. Moreover, to ensure the success of the direct marketing campaign, the delimitation of the public concerned by it can go even further. Thus, they will select only Cora customers residing within the proximity of one of the stores. All this information can be easily obtained from the database of the organization in which Cora customers, customers who have a Cora card are enrolled. To not ignore those who have not yet decided to take possession of such a card, but who may fit the target audience, they will be asked when arriving at the cash register if they wish to make a Cora card. If the answer is negative, their data may be obtained through a short questionnaire that customers will be asked if they want to complete. Given the fact that the service is for people who have no time for shopping and therefore very hasty and willing to have their products scanned as soon as possible to pay and leave the store, it was decided that this little questionnaire will be introduced on the hypermarket's website (*www.cora.ro*). In this way, those who do not want to waste time filling out the questionnaire in the store, they can fill it in from home and thus be introduced in Cora database.

Regarding **major segments addressed,** the direct marketing strategy will address individual consumer segment. To address them, they shall use both email directly and newsletters that will be sent once a week to inform customers about the offers and promotions from which they can benefit by ordering products through “Coradrive”. To be closer to consumers, direct emails will address each consumer individually, which come from Mrs. Cora, who is the image of the hypermarket. Thus, customers will be confident that the products they purchase through this service will always be fresh and have the best shelf life, Mrs. Cora representing herself the image of Cora fresh products. Also, through newsletters, shall be informed on the offers present only in the drive mode, thereby linking direct marketing tools with traditional ones.

Individual consumers will also be addressed by direct response advertising. For this purpose commercials will be broadcast both on TV and at the radio, by means of which Cora customers will be encouraged to access the site *www.coradrive.ro* as soon as possible and make an account to benefit from this service. Advertising commercials will seek to expose consumers how “Coradrive” service works and the ease with which it can be used and its usefulness in saving time spent in store or the benefits of promotions available only online (Coradrive, 2015).

In terms of **positioning in relation to the organization competitors**, they will use the differentiated strategy. Although on the Romanian market the retail industry is well developed and hypermarket chains have expanded in recent years, reaching an impressive number of stores, the only one in this category that can be considered in terms of competition for Cora regarding this service is Carrefour hypermarket. Although the concepts of “Coradrive” and “Carrefour-online” are basically similar, there are substantial differences between them. The most obvious is that, unlike Cora, Carrefour has implemented from the start the home delivery service of products, this being at this time only a goal for Cora, which is going to be achieved in the first half of 2015.

Home delivery service brings in addition to the benefits of saving the time destine to going to the store or the lack of needing a car, some disadvantages. For example, through “Carrefour-online” frozen products cannot be purchased, and products are delivered at home not in two hours, but in about two days. To this we can add the additional costs of transporting and the fact that “Carrefour-online” service has a geographical area delimited on the area on which it operates.

Being relatively different concepts, the intended target also differs, the messages sent to customers or the offer submitted to them (Bird, 2007). The media and communication media used in terms of direct marketing, are not very many, but partly coincide with those of the main competitor. Thus, both Cora and Carrefour, use newsletters to inform customers about offers and promotions that they can benefit from by ordering products through new distribution services implemented. However, direct response commercials broadcast both on TV and on the radio, substantially differentiate direct marketing approaches of Cora hypermarket from those of its main competitors. By conducting the direct marketing campaign differently in case of the two hypermarkets will thus result in obtaining different results.

As regards **the continuity of the campaign**, they will opt for the regular strategy. Thus, direct email campaigns or direct response advertising campaigns will be implemented only a few times a year, thus speculating the opportunities offered by certain events of the organization life. In 2015 campaigns can be carried out when “Coradrive” service is extended in other stores, or when it is improved, including home delivery. Also, these campaigns can be developed when opening the two stores that need to be opened in 2015, namely that from Bucharest from Victoria City shopping centre and that in Brasov. Although it is likely that “Coradrive” service exist only in Cora Lujerului and during their inauguration, this is a great opportunity to conduct direct marketing campaigns (Cora, 2015).

Also, in terms of the newsletters containing information about offers and promotions present both in stores and on “Coradrive”, they will be sent to customers at all times (permanent strategy).

In terms of the **nature of campaign development support**, the strategy chosen is one that is supported by internal resources. The organization does not benefit from a separate department for carrying out direct marketing activities, but they may be performed by the employees of the Marketing department and by those of the Communication department (Advertising). This is possible because direct marketing efforts represent only a small part as compared to traditional marketing approaches used by the organization. Even in the case of direct marketing, those who prevail are the offers and promotions that are brought to the attention of Cora customers.

Also, the organization has its own database of customers, achieved in time while using information obtained by means of Cora cards, of subscribing to newsletters or, more recently, of registering on “Coradrive” in order to place orders online. The only specialized external provider with which cooperation is needed to achieve direct marketing campaigns is the advertising agency, responsible for drawing up the

TV and radio spot. Moreover, the advertising agency is an external provider with which the organization collaborates permanently, including for the achievement of traditional marketing campaigns.

In terms of the **integration with traditional marketing activity** of the organization, the direct integrated marketing strategy will be used, thus contributing to the fulfilment of the organization's marketing objectives. Direct marketing approaches will be performed along with those of traditional marketing, without which Cora organization cannot operate. Thus, in addition to the offers and promotions from stores, product catalogues, ads that support the promotions from a given period, traditional marketing activities specific to "Coradrive" service will be developed, which will help the support and organization of direct marketing ones. These include:

• Creating a sales top in order to chose the product mix to be listed on the site;
• Creating a database of customers constantly updated;
• Updating products in terms of existing stocks (availability in stores) 4 times per day;
• Achieving both Cora promotions and offers available in stores and of those available only on the site;
• Preparing advertising material (TV and radio commercials), together with the advertising agency;
• Making decisions on the implementation of the "Coradrive" concept in other stores from Cora network;
• Making decisions on the development of "Coradrive" system and implementation of a service including home delivery of products.

All these, included in the direct marketing approaches of Cora organization, will turn "Coradrive" service into a real success, the company benefiting from the increase of orders placed and shopping basket.

The communication media used to implement the strategy of contact will be:

• of the category of communication media specific to direct marketing and online marketing they will use the Internet, namely:
  - ✓ direct email campaigns, which aim to inform customers of the hypermarket's database of the existence of this new type of distribution service for products, convincing them to turn to it and thus generate direct orders;
  - ✓ newsletters destined for Cora customers' information both on the offers and promotions in stores and on those only available on the site, from which they can benefit only by using "Coradrive" service;
  - ✓ website destined for "Coradrive" service on which customers can register and then place orders. Also, there will be a link to it on the official website of Cora hypermarket's (*www.cora.ro*).

• of the category of traditional means of communication the following will be used:
  - ✓ radio via direct response radio advertising campaigns;
  - ✓ television, broadcasting direct response advertising commercials on television, through which Cora customers will be encouraged to access *www.coradrive.ro* site as soon as possible and create an account in order to benefit from this service.

Directly through the email, customers will be informed about the implementation of this new distribution system in the hypermarket Cora Lujerului. To be closer to consumers, direct emails will address each consumer individually, as coming from Mrs. Cora, who is the image of the hypermarket. Thus, customers will be confident that the products they purchase through this service will always be fresh and have the best shelf life, as Mrs. Cora represent herself the image of fresh products. Also, through newsletters, customers will be made aware of both offers existing in the store and of those only available through the "Coradrive" service.

Banners displayed online will seek to expose consumers the way in which it works and the ease with which "Coradrive" service can be used and its usefulness for saving the time spent in the store, or benefits brought by the promotion placed only in the online environment. The sent message will include the idea behind this new concept, namely "Shopping just a click away and retrieved in a flash!" It will focus on the advantages of using this new service, namely saving the time spent in stores and no additional costs - "Try "Coradrive" experience and win time for what matters!" "No queues. No waiting. No additional costs.". Also, they will try to get a direct response from Cora customers, who are encouraged to register on *www.coradrive.ro* website as soon as possible, in order to start ordering - "Join *coradrive.ro* now and try a unique experience in Romania."

Direct email campaigns are among the least expensive direct communication tools. The campaign budget will include the cost of the banners found on various online sites.

4. Estimated impact of direct marketing campaign

The direct marketing strategy has, compared to that of traditional marketing, a very important advantage: when a direct marketing strategy is started, the response rate can be anticipated, this prediction being based on previous statistics. As criteria for predicting the response rate, we can consider information related to response rates of previous direct email campaigns (if any), information on the industry in which the company operates, and previous experience of the organization. The tools that we shall use in this campaign and which will be evaluated are: newsletters, direct email, TV commercials, radio commercials, online banners. The indicators by means of which these tools will be evaluated are: campaign response rate, conversion rate of the campaign, the cost at 1000, lead generation and traffic on the site. Further, the evaluations will be presented and estimated for each instrument used.

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	60%	65%	55%
Conversion campaign rate	16%	18%	14%
Cost at 1000	100 Euro	80 Euro	120 Euro
Lead generation	150	165	135
Traffic on the site	1800	2000	1600

Table 1. Evaluation of the effectiveness of newsletter

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	60%	65%	55%
Conversion campaign rate	10%	12%	8%
Cost at 1000	100 Euro	80 Euro	120 Euro
Lead generation	100	120	80
Traffic on the site	1500	1700	1300

Table 2. Evaluation of the effectiveness of direct email

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	3%	4%	2%
Conversion campaign rate	20%	22%	18%
Cost at 1000	2500 Euro	2200 Euro	2800 Euro
Lead generation	400	450	350
Traffic on the site	3000	3300	2700

Table 3. Evaluation of the effectiveness of TV commercials

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	5%	6%	4%
Conversion campaign rate	15%	17%	13%
Cost at 1000	500 Euro	450 Euro	550 Euro
Lead generation	250	280	220
Traffic on the site	2000	2200	1800

Table 4. Evaluation of the efficiency of radio spots

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	75%	80%	70%
Conversion campaign rate	20%	22%	18%
Cost at 1000	450 Euro	400 Euro	500 Euro
Lead generation	180	200	160
Traffic on the site	3500	3800	3200

Table 5. Evaluation of the effectiveness of online advertising banners

Correlating information on indicators and efficiency of tools, it can be stated that with regard to response rate, this is the highest in case of online advertising banners, the conversion rate is at its best level in case of TV commercials, and in case of online advertising banners and the cost at 1000 is most satisfactory in case of newsletters and direct emails. Regarding the indicator lead generation, its value is highest in case of TV commercials and the traffic on the site has the highest value in case of online advertising banners. By analyzing this information it is revealed that this direct marketing strategy can be successful because it harmoniously combines direct marketing tools with those of traditional marketing and those pertaining to online marketing.

5. Conclusions

The direct marketing strategy proposed was conducted using the company's own database (with e-mail addresses of current customers) and a database of the company with the identification data of potential customers. In assessing the effectiveness of direct marketing strategy implementation, estimates were made on each direct marketing tool and on each indicator, on 3 levels: "average", "optimist" and "pessimist". The overall response rate had the highest value in case of online advertising banners. A strong argument for this percentage is the fact that through this strategy of promotion of „Coradrive" concept in the online environment, people who often use the Internet and browse on specialized websites are more interested in ordering products in fornt of their computer.

The campaign conversion rate is 20% in case of TV commercials, thus recording the highest value of all the instruments used. This shows that among those watching TV programs many people are interested to enter Cora site and order products. Although, in terms of costs, a TV campaign involves a budget big enough, however, the results produced by such a campaign cannot be neglected, because such a campaign reaches a significant number of people, most of them interested in „Coradrive" concept.

The results of direct marketing strategy implemented for „Coradrive" concept for generating direct orders (sales) on the service site, have been encouraging. Another beneficial effect of the implementation of this direct marketing strategy is the improvenent of company's database, Cora managing to obtain relevant information about 4500 potential customers, information which will be used for the purpose of contacting them and informing them about promotions and facilities they have if they use „Coradrive" platform. Regarding the direct marketing strategy described above, we can say with certainty that both the primary objective (represented by the increase in direct sales on website *www.coradrive.ro*) and the secondary objective (increasing database of potential customers of the company) have been met successfully.

In terms of future directions for action, the Internet seems to ensure the future of direct marketing being currently the communication medium that best serves all requirements of direct communication: it allows participating entities to communicate directly, without resorting to the media or representative offered by intermediaries specializing in communication. It also covers and effectively abolishes physical distance between the components participating in the communication process, provides real interactivity of communication between entities, the information sharing being achievable within a few seconds or tens of seconds. Another argument in favor of the Internet is that it facilitates the personification of communication, the dialogue between the entities being adapted to the specific needs of the moment, of each of them and, not least, stimulates a rapid response from the audience concerned.

In conclusion, after analyzing the results of implementing this direct marketing strategy in the Cora organization, for „Coradrive" service, we can see that the future of direct marketing depends on the development of communication technologies and their integration into the activities performed by various entities and organizations, and the fact that the future of this type of marketing is the Internet communication.

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Brand: a Simple Name or a Criterion in Purchasing Decisions?

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The decision to buy or not a product by the consumer is based on a number of factors and criteria according to which it triggers. Starting with the utility designed to meet a specific need, product characteristics, price or even a unique method of promotion, all influence the consumer's decision to purchase a product.

In a period of overconsumption, in which more and more brands appear in all sectors of society, in which the displayed image tends to have a growing importance for humans, even in a declarative level, this work aims to discover if the brand is just a name registered, to identify a company or became himself a criterion for the consumer in purchasing decisions as well as the price for example. Field of study of the chosen theme is tourism, and to find the answer to the question we conducted a qualitative research, using the technique of collecting information in depth interview and focus group site. These were applied to two categories of respondents, i.e. people with decision maker in ten travel agencies from Bucharest and a group of people who have direct contact with customers, such as sales agents, ticketing agents, receptionists and public relations specialists.

The purpose of this work is to observe the influence of brand when a consumer decides to choose a destination, a hotel, a carrier or a travel agency for their travel needs.

The results obtained were classified according to the importance given to the brand in relation to the other criteria associated with the purchase and highlights the extent to which a consumer is influenced by reputation, prestige and the attributes associated with the brand of a company operating in the field of tourism, when it decides to go on a journey.

Key words: brand, purchase decision, trademark, travel agency, selection criteria

JEL classification: M31, L83.

1. Introduction

Image is one of the main issues noticed on an object, thing or situation encountered, either considering the real image or the one perceived by every individual separately. The manner how the image of a product reflects in the mind of a consumer is related on the one hand with what the company has tried to express, and mainly to the experience of consumer and how it is perceiving the attributes associated to the image of such product.

In order to pass from a simple trademark to a brand naturally it is necessary that notoriety, the significations associated to the mark by the consumer are supported in reality by an attachment based on loyalty, respect and acknowledgement concerning the brand and even the manufacturer, as well as on identifying with the attributes promoted, preference for the products traded under the name of such brand and the possibility to effectively produce the purchase, in close connection with the availability of satisfying the demand of manufacturer, on the one hand, and that of buying the product by the consumer, on the other hand. On the contrary, although the consumer may appreciate a particular brand, it does not actually contribute to the evolution of the brand in material value, but in a certain extent, if any, to the perpetuation of the name, respectively increase of notoriety.

In tourism, brand is less visible than wide consumption goods, for instance, or goods in general, since in this case the consumer enters in contact in a majority proportion with the rendering of services. For the services to be different from the goods, these present certain specific characteristics, formulated by Philip Kotler and subsequently taken over by the specialists in the field. These are applied to all categories of services, however in tourism it presents certain particularities (Olteanu, 2006). These appear as a range of activities having as object the meeting of all needs of tourist during the trip and its seating (Minciu, 2001). Therefore, the main categories of brands over which the work will focus the research are represented by the tourism agencies and the brands of partner hotels or transportation companies, as well as on their representatives and even the employees who enter in direct contact with the client.

2. Current stage of knowledge

In order to present an overall image of the manner how the brand interferes in taking decisions on the level of companies, and mainly on the level of consumer, either individually or industrially, a range of studies of specialised literature has been analysed. On turn, these surprise situations when the brand determines or not the act of purchase and who much the image of a brand may represent for the image of an individual în the society.

In the attempt of identifying the moment when the B2B brands influence the decision of organisational consumers, Brown et al. (2011) have examined the relation existent between the risk of purchase and the sensitivity to brand. They have relied on the hypothesis according to which the organisational buyers tend to rely on objective criteria in taking decisions related to the products that they buy and, also, that the potential influence of subjective criteria, such as the brand, is decreasing with the increase of risk. Another work hypothesis, considered pursuant to some detailed interviews with different managers, suggests that the brands with role of reduction of the risk, relying on the idea that their influence on the decisional process increases depending on risk. The results obtained showed that the relation risk – sensitivity on a brand depends on the intensity of competition, therefore the negative and pozitive effects are stronger when the intensity of competition is low.

The risk related to purchase in case of touristic services is high due to various reasons. The services, in general, are influenced by staff and by the quality of its performance, however in tourism the potential dissatisfactions which may appear may ruin definitively the holiday of your dreams, the good mood of the client who has limited time for relaxation (in general the period of the holiday), and from here to the disadvantages attached to the image of the brand of the service provider only one step is left.

The sensitivity to the brand depends to a great extent, in tourism, on the relation developed by client with such company on long term. Thus, as the relation with the tourism agent, local guide, organizer of trips is longer, the sensitivity of client to the brand of the tourism agency increases more since it will associate the brand of the agency with the quality relation developed with its employee. Thus, the sale is from individual to individual, and the brand is associated qualities and virtues from human sphere, such as respect, trust, empathy between the client and the tourism agent, knowing the needs and preferences, acknowledgement among other brands, gratitude for living some pleasant experiences during the holidays and, obviously, the feeling of the consumer that it may rely on such brand every time it needs to satisfy the necessity of relaxation and spending a pleasant holiday.

Another study, related to the decision of purchase, analyses the impression that the brand creates to consumers in case of selecting smartphones. Liu and Liang (2014) have analysed, using as tool of research the questionnaire and technique of eye following, three issues: actual system of the product, external aspect of the product and the image and imprint left by the brand. The results are rather concluding and do not leave place for interpretations, therefore 71% of respondents were inclined to spend more money to buy the favourite brand of smartphones. Most of them have directed towards a brand even in the detriment of following the specifications of the product and rate. In addition, the study shows as well the fact that the logo is the most important criterion considered by consumers when deciding to buy a product.

Analysing the influence of the name of brands in the clothes' industry on consumers, Li et al. (2013) have noticed that certain companies choose to name the brand both in English and Chinese, both variants presenting advantages and promoting a particular popularity of the brand through cultural differences. Therefore, it has been noticed that consumers have a positive attitude towards the cultural connotations of a brand, the popularity of a brand increasing due to these, and to the satisfaction of clients. They consider that the name of a brand written in English has a higher popularity and a high satisfaction of clients to a certain extent. At the same time, the clothes with name of brand written in Chinese may spread their cultural connotations easier. However, the consumers consider that the simple name in English does not guarantee the intentions of purchase as being very high, but rather that the manufacturing company providing quality products and rendering better services may create to the consumer a good purchase experience.

The smartphone may be considered a good with long term use, if one ignores the speed of evoluation of technologies and of promotion of new telephones every year, even more often. Also, the clothes worn, subject to certain trends changing from season to season and from year to year are goods worn on sight and the brand of which, as in case of phones, tend to be visible, as there is a logo specific to a brand, a line of clothes, a specific seam, a particular material, cut etc. The consumers tend to invest in issues such as the brand, logo as visible as possible and other such visual representations, since there are issues that make the difference within the group, help them to display the social status, the fact that they afford to buy certain products, with a higher rate or even it provides them the confirmation as their membership to a certain group, entourage, with the same living level and thus it is followed and alignment and keeping up to them.

If it is approached the field of tourism, here the brand is less displayed and more exploited. Thus, the brand of the hotel where we spend our sejour is not displayed, however the atmosphere created and the services provided are reflected in the mood of guests and in a particular uniqueness in rendering services. For instance, all clients of a certain hotel receive a chocolate candy upon arrival and leaving of hotel, on breakfast, all tables are decorated with fresh flowers, the entire staff greets politely and offers every time a wide smile to the guests, the music in the hotel is always classical/Greek/rock etc., the smell inside the hotel is always of canella/coconut/vanilla and any other particularities that make the clients remember the experience lived and identify it through the senses, perceptions and feelings had during the holiday spent there.

Following the determination of the facts that influence the sensitivity centre on brand, Brown et al. (2012) have investigated what leads a centre of sensitivity in purchase to the information related to a brand. The complexity of purchase and sensitivity to brand seem to refer to a U program, but only in the light of the moderating effects of product's tangibility. The relation between the complexity of purchase and sensitivity to brand seems to be stronger when the purchasing companies are smaller and have prior contractual relations with their sale partners.

In tourism, if one analyses the relations between the tourism agencies and partner hotels from different touristic destinations, the complexity of purchase and sensitivity to brand tend to be higher if the agency collaborates with the same hotels for longer intervals (maybe even years), is satisfied with the quality of lodging services provided to the clients of the agency, and the relation consolidates every year. The relation is more complex since, in this case, are developed more thant strictly professional relations, even relations between human beings, of friendship, a partnership between the tourism agent and tourist, tour operator-hotel and, eventually, one reaches to the basic relation human-human translated by agency-hotel-tourist, respectively tourism agent –hotel-client.

Mohaidin (2012) studies the economic conduct approach of the decision of consumer related to the brand, explaining its sensitivity to price. The price differences between the concurrent brands are, in general, considered as being to low to be able to influence the reasons to decide for a particular brand. However, the results obtained show, on individual level, that the reasons of purchase of consumers show a connection between price and the selection of brand, as well as that the consumers maximise the profit which every individual influences to a certain extent by daily consumption.

Returning to the services from tourism, the price is still one of the main methods of making a service tangible. Therefore, mainly in tourism, where every tourist has a pre-established budget for the services that it shall enjoy (i.e.: transportation to destination and back, lodging at destination, meal services, as well as the budget afferent to other trip costs), the price has the role to imprint to the touristic service a particular value as well as the association to a high qualitative level or perception on the level of providers and even of the destination.

3. Methodology of research

The work relies on the study of specialised literature related to brand and the evolution of this topic in years, as well as a qualitative research, organised in Bucharest between 4-22 November 2014, having the role to particularise the study in the field of tourism.

The techniques of collecting information were the detailed interview and focus group and were applied on two categories of respondents, respectively individuals with power of decision in ten tourism agencies carrying out the activity in Bucharest and a group formed of 30 individuals entering in direct contact with the clients, employees of the selected tourism agencies, such as: sale agents, ticketing agents, receptionists and specialists in public relations.

The selection of representatives with power of decision from tourism agencies is not incidental. The strategic marketing planning is a complex process of determining and maintaining an optimum relation between the objectives, training of staff and the resources of an enterprise, on the one hand and the marketing mix, reported to market conjuncture, on the other hand.

The definition is also valid in the field of tourism, stating that the process is much more complex due to the multiple and diversified products and touristic markets. Therefore, the marketing planning in tourism determines the enterprise to carry out a range of activities: to look for an answer to the questions related to market, competition, environment etc.; sets forth marketing objectives on definite term; sets forth the strategies necessary to achieve the objectives and elaborates marketing programs for their implementation; identifies target markets and provides the mechanisms of evaluation of the performances reached in order to be able to continue the planning in the future as well (R.J. Calantone&J.A. Mazanec, quoted in Stăncioiu A.F. et al., 2005). In this context one notices the need of correlation of importance of brand for the consumer with the importance paid even by the representative of the company holding the brand, since the company launches it and has responsibility over the contact or with the market.

The main ***hypotheses*** of work are:

-> every tourism agency has a brand name, in which it invests more or less interest depending on budget or skills of the specialists with whom it collaborates;

-> upon the purchase of a service or good, from touristic industry or not, a consumer holds a range of criteria based on which it guides the purchase and with the help of which it takes the decision to purchase, to postpone or not to purchase;

-> the individuals with power of decision within an agency are liable for the strategic trends of company, therefore they know the brand, its importance, the attributes associated thereof and the direction of the business;

-> the staff entering in contact with the client has direct feedback from it, knows its dissatisfactions and appreciations, the impression created about the agency, as well as the market pulse related both to the agency for which it is working and to the other competitors on market;

-> the brand represents, for many goods of wide consumption and mainly of those from the category of long term use, the main criterion based on which the consumer relies its purchases and it is possible that the services follow the same ascendant trend related to the brand of providing company on the perceptions of consumers.

4. Analysis and results of research

The detailed interview with the decisional factors of the agency was semi-structured, directed mainly towards the image of the agency brand, associations made inside the company, the manner how one wants to perceive the services rendered and which are the motivations which may determine a client to select such brand in the detriment of other.

In order to determine to what extent it is known the tourism agency from the perspective of presence on market, a question of the interview concerned the life of the brand. Considering the seniority of such brand on Romanian market, the situation of the ten agencies appears according to the data in Figure 1.

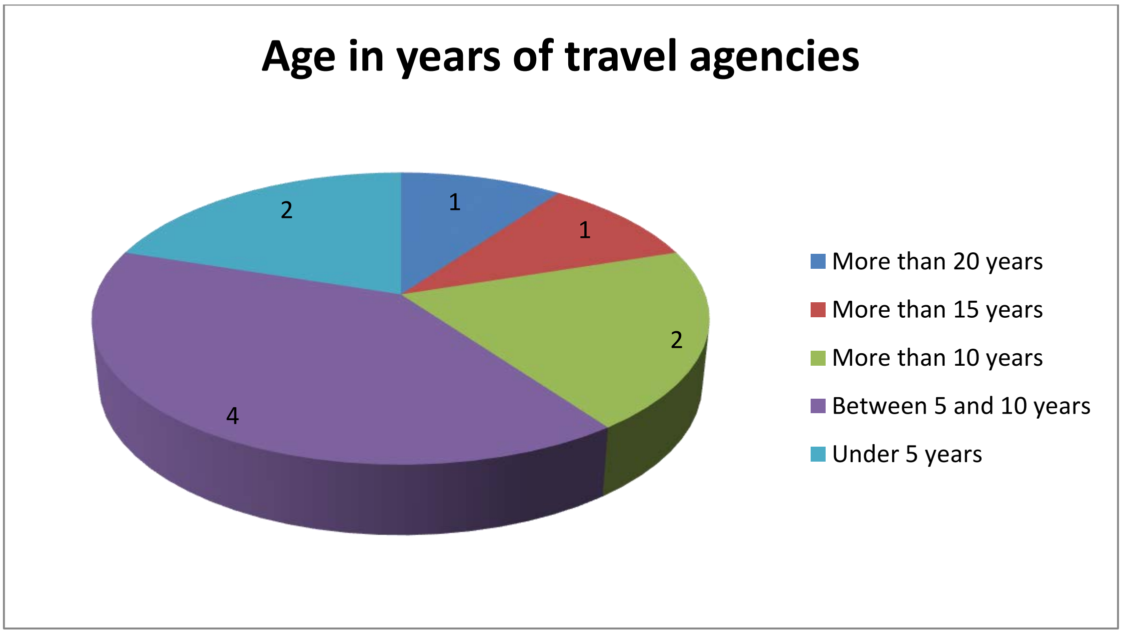

Figure 1. The age of trademarks travel agencies surveyed on Romanian market
(Source: created by the author based on the results of the research)

Therefore, it is noticed that a tourism agency of those targeted has an experience in the field of over 20 years, another agency of over 15 years, two are in the category of over 10 years and 2 in that under five years, whereas the highest figure, of four agencies, are included between 5 – 10 years. This is relevant related to the brand considering that, the agencies with higher seniority may have a higher notoriety only considering that their name exists on market for more years, it was subject to a higher number of promotion campaigns and, consequently, has entered in contact several times with the consumer.

Another question asked to agency managers concerning the issues on which they focus in promoting the touristic packs or different destinations present in portfolio. The scope was that of determining the place of brand in relation to all the other possible issues which could be mentioned.

In the Table 1 are presented, using a scale with 5 steps, where 1 means not important at all, 2 - less important, 3 – indifferent, 4 - important and 5 - very important, the aspects that the agency managers mentioned related to the components of an offer meant to prevent the brand of the company that they represent.

No.crt	Issue considered	Average importance paid by respondents (overall 10) in relation with the brand	The importance given to each criterion by consumers in choosing a tourist package according to respondents
1.	Price of the pack offered	4	87%
2.	Services included	5	95%
3.	Validity of offer	3	63%
4.	Potential discounts to be enjoyed by consumer	4	98%
5.	Partner hotels	3	43%
6.	Partner transportation companies	3	54%
7.	Services not included, which may be provided against cost	2	21%
8.	Availability of offer	4	84%
9.	Taxes included (VAT, hotel taxes, other taxes)	1	85%
10.	Contact of agency/tourism agent in charge	5	91%
11.	Name of agency and/or name of hotel	5	73%
12.	Classification of lodging units	5	71%
13.	Destination	4	100%
14.	Other additional information, depending on specificity of destination/offer: issues related to children, necessary documents, useful (local) information, indications related to pets, phone numbers of embassies etc.	3	39%

Table 1. The criteria that underlie the construction of a touristic package and the importance given to them by managers of travel agentcies and consumers in relation to the brand

Source: created by the author based on the results of the research

In order to have an overall image, the average of answers related to the importance of criteria considered in relation to the brand of the agency was performed using the weighted average for every criterion separately, so as to result a five-step scale overall of collected answers. The most representative criteria related to brand and promotion among consumers are, according to the answers: services included, contact of agency or tourism agent in charge to promote the pack, name of agency and classification of lodging units. Therefore, it may be determined that the agencies rely on the idea that the tourist relates the agency to a particular name, either brand or employee, the classification of partner lodging units impress quality to the services that it will enjoy subsequently and the services included in the pack justify the preoccupation of the agency to create or not attractive packs for consumers.

On the opposite pole, the agencies mention the taxes included and the services not included in the pack, which may be provided against cost, as being the less important aspects in relation to the brand of the agency. This may happen as well in the light of the fact that the taxes are not set forth by agency or by the companies that render the lodging and transportation services, but they are determined by state, national authorities and other similar. As for the services not included, these have an optional nature, do not influence the final offer received by consumer and, thus, have no direct implications over the brand name but to the extent that they are provided as warranty for the quality of their performance.

As for the focus group performed with the help of employees of tourism agencies analysed, this had as leaving point a semi-directed interview, the interviewer being made available a conversation guide based on which the interview has been performed, meant to reach the most relevant issues for the research performed. The scope of interview was to study the feedback received by the representatives of tourism agencies from consumers related to the agency brand, by analysing their attitude opposite to the products/services offered, with the help of focus groups.

In order to determine to what extent the name of the agency is important or not for the consumer, a first question asked was whether they remember the name of the agency from where they buy the holiday or if they focus on the relation tourism agent - client.

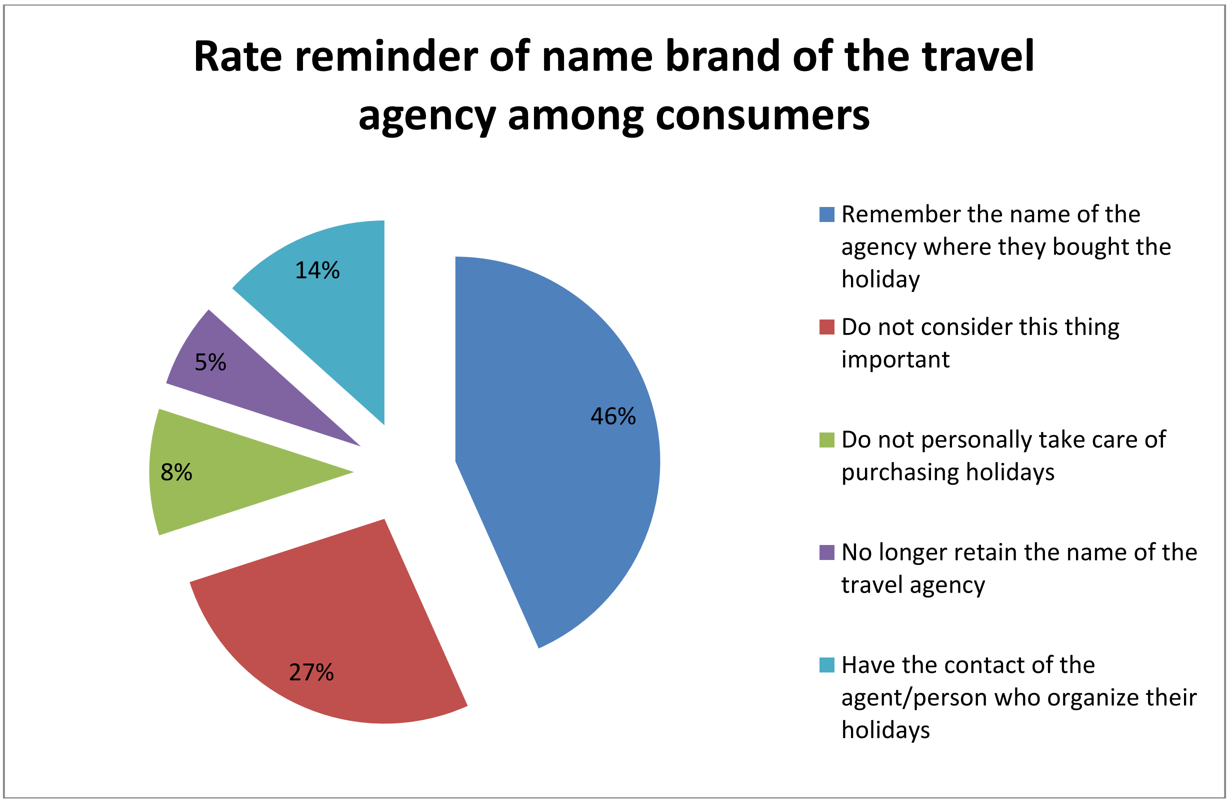

Figure 2. Rate reminder of name brand of the travel agency among consumers
Source: created by the author based on the results of the research

According to Figure 2, 46% of agents declared that the tourists remember the name of the agency through which they buy the holiday, which determines an association of the brand name with the qualitative level of the services they enjoyed. A significant percentage of agents, 27%, answered that the tourists do not consider this issue very important, thing which determines a direction of research, respectively of identification of the issues that replace the brand name as importance in the mind and priorities of consumer. Thus, it is possible that the agency used to trip, the hotel where lodged or the transportation company are not relevant issues for some consumers, but rather the destination, the place visited and the experience of the trip.

Another important percentage of respondents, 14%, have declared that the tourists have their contact in terms of tourism agencies, bookings etc. and leave to them the issues related to the organisation of holiday, therefore they relate the brand of the agency to the qualitative level of the services rendered by agents. This may prove to be useful on long term, in the light of developing some partnership relations, however the care of agency managers must consist in stimulating the staff to render quality services and create programs with effect of stimulating the employees preventing the migration of staff. Also, another issue that should concern the managers of tourism agencies consists in supervising the promotion of the company's services in accordance with the brand image that they want to communicate to the consumer from the strategic level of the company.

Simultaneously, besides the aspects mentioned, another question discussed within the focus group targeted the identification of the place occupied by the brand in the top of the most important criteria considered by consumers in selecting a touristic pack. Thus, the tourism agents debated in turn every criterion mentioned by interviewer at the end being performed, based on the answers provided, the hierarchy presented in Table 1 (fourth column). In order to correlate the study with the results obtained pursuant to detailed interview with the managers of agencies, the criteria of selection discussed were those mentioned by managers according to Table 1 (the third column).

In the top of the answers provided by agents related to the most important criteria for consumers are the destination, 100%, potential discounts that they may enjoy, 98%, services included, 95%, agency contact, 91% and the price of pack, 87%. Therefore it is noticed the pragmatic orientation of consumers, based on the price paid comparatively to the number of services received as well as the destination which goes first in taking the decision of buying a holiday. However, such answers must be correlated, therefore the orientation towards price and the discounts provided by agencies is closely connected to the importance paid, according to 71% of respondents, to the classification of lodging units. This means that the tourist correlates the price with the quality received for the services bought and does not necessarily look for a low price with the risk of compromising the comfort and quality for which it pays a certain amount.

It must be noticed the percentage obtained by brand, 73%, either it is strictly about the name of the tourism agency, the partner hotel or other companies rendering touristic services in collaboration with the tourism agency. It may be correlated on the one hand to a prior experience of the client, which determined it to return to the same brand as guarantor of the quality of services, or to the trust paid to the tourism agent dealing with its holiday being satisfied with its services. Obviously, there must be mentioned as well the campaigns of promotion, advertising, participation to specialised events (i.e.: tourism fairies, specialised saloons, touristic events etc.) organised by agencies, having as role to increase their notoriety and visibility among the consumers and thus to increase the rate of remembering the name of a certain agency in relation to the other.

5. Conclusions

Analysing the results of research presented in the work, it may be noticed that the brand depends, in case of touristic services, on a range of specific factors, distinctly approached comparatively to the brand of goods of wide consumption for instance. The study offers only a part of the answers provided by the interviewed subjects and the questions selected are subject to the article and contain the essence of the importance paid to the brand by the managers of tourism agencies, employees, and mainly consumers, who have decision on hand when they decide to compare the services rendered by certain companies and to buy in terms of their needs and expectations.

As it results pursuant to the interview of managers, however the tourism agency may positively influence the selection of consumer if it manages to communicate effectively the attributes that support the brand and correlate it by the quality reflected in the performance of staff to presenting the services included in the touristic pack.

The inclusion of sale, ticketing, tourism agents and of the other categories of staff in direct contact with the client in the sample of respondents was not accidental. According to the answers provided by them, the consumer develops a certain relation of partnership with its tourism agent, based on trust, on the fact that it knows its preferences related to quality and level of rates, delegates it the responsibility of the trip and thus, the brand of the agency is assigned characteristics of the staff, as mentioned in the article, from human sphere. The brand of a tourism agency is charged, besides physical and visual attributes, to a certain extent pragmatic, with affective, emotional attributes, since the involvement of consumers and agents in the organisation of a holiday is direct. The holidays represent periods of relaxation, ease and spending leisure and, therefore, the expectations of tourists are always high, respectively of remaining with unique and nice moments to relate to close persons.

In conclusion, it may be stated that, although it is not a decisive criterion in selecting certain tourism agency, the brand is associated by the consumer image elements that arise its interest related to requiring an offer of price/services. If these are supported as well by a good management of brand, the consumer will be tempted to turn to the services of such agency. Also, the seniority on market, the confirmation of perpetuation of brand in time and resistance facing an increasing competition in the field of tourism agencies, represent for the consumer a guarantee of the attention paid to the services rendered, a consolidation of the brand by focusing the strong points and a reduction of the number of aspects less favourable signalised by consumers, in the light of the experience accumulated and variety of holidays and destinations organised and targeted by the tourism agency.

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Psychology of Luxury Goods Consumer

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This paper investigates the psychological motivations of consumers of luxury goods, using the example of an unrepresentative sample of students from the Marketing School in the Bucharest University of Economic Studies. The objectives aim to identify the motivational elements of consumer of luxury goods, to correlate these reasons with the values represented by luxury products, and to exemplify the psychological factors determining the preference for luxury goods. The research hypotheses are: H1. Luxury goods consumption is associated with successful people; H2. Main psychological factors that determine the consumption of luxury products are related to the need of affiliation, recognition and appreciation, and values that are associated with luxury products are compliance, the need for uniqueness, social status and vanity. The study is divided into two parts. The first part is dedicated to an extensive literature review. Some of the most common psychological theories which underline consumer behavior and theoretical aspects of luxury products and their market will be presented. In the second part, the paper presents the methodological approach and the findings. Direct research covered a qualitative research, exploratory, based on two focus groups. Conclusions of this paper are consistent with the literature, meaning that luxury products are associated with success, satisfying needs of social integration, and membership of groups perceived as elitist, consumer ethnocentrism, and vanity.

Key words: consumer behavior, luxury goods, psychology

JEL classification: M31.

1. Introduction

This paper investigates the psychological motivations of consumers of luxury goods, on an example of a group of students from the Academy of Economic Studies in Bucharest. The originality of the work lies in the multidisciplinary approach to the topic, both from a psychological perspective, and in terms of marketing.

The motivation for this work is a scientific one. The study of consumer behavior is constantly interesting and actual. In particular, luxury consumer behavior in Romania seems more exciting than ever, given the dramatic changes that Romanian society has passed throughout the last two decades.

The generation to which the studied sample belongs is the first generation born in capitalism and its behavior has some of the most complex determinants, due to family environment, social and cultural forces and globalization. Studies on consumer behavior of luxury goods buyers are quite a few on the Romanian market of luxury goods, which is only now beginning to become attractive to large brands. Interesting also is the Romania's position on the luxury market landscape.

The Romanian consumers are part of the large family of the European consumers, but in many ways, especially because of the legacy of communism and the lower level of development of our economy, their behavior is closer to that of consumers in less developed countries. It may be mentioned, for example, the case of market dynamics of luxury cars, considered by some psychologists as an indicator of a country's poverty (consumers express a desire to display a certain social status, and luxury cars are a highly visible sign of prosperity in a mass of poverty).

The objectives of the paper aim to identify motivational elements of the consumers of luxury goods, to correlate these motivations with the values represented by luxury products and to exemplify those psychological factors that determine the preference for luxury goods.

2. Literature review

The field of study of consumer behavior was and still is strongly influenced by psychology.

Consumer needs, their desires, thoughts, expectations and the decisions they made when buying products of any kind are based on psychic phenomena.

The association of psychology to the consumer behavior was, in particular, through personality and motivational theories. Personality theories have been an important referential for consumer behavior analysis. Many studies have focused on analyzing the relationship between personality and behavior. Marketing makes use of personality traits (especially in advertising) to boost consumption, to guide consumers to a particular product or to "invent" the consumer needs satisfied by the purchase of a particular product category.

Motivation is the driving force of human behavior. Motivational theories investigate the characteristics of needs and emotions, the forces that guided them and how different consumers respond differently to the same stimuli.

2.1. Consumer psychology: personality and consumer behavior

Personality, generally, can be defined as "the mechanism and general logic of organization and integration in a generic, higher-level system of bio constitutional, psychological and socio-cultural characteristics of the individual" (Golu, 2002, p.645). It is presented as a unique, dynamic organization of physical and psychological characteristics, which influences the behavior and the responses to social and physical environment.

Theoretical approaches to personality are considered by some experts as a guide only for the study of consumer behavior, since it is considered that personality is strongly linked to heredity and childhood experience. In an attempt to identify consumer behavior, scholars used personality theories to identify those mechanisms that influence the buying decision.

However, Mowen (2000) estimated that personality theories, although used widely in the purchase decision analysis and consumer behavior, do not provide too many information because of the difficulty to separate the personality from other elements that determine different responses to different stimuli.

Personality has been analyzed from different theoretical perspectives, the most common being the Freudian perspective, new-Freudian perspective and personality traits perspective.

The essence of each theoretical approach has been interpreted in terms of marketing to identify a pattern of consumption and, mostly, those resorts that determine a consumer to choose a product or to adopt a certain attitude towards a specific category of products.

Freudian approach to personality bases on the idea that unconscious needs are the essence of human motivation. Neo-Freudian stresses the importance of social relations, as the foundation of training and personality development. Traits theory has a more quantitative perspective and relates personality rather to a set of features.

In the Neo-Freudian vision, personality is no longer seen as a consequence of unconscious sexual instincts, but rather, as a result of the role of the individual in the society. Adler (2011), for example, approached the feeling of inferiority and individuals need to set high goals to reduce the complex of inferiority, the need to enter into relationships with each other to reduce tensions. Thus, consumer behavior may be caused by the desire of individuals to escape the complex of inferiority: certain products are associated with success; therefore those products are preferred in consumption.

Another contribution of the Neo-Freudian vision is made by McClelland (1988), who considered that the individual is guided by three major social reasons: the need for achievement, need for power and need for affiliation.

One of the most influential and powerful theoretical approaches on personality is personality traits. In this view, the focus is on the psychological characteristics of the individual, on those distinctive, relatively durable elements, which differs from one individual to another. These features influence the consumers in making the selection among certain categories of products. Theories of personality traits provide scales, allowing the development of valid instruments through which it is assessed and appreciated the personality of an individual. This theoretical approach distinguishes personality traits from other distinctive factors, not related to personality, such as gender or cultural characteristics. These virtues of the theory of personality traits allow, in consumer behavior, market segmentation in relatively homogeneous segments of consumers who have similar basic psychic needs and desires. The products can be arranged for specific consumer segments, in terms of their characteristics, price, distribution, communication.

Motivation is the driving force of human behavior. Motivation has two major components: the determinant (vector) and the objective, purpose (Sheth, Mittal, and Newman, 1999, p.342). Determinant (vector) is given by an internal state of tension, which leads to specific actions aimed to reduce those tensions. Objective, the aim is to purchase something from the outside world, which will reduce the tension. Determinant (vector) provides energy to act, the objective (purpose) provides a course of action by which vector energy is channeled. A person with a purpose, but no energy is only a dreamer; a person with energy, but without purpose is chaotic and wasteful.

Motivational process begins with a stimulus that creates vector (determinant). The vector can be emotional, automatic or cognitive. Vector determines the behavior. Some vectors determine the instantaneous behavior, such as fear (automatic) or joy (emotional). Cognitive vectors generate behaviors generally more laborious as a cognitive activity, which may include identifying solutions, alternatives etc. After generating behavior, comes satisfaction or a new experience. If positive, the vector message will be peaceful, calming. If negative, the process restarts (Sheth, Mittal, and Newman, 1999, 343.)

The motivation is manifested in three facets: needs, emotions and psychographics (Sheth, Mittal, and Newman, 1999, p.344). The needs reflect the difference between wants and the current state and are more accessible to cognitive assessment. Emotions are more autonomous and held the personal experience of each consumer. Psychographic reflects the behavior as a result of both needs and emotions.

We may consider that luxury goods address to desires, which - from the perspective of Maslow (1943) - can be part of the social needs, of belonging, appreciation, prestige and needs fulfillment, and achievement. These are higher needs, which are much more influenced by the external environment and are more strongly shaped by factors related to reporting to others.

2.2. Self-congruity theory

Self-congruity theory was developed in the 80s by Sirgy in order to explain that individuals buy those products or services that have an image congruent with their self-image. Thus, through the act of buying and consumption, individuals consolidate their personal identity, their image of themselves (self-concept).

Where there is a difference between self-perception and self-concept, dissonance occurs, a state of mental stress, which motivates individuals to restore consonance. This trend has been called by Epstein as the need for self-consistency (Sirgy et al, 2008, p. 1092).

Sirgy and Danes (1982) explains the concept of self-congruity through motivation of self-esteem. The interaction between product image and self-image is determined by the need to obtain self-esteem. This interaction determines at least four situations, namely: positive self- congruity, positive self-incongruity, negative self-congruity and negative self-incongruity. Positive self-congruity occurs when a positive self-image coincides with a positive image of the product. If a product offers, for example, an image of dominance, extroversion and self-image of an individual consumer is dominant, it is assumed that the person is motivated to buy the product to maintain self-esteem.

Positive self-incongruity occurs when a negative self-image is compared with a positive image of the product. In this case, it is assumed that the motivation to acquire the product is very high, because the product becomes basically a tool that gives the individual the opportunity to tend to an ideal and to increase self-esteem.

Negative self-congruity occurs when a negative image of a product overlaps on a negative self-image. The individual is not motivated to maintain a status which he/she considers unfavorable, since maintaining that status will reduce self-esteem.

Negative self-incongruity is given by the negative image of the product that overlaps on the positive self-image. In this situation, the consumer will avoid this product, (the product) failing to ensure maintaining or increasing self-esteem, being also a threat to self-esteem. These are inferior products whose consumption can "ashamed" the consumer.

2.3. The marketing of luxury products

The generic concept of "luxury" that can define not only a product or a service, but also a state or a behavior is, according to Kapferer and Bastien (2009), as old as humanity itself. Luxury is often associated with extravagance, opulence, high society, wealth, defining a certain type of personality and, of course, a certain social status. Traditionally, luxury was considered a privilege of the aristocracy, of the ruling classes and royalty (Wong and Ahuva, 2008).

There is a variety of definitions associated with the concept of luxury goods. Thus, Vickers and Renand (2003, p. 459) define luxury goods through the differences against usual products, characterized by the existence of "three dimensions of instrumental performance in terms of functionalism, experientialism and symbolic interaction". They find luxury goods as a symbol of "personal and social identity of the individual" (Vickers and Renand, 2003, p. 459).

Another approach (Danziger, 2005, p. 56) considers luxury product in terms of individual's attitude towards this type of product. The luxury products are designed to fulfill life, to give comfort, to ensure the joy of life. From the psychological point of view, luxury goods are considered to be products that nobody needs, but everybody wants. Luxury is the expression of imagination, hopes and dreams of the consumer, not his/hers real needs.

In economic terms (income elasticity of the demand), luxury goods have over-unit elasticity: an increasing income determines a higher increase on the demand (in relative terms). Luxury products are associated with quality, the limited number of items in the range, but with a very high price. Luxury products represent a category of products that has a selective or exclusive distribution, with a high price, often with a higher quality and superior design which appeal to certain desires and aspirations of the consumers (Wong and Ahuva, 2008).

In his “The Theory of the Leisure Class”, Thorstein Veblen (1899) was the first who brought up the idea of "conspicuous consumption", respective the purchase and display of certain products to suggest wealth, welfare or to attract attention over owns richness or welfare. A luxury product, beyond its utilitarian value, meets other needs, which gives it a certain status. This fact implies the existence of two separate components of the utility of a product, ie *utility or intrinsic value*, given by what the product should do the primary necessity that must cover and the *prominent, visible value*, which determines the status of the product.

According to experts, conspicuous consumption can be viewed as an investment in self-image which can be projected those around you over a longer period of time (Rayo and Becker, 2006). It ca be an expression of freedom of expression or consumption (virtues of capitalism), which provides information about the income of an individual and his/her social status (Frijters and Leigh, 2008). Conspicuous consumption can be considered as a result of a motivational process by which the individual wishes to improve his/her social status by displaying consumption of products that symbolize a certain social position both for himself/herself and for others (Manolis and Roberts 2008, p . 563).

Consumption of luxury products has its motivation in the need to impress others, which is a personal value (Wiedmann, HENNIGS, and Siebels 2007). Consumers are motivated by this internal force to create a positive image in society. Personal values can be analyzed in the following areas: *ethnocentrism* (preference to consume domestic products against foreign products), *materialism* (people believe that money means, ultimately, success and gives values to the status of a rich person), *compliance* (integration desire, the need of belonging to a group and to the values that that group shares), the need for *uniqueness* (consumers want to differentiate themselves through the products they use), *vanity* (the desire to make an impression, to keep up appearances).

3. Methodology

The objectives of this paper aim to identify motivational elements of luxury goods consumers, to correlate these reasons with the values the luxury products represent and to exemplify, on the case of a sample of students from the Academy of Economic Studies in Bucharest those psychological factors that determine the preference for luxury goods.

The objectives were inspired by similar studies in the literature and focused on the identification of the psychological preference for luxury goods in the case of some consumers which belong to the Y Generation (those born after 1990) in Romania.

In connection with these objectives were formulated two hypotheses: H1. Luxury goods consumption is associated with successful people; H2. Psychological factors that determine the consumption of luxury products related to the need for affiliation, recognition and appreciation, and values that are associated with luxury products are compliance, the need for uniqueness, social status and vanity.

These hypotheses were verified by the present research and attempted to identify those motivations and values the investigated consumers' behavior correspond.

The direct research was conducted through focus group method. Two groups were used, consisting of female master student of the Faculty of Marketing (ASE Bucharest). Discussions focused on luxury products from clothing and accessories group.

The first group included female students who are used to buy luxury goods, and the second group included students who are not used to purchase luxury items.

The selections of students for focus group research based on the personality characteristics moderator observed in the first semester, avoiding including in the focus group opposite personality types, capable to inhibited open opinions.

4. Findings and discussion

In the first group were included female masters student at the Faculty of Marketing who use luxury products. The discussion focused on the characteristics of the products they purchase, the reasons for buying luxury products and purchasing habits of luxury goods.

The question of "*luxury goods you purchase most frequently*", all students mentioned clothing, footwear and accessories. Two of them mentioned mobile phones, saying that they want to have the newest model existed on the market. The frequency of these products in consumption is determined, according to the girls interviewed, by the character of "necessity" of these products: "all the time you need clothes, shoes or accessories"; "these are products you need mostly "; "fashion is always changing, you must keep up with it."

The second question was related to the underlying motivation when purchasing branded products. The most common response was related to the quality of the branded products: "luxury products have a much better quality than other products:" I have a shirt from Puma that I was bored, but it did not break, did not wear when washing, the color didn't fade, and after two years of use, looks very good "; "Material is quite different in a branded product. Many tags say cotton, for example, but it depends on the cotton ","they are not only durable, but are well crafted and you won't end up noticing that it's saggy or comes undone or who knows what else"; "Branded products have different models, the cut is much better, they fit better."

Second, as motivation, is distinctiveness of luxury products. The uniqueness helps to "distinguish yourself in the crowd", "to introduce yourself as unique as your personality", "brand products are recognized immediately by those who know what they're about"; "It's not about being snobbish, but only to show that you are important to yourself. If you do not respect yourself, then you cannot claim that the one next to you respects you ":," I couldn't wear some products which walk themselves on the street, it's embarrassing to wind up going somewhere and everyone is dressed like you". Another motivation is related to the family model and the circle of friends: we only wore designer clothes because mother said that we were too poor to wear bad clothes (also, an association of no branded products with low quality – our n.n.). It is a false impression that branded clothes are expensive. If you don't have much money, you buy fewer products; keep them longer, because they are high quality and durable". "All my friends have only designer clothes." "It is very important how you look, a branded product is recognized immediately, you cannot attend a meeting with important people and wear cheap clothing". Finally, the social significance of luxury goods: "people with a certain social status, a certain position, must prove it through clothing as well." "How can a partner trust you, when you look inferior to him?"

In connection with the desire to stand out, all participants in the discussion agreed that "the admiration of others, even their envy, sometimes, make you feel good, which is not bad". "It's nice to be admired; it's what every woman wants, right?" The way you look, you dress says something about you, about the job you have, about the world you're in, about your friends circle, about the money you have. If we look carefully, we see that this happens in real life, successful people can be identified immediately from the way they look."" I have not seen any successful person, any celebrity, who is not dressed in luxury designer clothes".

The question "What do you think luxury goods say about your personality?" provided answers about the connection that respondents make between utilization of branded products and their own personality traits. Most often there were mentioned features like "self-confidence", "safety", "a person of the world", “communicative, "" sophisticated "," willing to stand out in a positive way, "" a person who has something to say "," confident "," non-vulnerable "," well-traveled ". Conforming to the Big Five personality test, interviewees identify a luxury consumer as a rather open person who pays attention to detail, outward oriented, sociable and optimistic.

In terms of brands, participants mentioned a lot of labels. The most common were:

- In the field of clothing: Burberry, Guess, Dolce & Gabbana, Lacoste
- In perfume: Dior, Cerruti, Dolce & Gabbana
- In accessories: Burberry, Prada, Longchamp, Longines, Le Coq Sportif
- Mobile phones: Apple.

These brands have been associated with dynamism, "modern trends, without exaggeration," exquisite quality, unique design. Each participant noted when they listed their favorite brands, that they "best fit my style."

The shops to buy branded products from are, in particular, malls (AFI Cotroceni, Baneasa Shopping City, Plaza Romania) and exclusive shops on Calea Victoriei or inside hotels (Radisson, Marriott). 3 participants emphasized that they don’t buy their products in Romania, traveling often to Europe and "buying from there." They noted that many of the products purchased abroad were cheaper than here. One of them pointed out that she would only "in great need shop in Romania", because she does not trust that products are original here: "There was story on television, even at the mall, the products are not original."

In the second group there were female master students of the Faculty of Marketing who were not using luxury products. The discussion with the participants focused on characteristics of the products they purchase, the reasons for not buying luxury goods and the feelings they have towards people who buy luxury goods.

When asked "What characteristics do you track on the products you buy?" The interviewees highlighted, in particular, issues of utility ("to be a quality product"), aesthetics ("it should fit me well"), and proper representation of their personality ("it should fit my style, I should like it and it should look good on me"). The quality was not necessarily associated with the price, 5 of the 8 participating insisting that common products do not exclude quality ("there are quality products that are not necessarily luxury, and it's not so hard to find them. You must be patient, know what you want and know what you are looking for"). The price was not mentioned as an essential criterion for choosing a product; it appeared implicitly, as a reason to purchase, rather by denying its role as sole indicator of product quality ("if it's expensive it doesn’t mean, necessarily, that it is of extraordinary quality "). It was noted that, the desire of most of the focus group members, was not to associate their preference for common products with lack of money ("even if I had money I could not give 40 million, for example, for a bag or a pair of shoes) and, especially, with lack of care for your looks ("you can put on any product, however expensive if it doesn’t fit you well or you don’t look good in it, you did nothing"; "As for me, I never felt disadvantaged by the fact that I did not wear any luxury products on me, I was always careful to be dressed tastefully and what I wore made me look good"," I have often been admired for how I dress, even by people who wear designer clothes").

Reasons for not buying luxury goods have revolved around uselessness of spending money on items that can be easily substituted for common products, just as presentable and of good quality. "You can find, for example, very good shoes, made of leather, pretty, with 2 million; you don’t have to spend 20 million. What can those shoes do more than the shoes worth 2 million? In addition, if out of fashion, those 20 million shoes cannot be worn since they would be immediately recognize as part of the previous collection. It seems silly (to spend so much on luxury items, n.n.), these people have nothing to spend money on! They should give it to the poor!!! "Another reason was related to the need for temperance, which should characterize every rational person. Related to this group of responses there interfered elements of characterization of people who prefer luxury goods: "Money earned from honest work will not be wasted on unjustifiable products. A lot of other things can be done with that money. If you really don’t have what to do with the money you can donate to charity, for example. I find it is ultimately proof of selfishness and stupidity!"

Interesting were the discussions on the question “What do you think the luxury products say about personality of those who buy them, compared with the personality of those who do not purchase luxury products (brand)? Replies can be grouped into two categories: (1) personality of those who buy luxury items is not different from that of people who do not purchase luxury products and (2) personalities of these two groups differ, but those who purchase luxury products are seen in a slightly negative light.

Those who purchase luxury products are generally "people like any other", some are sympathetic individuals, others are nasty persons, the only difference is that they have more money and can afford to buy such products "," come from certain families, who value the brand and therefore are turning to such products, otherwise, they are people like us "," are celebrities and their environment requires a certain standard "," those who I know personally are OK people, they do not make a big deal out of wearing branded products. "

On the other hand “they are snobbish people, who believe that the mere fact that puts on luxury goods they belong to a superior category," "they do not work for money, so they can afford a lot, they do not know what means to have a job that squeeze you from morning to night"," they believe that luxury clothes make them superior, some of them don’t worth too much without those clothes "," all those bimbos, many of them illiterate, are dressed with luxury products to stand out; otherwise they would be unimportant, nobody, no one would look at them "," some of them hide, in fact, the lack of personality, cannot be themselves, they need branded products to individualize themselves, cannot be somebody by themselves, through what they know or what they do "," they are imitators, they are not concerned about how they look in those products, if it is fashionable, they jump on that fashion!"," they guide by the principle clothes matter the most! , which is not true: the meaning of this proverb should be understood that a coat with taste, clean, neat, that comes good on you shows who you are, it is not necessary to be expensive. The role of a coat should be to put yourself in value, not to replace your value!"

What influences your group of friends has in the purchase of various products (especially clothing products)? To this question, most of those interviewed said they had girlfriends who dress on branded products, but that does not mean they have an influence on their buying behavior: "I go for shopping with my friends, sometimes for fun, sometimes because I need an advice, but I'm the one who chooses the products, the decision is mine ".”The influence of my friends is not in the area of what kind of product should I buy (branded or not branded), but if the product I choose looks OK on me, what color, these kind of stuff"." My friends dress with good taste and care; this's our philosophy, this matter: to be elegant, to look good in your clothes, to be the trend. That means not only branded products. "

5. Conclusions, limits and further research

The conclusions of this paper are consistent with the literature, meaning that luxury products are associated with success, satisfying needs of social integration, and memberships to considered elitist groups, consumer ethnocentrism and vanity.

From focus group research results that participants who do not purchase luxury products behave on utilitarian reasons and believe that common products are not inferior to luxury products in terms of quality. Interesting is that none of these participants in this group express that using common products can put you in a position of inferiority compared with those using luxury products. It can be said that the respondents in the second group, those who do not consume luxury products, have developed a defense mechanism against to the feeling of inferiority, highlighted by Adler.

The inability to consume luxury goods, although they are an expression of quality (it is not mentioned that luxury goods are inferior to common products, but the common ones can be as good as luxury) is compensated by emphasizing some personal virtues of the individual, extended to products ("I do not feel in any way inferior to those who wear luxury goods", “the personality of those who purchase luxury items is not different from that of people who do not purchase luxury products, and those who buy luxury goods are seen in a slightly negative light”).

Each of the two group associate favorite products with specific parameters: those who prefer luxury goods associate these with quality, uniqueness (or rarity), with a certain mentality and society pressure, which requires certain standards in the way you look. Those who prefer common products appreciate the quality of luxury products, but believe that common goods are qualitative, also. The participants from the second group recognize that there is a pressure from the society regarding the appearance, but consider that the people who comply with these requirements are persons who can afford luxury products, have a certain standard of living and a certain lifestyle, or are people without a strong personality, who want to seem other than what they are. We may consider that the second group participants perceive some of the persons who prefer luxury products as having an inferiority complex, described by Adler, and luxury goods consumption is a sort of compensatory mechanism.

When consumers purchase a luxury product they expect that product to provide a sense of exclusivity, uniqueness. Dubois and Laurent (1994) consider that the majority of consumers of luxury goods associate such products with hedonistic reasons, and the purchase of a luxury product is primarily for their own pleasure, not as a sign of snobbery. Pleasure, excitement, aesthetics of beauty are some of the emotional values that consumers of luxury goods found as causes of the act of buying luxury goods (Vigneron and Johnson, 1999).

The interviewees, mostly from the first group belong to the Y generation and, from the discussions resulted they have all the specific characteristics of their generation in terms of consumption of luxury products. They are people who believe that luxury is a living proof of the success, of a high standard, the expression of self-confidence and self-esteem.

The two advanced hypothesis are confirmed. The choice of luxury products is determined by social status, the desire to maintain affiliation to a group, the values those products express. At the level of respondents who preferred luxury brands, "rational- utilitarian" motivations dominate. Those who consume luxury products value the uniqueness, the fact that luxury products help you to highlight or emphasize your personality and demonstrate the valuing of oneself ("you are important to you"). For them are also important the values imposed by the group to which they belong, the social status gave by the consumption of luxury goods, the vanity, the desire to be admired, to be envied, to be associated with success, elegance, self-assurance.

Those who tend to purchase luxury products are considered more original, more creative, more complex, but also more open to relationships with others and confident in their own forces. Instead, those who prefer to shop more rational describe themselves as being significantly more disciplined and organized, valuing also friendship and sociability.

The study has several limits. It is based on a qualitative research that does not allow the generalization of the results. The research has included only two focus groups with people both feminine and participants knew each other, as colleagues. To avoid certain methodological shortcomings, we believe it would be most appropriate for this kind of research to use in-depth interview method. Another limitation of the study is the definition of luxury goods, and the different perceptions that respondents have had on this concept.

However, the information obtained is important and can be used in the future for more extensive researches - both qualitative and quantitative - that can identify deeper resorts of the personality related to the consumers of luxury goods in Romania, their motivations, and factors influencing consumer behavior of luxury goods.

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Consumers Behavior Features Upon the Organic Products in Romania

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Although the market for organic products is constantly growing worldwide, underlining that, at least for some product categories, is no longer just a niche, in Romania there is a limited amount of research on this subject. This paper aims to provide concrete information on buying behavior and consumption of organic products in Romania. The conclusions are based on the results of two separate researches: a quantitative research among consumers, representative for urban areas at a national level and a qualitative research among consumers, conducted through focus group method. Compared to some existing research, we insisted rather on deepening and understanding of the responses received, than a mere quantification of information provided by respondents. This approach provides an overview and interesting information about the awareness of the respondents, their perception of organic products or the level of trust that respondents have in organic products. Also, we could identify the main factors influencing the buying / not purchasing of organic products, and the motivations behind buying behavior and consumption of organic products. The conclusions showed unequivocally that there are significant features among Romanian consumers of organic products compared with consumers in more developed markets with a longer tradition in organic farming, such as the Western Europe or USA. Among these, the most important seem to be self-consumption, consumption of uncertified products, but perceived as organic and low levels of trust in the authenticity of organic products.

Key words: organic products, consumer behavior, awareness, Romanian market

JEL classification: M31, Q57.

1. Introduction

The organic market known globally, rapid and continuous growth. According to the latest data provided by the International Federation of Organic Agriculture Movements, the largest organization in the world, organic food market doubles practically both in volume and value in an interval of 7-8 years (FiBL-IFOAM, 2015). However, consumption of organic products is still low, compared to the conventional food. In most developed countries in terms of consumption of organic products, such as Denmark and Austria, the share of organic products in total food market in value stands only around 6-7%, the European average being much lower, below the United States, 4% (FiBL-IFOAM, 2013).

Under these conditions, the market for organic products, in many cases still in the niche segment, is in constant transformation. Also, bear in mind that there are significant differences in terms of market specifics. These differences are caused by geographical factors, cultural, economic or by ecological farming tradition from a certain area and refers both to consumers and to the offer of existing products (Pearson & Henryks, 2008). The organic market in the US is significantly different from that of the EU, including in terms of legislation (Schleenbecker & Hamm, 2013) (Klein & Winickoff, 2011), but there is substantial variation between national markets in the EU and even between different regions within the same state (Zanoli, et al., 2012) (Wier et al., 2008).

In Romania, the organic products are still in the first phase of its development, in the early stage. Although the first organic producers were registered with more than 15 years ago, only in the last few years the market began to experience a rapid development, based mainly on imports. In fact, at present, there is no official reporting from government authorities on total market value of organic products in Romania, exports or imports. According to an estimate IFOAM (2015), in 2011 the Romanian market value of organic products stood at 80 million, but in the report to which I referred to, there is no information about the way in which such an estimate was made.

In addition, the volume of research aimed for to the ecological field in Romania is, so far, limited.

In this context, we intend to achieve a profile of Romanian consumer of organic products, specifically highlighting the peculiarities by which it is different from consumers in developed markets in terms of organic products, as it is in some European countries or the USA.

2. Research Methodology

The study results are based on data obtained using two distinct research: a quantitative research among consumers and a qualitative research among consumers.

The quantitative research was conducted in April-June 2014 and was intended to provide an overview of the Romanian market for organic products. This covered a sample of 1,000 people, nationwide representative for urban areas. It took into account a sampling stratified according to gender, age and type of place of residence. As a method of data collection was used questionnaire administered by telephone. In the absence of previous research representative for Romanian market, we decided to use a large number of open questions. This has facilitated obtain highly accurate information, as well as a brief assessment of the level of knowledge, of consumer perception and attitudes about organic products.

For a thorough understanding of the results obtained from quantitative research, in November-December 2014 was conducted a qualitative research among consumers. This one targeted the objective assessment of the level of knowledge of Romanian consumer about organic products, and also identifying sources of confusion that many consumers make between organic and natural products. There were held three focus groups, each bringing together participants from a certain age group (18-25 years, 18-40 years, respectively over 40 years). In preliminary testing of individual knowledge and perceptions, the participants answered to self-addressed questionnaires containing six open questions.

3. The Characteristics of organic Market in Romania

Given the fact that researches among consumers focused only respondents from urban areas, it is necessary to clarify this issue. One of the demographic peculiarities in Romania is the very large share of residents in rural areas, compared with the European average. According to the National Institute of Statistics, 46% of the Romanian population lives in rural areas (INS Romania, 2011). Although it represents almost half of the total population, it is very unlikely that rural residents will purchase organic products. These features of rural consumers were identified and analyzed by several authors in the literature (Stoian, 2003) (Dinu et al., 2014) and refers to low purchasing power or limited awareness. The most important feature is, however, in terms of buying organic products, self-consumption. The vast majority of rural residents provide their food requirements from own production in semi-subsistence farms, limiting themselves to buy only what they can not produce themselves. Given these issues, they are not in question for a research that has as main objective buying habits of organic products.

3.1. The availability of organic products on the market

In stores from urban areas, however, reaches only a part (difficult to estimate) of local organic production. According to producers, many of them prefer to export their products, and others, because of low economic power, limit themselves to sell at the farm gate or locally. In supermarkets, in particular, is available on a relatively small range of organic products, mostly imported or from the few bigger Romanian producers.

Most manufacturers surveyed mentioned major difficulties to add value to their goods and particularly the difficulties encountered when trying to break into supermarket chains. Less than a third of respondents say they fail to capitalize their production in the "modern trade". Because of this, fresh organic plant products, highly appreciated by consumers, are almost impossible to be foud in big stores.

3.2. The level of Romanian consumer information on organic products

In Romania, the majority of the urban population consider that they know what organic products are (over 83% of respondents say they know what organic products are, while only 13% say they do not know and 3% say they are not sure).

Regarding the awareness degree about organic products, the respondents have self-assessed their knowledge on a scale of 10 steps. Arithmetic average of the scores given by respondents is 6.75 and the median and modal group are set to 7, corresponding to an average level of information. Basically, depending on the level of awareness, we could identify three categories of respondents, to which is added the group of those who do not know what organic products are (Fig. 1)

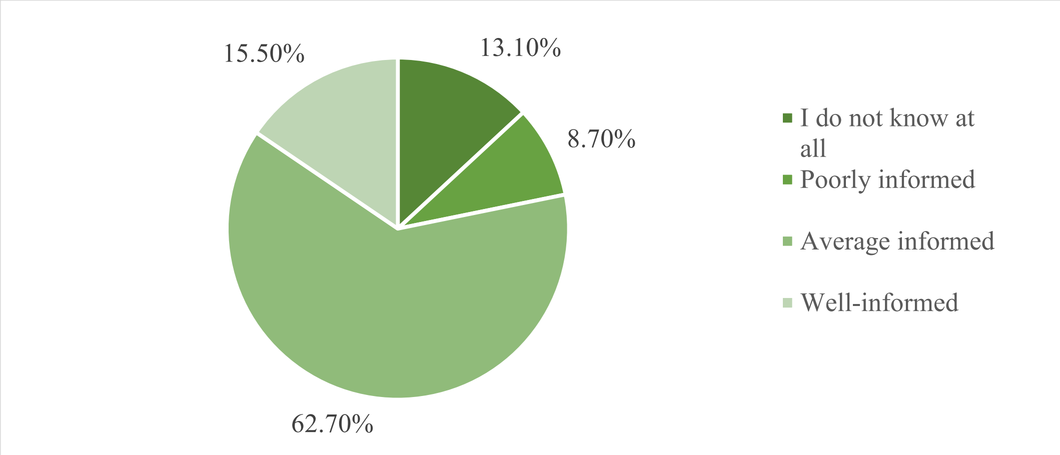


Figure 1: How informed about organic products Romanian consumers consideres themselvez

These results are largely confirmed in the qualitative research, where the knowledge of respondents was assessed objectively. The share of those who can sufficiently clearly define organic products is about 15%. Instead, it seems more significant the percentage of those who have only a vague idea about organic products, but this will be detailed in the next sections.

There is a statistically significant link between the level of information considered on an ordinal scale with 4 steps and the level of education of respondents. As the level of education is higher, respondents consider themselves more informed about organic products.

There is also a correlation between the age group from which the respondents belong and their level of information regarding the organic products. Thus, young people declare the least informed, while the elderly are the group that is considered the most well informed. Self respondents assesment was confirmed by the results of the qualitative research. It can be said that the younger the respondents are, they know less things about organic products.

3.3. The frequency of organic products purchase among Romanian consumers

Almost three quarters of the respondents who know what organic products are, said that they bought at least once, such products (Fig. 2).

Figure 2: Answers distribution to the question "Have you ever bought organic products?"

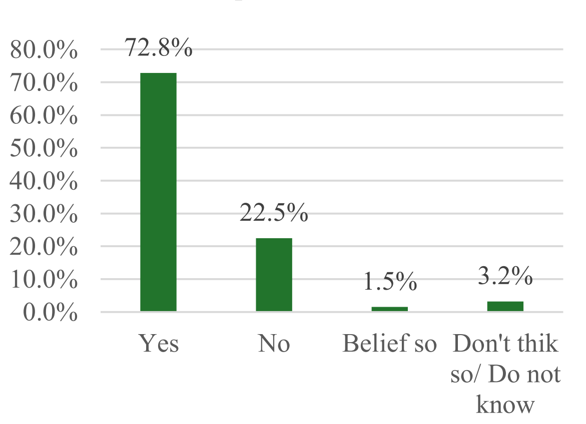
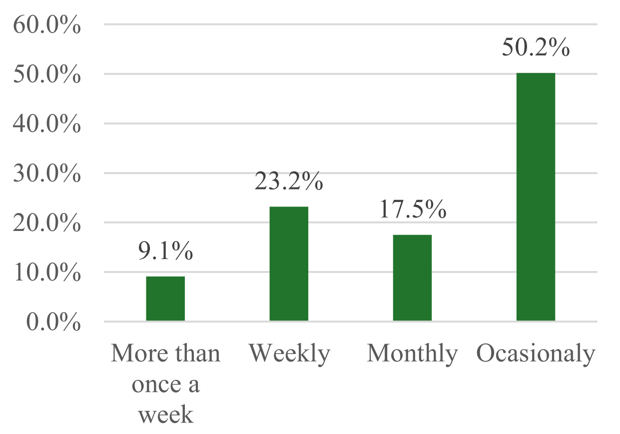


Figure 3: Frequency of buying organic products



At the same time, most buyers purchase organic products occasionally. However, it may seem large the proportion of those who say they buy such products weekly or more often (32%). This fact, as well as the lack of any correlation between purchase frequency and the level of education, place of residence, age group or sex of respondents could be explained by the confusion that some respondents are doing, between certified organic products and similar conventional products, which they believe to be organic. The extent of this confusion can not be estimated in the current state of research.

3.4. Buying habits of organic products

Most of Romanian consumers buy organic products from the supermarket (Tab. 1)

	From where do you usualy buy organic products?	*Respondents percentage*
1	Supermarket; Hypermarket	39,6
2	Marketplace	36,9
3	Directly from producer	17,5
4	Organic/natural products specialized stores	14,2
5	Natural herbal stores	6,4
6	Organic products producers fairs. Sale expozitions.	3,5
7	Online stores; from the internet	2,1

Table 1: Main places where Romanian consumers buy organic products

It also stands out that a very high percentage of buyers say they buy organic produce from the marketplace. In food markets in Romania, certified organic products are quasi-inexistent. At the same time, the percentage of those who say that they use to buy from specialized shops is quite high, according to the increase in recent years in the number of this type of commercial units, practically reflecting the trend of market expansion. It should be mentioned that the questions asked to the respondents was an open one, with the posibility to provide multiple answers. Also during an open question, the respondents mentioned the organic products they buy most frequently (Tab. 2)

	Which are the organic products that you buy most often?	*Organic buyers percentage*
1	Fresh vegetables	36,8
2	Fresh fruits	30,1
3	Milk; Milk products	29,5
4	Eggs	17,5
5	Meat	13,6
6	Cosmetics, personal hygiene	4,7
7	Processed meat products, cold cuts	4
8	Bread, bakery products	4
9	Honey	4

Table 2: Most often purchased organic products

The hierarchy of responses to this question is another indicator of the size of confusion that Romanian consumers make between products certified organic and conventional products presented as organic. It is highly unlikely that such large percentages of consumers declare that frequently buy organic products which are found rarely and at high prices on Romanian market (such as meat or sausage). This feature I thoroughly highlighted in the qualitative research and we will be datailed in the organic products definition section.

It can be seen that a significant number of respondents mentioned cosmetics, among the most frequently purchased organic products. In a separate question, 40% of the buyers of organic products said they also buy non-food organic products. The most frequently mentioned are cosmetics (by 38% of the latter), detergents / cleaning products (25%) and clothing / textiles (23%). With a significant proportion were also mentioned other categories of non-food products such as herbal pharmaceuticals, bags / other packing or lighting tools.

4. Romanian consumer perception upon organic products

The overwhelming majority of the population from urban areas who knows what the organic products are, has a positive image about them. Both buyers and non-buyers of these products are able to identify a number of benefits which, in their view, the consumption of organic products can bring. Among non-buyers, 74% consider that organic products have better quality than conventional ones. (Fig. 4)

Figure 4:Responses' distribution yo the question "Do you think that organic products are more quality than regular ones?"

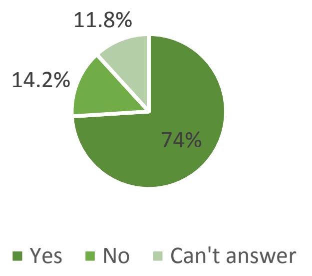
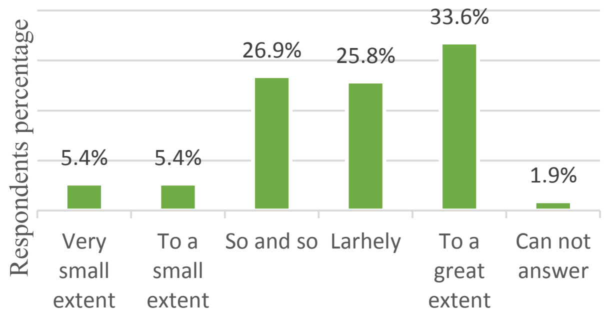


Fig. 5: Answers distribution to the question "To what extent do you think the organic products could improve your life quality?"



Analyzing the same subsample of the non-buyers, it is noted that about 55% of them believe that organic products could improve their quality of life in a large or very large extent (Fig. 5), while less than 11% respond that in a small or very small extent. In addition, among those who have not yet bought organic products, about 55% said they would like in the future, to try and buy such products.

4.1. The main reasons for not purchasing organic products.

In this context, it becomes even more interesting to understand why some categories of respondents did not buy organic products so far. The main factors that have restricted buying organic products, we could identify also with the help of an open question, with the possibility of multiple answer (Tab. 3).

	What are the main reasons why you have not bought organic products so far?	***Respondents Percentage***
1	Own production. Family has a farm at the countryside	33,1
2	The lake of confidence in conformity of the organic products	28,9
3	The price is high	23,2
4	Organic products are not available. They are hard to find	9,9
5	Not interested in organic products. Do not need such products	8,5
6	Lack of information about organic products	4.2
7	Low income	2,8

Table 3: Main reasons for not buying organic products

The most common reason for not purchasing organic products is represented by its own production. This is one of significant particularities of the Romanian market, and is manifested, in an important measure also to the population in urban areas. The appearance itself can not be seen as negative, the production in its own household, for family consumption, being closer to the standards of organic farming than conventional intensive agriculture. For producers that sell organic products, this becomes a problem, especially in spring-summer season, when the sales of certain categories of products, such as eggs, drop dramatically (Bozga, 2013).

On second place, as number of mentions, we find the lack of consumer confidence. This will be treated separately in a following chapter.

The price, who is identified in specialized literarture usually as the main reason for non-buying (Marian, et al., 2014) (Stolz et al., 2011), is found only on third place, less than a quarter of non-buyers mentioning this factor. Apparently, at least for respondents who did not have the opportunity to produce their own or within the family food, the lack of confidence in conformity of organic products is a reason for non-buying more frequently reported than high prices.

4.2. The main factors that determine buying organic products among Romanian consumers

Asked directly and unassisted what determins them to pay extra for organic products compared to conventional ones, organic products buyers offered the following responses (Tab. 4)

	What would cause you to pay more for organic products than the usual ones?	*Respondents percentage*
1	Reasons concerning the health	62,6
2	Superior quality; Better taste	22,8
3	Do no contain chemicals/hormons/antibiotics/GMO	7,8
4	Product safety; Quality guarantee	4,1
5	Care for the environment	2,1
6	Concern for the welfare of children	1,8
7	Does not pay extra	4,3

Table 4: Reasons that motivates consumers to pay more for organic products

The most frequently mentioned were health-related reasons (62.6%). In this category there were included responses such as "are healthier," which refers rather to the product and the effects that it has upon health, as well as responses such as "health problems", "I am allergic to the other" " a healthy lifestyle "," I want to live longer "or" health ", which refers to the health and lifestyle of the respondent. It is obvious that organic products are associated by Romanian consumers with health and a healthy lifestyle, with a better quality of life. This aspect is not surprising at all, since it is common to consumers of organic products on the entire planet.

Also, high quality organic products and their better taste are mentioned in large number by both Romanian consumers and the ones from more developed markets. A series of studies conducted in recent years, especially in the US market, reveals that the option for organic products is an act utilitarian and hedonic (Lee & Yun, 2015). Thus, taste, appearance or health concerns are the main motivating factors in choosing organic products.

However, both the US market and on the European one, the concern for the environment is still one of the major reasons why consumers choose to pay extra for organic products. In the US, for a long time, the concern for the environment has been considered the main motivating factor in choosing such products (Nie & Zepeda, 2011). Currently, according to recent researches, is considered to be second after health. Lee & Yun (2015), citing studies nationally representative, say that over a third of US respondents confessed that they would be willing to pay more for environmentally-safe or ethical products compared to conventional ones.

In Romania, only 2% of respondents are motivated by the concern for the environment to pay extra for organic products. The percentage may seem surprisingly low, but it is real, and the major difference from other similar researches results, could be explained by the nature of the question (it is an open question, with unassisted response, the respondent not being in any way influenced to adopt socially desirable behavior). In fact, this result was confirmed in focus group research type, where more than half of the participants do not realize the benefits of organic agriculture brings to the environment and those who realized this fact, did not seem willing to pay extra.

Another significant difference compared to other studies, including some conducted on the Romanian market (Stanciu, 2008) (Dettmann & Dimitri, 2009) is represented by the extremely low percentage of those who said that one of the reasons for buying organic products is the concern for the welfare of the children (1.8%). In literature, especially in economically powerful countries, is frequently resumed the idea that families with children in care are more concerned with healthy eating and often buy organic products. This issue is not confirmed on Romanian market. After analyzing the quantitative data, it resulted that there is no statistical connection between the intention or frequency of buying organic products and the fact that the respondents have minors in care or not.

4.3. Romanian consumer confidence in organic products

Low level of trust in organic products can be considered another feature of the Romanian consumer. Although it has a favorable image about organic products and trusts, as a rule, in their qualities, the Romanian consumer doubts the authenticity of organic products, that they strictly fulfill the specific legal rules. The lack of confidence in conformity of organic products is mentioned frequently, in the context of open questions, among the main reasons that restrict or limit the purchase of such products.

When asked directly how much confidence they have that organic products strictly fulfill the rules for certification, the Romanian consumers are rather skeptical (Fig. 6)

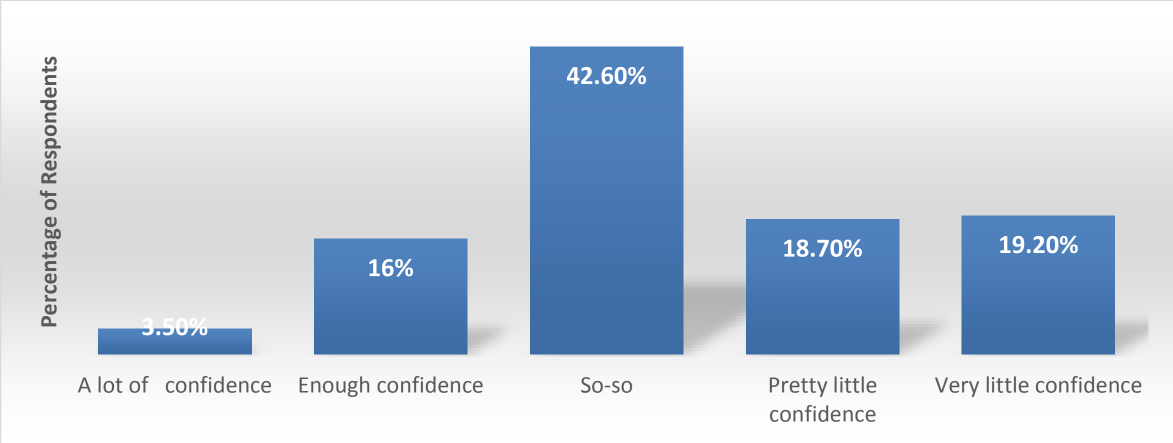


Figure 6: The respondents' level of confidence regarding organic products

It may be noted that a satisfactory level of confidence (a lot of confidence or enough confidence) was expressed by 19.5% of respondents, while 38% of them said they had pretty little or very little confidence that organic products observe the certification standards.

A special discussion may exist in the case of more than 42% of the respondents who were placed in the middle of the scale.

In the present case, the answer "so so", we consider that rather denotes a lack of trust in the authenticity of organic products. It can be assumed, however, that, among of those who gave this response, there is a percentage of undecided and a number of respondents who simply are not interested of the field, but whose percentages can not be determined in this research (Bozga, 2015).

The problems regarding the lack of confidence in the authenticity of organic products were also reported by other authors, including on markets such as Germany (Janssen & Hamm, 2011). But a level below 20%, compared with the European average, according to the statements of the President of the European office of ecological certification, it is around 70%, seems worryingly low. In addition, a more detailed research among manufacturers and governmental authorities leads to the conclusion that consumer suspicions about the authenticity of organic products could be justified, even when we are talking about products certified by authorized institutions (Bozga, 2015).

5. Conclusions

Following research, we could identify, in good measure, the main factors influencing the buying / not purchasing organic products, and also the motivations that influences the buying and consumption behavior towards organic products consumers. We have also obtained concrete information on the respondents' awareness, their perception of organic products and the level of trust that respondents have in organic products.

As a result of primary data analysis, were highlited a number of pecularities of the Romanian consumer, compared to consumers from more developed European markets or United States. We consider that the most significant of these is the lake of trust in organic products. Although they have a good image among consumers, there is a high degree of skepticism regarding the organic products’ complyance with the European organic agriculture regulations. Very low level of confidence (less than 20% of respondents say they have enough or very much confidence in organic products) can be correlated with low level of awareness of a significant part of consumers. More specifically, we are reffering in this case to the confusion that some consumers make between products certified organic and conventional products, in some cases perceived as natural, bought directly from the manufacturers, but which do not feature any guarantee in this regard. On the other hand, there is some evidence to suggest that at least a part of consumers’ concerns may be entitled, meaning that some certified organic products on the market do not strictly comply with European legal regulations.

Another important feature of Romanian consumers is the high level of consumption from own production, which is also manifested in urban areas. More than a third of non-buyers of organic products say they do not need to buy such products, because they or family members own a country household and produce themselves. This situation could have a positive influence on the Romanian consumer, meaning that producing for own consumption it is possible to achieve healthier and more environmentally friendly products. At the same time, it represents a major problem for producers, especialy for organic farmers, faced with large seasonal swings in demand.

Also, several other peculiarities of romania organic product consumer could be identified. Compared to the results of many previous research conducted on various markets, it may seem surprising that, in Romania, children do not in any way influence buying behavior of organic products. There is no difference between adults who have children in care and those who do not, in terms of intention or frequency of organic products purchase. Also reported to the results of research conducted on developed markets, it is interesting that only a small percentage of Romanian consumers (under 2%) are willing to pay more for green products out of concern for the environment.

One of the most important findings of the study is that there are a significant number of consumers who fail to distinguish between organic certified products and conventional ones. Some respondents declared they do not know how can recognize when buying organic products. A significant group of respondents (whose percentage I could not quantify yet), although they declare that they are buyers of organic products, cannot say how they differentiate the later from the conventional ones in the moment of buying, or they offer unconclusive answers. In this context, we believe that the most important limitation of the study is represented by the fact that part of research findings are still working and some important conclusions could not have been formulated at this time.

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Marketing Trends in the Online Retailing of Books in Romania

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The goal of the research presented in this paper is to identify the marketing trends in the online retailing of books on the Romanian market. The main objectives of the research refer to the exploration of the present trends relative to: (i) book reading in Romania; (ii) online purchasing of books in Romania; (iii) types of online retailers on the market of books; (iv) marketing strategies of the different operators involved in the online retailing of books; (v) performance metrics of the companies involved in the online retailing of books. The research design is exploratory. Based on the research findings, recommendations for the future development of the marketing strategies in the online retailing of books in Romania are envisaged. While there are previous studies relative to the book market in this country, the perspective of e-commerce and social media was rather unaddressed. Thus, the distinctive contribution of the paper consists in the fact that it is among the first to approach the marketing trends in the online retailing of books.

Key words: online trends, marketing of books, e-commerce, social media

JEL classification: M30, M31, L81.

1. Introduction

The market of books in Romania is one with high potential of development on medium and long term. At present, this potential is only partially turned into value. The economic and financial crisis left its mark on the book sales and on the activity of the Romanian editors and book retailers.

Electronic commerce is a common denominator of many companies and buyers. Experts define e-commerce as all types of electronic transactions between organizations and stakeholders whether they are financial transactions or exchanges of information or other services (Chaffey, 2012). The fast pace evolution of e-commerce and social media open new horizons for the different categories of stakeholders such as: readers and purchasers of books, traditional bookstores, modern trade formats (such as hypermarkets) involved in book selling, online stores selling books and publishing houses.

The scientific publications on the marketing trends in the online retailing of books in Romania are scarce. The few publications which refer to the book market (Boscaiu, Isaic-Maniu and Voda, 2007; Nastase, 2012) do not study the present marketing strategies applied by the companies that are active in the online retailing. Therefore, getting insights on this topic was both a need and a research opportunity. The contribution of this paper consists in the design and implementation of the exploratory online research relative to the marketing trends in the online retailing of books in Romania.

The goal of the research presented in this paper was to identify the online trends in the marketing of books in Romania. The objectives of the research consisted in the study of the present trends relative to the following aspects: (i) book reading in Romania; (ii) online purchasing of books in Romania; (iii) types of online retailers on the market of books; (iv) marketing strategies of the different operators involved in the online retailing of books; (v) performance metrics of the companies involved in the online retailing of books.

The type of research was exploratory. The choice of this research design was based on the fact that exploratory research is used to generate ideas when hypotheses are vague or ill-defined (Aaker, et al., 2013). Within this research design, the secondary data analysis was selected as one of the methods of conducting exploratory research (Parasuraman, Grewall, and Krishnan, 2007). The range of secondary sources was diverse. Among the main Web sources explored range the sites of the various types of companies present in the online market of books, online services that provide financial information about companies and specialized sites that rank the Web sites of companies according to the number of visitors and number of "Likes" on Facebook.

The present study is mostly an online research. In essence, online research is the use of computer networks, including the Internet, to assist in any phase of the marketing research process (Burns and Bush, 2005). Due to the research goal and objectives of this study, the data gathering was based on Internet sources relative to the online retailing of books.

2. Book reading and online book purchasing in Romania

A survey conducted by TNS Opinion & Social at the request of the European Commission, Directorate General for Education and Culture revealed that book reading is the second common form of participation in cultural activities (European Commission, 2013). According to this study, 68% of the EU citizens read a book, compared to 72% that watch or listen to a cultural programme on TV or radio.

Within a period of six years, the percentage of EU citizens that read a book at least once per year declined slightly. According to the previous survey of 2007, this percentage was 71% (European Commission, 2007). Several hypothetical factors that determined this downward trend could be the following: the economic and financial crisis at the end of the years 2000; the propensity of young generation towards entertainment based on the new media; the decreasing importance of culture in the society.

Within the European Union, Romanians are among the least engaged in the cultural activity of book reading. Only 51% of respondents read a book in the past 12 months, according to the above mentioned survey of 2013. Thus, Romania ranks below the average registered in the 27 states of the European Union. There is a significant book reading gap between Romania and the countries ranked at the top of the hierarchy (see table 1).

Top three countries	Average	Bottom three countries
Sweden (90%) Netherlands (86%) Denmark (82%)	European Union (68%)	Romania (51%) Greece (50%) Portugal (40%)

Table 1. Top three countries and bottom three countries in the European Union based on the percentage of citizens reading at least a book annually

Source: Based on European Commission, 2013, p. 12.

The reasons why Romanians did not read a book or did not read more often in the last 12 months were the following: (a) lack of time (49% of respondents); (b) lack of interest (22%); (c) limited choice in the area they live (14%); (d) too expensive (3%); (e) lack of information (2%); (f) other reasons (6%) (European Commission, 2013, p. 30). These findings should be considered with care because they could be affected by response bias due to deliberate falsification by respondents. The systematic errors are inherent in survey research (Balan, 2009). Deliberate falsification bias may be due to respondents' wish to appear more intelligent, not to reveal embarrassing information or to conceal personal information.

Book reading is a cultural activity for one out of two Romanians. This state of fact influences the magnitude of book purchases. In 2010, the bookstore chain Diverta estimated an overall value of book sales of 112 million Euros (Cerban and Ghita, 2011). Since 2010, the size of the Romanian book market did not register significant changes. Nevertheless, there is room for expansion whether more Romanians would become interested in reading and whether book purchasing frequency would increase.

According to a gemiusAudience study, 1.4 million Romanian Internet users declare doing online shopping several times per month (Gemius, 2014a). In 2014, a survey based on the CAWI method on a sample of 1200 Romanian Internet users (of 15+ years) revealed that 69% of the Internet Romanian users made online purchases in the past (Gemius, 2014b). According to the same study, out of the e-commerce sites, Romanians use mostly the online stores (83%), but they also use the sites of classified ads (45%), collective discount sites (32%), online price comparison sites (29%), online auction sites (11%). Books, movies and music are bought by 44% of the Romanian Internet users and by 47% of the female Internet users. Only 24% of Romanian Internet users who did not make online purchases in the past would be interested to buy books, movies and music in the future (Gemius, 2014b).

Book reading is a cultural activity for only one of two Romanians. Almost one of two Romanian Internet users purchases books. At the same time, books do not represent a category able to stimulate online purchasing among the Romanian Internet users that have not made an online purchase. This state of the demand indicates the importance of marketing strategies designed to attract new customers and develop customer loyalty on the book market in the online environment.

3. Emergence of diverse types of online retailers on the market of books

The range of marketing channels on the book market in Romania diversified progressively, including also e-commerce. Based on the exploratory research carried out in relation to the market of books in Romania, a visible trend was identified. In essence, the trend consists in the emergence of a wide range of online retailers. The research distinguished the following types of operators in the online retailing of books in Romania:

a) *online bookstores.* These online stores are not supported by an offline store in the development of customer relationships. Examples of online bookstores are *librarie.net, libris.ro, librariaonline.ro, librariileonline.ro, book-land.ro, okian.ro* etc. *Librarie.net* is one of the first online bookstores that emerged on the Romanian book market. *Okian.ro* is an online bookstore that focuses on imported books.

b) *online stores of bookstore chains.* A prominent example is *librarie.carturesti.ro.* The online bookstore is owned by Carturesti that was founded in Bucharest in the year 2000. The company defines Carturesti as a "concept store that functions like a bookstore and cultural agent intensely involved in the artistic life of Romania and in social responsibility campaigns" (Carturesti, 2015). The product portfolio includes books, ebooks and other product categories such as stationery, tea and accessories, board games etc. The bookstore *libhumanitas.ro* is also integral part of this category. Another example is the online store *cartepedia.ro* that is administered by One Distribution Company that also owns the Librarium Group which comprises several offline bookstores.

c) *online stores of hypermarket chains.* Recently, the modern retail chains of hypermarkets developed online stores for the Romanian consumers. Books have a rather limited presence in these stores. The book offering of the online stores of hypermarkets shows that major modern retail chains decided not to compete frontally (to provide a diverse range of books) with specialized book retailers. For instance, *coradrive.ro* of the hypermarket chain Cora displays only dictionaries and atlases. The range of suppliers is somehow restrained and includes publishing houses such as: Teora, Leda, Lucman, Meteor Press, All, Cartex 2000, Depozitul de carte, Litera etc.

d) *online stores of the publishing houses.* An example is *polirom.ro* that provides buyers direct access to the titles of the publishing house Polirom. The company was founded two decades ago. In March 2015, the online store offered a wide range of about 1,000 ebooks published by Polirom and Cartea Romaneasca.

e) *online stores with diversified product portfolio.* This category includes online retailers with a diversified offering that comprises several product categories besides books. Elephant.ro is a representative example of the Romanian online stores that offer a diversified product portfolio. The assortment of this retailer comprises books, clothing items, accessories, perfumes and cosmetics, watches etc. The company started its activity in 2009 as an online bookstore and emerged into a online mall selling ten distinct product lines. Elefant.ro has about 600,000 customers, an average daily number of orders of 3,500 and an average order value of 20 euros (Barza, 2014). Books are presented on the site in the same category with media products.

f) *online marketplaces.* In this category, emag is a noteworthy representative. In fact, emag Marketplace is a system that allows partner companies to display own offers on emag.ro (online store owned by the South-African group Naspers). Using a single account, the customer may order products from whatever supplier is present in the system. Deliveries are made directly by the partners of emag. The benefits provided to buyers by the emag Marketplace are convenience, wide product choice and reliable delivery service. This system is a virtual facilitator. Books are an integral part of the online marketplace. The publishing houses that distribute their products through this channel are: Litera, All, Polirom, Curtea Veche, Nemira, Trei, Rao, Teora, Corint, Leda, Humanitas, Art.

g) *online malls.* In the offline environment, the diversity of retailers that are present in a mall enjoy the advantage of joint attractiveness exerted on customers by the wide offering concentrated under the "same roof". Convenience, economy of time, wide product choice and comparison possibilities are only some of the benefits sought by customers that visit offline malls. In the online environment, online malls evolved as well. A representative example is *La-Mall.eu* which reunites 300 online stores. In March 2015, visitors of *La-Mall.eu* had the possibility to choose books from the offerings of 18 online market players: online bookstores (like *librarie.net, libris.ro, okian.ro* etc.); online retailers with diversified portfolio (like *elefant.ro*); online stores of publishing houses (like *All, Curtea Veche, Nemira, Publica etc.*). The online mall is in fact a supply aggregator that facilitates the relationships between the actual buyers and sellers of books.

h) *sites for online classified ads.* Besides the sellers consisting in organizational players involved in the online market of books, there is a distinct category of book sellers represented mostly by individual persons. They use sites for online classified ads in order to identify buyers for the books they intend to sell. The intense competition for the leading position in the market of online classified ads led to the acquisition of the site *tocmai.ro* by the site *olx.ro* (former site *mercador.ro* until June 2014*)* and starting with April 2015. At the end of 2014, the two sites totaled 6 million unique monthly visitors, 5 million announcements and revenues of several thousand euros from promotion (Cuncea and Seceleanu, 2015). Part of the media group Naspers, *olx.ro* will very likely become the leader of the sites for online classified ads, according to the number of users that have accounts on the site (after the migration of the accounts from *tocmai.ro* to *olx.ro*).

i) online auction sites. The most significant example of online auction site is *okazii.ro*. The platform includes a structured and detailed section called "Bookstore". There are three distinct sub-sections dedicated to books, respectively: "The most sought", "Of interest" and "Popular products". The section of books is presented separately from the music and video games. This approach demonstrates that books are attached higher importance by *okazii.ro*, compared to the sites for classified ads. In 2015, 100,000 euros will be invested by okazii.ro (Goaga, 2015). The company aims to maintain its position in the highly competitive online environment, in response to the acquisition of *tocmai.ro* by *olx.ro*. The investment will result in a modern buying experience for users and in support provided to the stores interested to develop a business with *okazii.ro.*

The diversity of market players involved in the online retailing of books provides customers the benefits of a wide choice of sellers and products.

4. Marketing strategy trends in the online retailing of books in Romania

The findings of the exploratory research of the online retailing of books revealed the following trends in the marketing strategies implemented by the different types of market players. The major trends are the following:

a) clear definition of the targeting strategy. Instead of addressing the entire market through an undifferentiated strategy, there are online bookstores that focus on a specific segment. *Elefant.ro,* the online store with a diversified product portfolio focuses on the specific needs of families. The online store of the publishing house Gama *(edituragama.ro)* focuses on the children segment. The same segment is targeted by the online bookstore *librariacopiilor.ro.*

b) differentiation by means of the positioning strategy. Facing an increasing number of competitors, the online bookstores have to differentiate themselves in the eyes of customers. For example, the online bookstore *CumparaOCarte.ro* is positioned as the first online store from Romania that is exclusively dedicated to the discounted books. The specific feature of *CumparaOCarte.ro* is the fact that the discount for a specific title is limited to one day only. The value proposition consists in one-time chance to buy quality titles at convenient prices. The leading online bookstore *librarie.net* is positioned as the widest book offering. The value proposition of the site *cartepedia.ro* refers to the expert advice provided by experience book vendors to the site visitors and book readers.

c) higher interest in experiential marketing. There are market players that integrate the online book selling into a wider experience for book readers. For example, on the site of *book-land.ro*, visitors may obtain information about the conferences dedicated distinctly to high school pupils and university students, as well as the *Cool*tural camps for children that are organized by the Association Bookland.

d) design of a diversified product mix. The online bookstores tend to offer more than just books. *Librarie.carturesti.ro* includes in its cultural mix various product categories such as: books, music, movies, stationery, tea and accessories, board games, games and toys, bags, school manuals etc. The diversified portfolio increases the store attractiveness. This approach is also specific to *elephant.ro* which started as an online bookstore and than expanded into various categories.

e) use of price discounts by every market player. The price discounts are customary for the online bookstores. They are applied almost on continuous basis, not being limited to specific periods along the year. There is always a range of titles on discount in every online bookstore. The online retailers cooperate with the publishing houses to provide discounts even as high as 90%.

f) participation in discounting events. Most players in the online retailing participate in events organized in both offline and online environment, such as Black Friday.

g) offering coupons/vouchers to potential customers. Libris.ro provides a coupon for 15% discount to all site visitors who register for the online newsletter. *Cartepedia.ro* provides different types of gift vouchers. This practice is widely spread in the online retailing.

h) organization of contests. As sales promotion tool, contests are used by most market players. Examples are the contests designed by the publishing houses that are involved in online retailing such as *litera.ro, nemira.ro and rao.ro.*

i) provision of free transportation services. For specified order values, online stores provide free delivery. For instance, *libris.ro* guarantees free delivery through Posta Romana for orders of more than 50 lei. The same online bookstore provides free transportation through fast courier anywhere in Romania, irrespective of the order value. *Book-land.ro* offers free delivery for the first order.

j) free access to books. The publishing house Polirom provides readers with free access to electronic versions of books in its online store. The section is called “Online Library”.

k) distribution of newsletters. Each site visitor is invited to register for the online newsletter. This is a strategy to attract and maintain customers by tempting them with the latest arrivals, the most prestigious titles and surprising price promotions.

l) providing own recommendations of book titles. The sites of the various market players provide their own recommendations of titles. A direct approach consists in site sections entitled “book titles that received prizes”. An indirect approach is a section of “most popular titles”.

m) use of blogs. The market players involved in online retailing created blogs to stimulate the communication with current and potential customers. *Librarie.carturesti.ro* developed a blog with the sections: “Chronicle”, “Events”, “Interviews” and “News”. In its blog, *nemira.ro* initiates the communication with site visitors through short articles and information about the latest titles, news, events, interviews and book reviews. Visitors are invited to leave comments.

n) creation of Facebook accounts. Most companies involved in online retailing are present on Facebook. However, few succeeded to gather a significant number of fans and reached a high number of appreciations.

o) setting-up clubs. Litera.ro created “Modern Teacher’s Club”. This club is an online platform that aims to facilitate the communication among teachers, as well as between teachers, authors of school manuals and the parents of children.

p) importance granted to recommendations from experts. Libhumanitas.ro has a distinct section entitled “The Recommendations of the Book Vendor”. Similarly*, Cartepedia.ro* presents “The recommendation of the day” made by an experienced person who is book vendor. This site section is entitled “Customized book vendor”/” Our book vendors”.

q) making buying suggestions. Librariile Humanitas provide additional value to the site visitors by showing for each book, other titles that were bought by the customers who chose that specific book.

r) stimulation of the readers’reviews. An increasing number of market players encourage readers to present their reviews. For example, in the case of each book, Librariile Humanitas invite site visitors to write their review.

The findings show strategies involving a mix of traditional and social media tools.

5. Trends in the performance of companies involved in the online retailing of books

Among the **performance metrics** of marketing strategies may range those expressed in absolute and relative terms computed on the basis of the following indicators: **company turnover, profit** and **profit margin**. Even if such metrics are the result of all the activities deployed by a company, they also incorporate the effects of the marketing strategies applied in the online environment.

Based on data from Risco Servicii Finaciare, the performance metrics that characterize the major players in the online retailing of books in Romania are presented in table 2.

Company name	Year 2013			Year 2013/Year 2010 (%)		
	Turnover (lei)	Profit (lei)	Net profit margin (%)	Turn-over	Profit	Net profit margin
Direct Client Services (company that administers *librarie.carturesti.ro*)	49,241,103	-43,542	-0.09	177.87	9.47	5.42
Universal Online Promotion (company that administers *elefant.ro*)	28,802,441	-5,604,540	-19.46	3,895.29	725.55	18.63
Polirom Publishing House	20,506,142	1,746,250	8.52	112.35	188.98	168.38
Librarie.Net (company that administers *librarie.net*)	15.138.620	979,914	6.47	188.24	98.82	52.47
Librariile Humanitas	14.274.508	-30.960	-0.22	113.09	n.a	n.a.
Libris (company that administers *libris.ro*)	12,213,436	107,110	0.88	244.06	250.34	103.53
One Distribution Company (that administers *cartepedia.ro*)	9,095,235	-902,959	-9.93	967.68	104.14	10.76
Prems Librexim (company that administers *okian.ro*)	6,747, 972	76,297	1.13	119.77	22.70	18.96
Nemira Publishing House	6,542,004	10,082	0.15	125.97	11.76	9.09
RAO Publishing House	4,477,294	4,906	0.11	284.33	1.43	0.50
All Publishing House	2,361,639	100,710	4.26	70.95	32.08	45.17
MG Net Distribution (company that administers *librariaonline.ro* and *librariileonline.ro*)	2,234279	20,412	0.91	196.34	46.65	23.64
Compania de Librarii Bucuresti	1,539,068	-83,162	-5.40	24.05	n.a.	n.a.
BookLand Store (company that administers *book-land-ro)*	1,509,774	108,828	7.21	n.a.	n.a.	n.a.
Editura Economica	389,918	-234,234	-60.07	54,83	n.a	n.a.
Curtea Veche Publishing House	65,774	22,243	33.82	926.78	1,82.38	116.78

Table 2. Performance metrics of companies involved in the online retailing of books in Romania
Source: Based on Risco Servicii Financiare, 2015. Note: n.a. Not available.

Information about the turnover and profit generated solely by the online business units of the companies involved in the online retailing of books is not publicly available. The financial data presented in Table 2 reveal several aspects. Firstly, the profit margins in the retailing of books are rather low. Secondly, from the profitability standpoint, the companies that are present only in the online retailing of books (without offline bookstores) do not stand out from the rest of companies that are involved in the online retailing of books (besides being active in the offline book selling). The company Librarie.Net that ranks first in the hierarchy of companies present only in the online retailing of books (without offline bookstores) reached a net profit margin of 6.47% in 2013. In comparison, MG Net Distribution - another company that is present only in the online retailing of books - registered a net profit margin of 0.91%. Thirdly, high turnover is sometimes associated with losses, not with profits. Examples in this respect are Direct Client Services (that administers *librarie.carturesti.ro*) and Universal Online Promotions (that administers *elefant.ro*). These losses are the result of investments in business development. For instance, in the case of *elefant.ro,* the turnover increased about 39 times in the period 2010-2013 with the expansion of the product portfolio.

Another example of **performance metric** related to the marketing strategies of market players in the online retailing may be the **number of unique visitors** attracted by the online stores. The investigation of data provided by *trafic.ro* led to the ranking of major sites involved in the online retailing of books in Romania. The site *trafic.ro* of the company NetBridge was selected based on two reasons. The former consists in the availability of data on free basis (not confidential). The latter is the fact that *trafic.ro* is one of the two major systems of online traffic measurement. At present, *trafic.ro* monitors 51,000 Romanian active sites. In addition, *trafic.ro* is member of the Web Analytics Association, the international body that regulates the monitoring of the online traffic. The other system of online traffic measurement is SATI (The Study of Internet Audience and Traffic) of BRAT (Romanian Bureau of Transmedia Audit). The SATI data are available on commercial bases.

The data considered were those relative to the number of unique visitors the sites had in each month of the period December 2014 – February 2015. The data are presented in table 3.

Rank	Site	Number of unique visitors		
		December 2014	January 2015	February 2015
1	www.polirom.ro	75,060	91,539	77,438
2	www.nemira.ro	40,040	35,656	3,606
3	grupulcorint.ro	14,456	18,265	17,641
4	printrecarti.ro	10,209	13,013	13,840
5	editurauniversitaria.ro	7,471	12,526	9,209
6	edituradaksha.ro	3,695	3,953	3,802
7	www.meteorpress.ro	3,624	4,212	4,022
8	www.lumeacartii.ro	2,215	2,943	2,516
9	www.anticariat-academic.ro	2,482	2,914	2,153
10	www.librariilealexandria.ro	2,201	1,958	1,859
11	www.universenciclopedic.ro	1,869	1,999	3,034
12	www.tritonic.ro	1,783	2,315	1,897
13	www.edituradacia.ro	1,226	1,848	1,566
14	www.ideea-europeana.ro	1,157	1,557	1,257
15	www.librarieonline.net	850	984	1,038

Table 3. Ranking of major sites involved in the online retailing of books in Romania, based on the number of unique visitors

Source: Based on data from trafic.ro, 2014 and trafic.ro, 2015.

The data available on *trafic.ro* reveal several trends. Firstly, the top of the 15 sites dedicated to book retailing that are visited by the highest number of unique visitors is dominated by online stores of publishing houses. The top 15 also includes few online bookstores (www.printrecarti, www.lumeacartii.ro, www.librarieonline.net). Secondly, there are large gaps between the sites included in top 15. Category "A" sites registered more than 20,000 unique visitors per month, while category "B" sites between 10,000 and 20,000 visitors and category "C" below 10,000. Most sites are in the category "C". This situation has a direct impact on the sales value of those sites. However, these data are very likely affected by systematic errors generated by the incomplete list of sites monitored by *trafic.ro.*

Another **performance metrics** that characterizes the online marketing in the book market is the **emotional involvement** of followers/fans on social networks. For the retailers which are present on Facebook, the number of "Likes" is an indicator of emotional involvement (see table 4). However, the number of "Likes" is only an imperfect performance indicator. Firstly, the qualitative character of this metric is not directly correlated to the actual purchasing behavior. Secondly, the account on Facebook belongs to the corporate retail brand, not only to the business unit involved directly in the online selling of books.

Company	Facebook	"Likes"
Librariile Carturesti	https://ro-ro.facebook.com/Carturesti	221,813
Elefant.ro	https://ro-ro.facebook.com/elefant.ro	183,536
Libris.ro	https://ro-ro.facebook.com/libris.ro	53,041
Editura Nemira	https://ro-ro.facebook.com/ed.nemira	41,049
Okian.ro	https://ro-ro.facebook.com/Okian.ro	37,768
Editura All	https://ro-ro.facebook.com/editura.all	20,911
Librarie.net	https://ro-ro.facebook.com/librarie.net	20,905
Editura RAO	https://ro-ro.facebook.com/rao.editura	16,601
Curtea Veche Publishing	https://ro-ro.facebook.com/CurteaVechePublishing	13,000
BookLand	https://ro-ro.facebook.com/targdecarte	12,415
www.polirom.ro	https://ro-ro.facebook.com/pages/wwwpoliromro	5,504
Cartepedia	https://ro-ro.facebook.com/cartepedia	2,068
Compania de Librarii Bucuresti	https://ro-ro.facebook.com/clbsa	1,182
LibrariaOnline.ro	https://www.facebook.com/librariaonline.ro	649
Librariile Humanitas	https://www.facebook.com/librariilehumanitas	274

Table 4. Ranking of major sites involved in the online retailing of books in Romania, based on the number of "Likes" on Facebook on 27 March 2015

Source: Based on data from Facebook.

The companies involved in the online retailing of books register relatively small numbers of “Likes” on Facebook. Only Librariile Carturesti and elefant.ro succeeded to attract several hundred thousand “Likes”. In fact, the two market players have leading positions from the turnover standpoint. Based on this metric, Carturesti ranks the sixth among the retailers present on the Romanian market, the first being Lidl with more than 1,500,000 “Likes” (Socialbakers, 2015). Possible causes of the low levels of this metric for most players may be a low investment in online marketing on social networks such as Facebook and a lack of interactivity and dynamism in building relationships with the online communities.

As regards the performance metrics relative to the activity of companies involved in the online retailing of books, the exploratory study does not provide indications of direct correlations between the number of unique visitors and the number of “Likes” on Facebook on one side and turnover, respectively net profit margin, on the other side.

6. Conclusions and recommendations

Book reading is not a common denominator of all Romanians. In addition, online book purchasing attracts less than half of the Romanians who buy on the Web. Thus, a significant demand potential could be expected to develop in the future, on medium and long term.

The existence of a diversity of types of players shows that online retailing is in the early growth stage and that market is not concentrated. This situation reveals the interest of book retailers (that also have an offline presence) in increasing their competitiveness being where their customers like to be, respectively in social media.

The marketing strategies in the online retailing incorporate both classical strategic tools and modern tools facilitated by the access to social media. Performance metrics are rather incomplete and less relevant.

Several recommendations may be formulated based on the findings of the exploratory research. Firstly, the increased competition in the online retailing of books will require the identification of more sustainable points of differentiation than the range of titles and the book prices/discounts. Secondly, experiential marketing may “pay dividends” to all companies that want to address the more complex needs of customers. The synergetic mix of of online and offline tools may enhance readers’ response. Thirdly, the paradigm of online marketing focuses on the communication initiated by customers, rather than by online bookstores. The online communities created by readers will become the norm. Fourthly, the site design should be improved to capture to a higher extent the attention of visitors. Ultimately, innovativeness and creativity in designing the marketing strategies could increase buyer loyalty towards the online bookstores.

The development of more dynamic and interactive marketing strategies in the online retailing of books may open new horizons to both vendors and readers.

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Events Marketing 4-D Research

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In this article, there is presented a 4-D research regarding events. If a 360-degree research takes into account the direct audience at the event, the organization that ordered the event and the company that organized the event, it undertakes a 3-D research, bearing in mind that the event is seen from three different points of view. A 4-D research, implies the indirect audience of an event as well, as it may be very important for each and every one of them. At a first glance, although the indirect public does not seem to be very important for the success of an event, they must be borne in mind for further editions of the event as those from the indirect audience might turn into direct audience. In this paper, we will reveal the most profitable communication channels for this kind of audience. And consequently, those, who organize an event, should be interested not only in how to modify the behavior and the way direct audience views the organizations, but also the ways and means by which the indirect audience's behavior can be changed at the same time with the manner they value the organizations.

Key words: events marketing, 4-D research, communication channels

JEL classification: M31, M30.

1. Introduction

Events play a very important role in the development of the society in general and the individual in particular. Not only the direct audience must be considered important for the present event, but also the indirect audience for the future editions must be taken into account and investigated to see what elements of an experience may be communicated to them in order to make them become direct audience.

If a 360-degree research takes into account the direct audience at the event, the organization that ordered the event and the company that organized the event, it undertakes a 3-D research, bearing in mind that the event is seen from three different points of view. A 4-D research implies the indirect audience of an event as well, as it may be very important for each and every one of the events. At a first glance, the indirect public does not seem to be very important for the success of an event. Consequently, those, who organize an event should be interested not only in how to modify the behavior and the way direct audience views the organizations, but also the ways and means by which the indirect audience's behavior can be changed at the same time with the approach they value the organizations.

2. Defining direct audience and indirect audience

One important issue is to define and to delimit the direct and indirect audience of an event. Although at first it might seem very easy to do this classification, for a rigorous analysis, sometimes it is a very thin line in delimiting them precisely. If most specialists admit that the direct audience of an event is made up of only those who physically take part in an event, while those, who watch, no matter if it is live or replay, hear or read about the event, are the indirect audience.

The problem rises regarding the events that take place due to the technology development that made them possible by establishing connections between people, regardless of their place, city, country, continent and we might even add time as an important factor if we discuss about different time zones where the people taking part of the event are. The only condition is a phone connection for teleconferences, or internet, using software like Skype for video conferences. But seen from this point of view even the indirect audience, that watch a sport event, cultural event, a concert on TV or the internet, can be considered direct audience as the event is transmitted on live stream.

In the US, the Super Bowl (Mohr, 2007) is annually the nation's highest-rated TV program and the most watched single-day sporting event. Despite the increasing fragmentation of viewing audiences, Super Bowl is an event in itself, which became an entertainment and social extravaganza in its own right, that not only for the sport competition itself, but also for the half-time show and the advertisements, considering that on average 80-90 million Americans are tuned in at any given moment.

However, in 2004 during the Halftime Show of Super Bowl XXXVIII, when a concert was held by two American famous singers Janet Jackson and Justin Timberlake (Vance S., 2014), the last one by "accident" revealed the breast of Janet during the choreography of their performance.

The incident did not just spark (Duca, 2014) a legal battle between CBS Broadcasting Inc. and the Federal Communications Commission about the "wardrobe malfunction" that culminated with a total fine of $550,000, but also no events were allowed from that point forward to be transmitted live, no matter if they are sport events, competitions, concerts, even conferences, without a buffer of at least ten seconds in order to give time for televisions to insert generics or advertising if it is necessary, if situation requires so as not to create panic and mislead. Regarding this, in 2005, a bill was enrolled in the USA named Broadcast Decency Enforcement Act of 2005.

After the incident (Wenner, 2008), even the commercials aired during the Super Bowl breaks came under closer moral interrogation. Different commercials were banned starting from the 2005 Super Bowl broadcast.

Bearing this in mind, those, who watch a direct transmission, cannot be considered direct audience. The problem arises regarding a video conference or teleconferences, where the participants can interact, influence and change the way meeting is deployed and ends. There are sport games, like wrestling, where the outcome is usually established by the reaction of the public, as well as the numbers of viewers, and the organizers make the decision who should win only to please both the spectators and viewers.

Direct audience (Berman, 2011) is defined as the population to which messages regarding the events are sent directly and purposefully, with the intention of effecting behavioral change, while indirect audiences are people who are not directly targeted by the messages, but for whom there is concern as to how they will react to the delivery of a certain message to a direct audience.

With respect to the ideas presented, direct audience can be considered those who physically take part in an event, at the site of the event, but also direct audience can be considered those who can interact, influence the outcome of an event and the way it ends, while the indirect audience is represented by those who watch it on TV, internet, radio, regardless if the event is transmitted live or replay, or read in newspapers, magazines about the event.

When the organizers start to promote the event, which in timeline is pre-event, direct and indirect audience are perceived as potential audiences that can attend the event. During the event and post-event, the potential audience becomes direct and indirect audience depending if they attend the event, or are implicated in the deployment of the event.

3. Impact of the events

Events (Richards & Palmer, 2010) are emerging worldwide and are seen to have significant economic and socio cultural impacts on the destination and host society. It is widely recognized (Wilson, 2006) that events can act as a ‘catalyst’ for economic development and urban regeneration. Even small scale events have the potential to generate unequivocal economic benefit to their host communities providing that secondary expenditure opportunities are available, where commercial accommodation, food, drink, shopping and souvenirs are very likely to increase during the deployment of such events.

Hosting and realizing events (Kruger, Rootenberg & Ellis, 2012) is the best way of providing different types of experience, not only to the tourism industry. Events, no matter if they are cultural, sport, entertainment or corporate, offer a wide range of experiences that are different from day-to-day living offering a lifestyle package. Tourists travel to leisure-related experiences, including opportunities for social and/or cultural experiences, interactivity and personal development. Therefore, events should provide an experience that can influence the quality of life not only for the attending tourist, but also for the community where it is held, like involving more people, job creating, social inclusion and even developing the infrastructure of the city, region where they are carried out.

Many facilities, buildings and infrastructure developed for an event are subsidized (Crompton, 1995) either directly, or indirectly by investments from public sector funds. The scarcity of tax money, like the lack of investment in the three main domains for every country, which that wants to succeed and develop in the long term, are education, healthcare and security, has led to growing public scrutiny of their allocation and in this environment, there is likely to be an increased use of economic impact analysis to support public subsidy of these events. Additional revenues might not counterbalance the investment costs that must also fit into the city's long-term plan to make the event economically successful. The prospect of governmental funding (Solberg & Preuss, 2007), however, provides motives to exaggerate the socioeconomic value of the events. This complicates the job of deciding which events to support and by how much. Expenditure on infrastructure sometimes exceeds regional economic benefits and the long-term demand for the infrastructure.

People from most communities, are afraid of not so strategically investments, the construction of imposing buildings and infrastructure development that unfortunately will raise the final costs and especially the local and national public budget will be affected only to maintain them. They are called white elephants (Mate, 2015) that are prestige projects, which are unnecessary and cannot be utilized in the future, in a broader sense, all venues and areas which remain unutilized after international events, sometimes in the middle of nowhere, and which are badly dilapidated. They are expensive to maintain and most of the times there is no solution for their utilization. Such examples are the sport buildings (Tiron, 2012) constructed in communities where the number of the locals does not exceed 500 people and the average age is above 40, the expenditure of more than 31 million euro for swimming pools with no demand, playgrounds that are on the outskirts of the town and difficult to reach without any means of transportation and roads that do not link any important cities, that do not lead to anywhere. Also, there was much debate regarding the National Arena turf (M.D., 2013) that was changed more than six times and the total costs of the operations exceeded more than 1 million E.

The next big event that will be organized in Romania in 2021 is the "Universiade" (Agerpres, 2015) that is an international sports and cultural manifestation, organized once every two years in a different country, on the basis of a selection procedure drawn up by the International University Sports Federation, being the second sporting event by size after the Olympic Games. Romania has organized, up to now, a single "Universiade", in 1981, being the largest sporting event organized in our country so far. The Romanian President, Klaus Johannis spoke at a press conference (Vandenplas, 2015) that "An event of this scale will be beneficial for Romania both economically and socially. The "Universiade" will improve the image of our country and develop tourism. With Universiade, large investments will also be made to the development of sport in Romania, which is more than necessary nowadays."

4. Qualitative research

A qualitative research was conducted to see what are the main obstacles and incentives that can make the potential audience become direct audience and how the indirect audience can become direct audience for the future events. We used in-depth interviews in order to explore the potential audience, but also the indirect audience, perspectives, experiences, feelings and point of views, regarding the communication about events. In this research were interviewed young adults with ages ranging from 19 up to 25 that took part at different kind of events regardless if they were direct or indirect audience. The interview was structured in three modules.

The first module was the introduction with questions referring to the respondents' quality of life and lifestyle, what their main objectives are and how they spend the leisure time, taking into account that events have to compete not only for their money, but also for their time.

The second module considered all the respondents as potential audience and discussed the pre event timeline, no matter if they attended, or not the events taken into discussion.

The respondents usually attend different kinds of events like fairs, festivals, concerts, conferences or sport competitions. The main sources of information are the mass media, like TV, radio, newspapers and internet where a big importance is given to social media, are not excluded posters, or banners as sources of information for events. If it is appealing and in their area of interest, they usually search for more information. The main information that they are looking for when they see an announcement regarding an event, is about the date, place, hour, but also the ticket price, or if it is free of charge. Their friends, peers, colleagues are taken into account and can influence them to take part in an event, being considered at the same time, as a more credible source of information.

The main factors that they considered whether to attend, or not, an event are the theme of the event, the scope, the speakers, or the singers, in the case of a concert, the sports team that is playing, their hobbies, the place and the time where it is going to take place, indoors or outdoors, the weather conditions on the day of the event, the price of the tickets, conditions or restrictions and also if others are going, too.

As potential audience, they expect for the event to start on time, with no delays as their past experience taking part in different kinds of events there were strict rules regarding the consumption of food and drinks that are not bought from the location of the event and thus they were forced to stand in big queues for food and also at the toilets, the no-umbrella rule, or no cameras or photos, although the new generation of phones and more precisely, the smart-phones allow them to take very accurate footage and captures. The experience, that they will receive, is expected to be like no other and also the information in case of conferences, or fairs should meet their expectations. The possibility of buying souvenirs, or to receive as gifts testimonials that were manufactured for the occasion of that event. Most of the respondents want to see pictures or footage on social media networks like Facebook, YouTube or even on the website of the company, or the organizers of the event taken on that occasion. A respondent, who took part in a marathon, was very impressed that, after the event, although the organizers posted hundreds of photos taken during the event, it was pretty easy to find photos only with her, as they had a software where everyone could search after the number from their t-shirt and, in a very short time, only the photos with that number appeared as the result. On the other hand, another respondent was pretty disappointed that, though the organizers had many drones that took pictures and footage during the event, they did not post them anywhere as movies or photographs.

Organizing events are seen to have an economic impact, like an increasing number of businesses that provide goods and services, not only for the tourists, but also to the locals, giving them the opportunity to purchase and consume products, to which they, otherwise, they could have access only outside their region. Another consequence would be an increase in the number of tourists that will spend money, not only for accommodation, but for food, drinks and other leisure activities related. The infrastructure of the city is usually improving, as one respondent mentioned that Romania is obliged by UEFA to build, until 2020, a new thoroughfare for subways that will connect the international airport, Henri Coandă with the National Arena stadium, as well as the number of parking lots around the stadium must be doubled. Even new highways connecting the capital with the western boarder must be constructed in order to meet UEFA demands, all of them are seen as economic improvement and attracting more investors in the long term. The restoration of buildings, or constructing new facilities means more jobs, especially, for the young. Also the project "Universiade" is seen as an event with great potential for the development of the capital of Romania.

The third module, post event, took into consideration only the events where the respondents were indirect audience in order to analyze how they perceived the events that they did not attend physically or involved online, and what are the main communication channels that they trust. The most common reasons that they did not attend those events were lack of time, interest and other urgent matters. While the price of the tickets was not considered to be so important an obstacle, especially, if it is an event that is considered to have a greater impact on their life, regarding improving knowledge, or if it is a sports team, or band they are fans of. Even the prizes that can be won at the event, or backstage passes are seen as a regret for not being direct audience.

The main source of information and the most credible ones are considered to be those who took part in the event, like friends, relatives, colleagues, no matter if they discus about it face to face, or through other communication channels like social media networks, chat or telephone. Media coverage of the event plays an important role, mainly, if there are events which they had the intention to participate, but for different reasons, they could not attend. The regret is most likely to appear if, during the event, prizes are offered to the participants, the possibility to develop networking, such as in the case of conferences, or job fairs, new information or knowledge that could be gained by that experience.

5. Conclusions

Major events (Gratton, Dobson & Shibli, 2010) are now regarded by many as a significant part of their development strategy for their community and even region. However, staging a major event, normally, involves that the host city should bring a substantial contribution to the costs and whether such a contribution is justified, depends on the economic benefits generated in the local economy.

There is a clear need for much greater policy commitment and consistency, better synergies between public health and community efforts, mass communication campaigns to change social norms (Craig & Bauman, 2014) about being active, and building on the events infrastructure development and community interest. A much stronger investment and partnership across sectors and agencies are required, with careful evaluation of the impact at the population level.

With intensified competition in the tourism market place and, especially, events market, it has become paramount for businesses and organizations that communicate through events (Neuhofer, Buhalis & Ladkin, 2015) to explore the potential of new technologies, not only to optimize existing processes of transmitting the events, but at the same time, to facilitate the creation of more meaningful and personalized services and experiences, during and after events, in order to attract more and more direct audience.

The event must be flawless so that it should create buzz and word of mouth regarding it, as the direct audiences have a greater influence upon the indirect audience, the experience should be unique and magnificent so it will be talked about and finally, it will make the indirect audience feel regretful for missing the event. Organizers should conduct, if possible, raffles for the direct audience with lots of prizes as possible, or backstage passes, or meeting with the sports team to take pictures and autographs. The organizers should even promote the experience through which the winners pass, so the cognitive dissonance will be greater for the indirect audience, by news or press releases, testimonials, photos, or footage that will be shared on social media networks, or special websites created for the event. Photos or footage taken during the event with the spectators or participants, and if the technology allows, with applications, or even details like place or section and time when it was taken, or even the dates for events that take place for several days in order to be easier to find by those who want to praise and share it.

As further researches must be conducted, especially, quantitative ones to see the impact regarding the news of the construction of sites for mega events that also imply public funds which can be used in other fields, or economic sectors and which might seem more important for the national economic growth in the long term.

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Environmental Management

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Market activities do not generate a variety of desirable social or public goals, such as creation of a clean environment, and governments and their public environmental management also make many mistakes and failures in their activities. Every environmental management is a scientific approach directed towards the observation of nature and society, and it is essentially an open and integral multidimensional system that covers a wide time span while observing economic activities that take place within dynamic structures linking economic, natural and social systems.

The purpose of this paper is to examine the set hypotheses and determine the characteristics and importance of environmental management development in relation to public or private enterprises that has been, according to statistics, more and more abandoned because it impedes the development of the entire business sector.

Scientific methods used in this paper are methods of systematic analysis, dialectical and logical method, mostly combined with inductive-deductive and deductive-inductive method. Quantitative and qualitative methods were used with methods of comparison of spatial and temporal features.

Scientific contribution is manifested in the development of scientific thought about the importance of environmental management in business, but also type of resources, whether from renewable or non-renewable resources.

Conclusions of this paper are reflected through the issues of designing environmental management system oriented towards classification of natural processes into certain systems that operate according to the differentiation of a specific spatial and temporal sequence to which the systems are directed. According to the basis of interdependence of environmental processes, environmental management seeks to direct human actions to the environment and the world in general.

Key words: ecology, management, enterprises, government institutions, renewable and non-renewable resources

JEL classification: Q56.

1. Introduction

An important feature of environmental management is reflected in the use of systematic and holistic approach to the protection, management and restoration of the natural environment, and the ecosystem in general. Such an approach implies overall care for the environment, but also preservation of sustainability of a particular ecosystem. The activities should not be only oriented towards the achievement of manufacturing productivity or competitiveness through the use of natural resources, which was the previous mode of action in business practice. The main hypothesis is formation of a new attitude which will in future have a more significant impact on ecosystems. PH1: Research oriented only towards natural understanding of ecosystems cannot create a reliable basis for the operation of environmental management while a real need to understand the entire problem matter refers to an integrated understanding of ecosystems, individuals, and social systems and their relationships and obligations. PH2: Activities and knowledge of specific environmental management should demonstrate the ability of people to accept the views of the importance of ecosystems for human life, and such reflection should enable close co-operation of people and the ecosystems. PH3: The objective of environmental management should be to enable multiple environmental management through which it would ensure the fulfillment of human needs while preserving the natural environment. This can be achieved by developing various healthy, productive, and sustainable environmental measures. Moreover, every ecosystem should have clear objectives which should be harmonised with the established environmental policy, legislation and practice adapted to programmes of monitoring, and various studies oriented to understanding of environmental activities and related processes that sustain the structure, composition, and other features of ecosystems (Christensen 1996, 665-691). According to the previous mechanistic way of evaluating environmental problems, an important priniciple of what is now called the human factor within environmental management, is that individuals are also considered a part of the natural world (Ecological Economics at www.fs.fed.us.eco/st2p1.htm?+harvest+scheduling).

2. Responsibility and Activities of Environmental Managers

In modern business, environmental management is a link between ecology and classic management. If human ecology is understood as the science of survival, and management as a skill of managing organisational systems according to the set objectives, and if we accept human survival as the ultimate goal of all human systems on the planet, we can define environmental management as the management with the purpose of survival by managing risks that endanger the survival (Mihajlović et al, 2011).

Every environmental manager should establish, predict and carry out an analysis of all possible environmental, social and economic impacts that their business entity or another organisation could have on the environment, which may significantly jeopardise their business operations or natural environment. Therefore, environmental management is directed towards mobilising and directing several scientific disciplines towards the same tasks with a team that needs to create appropriate financially acceptable systems that would act in accordance with economic, ecological, social, legal, ethical, and cultural requirements, which are essentially sustainable requirements. The expression „environmental management“ is now used in a much broader sense than before, and it is not focused only on the natural environment. Realistically, and according to some scientific findings, only five per cent of environmental control measures refers to „green issues“.

Environmental management activities are directed towards everything that is related to the natural environment, and this includes the places where people live and work, where there is production and other activities. Environmental management should develop a variety of skills for managing various groups of people with many information for this kind of action. This is an important skill that all environmental managers need to have in their work (Environmental Management and Specialized Skill at http//www.envirolaw.co.za/Aldo-Leopold/Project-management.doc).

Environmental management considers economics a part of a particular social system, because human beings are not only motivated by biological and physical needs, but also other characteristics that distinguish them from other species on the planet. Human beings seek a certain meaning, understanding, and judge everything around them. Thus, there is a problem, how to understand the issues related to ecosystems, loss of biodiversity, or increase in the danger for human health if there is lack of understanding of changes in the natural environment. Regarding these problems, all scientific activities should be harmonised in order to make a stronger impact on preservation of the environment and creation of social sustainability on the planet (Somerville, M. and Rapport, D. J., 2002).

Although there are different methods of environmental management in practice, a certain risk shoud still be accepted that may arise as a result of a wrong decision if it is made in accordance with a development strategy and environmental protection. Democratic and public method of environmental management is the most desirable in the modern world. In order to minimise environmental risks resulting from incorrect management decisions, it is necessary that environmental managers acquire certain knowledge and skills in natural, technical and economic sciences, and also to have communication skills and ethical principles of conduct. Instruments of environmental management can be divided into categories (downloaded from http://www.vus.hr/promet/NASTAVNI/stranice/POZN_ROBE.htm):

- Organisational and legal instruments – insitutional legal measures used to directly affect the impacts of pollutants of the environment by regulating production processes, prohibiting pollution discharges, including the creation of the so-called „environmental administration“.
- Administrative instruments are closely related to the ones mentioned above and refer to the establishment of eco-standards and norms for the emission of pollutants through agreement between local authorities and the business entity, including sanctions for violation of established norms.
- Voluntary instruments– these are agreements and conventions concluded between various entities on different levels (local, regional and international), through the mechanism of free will and persuasion.
- Economic instruments of environmental management cover a variety of duties, subsidies and refunds, and start from the principle „polluter pays“. They are classified in the following four groups:

- Pollution duties are taxes and similar payments imposed on polluters that vary with the quantity of pollutants released into the environment.
- Subsidies– forms of financial aid given to companies to reduce pollution, i.e. financing of eco-programmes for minimisation of pollution in the future
- Deposit and refund system – imposes a certain duty on polluters which they pay in advance; it is the so-called deposit for the potential ecological damage to the environment that is later refunded to polluters if they carry out a positive action.
- The licence exchange system – the latest economic instrument where the competent ministry i.e. environmental administration issues a fixed number of licenses, or „rights to pollution“, in a given area, and then allows development of the market on which polluters sell and buy the rights to pollution among themselves.

Numerous studies verify the fact that small and medium-sized enterprises have been abandoning the idea of environmental management as a promotional factor in their market performance. This usually happens because they expect that the state will regulate their actions on the market in order to make a better impact on environmental issues. Practice has shown that the state is incapable to take on this role, because there is not enough qualified staff, necessary information about the benefits, nor funding for reduction of pollution. A further obstacle to effective state action in environmental protection is political activity, perceiving ecological activities and sustainability issues as a supporting social need. It should be noted that the state in many cases acts to protect the interests of large companies, and does not devote enough attention to public interest and real protection of nature.

One of the reasons for non-acceptance of environmental management by the companies is the belief that neither business entity nor management have the time or the financial possibilites to accept and develop a certain environmental protection system (Čulahović 2001, 108).

It is evident that any action towards the creation of environmental protection requires time, financial resources, and professional and educated staff. Successful management of ecosystems creates certain benefits at national and international level, but also significantly reduces operating costs. Activities of environmental management should not be treated as coercive and unprofitable, but rather as a modern necessity without which further development is questionable, and cannot be included in the international division of labour. Specific experiences in the use of legislation related to environmental management should be harmonised with technical and economic knowledge. Without a scientific explanation and theoretical formation of the presented topic, there can be no scientific basis for problem-solving, and without it, there can be no active methods, nor coherent planning of solving the problems. Sustainable development therefore remains a political issue that cannot be realistically comprehended (Cifrić 1989, 345).

3. Activities of Environmental Management in State Institutions

Enviromental management in the modern society has a major role in satisfaction of social needs and the public interest by encouraging sustainable development management (Deželjin 1997,7). Foundation of a certain level of the public sector that manages its own assets or financial resources, human resources, programmes, and often also public contents, the need arises for the creation of public environmental management. Activities of public environmental management should be co-ordinated by the state through administrative bodies, but also through state-owned companies. It should conduct legally prescribed activities under the control of state administration and be responsible for the preparation, adoption and implementation of various environmental regulations. Such state authorities or agencies already exist and operate in many countries and take care of environmental management, prepare the regulations, monitor the state of the environment, and report their findings and activities to state bodies or the public. In European countries, environmental stakeholders and various types of assistance are used to encourage co-operation and agreements, especially open environmental agreements betwen the government and industry, and market mechanisms are used to create the basis for development of management and protection of the environment (Goodstein 2003, 230). Just like the markets that do not achieve a variety of desirable social or public goals by their activities, namely the creation of a clean environment, the state itself and its public environmental management also have many flaws and make many mistakes in their operations. The most common barriers that impede the effective impact of the state and its environmental management in management and control of the effects on the environment are:

- Inadequate environmental and economic information;
- Bad discretionary administrative legislation;
- Political influence on government institutions.

In reflecting on how and where sustainable development can be used successfully, and along the way develop other activities related to environmental protection and sustainable development, the conclusion was reached that a lot could be solved by creating environmental management at the regional and local level, because at these levels, important goals and realistic developmental needs can be determined effectively and in a socially responsible way, and environmental problems can be reduced (Forum on Sustainable Development 2004, 324). According to the above, there is a need for action in public environmental management at the local level, because at this level, the idea on real environmental management is developed, and this should be encouraged and promoted. This is a very responsible and professional task and it is often used under the term “urban management” which has great powers, but also responsibilities in the implementation of sustainable development and environmental protection in particular (Žugaj and Brčić 2003, 20).

Environmental management is also necessary in various non-profit organisations and companies for operating with the least expenditure of resources and achieving the best economic effects. Only a successful environmental management can encourage informing the public on all socially necessary activities, but also lobby at state and senior corporate levels in order to act towards sustainable development and environmental protection, because only environmental management can create an environment in which an individual can achieve multiple goals and tasks with a minimum of consumed resources and time. Accordingly, environmental management can only in this way become involved in the achievement of social objectives and activities and enable sustainable development.

4. Activities of Environmental Management in Companies

Activities of environmental management in an individual company are one of the recent modes of action of environmental management, and provide a comprehensive course of action whose important task is to set the goals of company activities towards environmental protection and reduce the negative impact of the state on the natural environment to a minimum, and also monitor and analyse environmental protection costs at the company level, and conduct various ecological research and compare them with development. The management recognises and offers four basic attitudes for companies to become more sensitive to environmental issues (Freema et al, 1995):

- Legal attitude implies that the company will voluntarily and without question implement all the laws, rules and regulations in the field of environment, and try to apply these regulations to their advantage by making the necessary changes and innovation in business activities;
- Market attitude is adopted by organisations that will base their business activities on fulfilling all the demands of their customers related to the environment;
- Attitude of all the stakeholders that extends beyond the one described in the above paragraph, by the fact that, except customers’, it considers and respects the demands of all other stakeholders;
- Green attitude, as an attitude that promotes life that is in growing harmony with nature. At the current level of awareness and business activities, the application of this attitude is difficult.
- Companies’ activities are closely related to their environment, and the environment affects the company in many ways. Companies should have a dynamic management structure that will enable development in an unstable environment. The management should accept and further develop the basic features of their environment that are closely connected with environmental factors, but also independently develop their environmental policy. By successful management which includes replacement of raw materials, clean technology and production of clean products and services, some additional value is inserted in the product; less natural resources are used and less waste materials created.
- In modern companies, organisations and institutions, management can no longer be the privilege of a few skilled managers; the issue of responsibility is dispersed to lower management levels. Management capacity is not a natural privilege of individuals and it should be acquired through education. Information and knowledge are especially important for organisational activities of environmental

management, with its readiness to take various types of risks. Management in modern business environments demands a high level of knowledge, activity and adaptation to new challenges. Such an environment requires from environmental managers creativity, the use of new modes of action, behaviour and thinking that should differ from the usual (Zekić 1997, 68).

- Production activities in companies usually border with economics and ecology and create room for problems, and to solve these problems, science is often used to encourage environmental activities in the company. Science should be developed for the benefit of all people, and driven towards meeting their needs (Zelenika 2004, 45). All this is evident through addressing economic and environmental issues at the global level and in individual companies in particular.

5. Effects of Environmental Management on Renewable Resources

Natural resources appear in nature as a part of overall natural resources, creating a basis for action, economic activities, and survival of the human species. Human survival is increasingly threatened by constant development of engineering and technology, and therefore, measures should be undertaken for rational use of the natural resources. For successful implementation of this idea, at the initiative of scientists, a new scientific discipline has been established and operational – economics of natural resources. It is a science that should create and point to certain rules of sustainable use of natural resources, the purpose of which is rational management of natural resources with the help of scientific knowledge, and the purpose of all these activities is to enable successful development of human society without endangering the ecosystem. Environmental management should perform continuous adaptation of companies' activities according to the situation on the market, as presented in Table 1.

To last, to grow and to benefit in the long run	Constantly adapting and anticipating in an uncertain environment
To become delocalised in the closest bordering regions	Take into account the effect of space and different levels of analysis such as the world, country, regions
To be the best in the supporting sector	Find markets, adapt to different cultures and stand up to competition,
Research Manipulation with people Technology with the highest achievements Innovation products	

Table 1. Adaptation of Companies to New Market Conditions
Source: Veselica, 2007, p. 34

In this process, the most important task is to manage the environment and determine and develop the most effective ways of managing natural resources which, at the same time, should meet economic needs and environmental criteria of sustainable development. In order to achieve such thinking, analyses are used containing elaboration of different possibilities of natural resource management, as well as the consequences of using these methods. These studies are used to define a particular way of future development of the social community and using natural resources which should encourage development. The way to manage natural resources is based on an appropriate approach and understanding of the long-term development, and with the co-operation of social, economic, and ecological system. During the environmental management, it is necessary to develop the need for sustainable management of resources in the environment.

To successfully operate in a business system, attention should be devoted to renewable resources which are part of the natural environment and can be renewed; these are forests, water, fish stocks, etc. These resources have characteristics of natural renewal or regeneration, which places them at the very top of human interest and use. In cases when their use does not exceed the level of their recovery, the use of these resources can be temporally unlimited. At the same time, growth of biological population such as fish stocks is not unlimited. The highest level of biological resources is determined and achievable by their carrying capacity, and the environment in which the biological species live (Cifrić, 1989, 46). For all mankind, increasing renewable resources is very important, because they can be permanently used in compliance with the prescribed norms. Irrational use of natural resources can lead to serious consequences if the quantity of exploitation of the respective resource exceeds the level of its population growth. Reduction of individual resources can also happen due to pollution, which should be taken into account in the natural resources management. In the analysis of renewable resources, realistic study of individual resources should be considered, and used to influence the creation of ecological balance and interdependence of various biological species. The conclusion of all these analyses is that optimal use of certain resources is very complex, because for such an activity, many interdependent biological species and their interrelationship need to be analysed. A separate calculation can be used to calculate the level of resource use, but also yield on use of the respective resource. With more effort, more vessels, people and time, a better effect can be achieved, and the results of the achievement can be offered to mankind. In this way, the effort invested in the use of resources becomes an important factor of resource management. In the case where there is free access to the exploitation of a certain resource, and substantial profit can be earned in the process, many other stakeholders will enter this activity until profit is equalised with the marginal cost. Competition in the exploitation of resources will appear in the case when property rights do not apply, or when no one owns the particular resource.

Such economic activity has led to the need not to allow free access to renewable resources, because this destroys common property. Such activities have their roots in everyone's attempts to take as much as they can for themselves, regardless of the possibility of resource recovery, and the result of such action is that everyone loses. In order to achieve benefits, each participant tries to take as many resources as possible, which in reality leads to an increase in general exploitation of resources, but also to destruction of the respective resource and to the collapse of all the participants using the resources.

Privatisation is used in practice as a way to solve the problem of excessive use of each resource to which there is free access, and is common property. This is usually handled by giving concessions for the exploitation of particular resources while the government controls the use of the resource. On the other hand, using the privatisation system cannot be used with many other resources, because privatisation can bring many problems when the concessionaire forgets the external costs; thus, privatisation of renewable resources cannot be considered a successful solution of this social problem.

The use of state property could solve many problems that occur by using common ownership of natural resources, because excessive use of resources and external costs can be included in the costs of individual owners. In order for state property to operate successfully, the state should organise monitoring of resource use and set the appropriate rules of conduct.

Communal resource management is used in the case when the local community decides that it can best manage its resources in a sustainable manner. Although some problems appear also in this type of resource management, numerous studies have shown that this method of environmental management is in many cases satisfactory.

Regarding inadequate management of renewable resources, according to the results of previous research, it is estimated that annually about a thousand plant or animal species become extinct. This has become a serious problem, because many species bring people certain benefits and well-being. In case when a particular natural resource is used in a balanced way, open access to resources is in accordance with the conservation of flora and fauna. For the preservation of natural species, it is much better to use individual resource ownership. Open access to any resource contains the possibility of gradual destruction of this resource. Various problems in the use of renewable resources should not be considered in a static way, where the future costs and benefits are given less significance in relation to the current costs and benefits. The discount rate used in determining the exploitation rate of certain resources is high. Discount rate specified in this manner will be relevant as follows (Pearce and Turner 1990, 125):

Biological rate + new value of capital = discount rate

Why the discount rate is so important and how it affects the problem of preservation of resources is shown on the example when the high rate used by the owner of the resource needs to use the respective resource at the same time. In addition, high interest rate leads to excessive use of resources that gradually disappear. Renewable resources are endangered by excessive use which leads to extinction, all in the case when there is open access to this resource which is not under the control of property rights. Effective management of renewable resources requires the creation of a specific legal framework for management that should be based on rights, duties, privileges, and responsibilities. In realistic terms, private, but also state ownership of environmental resources is controversial in many cases, while communal resource management is realistically the most effective way to use natural resources in a sustainable manner. Although many studies were carried out on this management method, practice has proven that this method of management of natural resources is the most effective and causes the least damage to the community.

6. Effects of Environmental Management on Non-Renewable Resources

Various minerals, metal ores, non-metals, coal, oil, and gas classify among non-renewable natural resources. All of these resources have their origin in the distant past and they were materialised in various natural ways. According to their structure and composition, they are non-renewable, and their creation took a long period of time. When considering these resources, it should be taken into account that they belong to a group of resources designated by the term "fixed reserves of exhaustible resources", and attempts are made to find an optimal way of their use, or optimal exploitation rate. The most important feature of non-renewable resources is that their quantity is limited, and the concept of sustainable use, like in the case of renewable resources, cannot be applied. With these resources, it is important at which rate they are used, or they disappear like the total quantity of the respective resources in nature. Prediction of temporal availability of individual non-renewable resources as well as calculation of their temporal use is highly questionable and complex. In economic pricing of each of these resources, their rarity and supply costs are taken into account. In the calculation of current and future availability of each of these resources, interrelated methods of social and natural sciences should be used, and the synchronisation of potential stocks with the needs of humanity is associated with the growth of the human population, technological progress, and social and economic expectations. Issues related to the lack of resources will continue to be in the sphere of interest of society and the environment. Scientific views on the restriction of growth are closely associated to Malthus's perspective which predicts and determines the absolute point at which lack of resources start emerging at a given time. This indicates the importance of using environmental restrictions in the exploitation of certain resources, which implies that large amounts of energy will be necessary for their preparation in order to use them in the future. At the same time, the quality of these resources will be reduced. Such effects will significantly increase the cost of these resources and destroy valuable natural environment and other capacities that satisfy people. English scientist Righardo indicates that the market and economic activities should enable full use of existing resources while finding new ones that will replace the old. Assessment of the shortage of certain resources can be conducted by connecting geological data and forecasting future demand for these resources.

Many authors divide non-renewable resources into natural resources and stocks, and the stocks are presented as layers which can be analysed geologically, and which are economically viable. All the other types of layers are displayed as resources because they have not yet been discovered, or because their use is presently irrelevant. The discount rate is especially important in the exploitation of non-renewable resources. While optimal use of renewable resources is important according to the formula presented above, for non-renewable resources, the following rule applies (Chape and Mulongoy 2004, 5):

Discount rate = increase in the value of capital

In this process, the claim should be taken into account that non-renewable resources should be used in such a way that the growth rate of use of non-renewable resources is equal to the discount rate. The above-rule is called the Simple Hotelling's Rule (Hotelling's scientific analysis from 1931), and the name has the attribute "simple" because it is only used in simple cases, when a company faces zero cost of using a particular resource.

7. Conclusion

Realistic assessment leads to the conclusion that current social and economic development do not show acceptance of sustainable development as a realistic option, which indicates that all present discussions on this topic are not realistically specified, because there is still no sustainable development.

Sustainable development is primarily a normative category, which means that it is something that has yet to be encouraged and further developed. The objective of this action is not a condition that needs to happen in the distant future; sustainable development is one of the characteristics of future development which should not proceed in the direction of environmental degradation and destruction of the natural material basis. This is not the usual environmental, economic or social category, but primarily one which comprises all three options. Environmental management is present on all management levels: personal level, family (household) level, company level (and other economic entities), local, regional and global levels of the state administration, level of international, regional, and global institutions. In each of these cases, environmental management must be treated as a condition of survival and a development option (Rikalović, 1999). In no area of management is the dominance of the effectiveness principle over the efficiency principle, i.e. the inability to compensate lack of effectiveness (poorly selected goals, i.e. goals selected in an inhumane and non-ecological manner) with efficiency confirmed so powerfully and convincingly. In this respect, environmental management can become a kind of infrastructure management and a performance test of any management practice. In order to successfully implement environmental management, management should be created that would organise, direct, and lead sustainable development. This type of management has been developing, specifically from the moment when it became clear how badly human activities affect the natural processes, while at the same time, sustainable development exceeds the framework of scientific debates and increasingly acts as a political or social process of modern times. In this process, environmental economics should play its part and create a framework for unification and solving a variety of environmental, economic and social issues, and help in making correct solutions, decisions and answers. Common objectives should be set for proper economic development and establishment of realistic environmental protection policies. Therefore, environmental management is not just about the management of natural environment, but also the management of organised human activities in order to reduce their negative impact on the natural environment.

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Can Discount Pricing Be A Comeptitive Brand Strategy? An Evaluation of Aldi

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The aims of this exploratory research are to investigate the viability of Aldi's discount pricing strategy in the context of UK grocery retail and examine the impact of this approach on customer's perceptions of and loyalty to the Aldi brand. Using 191 self-completed questionnaires with Aldi customers in Edinburgh, Scotland, the research found that discount pricing was a useful competitive strategy to drive footfall to the Aldi store particularly if combined with perceived value for money. The research revealed that price and value for money influenced brand perceptions but did not necessarily make customers loyal to the brand. With regards to the research hypotheses, H1 discount pricing plays an influential role in the brand loyalty of customers was not supported and H2 customers patronise Aldi because of price was supported. The variables age, gender, income, spending on groceries, preferred grocery retailer and frequency of shop proved significant in a customer's patronage of Aldi. Given the context to this research, specifically the growth of discount retailing in the UK, mirrored by the increasing economic pressures on customers, the exploratory findings of this research should prove useful to academics researching the discount grocery retail sector and practitioners wishing to influence the brand loyalty and store patronage of their customers.

Key words: Aldi, Brand, Brand Preference, Consumer Sentiment

JEL classification: M31.

1. Introduction

In 2014 the grocery retail market of the UK was worth an estimated £174.5bn, an increase of 2.8% on 2013 (IGD, 2014). This figure translates to 54.5p in every £1 spent in the UK is in the grocery sector (IGD, 2014). It is perhaps unsurprising that there is so much consumer spend in this sector given the number and choice of grocery retail stores and formats available to the UK customer and the particular dominance of the so-called 'big four[8]. Tesco is the largest of the grocery retailers with an online presence and over 3,000 stores in the UK (Barford, 2014). In contrast Aldi has a retail footprint of around 500 stores and plans to open between 50 and 65 every year until 2021 (Anon, 2014) as a means of increasing their market share. According to Ruddick (2014), this continued development of retail stores, particularly smaller convenience formats has raised an important question, are today's grocery shoppers increasingly shopping around because they have more stores to choose from? and therefore customer may become even more promiscuous than they currently are (O'Connell, 2014, Findlay and Sparks, 2008, McGoldrick and Andre, 1997). With more consumer choice and demand spread over the online and the diverse offline offer, which includes large hypermarkets, superstores and smaller convenience stores, retailers are increasingly looking for new strategies to remain competitive and attract customers, one such strategy which is currently en vogue is that of price discounting.

In February 2015 Tesco had a 29% share of the grocery market in the UK, ASDA's share of the market was 16.9%, Sainsbury's had a 16.7% share of the market, Morrisons share was 11.1%, the Co-operative had a 5.9% share, with Waitrose having a 5.2% share, Iceland 2.2% and Independents and other outlets having a 4.6% share of the market between them (Statista, 2015). With regards Aldi and Lidl, their share of the grocery market was 4.9% and 3.5% (Statista, 2015) respectively which may be considered

[8] Tesco, ASDA, Sainsbury's, Morrisons

modest but if examined in conjunction with their impact on the strategies of the other larger grocery retailers we begin to see a picture emerge where the discounting approach, offering customer low priced quality own-brand and branded products (Magazine Monitor, 2014, Rudolph and Meise, 2012, Beneke, 2010) appears to have struck a chord with the UK customer and caused the 'big four' to cut their prices (Butler, 2014). It is within the context that this research will investigate the viability of Aldi's discount pricing strategy in the context of UK grocery retail and examine the impact of this approach on customer's perceptions of and loyalty to the Aldi brand.

2. Literature review

When we investigate the make-up of the UK grocery market in more depth we can see that there has been a rise in sales from discount retailers to £10.8bn in 2014 (IGD, 2014). The rise of discount retailers and their policy of discount pricing as a strategy is argued to be as a consequence of the current economic climate, and has impacted directly on consumer shopping patterns, with customers increasingly becoming more price sensitivity, with unnecessary spending reduced and many customers seen to be more focused on just the essentials (Zurawicki and Braidot, 2005, Ang, 2001a, Ang, 2001b). The change in shopping behaviour either as a result of or in response to the rise of discount retailers has led to further discounting of brands and stocking of own brands (IGD, 2014) across the sector and increased price reductions. In the first instance sales of discounted brands and stocking of more own brand products has increased, sales of own brands are around 41% of all UK grocery sales (Sloan, 2012), and are being increasingly seen as an important part of a discounting strategy and vehicle for retailers to increase their market share and enhance turnover and profitability (Bolton, Shakar and Montoya, 2010). In the second instance the influence of Aldi with their "focus on price and simplicity, against a backdrop of falling living standards" (Butler, 2014, n/p) appear to have triggered rather intense price reductions among the 'big four' (Kantar, 2014, Stone, 2010). Although not solely because of Aldi's discount pricing strategy, the economic recession has played a significant role in the strategic shift, the impact on the strategies of their competitors in the grocery retail market has been clear with Tesco adopting a 'Prices down and staying down' strategy, Asda adopting a 'Price lock' policy and Morrisons promoting 'I'm cheaper – everyday low prices' (Kantar, 2014). The extent to which these discounting strategies influence the brand perceptions and loyalty of the typical grocery shopper will be investigated in this research through H_1 discount pricing plays an influential role in the brand loyalty of customers.

The antecedents of loyalty

Previous research has shown that customer loyalty can be to the brand and/or the store (Turner and Greene, 2015, Martenson, 2007, Bloemer and Odekerken-Schröder, 2002, Flavian et al, 2001, Knox and Denison, 2000, MacIntosh and Lockshin, 1997, East et al, 1995, Walker and Knox, 1995). For retailers to gain such customer loyalty is problematic particularly in a highly competitive marketplace where customers are presented with numerous online and offline solutions to their grocery needs. Customer loyalty may be the result of a lack of alternatives, price, value for money, quality or convenience (Lawson, 2013, Ehrenberg and Scriven, 2004, Brennan and Lundsten, 2000, Sweeney, Soutar and Johnson, 1999, Mitchell and Kiral, 1998, Sopanen, 1996ab, Buttle, 1985). Given customers can be loyal for a variety of reasons and that this loyalty could be occasional and temporary it is imperative that retailers 'attempt to tick as many attitudinal and behavioural boxes' in the eyes of the consumer in an attempt to achieve repeat patronage and ultimately loyalty.

Arguably, loyalty consists of the variables satisfaction (Helgesen, 2006, Bloemer and Odekerken-Schröder, 2003, Koo, 2003, Olsen, 2002, Bowen and Chen, 2001, Mittal and Kamakura, 2001, Hallowell, 1996, Rust and Zahorik, 1993, Bloemer and Lemmink, 1992); trust (Harris and Goode, 2004, Delgado-Ballester, Munuera-Aleman, and Guillen, 2003, Sirdeshmukh et al, 2002) and commitment (Fullerton, 2005, Kwon and Suh, 2005, Adamson et al, 2003, Bloemer and Odekerken-Schröder, 2003, Garbarino and Johnson, 1999, Pritchard, Havitz and Howard, 1999, Morgan and Hunt, 1994). To achieve satisfaction, trust and ultimately commitment Aldi have implemented their policy of price discounting, which is not simply about price reductions. Simply implementing a strategy of low or discount prices certainly appeal to customers and can positively impact on the short term footfall of customers but a reliance on this strategy in the longer term can, not only weaken the brand but have a negative effect on profits (Barnes 2004) particularly if you are one of the big four with ranges of over 40,000 products (Butler, 2014). Aldi have attempted to create a discount pricing strategy which centres on firstly a relatively narrow product range, with 90% of that range being own-label (Butler, 2014). Aldi's strategy of stocking own brand and branded products appears to fit with the current customer perception that own brands are comparable to manufacturer brands in term of quality and reliability (Turner and Grant, 2011, De Wulf et al, 2005, Baltas, 1997, Richardson, 1997) and is arguably considered an important criteria in the choice of grocery store (Aalto-Seta and Raijas, 2003). Secondly, maximising retail space and reducing overheads, which includes having customers pay for grocery bags (a measure that has now been introduced by all grocery retailers) and creating the working customer through having them pack their own shopping (Bracey, 2013). These cost savings have allowed Aldi the financial flexibility to offer today's knowledgeable and price conscious customers low priced products (Dennis, Fenech and Merrilees, 2004) and perceived value for money. Price is considered a particularly emotive influencer, if not the main influencer on where a grocery shopper chooses to shop (Han, Gupta and Lehmann, 2001) which is why the research will investigate H_1 customers patronise Aldi because of price.

The extent to which this discounting strategy is sustainable will be partially addressed by this and the authors subsequent research into Aldi examining whether a strategy which includes reducing costs associated to customer operations, logistics, quantity and quantity of the product range and buying process (Walters and Knee, 1989) can continue to appeal particularly when the economy shows signs of recovery and consumer confidence improves. The introduction of brand-matched quality, weekly offers, and low prices supported by an aggressive media campaign has resulted in customers patronising and continuing to patronise Aldi, but the extent to which customers consider themselves loyal will also be considered in this research drawing conclusions and making observations on future activities to enhance Aldi's current discount pricing strategy.

3. Methodology

In February 2014 over a two week period the research used face-to-face self-completed questionnaires, which took between 5-10 minutes to complete, with 191 customers of Aldi Edinburgh. The research used convenience sampling on a pre-determined population, i.e. customers of Aldi (Saunders, Lewis and Thornhill, 2003) as they entered or exited the store. It was considered appropriate to use this approach as it permitted access to a wide range of customers, allowing them the opportunity to participate or not (Bryman and Bell, 2007). It is acknowledged however that the approach only questioned those willing to complete the survey but this was considered a minor limitation as the research was interested in the opinions of Aldi customers and the sample who completed the survey were those such customers. A further limitation of this research was the sample size, which although appropriate for exploratory research would benefit from being both a larger sample size and complimented by qualitative research.

To ensure the research was both reliable and valid a pilot study was conducted with 20 respondents which confirmed clarity and appropriateness of the questions, testing for ambiguity and the logic of the sequence of questions (Zikmund, 2003). The pilot study also allowed the researcher to familiarise himself with the survey and the data collection procedure involved (Bryman and Bell, 2007, Zikmund, 2003). In order to measure the internal consistency of the survey a Cronbach's Alpha coefficient was used. Cronbach's Alpha "is the average of all possible split half coefficients resulting from different ways of splitting the scale items" (Malhotra and Birks, 2003 p.314), with the coefficient value ranging from 0 to 10. With regards this research, using the Cronbach's Alpha coefficient test, the test revealed a figure of 0.927, which represents a good scale and valid test model (Malhotra and Birks 2003).

The research design of the survey was divided into four sections. Section A included questions relating to respondents demographic information. Section B included questions relating to a respondents shopping behaviour. Section C included questions relating to pricing and discount pricing and its relationship to patronage of Aldi and Section D included questions on the Aldi brand and brand loyalty.

4. Analysis and discussion

In terms of respondents demographics, 41% were male and 59% were female with 44% aged 18-34, 49% were aged 35-64 and 7% aged 65 and over. In terms of annual income, 40% of respondents earned than £19,000, 25% earned between £19,001 and £29,000, 21% earned between £29,001 and £39,000, 8% earned between £39,001 and £49,000 and 7% earned £49,001 and above. Regarding respondents mode of transport for grocery shopping, 41% used a car, 32% used public transport, 21% walked which would imply relative close proximity to the store, 4% used a bike and 2% used another form of transport.

Regarding frequency of shop, 31% of the respondents shopped once a week, 23% shopped between 3 and 4 times a week, 21% shopped every fortnight, 10% shopped daily and 15% shopped once a month or less. In terms of monthly spending on groceries, 34% spent between £201-£300, 28% spent between £101-£200, with 20% spending less than £100, 9% spending between £301 and £400 and 9% spending £401 or more a month. These figures relating to shopping spend were to be expected given the earlier figures relating to annual income. With regards respondents preferred grocery retailer, the majority of respondents did not select only one grocery retailer and therefore the results are displayed in figures and not percentages, as the percentages would be misleading. Aldi was the preferred retailer, chosen by 131 respondents, Sainsburys was the second most preferred grocery retailer selected by 39 respondents, 38 respondents preferred Asda, 32 respondents selected Tesco as their preferred grocery retailer with 20 selecting Lidl as their preferred grocery retailer, 13 selecting Waitrose as their preferred grocery retailer, 12 selecting Morrisons as their preferred grocery retailer and 12 selecting the Co-Operative as their preferred grocery retailer. It is perhaps unsurprising that Aldi was the clearly preferred grocery retailer given respondents were customers of Aldi, what is surprising however is that Lidl was preferred by so few respondents. One would have expected that respondents would have preferred Lidl in greater numbers given both Aldi and Lidl are discounters and competing for similar customer so perhaps it is brand which plays a pivotal role in customers perceptions and patronage, something which will be investigated in the next section.

Factors influencing choice of grocery retailer

Respondents were asked which factors influenced their choice of grocery retailer, the most frequently selected variable was price, chosen by 48% of the respondents, the second most selected variable was value for money, selected by 14% of respondents, 13% selected quality, 8% selected brand, 6% selected convenient location, 5% selected discounts, 3% selected friends and 3% selected store reputation. The fact that price was considered the most important variable in a respondents choice of grocery retailer is supported by the literature, although it should be noted that in this research and that of previous research, price was not the sole reason for a customer patronising a grocery retailer. Factors such as value for money and quality were also considered important variables (Turner and Greene, 2015, Lawson, 2013, Mitchell and Kiral, 1998, Buttle, 1985) and arguably operate in tandem with price. The fact that brand was not considered particularly influential is also unsurprising given the circa 50/50 share between manufacturer and own-brand products in the grocery market (Beneke, 2010) with own-brand products now-a-days considered comparable to branded products in terms of quality, performance and reliability (Turner and Grant, 2011, De Wulf et al, 2005, Baltas, 1997).

Loyalty to the Aldi brand

There were low levels of agreement (33.5%) and relatively high levels of neutrality (39.8%) among respondents when asked the question 'I consider myself loyal to the Aldi brand', (see ***Table 1***) which reflects the research findings of, amongst others, Turner and Greene (2015), O'Connell (2014), Findlay and Sparks (2008) and McGoldrick and Andre (1997) who found that that customers are not loyal to any particular retailer, rather they are promiscuous, willing to shop around and switch their allegiance to the retailer whose offer suits them best at any given time. Of the variables age, gender, income, spending on groceries, frequency of shop and preferred grocery retailer, which were tested for significance using multiple regression, age, gender, income, spending on groceries and frequency of shop proved significant.

Question	Percentage of those who Strongly agreed/agreed	Percentage of those who were neutral	Percentage of those who Strongly disagreed/disagreed	Significant variables
I consider myself loyal to Aldi	33.5%	39.8%	26.7%	Age $p<.001$ Income $p<.001$ Frequency of shop $p<.001$ Spending on groceries $p<.001$ Gender $p<.007$

Table 1: Statistics relating to loyalty to the Aldi brand

To investigate the nature of loyalty towards the Aldi brand in more depth the research found that respondents agreed they were satisfied (64.4%) and trusted (75.4%) the Aldi brand but did not consider themselves committed (25.1%), or would remain loyal to the Aldi brand in the future if prices increased (see ***Table 2***). The fact that respondents considered themselves satisfied is certainly a positive indicator for repeat patronage but the presence of satisfaction does not mean a customer is loyal (Hart and Johnson, 1999, Mittal and Lassar, 1998, Rust and Zahorik, 1993). Equally the fact that respondents trusted the Aldi brand does not mean a customer is loyal, a fact underlined by the low level of respondent agreement to the question relating to commitment. For loyalty to exist the antecedents trust and commitment are arguably necessary (Kwon and Suh, 2005, Adamson et al, 2003, Delgado-Ballester and Munuera-Aleman, 2001, Morgan and Hunt, 1994). In other words it appears that although satisfied and trusting of the Aldi brand, respondents did not consider themselves particularly loyal. In the next section the research will attempt to ascertain the reasons for customer's loyalty and patronage and the role pricing has on this behaviour. But prior to this the research will investigate the nature of loyalty in greater depth through a series of correlations using Spearman's Rho.

Question	Percentage of those of Strongly agreed/agreed	Percentage of those who were neutral	Percentage of those who Strongly disagreed/disagreed	Significant variables
I am satisfied with the Aldi brand	64.4%	27.7%	8.8%	Income p<.005 Gender p<.003
I trust the Aldi brand	75.4%	15.7%	8.9%	None
I am committed to the Aldi brand	25.1%	45.0%	29.3%	None
I will remain loyal to the Aldi brand in the future if the prices increased	19.9%	34.6%	45.5%	None

Table 2: Statistics relating to loyalty antecedents towards Aldi brand

A series of correlations were conducted using Spearman's Rho, to compare antecedents of loyalty towards the Aldi brand. All correlations were statistically significant and positive with the strongest correlation for loyalty to the Aldi brand and the antecedent commitment, with r=0.600, p<.01. The correlation between loyalty to the Aldi brand and the antecedent satisfaction was r=0.529, p<.01 and the correlation between loyalty to the Aldi brand and the antecedent trust was r=0.473, p<.01. The fact that all antecedents' relationship with loyalty to the Aldi brand were statistically significant and positive indicates a level of customer loyalty to the Aldi brand, however, when the research examines the findings holistically in conjunction with the descriptive findings the research reveals that respondents were not particularly loyal nor committed to the Aldi brand, a result supported by the work of Turner and Greene (2015) on Aldi in Northern Ireland.

The reasons for customers patronage of Aldi

If respondents did not consider themselves particularly loyal to the Aldi brand, it is important to ascertain the reasons for their patronage of Aldi and consumption of the brand. As we can observe from ***Table 3*** the majority of respondents patronised Aldi because of value for money (83.8%), price (81.7%) and to a lesser extent convenient location (54.5%). However the majority of respondents were neutral (53.9%) or disagreed (25.6%) that they patronised Aldi because of the brand, were neutral (44.0%) or disagreed (27.7%) that they patronised Aldi because of the friendly staff and were neutral (40.8%) or disagreed (36.6%) that they shopped at Aldi because of their reputation. Respondents were neutral (36.6%) or disagreed that they patronised Aldi because of recommendations from friends and were neutral (30.4%) and disagreed (23.6%) that they patronised Aldi because of the offers and incentives. With regards the remaining two questions, the majority of respondents disagreed (64.4%) that they patronised Aldi because of habit and disagreed (67.6%) that they patronised Aldi because they had no choice. Of the variables age, gender, income, spending on groceries, frequency of shop and preferred grocery retailer, which were tested for significance using multiple regression, gender, income, and particularly age, spending on groceries and frequency of shop proved significant.

Question	Percentage of those of Strongly agreed/agreed	Percentage of those who were neutral	Percentage of those who Strongly disagreed/disagreed	Significant variables
I shop at Aldi because of price	81.7%	9.4%	8.9%	Frequency of shop *p*<.001
I shop at Aldi because of their reputation	22.5%	40.8%	36.6%	None
I shop at Aldi because I have no choice	11.5%	19.9%	67.6%	None
I shop at Aldi because of habit	14.6%	20.9%	64.4%	Frequency of shop *p*<.001
I shop at Aldi because of value for money	83.8%	9.9%	6.3%	Spending on groceries *p*<.001
I shop at Aldi because of its convenient location	54.5%	17.8%	27.3%	None
I shop at Aldi because of incentives and offers	46.1%	30.4%	23.6%	Age *p*<.001 Income *p*<.001 Frequency of shop *p*<.001 Spending on groceries *p*<.001 Gender *p*<.001 Preferred grocery retailer *p*<.001
I shop at Aldi because of recommendations from friends	24.6%	36.6%	36.6%	None
I shop at Aldi because of brand	19.8%	53.9%	25.6%	Age *p*<.001 Frequency of shop *p*<.001 Spending on groceries *p*<.001
I shop at Aldi because of friendly staff	27.8%	44.0%	27.7%	Age *p*<.001 Frequency of shop *p*<.001 Spending on groceries *p*<.001

Table 3: Statistics relating to reasons for patronage of Aldi

The fact that price and value for money were the most selected variables are in line with previous research into Aldi and echoes what the retailer stands for, low priced, value for money discounting (Turner and Greene, 2015, Magazine Monitor, 2014, Rudolph and Meise, 2012). Equally the fact that brand and reputation received a high degree of neutrality from respondents is perhaps unsurprising as this is a common theme to emerge in this research, supported by existing research that own-brand products are perhaps perceived as more comparable rather than inferior to branded products in terms of quality, performance and reliability (Turner and Grant, 2011, De Wulf et al, 2005, Baltas, 1997). The research findings are also supported by the relatively low levels of loyalty towards the Aldi brand and in line with existing research which indicates that customers were not loyal to any particular retailer, rather they are promiscuous (Findlay and Sparks, 2008, McGoldrick and Andre, 1997) and willing to patronise the grocery retailer who is giving them the best deal, i.e. low priced products and perceived value for money.

The role of pricing in a customer's patronage of Aldi

The research has found that price and value for money are important variables in a respondent's patronage of Aldi, the extent to which pricing as a variable influences respondent's loyalty and patronage of the brand will be investigated in this section of the research. As it may be observed from ***Table 4***, the majority of respondents patronised Aldi because of price (81.7%) and value for money (83.8%) and considered that Aldi's prices are generally cheaper than the competition (69.6%). Interestingly the majority of respondents were neutral (51.3%) or agreed (38.8%) when asked if they considered Aldi products to be priced much lower than branded products and the majority of respondents were neutral (54.5%) when asked if Aldi prices have changed their perception of the brand, a relatively equal proportion of respondents agreed (23.5%) or disagreed (21.9%) with the statement. In terms of affordable prices being the main reason for remaining with Aldi, the majority were agreeable (45.6%) or neutral (45.5%) and would remain loyal to the retailer even if they increased their prices with 46.6% agreeing and 41.4% neutral. In contrast and arguably in contradiction to the responses to the previous question, the majority of respondents were neutral (45.5%) when asked if they would remain with Aldi even if prices were cheaper elsewhere with 28.3% in disagreement and 26.2% agreeing. Of the variables age, gender, income, spending on groceries, frequency of shop and preferred grocery retailer, which were tested for significance using multiple regression, age, gender, income, preferred grocery retailer, spending on groceries and particularly frequency of shop proved significant.

Question	**Percentage of those of Strongly agreed/agreed**	**Percentage of those who were neutral**	**Percentage of those who Strongly disagreed/disagreed**	**Significant variables**
I shop at Aldi because of price	81.7%	9.4%	8.9%	Frequency of shop $p<.001$
I shop at Aldi because of value for money	83.8%	9.9%	6.3%	Spending on groceries $p<.001$
Aldi products are priced much lower than branded products	38.8%	51.3%	9.9%	Preferred grocery retailer $p<.001$
Aldi prices have changed my perception of the brand	23.5%	54.5%	21.9%	None
Aldi prices are generally cheaper than its competitors	69.6%	22.5%	6.8%	None
I would remain with Aldi even if prices were cheaper elsewhere	26.2%	45.5%	28.3%	None
Affordable prices are my main reason for remaining with Aldi	45.6%	45.5%	8.9%	Age $p<.001$ Frequency of shop $p<.001$
I would remain with Aldi even if their prices increase	46.6%%	41.4%	11%	Age $p<.001$ Income $p<.001$ Frequency of shop $p<.001$ Spending on groceries $p<.001$ Gender $p<.001$

Table 4: Statistics relating to Aldi pricing

The research findings support previous research into Aldi in Northern Ireland (Turner and Greene, 2015) and takes research forward into investigating the specific role of pricing as a mechanism to influence patronage of and loyalty to Aldi. The fact that the majority of respondents patronise Aldi because of value for money, price and to a degree, affordable prices and are considered cheaper than the competition, with a positive, significant relationship between price and loyalty to the Aldi brand with r=0.205, $p<.01$ supports H_2 customers patronise Aldi because of price. Respondents would also appear to perceive Aldi products (branded and non-branded) as low priced, not necessarily distinguishing Aldi products as cheaper than branded products, seeing the product range as low priced. This perception that Aldi are a low cost, discount retailer (Turner and Greene, 2015, Magazine Monitor, 2014, Rudolph and Meise, 2012) appears to have resonated with respondents given the fact that the majority of them did not consider Aldi's prices having changed their perception of the brand presumably because respondents already consider the Aldi brand to be associated with low price. Interestingly and to a degree, in contrast to the underlying theme of this research, those respondents were not particularly loyal, the majority of respondents either agreed or were neutral to the question that they would remain loyal to Aldi even if prices increased and were neutral that they would remain with Aldi even if prices were cheaper elsewhere. Perhaps the reasons for their responses are that they already consider Aldi to be cheaper than the competition, a fact illustrated earlier and therefore even an incremental rise in prices would not alter the fact that Aldi are still cheaper with perceived value for money and therefore would continue to patronise the brand. The fact that respondents were neutral or agree and disagree in relatively even numbers that they would remain with Aldi even if prices were cheaper elsewhere perhaps underlines the indifference that customers have towards loyalty to any one particular grocery retailer. Although playing a relatively influential role in a customer's preference and patronage of the Aldi brand, discount pricing (the price more than the brand component of this strategy) did not engender loyalty and therefore H_1 discount pricing plays an influential role in the brand loyalty of customers was not supported. It would appear, that similarly to other research in the area, that whatever the competitive strategy implemented by retailers is consumers simply patronise the retailer who gives them the best deal and any given time (Turner and Greene, 2015, Findlay and Sparks, 2008, McGoldrick and Andre, 1997).

5. Conclusion

This exploratory research examined the viability of Aldi's discount pricing strategy in the context of UK grocery retail and discussed the impact of this approach on customer's perceptions of the Aldi brand. The research consolidated existing literature on customer loyalty towards the Aldi brand and took research forward with reference to discount pricing as a strategy. The research found that price and to a lesser extent value for money and quality were important variables in their choice of store but when it came to Aldi the variables price and value for money were the most important variables for patronage. Aldi was the most preferred grocery retailer which is supported by the literature in that authors argue that Aldi has increased its popularity among consumers (Lawson, 2013). It should be noted however that preference does not translate to loyalty with only 33.5% of respondents agreeing and strongly agreeing that they were loyal to the Aldi brand. Respondents did consider themselves satisfied and trusting of the Aldi brand but did not consider themselves committed which is supported by previous research (Turner and Greene, 2015). In terms of pricing, the research revealed that price and value for money were the main motivators for patronage of Aldi which supports H_2 customers patronise Aldi because of price. However, despite there being a positive significant correlation between price and loyalty to Aldi the research could not support H_1 discount pricing plays an influential role in the brand loyalty of customers as although important to a customer's patronage of Aldi, respondents did not consider themselves loyal to the Aldi brand.

The findings from this exploratory research can be generalised to other retailers and Aldi's across other cities in the UK. In terms of further research, firstly research could be conducted in those cities which are dominated by the 'big four', those cities which have both a strong Aldi and Lidl presence and those cities which have more than one Aldi to understand if similar findings to this research are revealed in those cities which exhibit different characteristics. A second area for further research would be to examine customer perspectives of the Aldi brand, comparing branded and own-brand range of products to provide further insight into customer perceptions of the brand, brand loyalty towards Aldi and the viability of the Aldi discount pricing strategy. A final area for future research would be to conduct qualitative research into the relationship between loyalty and prices to try and provide more detailed answers to the questions addressed in this particular research.

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The Interaction Between Organizational Silence Climate And Employees Behaviors In The Field Of Health

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The aim of this paper is to investigate the relation between organizational silence climate and employees' silence behaviours. This research was conducted in Antalya Education and Research Hospital within the scope of Antalya Health Management. 1837 people in the field of health participated in the study. Because of the limited time, the sample group was chosen based on stratified sampling and composed of 407 employees. The data was gathered from the volunteers through interviews between 1st May and 31st of August, 2013. On those days 407 people were interviewed. In this research it was aimed to understand whether there is a relationship among fear, self-defence, protecting relationships or indifference and employee silence. Besides, one of the main objectives is to be able to explain whether there is a relation between organizational silence climate and employees silence behaviours. Based on the demographic characteristics of the sample group (age, sex, marital status, education, working period, task) it was tired to find out whether they are related to silence behaviours or not. Based on the analyses it was found that the upper management has a great influence on employees' silence behaviours but the effect of unit managers should also be considered. It was observed that employees generally show silence behaviours based on protecting themselves or based on fear. It can be said that there is a relationship between employees' silence behaviours and organizational silence climate. In terms of demographic characteristics, the silence behaviours of employees vary according to their demographic characteristics.

Key words: Organisational Silence, Employee Silence, Organisational Behaviour

JEL classification: M31.

1. Introduction

A group of people who come together to achieve a goal is called an organization. Humankind is a living organism and each human being differs from the others in terms of their reactions to certain feelings, ideas and situations. So, human factor that is a part of the organization and human behaviour is of great importance. Especially, as service sector is human-based, reactions given by employees to certain situations are crucially important in affecting the development of the organization. The rapid developments in technology have given the companies a bigger responsibility to complete with each other. As a result, companies have started to focus more on human power. Therefore, the primary action to take is to provide a better communication within the company. In terms of expressing his/her ideas correctly, employees should not have any feeling of fear, anxiety and concern towards their employers in order to feel as a part of the organization. It is known that the employees who have a feeling of attachment to their employers are more open in sharing their knowledge with them. However, it is observed that in the organizations composed of the employees who don't have a feeling of attachment, sharing of knowledge is not implemented correctly and also "organizational silence" takes place in such organizations. There are also researches available towards examining the correlations between the organizational and managerial dimensions of silence, organizational silence and organizational loyalty, personnel performance, organizational justice and leadership style. Nevertheless, a research examining the relationship between employee silence and perceived organization culture hasn't been seen. Within this context, answer to the question "Is there is a relationship between organizational silence climate and employees silent behaviours*?"* is being searched for in this study. In this respect this study tries to answer this question and

To answer this question, the relevant literature was analysed, a survey was conducted statistical techniques were used to test the relationships among the variables of employee silence, organizational silence and the effects of employee silence on organizational silence.

2. Literature Review

2.1. Silence and Organizational Silence

In the past, the fact that employees remained silent was considered a matter of adaptation, while today this situation is seen as a reaction and recession.

Employee silence, which is defined as situation in which the employees can not comfortably express their opinions and ideas about specific problems, has the power to affect the way organizations develop and change in a negative way So, it is highly important that employers should be helpful to their employees in expressing their opinions and demands. Organizational silence is defined as the condition where the employees do not share their opinions or concerns about the company issues with both their employers and their colleagues. (Ozdemir and Ugur, 2013). Due to the fear of having opposing ideas, losing their jobs, getting excluded, people prefer remaining silent. Silence has five dualistic functions. As a first function, silence not only makes people come together, it also separates them. Secondly, it can both harm and heal people's relations with each other As a third function, silence both provides information and conceals it. Fourthly, it indicates both deep thought and no thought. As a final function, silence has the function of conveying both consent and assent. (Pinder and Harlos, 2001).

2.2. Factors Leading to Organizational Silence

Basic factors leading to organizational silence include values that are accepted without questioning, ideas that are expressed wrongly, and lack of cooperation among employees. (Ulker and Kanten, 2005).

Organizational Factors

These factors are:

- Organizational Culture: It is a system that is composed of a set of behaviors, beliefs, attitudes and habits that shape the actions of individuals or groups. (Guclu, 2003).
- Organizational Injustice Culture: It is considered as a factor that plays an important role in determining a fair environment and the behaviors of the employees.
- Organizational Silence Climate: İn certain case employees might not feel comfortable while expressing their ideas in presence of their employers. In such situations, if employers shows an aggressive reaction to their employees, the employees might avoid expressing their opinions. Although this situation is evidently against the organization policies, it might create a silence climate among the employees. (Morrison and Milliken, 2000). There are three important dimensions that cause the employers to recognize the silence climate.

These are the managers' behaviors and attitudes, department/unit managers' behaviors and attitudes, and communication facilities within the organization. (Mayhew and others 2006).

Management's Attitude

One of the reasons of organizational silence is managers' assumptions about the performance of the employees and the management within the company. According to one of these assumptions, employers believe that employees are not trustable. The managers might be afraid to receive negative reactions from their employees and this could lead to silence within the organization. In such a case, it has been observed that employers feel threatened as a result of their employees' negative reactions even though these reactions are about the future plans of the company. (Milliken and Morrison, 2000).

Department/Unit Manager's Attitude

Unit managers are responsible for managing the employees- the ones at the lowest level of hierarchy within the organization- who are expected to perform certain work or activities. The job description of unit managers also includes the management of the employers, evaluation of organizational output and the presentation of required information to the management. (Ulker and Kanten, 2009).

Communication Facilities Within the Organization

Communications is an important factor in order for companies to emerge, maintain their activities and achieve their goals. In addition, employees are able to express their social and psychological situations thanks to communication, which is why it is crucial that there should be a correct communication between employees and employer (Johkle and Duhan, 2000).

Administrative Factors

One of the factors that cause employees in an organization to remain silent is the feeling of a possible negative reaction from their administrators in certain cases where they speak up or the belief that they will lose their jobs (Morrison and Milliken, 2000). Administrative factors leading to organizational silence are administrators' fear of receiving negative feedback, their prejudice against the employee performance, structure of the administration, and homogeneity of the administration.

Individual Factors

Employees choose to remain silent not only as a result of their personal experiences in the work place, but also as a result of observations of their colleagues (Morrison, Milliken and Hewin; 2003). Among the reasons why employees do not explicitly express their ideas to the administration are past experiences, fear of isolation, lack of trust, fear of damaging their relationships with colleagues or the administration.

National/Cultural Factors

2.3. Silent Behaviors of the Employees

Even though organizational silence has been increasing within organizations, not enough academic research has been conducted about this issue. Although Morrison and Milliken have conducted their studies about organizational silence, sufficient data has not been acquired. In their research, they aimed to analyze the process, reasons and conditions of organizational silence. Taking Morrison and Milliken's research into consideration, Pinder and Harlos started their research on organizational silence for further data. In the study, it is emphasized that silent behavior is crucial in terms of employee and organization performance.(Dyne and others, 2003). Studies show that social interactions and organizational incidents have a great impact on employees' reactions because it has been found that the stimuli resulting from social interaction has an effect on people's personalities (Amah and Okafor, 2008). It has also been emphasized that employee reactions differ depending on their sexes. It has been observed that compared to men, women have more tendency to remain silent (Brinsfield, 2009).

Acquiescent Silence

In the empirical studies, it has been concluded that in this kind of silence, employees have a relatively low participation in the improvement and development of the organization. Employees exhibit acquiescent silence by not effectively participating in organizational processes and by showing unwilling attitude to change this situation. The fact that employees have a perception of unimportance and powerlessness in the organizational processes, and have a tendency to accept the cases in which they have no effect within the organization is defined as acquiescent silence (Dyne and others, 2003). Because he accepts the conditions within the organization, the employee that is in the action of acquiescent silence does not have an effort to change the present conditions (Pinder ve Harlos, 2001).

Defensive Silence

In the basis of defensive silence, it is considered that the reason why employees prefer silence is fear. (Denız and others, 2003). Based on fear, in order to defend himself/herself, employee prefers hiding his/her information and opinion. In other words, defensive silence can also be defined as a way of behavior that the employee deliberately adopts against threats within an organization (Dyne and others, 2003).

Pro-Social Silence

Pro social silence is defined as a situation in which the employee refuses to express his/her ideas, information and opinion even though it is in favor of himself/herself or the organization. What is important in this kind of silence is that employees avoid giving away secret information about their organization and individuals in the organization, which is in favor of the organization (Brinsfield, 2009). When certain employees have an inner will to express their feelings about the weaknesses of the organization, seeing that other employees do not feel comfortable about it, they might give in their effort to express their ideas. This is considered as a political behavior in which these employees aim not to hurt their colleagues but make them happy. As a result, employees do not share their opinion about possible solutions. The reason to this is that these employees choose to remain silent in order to maintain their smooth relationship with the decision makers and in order to maintain the organization success because they aim not to damage their relationships with the decision makers (Perlow and Repenning, 2007).

3. Research Methodology

This study aims to explain whether there is a relation between organizational silence climate and employees silence behaviours. We conducted a descriptive research through the questionnaire method to understand whether there is a relationship among fear, self defense, protecting relationships or indifference and employee silence.

In order to measure organizational silence we used the scales developed by Milliken et.al (2003), Vakola and Bouradas (2005). On the other hand, to measure the employees silent behaviors we used the scale developed by Dyne et.al (2003a,b) and Briensfield (2009).[9] And the third part is also designed to gather demographic variables as a complementary to the first two scales.

1. Reliability

The overall reliability is measured by Cronbach's Alpha coefficient. Our findings reveal that the organizational silence climate reliability of the sample is 0,703 and employees' silent behavior reliability of the sample is 0,892. These results indicate the reliability of scales used in that survey.

2. Sample

The research was conducted between the 1st of May and 31st of August 2013 in Antalya Training and Research Hospital. The target population of the study is composed of 1837 healthcare personnel. Stratified Sampling Method is determined as a sample selection criteria and 407 professional is selected from that population.

A pilot study was conducted before committing our full research. Accordingly, we interviewed with 20 persons concerning defined scales. After that the required corrections are made.

4. Findings

Our findings can be classified under two main sub-groups. While the first group reflects the demographic characteristics of participants, the second group includes some results concerning the hypothesis tests.

1. Demographic Qualities of the Office Employees Participating in the Research

The participants in this survey had a wide range of age groups, 3.7 % of those surveyed were aged below the 20 years old, 25.1 % of those surveyed were aged between 21 - 30 years old, 49.1 % were aged 31-40 years, 16.7 % were aged 41-50 years, 4.9 % were aged 51-60 years of age and 5 % were aged 61 years and over. Of the participants in the survey 71.3 % were female and 28.7 % were male. Marital status showed 41.5 % of the participants were single and 58.5 % were married. In the survey participants were asked to share their level of education. 8.6 % emphasized having completed only a high school education, 22.9 % of those surveyed indicated having completed vocational school, 42.3 % of participants had completed undergraduate, 12.5 % of those surveyed had completed graduate level with 13.7 % having completed PhD. The survey also recorded levels of work experience among participants. The study revealed that 13.0 % of respondents had been working below 1 years of experience, 40.3 % had been working 1-5 years, 21.6 % had been working 6-10 years, 16.5 % had been working 11-16 years with 8.6 % working more than 17 years.

The participants had a wide range of jobs groups 15,2% of them were specialist physicians, 8.6 % of those surveyed were physician assistants, 1.2 % of them were practicing assistants, 39.3 % of those were nurses, 1 % of those them were physical therapy and rehabilitation physicians, 5 % of those were dieticians, 1.2 % of those were pharmaceutics, 5 % of those were dentists, 32.4 % of those were other healthcare personnel.

2. Data Analysis and Hypotheses Test Results

The research is designed to test the two main hypotheses that are given below.

H1: There is a relationship between organizational silence climate and employees' silent behaviors.

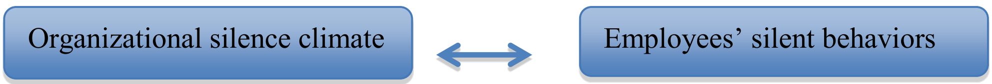

Figure 1. Conceptual Model

[9] Both scales have been used and adopted for a Turkish case by Alparsan (2010).

H2: There is a relationship between demographic features and employees' silent behaviors.

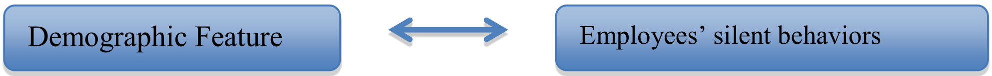

Figure 2. Conceptual Model

In this study, the interaction between organizational silence climate and employees' silent behaviors in the field of health has been observed and it has been concluded that, organizational silence climate dimensions include the management's attitude, department/unit manager's attitude and communication facilities whereas employee silence behavior dimensions are composed of indifference and subjection based silence behavior, self-defense and fear based silence behavior, and pro social based silence behavior.

When we consider the findings of the correlation analysis that was conducted in order to indicate the relationship between organizational silence climate dimensions and employee silence behavior dimensions, it has been found that while there is a considerable and positive relation between employee silence behavior and management's attitude, the relation between department manager and employee silence behavior is considerable and negative.

These findings show us that not only management's attitude but also department/unit manager's attitude has an impact on the employee silence behaviors. It has also been observed that communication facilities do not have an impact on the pro-social silence behavior, and indifference and submission based silence behavior although communication facilities have an influence on the self-defense and fear based silence behavior.

		Management's attitude	Department/ unit manager's attitude	Communication facilities	Indifference and submission based silence behavior	Self-defense and fear based silenc behavior	Pro-social silence behavior
Management's attitude	P.	1					
	Sig.	,000					
Department /unit manager's attitude	P.	-,247**	1				
	Sig.	,000					
Communication facilities	P.	-,229**	,425**	1			
	Anl.	,000	,000				
Indifference and submission based silence behavior	P.	,231**	-,166**	-,033	1		
	Sig.	,000	,001	,509			
Self-defense and fea based silence behavior	P.	,272**	-,262**	-,205**	,231**	1	
	Sig	,000	,000	,000	,000		
Pro-social silence behavior	P.	,201**	-,190**	,-023	,373**	,437**	1
	Sig.	,000	,000	,641	,000	,000	

*p<0.05, **p < 0.01

Table 1. Correlation-Means-Standard Deviation Coefficients

Various analyses have been made in order to understand if health care employees' silence behaviors differ in accordance to their demographical features. Firstly, it has been observed if healthcare employees' silence behaviors differ in terms of

their sexes. As in Table 2, indifference and submission based silence behavior, self-defense and fear based silence behavior, and pro social silence behavior, which are all sub dimensions of silence behavior, are observed to differ in terms of sexes. It has been seen that female employees exhibit more silence behavior compared to the male.

EMPLOYEE SILENCE BEHAVIOUR	Sex	N	$\overline{X}$	Std. Dev.	T	Sig.
İndifference and submission based silence behavior	Female	290	2,5143	,65791	4,508	,000
	Male	117	2,1905	,65061		
Self-defense and fear based silence behavior.	Female	290	2,6409	,69361	4,236	,000
	Male	117	2,3024	,81329		
Pro-social silence behavior	Female	290	2,8730	,65551	1,972	,049
	Male	117	2,7265	,73189		

$p<0,05$

Table 2. Distribution of Employee Silence Behaviors and Sex

However as in table 2, it has been also found that health employees' marriage status does not have an effect on their silence behaviors.

EMPLOYEE SILENCE BEHAVIOUR	Age	N	$\overline{X}$	Std. Dev.	F	P
İndifference and submission based silence behavior	Below 20 years of age	15	2,4476	,62826	,910	,474
	21-30	102	2,3936	,84939		
	31-40	200	2,4407	,79999		
	41-50	68	2,4622	,80341		
	51-60	20	2,2929	,74044		
	Above 61 years of age	2	1,5714	23570		
Self-defense and fear based silence behavior.	Below 20 years of age	15	2,2417	,62826	2,748	,019
	21-30	102	2,5270	,84939		
	31-40	200	2,6281	,79999		
	41-50	68	2,4816	,80341		
	51-60	20	2,3563	,74044		
	Above 61 years of age	2	1,1875	23570		
Pro-social silence behavior	Below 20 years of age	15	2,7444	,62826	,444	,818

	21-30	102	2,8415	,84939		
	31-40	200	2,8417	,79999		
	41-50	68	2,8260	,80341		
	51-60	20	2,8167	,74044		
	Above 61 years of age	2	2,1667	23570		

p<0,05

Table 3. Distribution of Employee Silence Behaviors and Age

According to table 3, another finding is that there is not a considerable relation between age and employee silence behavior dimensions, such as *indifference and submission based silence behavior*, *pro-social silence behavior*. On the other hand, it has been seen that *self-protection and fear based silence behavior* has a considerable relation with the sample group's age range. While it has been found that health employees above the age of 60 have less *self-protection and fear based silence behavior*, health employees between the age of 31 and 40 have an intensive tendency for this dimension of silence behavior. In addition, it has been observed that the health employees' years of experience does not have an impact on the employees' silence behavior. Health employees' silence behaviors have been observed to differ according to their jobs.

EMPLOYEE SILENCE BEHAVIOUR	JOBS	N	$\overline{X}$	Std. Dev.	F	Sig.
İndifference and submission based silence behavior	Nurses	160	2,5321	,66832	4,691	,000
	Dentists	2	1,0000	,00000		
Self-defense and fear based silence behavior.	Nurses	160	2,5977	,66892	3,236	,001
	Dentists	2	1,0000	,00000		
Pro-social silence behavior	Physical therapy and Rehabilitation Physicians,	4	3,2083	,25000	2,376	,017
	Dentists	2	1,7500	,11785		

p<0,05

Table 4. Distribution of Employee Silence Behaviors and Jobs

According to table 4, ıt has been found that the employee group that is least affected by the employee silence behavior dimensions is dentists. When we take a look at the highest averages, it has been found that nurses show the highest degree of *indifference and submission based silence behavior,* and *self-protection and fear based silence behavior.* However, *pro-social silence behavior* has been seen to be intensively high among the physical therapy and rehabilitation physicians.

As a last finding, it has been observed that education level of the employees does not have an effect on their silence behaviors.

5. Conclusion and Recommendation

When the literature review and research findings are taken into consideration, it can be concluded that although employees' behavior of silence is perceived by the management as a kind of acceptance of all the conditions in a work place, it does not necessarily mean that employees always agree with or accept all conditions.

The reason is that though employees do not accept the conditions provided by the management, in order to protect their relation with the management or protect themselves, they might prefer remaining silent. If employees who consciously or unconsciously show the behavior of silence do not express their ideas and opinions about the organization, this could affect the organization in a negative way. It is not easy for the employees to express their ideas comfortably in an organization. The first thing to do to solve this problem of silence within an organization is that management should create a more transparent communication network between the employees and the management, as a result of which employees will feel more comfortable in expressing their opinions.

The employees who feel that their ideas and opinions are valued by the management will trust their organizations more and as a result, this will prevent the silence climate from happening within an organization. If job security and principle of meritocracy are promoted in an organization, it will lead to an increase in employee commitment and a decrease in fear, which in turn, will create suitable conditions to stop organizational silence within a company. As far as the findings of this study are concerned, it has been found that compared to men, women have a relatively bigger tendency to show silence behavior. In order to decrease silence behaviors within an organization, the management should periodically organize seminars in which employees feel more confident in terms of expressing their opinions.

Besides, nurses compared to other occupational groups were found to be silent. For this reason especially for nurses an organizational climate in which they are able to express themselves and feel that their opinions are valuable should be set. Besides for employees who protect themselves and who prefer fear based silence to express their ideas explicitly suggestion boxes or such formal arrangements can be planned**.** In this study, the interaction between organizational silence climate and health employees' silence behaviors has been analyzed.

Studies to be carried out in the future can be done on employees working in different units and fields, too.

Departing from these results, we believe that the different aspects of the organizational silence could be examined. For instance, studying the correlation between organization culture and the types of silence and the impacts of personal qualities over the silence would be an important contribution to the existing literatures. Finally, a focus on the effects of organizational silence on employees' work performance and the employees' commitment to the organization can also be considered as the potential for the further studies.

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Mobile Game Advertising Recall in Pre- and Post-Game Experience

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The mobile channel is a prominent way to reach an ever-increasing number of customers, and games designed for mobile devices are the most prominent form of mobile entertainment. This research examines players' attitudes, advertising recall and service quality in a pre- and post-game advertising context by extending and modifying Tsang, Ho, and Liang (2004) research framework to a new mobile service context. A real-life test followed by focus group discussions are used to evaluate players' attitudes, explicit memory and experiences while they use the mobile game service. Additionally, six managers of mobile marketing companies were interviewed to increase managerial relevance. The results revealed that the attitudes toward pre- and post-game advertising are not only dependent upon message content and user demographics, as in text message advertising, but also the quality of the game service itself. An explicit memory test indicated that players can recall advertisement but struggle to memorize specific brands advertised. The research concludes by indicating future research avenues.

Key words: Mobile game advertising, pre- and post-game advertisements, advertising recall, service quality, explicit memory

JEL classification: M00, M31, M37, M39, L86, L82.

1. Introduction

Research on mobile marketing is still at the nascent stage and scattered across different academic disciplines (Shankar and Balasubramanian, 2009; Shankar et al., 2010; Varnali, and Toker, 2010). Mobile advertising, a part of mobile marketing, has been studied from several different perspectives including giving permission (Barwise and Strong, 2002) and building relationships (Leppäniemi and Karjaluoto, 2005) and acceptance of SMS (Tsang, Ho, and Liang, 2004) but mobile game advertising has received little attention (Salo and Karjaluoto, 2007; Ben and Porter, 2010; Komulainen et al., 2013) even though mobile games are becoming more and more popular. Spending on mobile advertising is expected to total more than 20 billion in 2015 in the U.S. alone while average time spent on mobile media is 2h 51 minutes per day (eMarketer, 2014a/b) and 39.8 % of the market plays mobile games (eMarketer, 2013). Parallel to this trend the mobile game revenues in 2013 reached close to $1.8 billion (eMarketer, 2013).

It is particularly rare to find advertising research focusing on mobile games which are studied from the point of view of consumers (or players) and managers. As for research questions this research seeks specifically to find out answers to question: how consumer advertising recall plays out in mobile game context? Thus, consumer attitudes, advertising recall pre- and post-game and mobile game service quality are the central focus of this research.

This research investigates with a qualitative approach mobile game players' attitudes and experiences toward pre- and post-game advertising and advertising recall in a real-life experiment situation. As a result, this study shows that pre- and post-game advertising are not only dependent upon message content and user demographics, as in text message advertising, but also the quality of the game service itself. More importantly, an explicit memory test indicated that players can recall advertisement but struggle to memorize the brands advertised.

First, the study presents a literature review of mobile games, attitude, advertising recall and consumer experience. The study goes on to present research framework, and then methodological approach. The third section reveals the results of an empirical study questioning players' attitudes, advertising recall and service quality. Finally, the results and managerial implications as well as potential avenues for future research are illuminated.

2. Literature review

2.1 Consumer attitudes, advertising recall and service quality

Fishbein (1967) defined an attitude as a *learned predisposition of human beings*. Attitude is also a person's enduring evaluations of what is favorable or unfavorable, emotional feelings and action tendencies toward some object or idea. The relationships between attitude, intention and behavior have been confirmed (Tsang et al., 2004). Thus, consumers' attitudes seem to have an effect on their purchase behavior (Drossos et al., 2007). Buying intentions are less favorable when a consumer has a negative attitude toward mobile advertising in general (Drossos et al., 2007; Nelson, Keum and Yaros, 2004). This means that if marketers want to use the mobile channel in an efficient way, they need to understand how consumers perceive and evaluate advertising in mobile media and devices (Haghirian et al., 2005; Xu et al., 2008). Consumers generally have negative attitudes toward mobile advertising, unless they have specifically consented to it (Tsang et al., 2004). By relying on the permission of the target audience, permission-based advertising focuses on reducing the irritation (Barwise and Strong, 2002; Tsang et al., 2004).

Based on the previous literature on attitudes toward advertising and different consumer behavior models and conceptualizations, Tsang et al. (2004) constructed a framework to illustrate the factors affecting consumer attitudes toward short message service (SMS) based advertisements and the relationships among attitudes, intention to view mobile ads and users' actual behavior (Figure 1). In Tsang et al. (2004) message content is insightfully presented which is pertinent in any advertising and the model is widely applied (López-Nicolás et al., 2008; Xu et al., 2009; Bellman et al., 2011) and it is used here as nomological core to further build on.

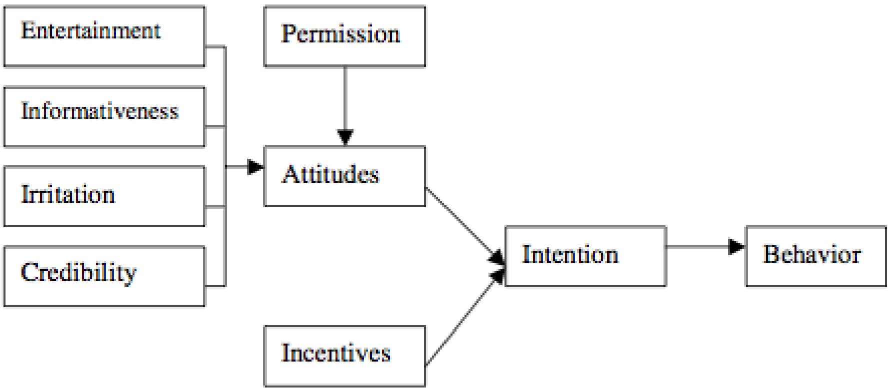

Figure 1. Consumer attitudes toward SMS-based advertisements
Source: Tsang et al, 2004

Tsang et al. (2004) illustrate how message content (entertainment, informativeness, irritation and credibility) and permission together affect consumers' attitudes (Figure 1). If mobile advertisements include some incentives like discounts, they together with positive attitudes, affect consumer intentions to receive mobile advertising. Intention then has an effect on actual advertisement perceiving behavior (Tsang et al., 2004). The current study is qualitative in nature and attempts to extend and apply Tsang et al. (2004) model to a new context of mobile games.

To continue from Tsan et al. (2004) there are different factors that influence an advertisement's credibility. Apart from the message content, factors like image of the company, brand and advertising medium can also affect credibility (Haghirian et al., 2005; Lafferty, Goldsmith, and Newell, 2002). McKenzie and Lutz (1989) define advertising credibility as the consumers' perception of the truthfulness and believability of advertising in general.

Advertising recall and effectiveness are well documented in different literatures (Vakratsas and Ambler, 1999. Just to illustrate, there is a comprehensive body of research available on the effectiveness (i.e. how well desired influence is gained) of product placement in movies and TV-series (Nebenzahl and Secunda, 1993; Russell, 2002; Cowley and Barron, 2008). All of these studies use explicit memory tests to measure how consumers recall the advertising messages they have been exposured in previous tests or during their life. Explicit memory occurs when people intentionally and consciously try to recollect a specific past event (Schacter, 1987; Yang et al., 2006). These studies have been criticized because they have extensively used explicit memory tests to measure advertising recall and recognition (Law and Braun, 2000).

Some studies have concluded that the traditional explicit memory measure should be supplemented with measures of implicit memory - especially an in interactive game context where players are actively participating in the game (Yang et al., 2006). However, in a mobile context games are usually rather simple and include relatively little interactive elements (if compared to e.g. massively multiplayer online role-playing games MMORPG and other online community centered games). Normally, experience refers to experiences of use of the advertised product. Here the product advertised or used is the mobile service system that provides mobile game experience. According to Vakratsas and Ambler (1999) experience (together with attitude and recall) is one of the mediating factors that can change responses to advertising. Thus, it can be considered a filter of the initial advertising input and it is even suggested that usage experience has a greater impact on attitude formation than advertising (Vakratsas and Ambler, 1999).

To further explicate, hierarchal advertising models like Attention, Interest, Desire, Action (AIDA) have dominated advertising literature for many decades. However, some researcher's see that these "hierarchy-of-effects" models cannot be precisely supported empirically (Lavidge and Steiner, 1961) and that they exclude experience effects (Vakratsas and Ambler, 1999). Instead, advertising effectiveness should be evaluated in a three-dimensional space of affect, cognition and experience (Vakratsas and Ambler, 1999). Affect (A) is the "feeling" dimension and includes attitudes. Cognition (C) is the "thinking" dimension including recall. Finally, the experience (E) dimension highlights the importance of consumers' experiences on advertising effectiveness (Vakratsas and Ambler, 1999). This research was designed to take into account players' attitudes, explicit advertising recall and players' experiences (ACE) when evaluating the impacts ad-funded mobile gaming where advertisements are shown before and after the game play.

Service quality is approached from many research angels one focusing on traditional service e.g. the quality of a bank branch service (Grönroos, 1984) while another research viewpoint is on online service quality of a bank services or multi-banking (Kang et al., 2011; Shih et al., 2010; Tan et al., 2010).

It is clear that game experience is an issue that most likely will influence mobile game advertising attitudes and recall besides service quality. Thus it is not enough to research message content but the whole game service quality needs to be studied in order to understand players' attitudes. Therefore, in this research, experience refers to the usage experience of the mobile game service. Ease of use is an important component of service quality (Ha, Yoon, and Choi, 2007) and it is qualitatively also considered in this research.

2.2 Mobile games as a research context

Mobile games can be seen as a part of mobile entertainment together with mobile videos, apps and wallpapers (Salo and Karjaluoto, 2007; Shih, 2011). While some mobile games, such as Tetris, are designed purely for entertainment purposes, mobile advertising games are usually created for advertising (Salo, 2010). Mobile games also come in many forms including browser, downloadable, embedded and memory card based games and there is no commonly accepted classification of the mobile games available (Rajala et al., 2007). Games that are played with hand held devices like mobile phones, tablets and consoles (PS Vita), digital music players and personal digital assistants (PDAs) can be called mobile games. There have been several attempts to categorize mobile games (Salo and Karjaluoto, 2007; Salo, 2010). Rajala et al. (2007) used a categorization that split games into standalone, server-based or streamed games. This research focuses on the games based on Java technology as those were developed by the real-life test partner MAS company.

In mobile games, two unique characteristics are combined creating a totally new medium for advertising. First, the mobile channel itself is a distinctive personal medium (Salo and Tähtinen, 2005). Concepts such as flexibility, ubiquity, localization, personalization and mobility are often linked to the value proposition of the mobile channel (Shankar and Balasubramanian, 2009). Second, games are also a unique medium for advertising in terms of the highly interactive experience they offer (Glass, 2007). This means that players are actively playing - immersed, rather than passively watching TV and skipping channels for example. Players' involvement in games has an impact on the amount of their attention that is occupied, that is, their attentional resources. As a result, getting brands noticed may be more difficult in the game context (Lee and Faber, 2007). Mobile games combine both the mobile channel and games into a single medium.

Even though games in general are an interactive medium and demand players' attentional resources, there might be differences between mobile and other games. Winkler and Buckner (2006) noticed that players are left with more free attentional capacity when they play simple games. A player who is not so involved in dealing with the game concept can subconsciously focus better on the advertising messages within the game. This research focuses on mobile gaming where advertisements are shown before and after the game play session similar to advertising on TV. According to Yang et al. (2006) this can be conceptualized as a part of in-game advertising.

3. Conceptual framework

Tsang et al. (2004) framework provides a nomological core for the study and it has been extended to include the elements of service quality and individual attributes influencing to mobile in-game advertising. Research framework is illustrated in Figure 2 and it is used to guide the empirical research.

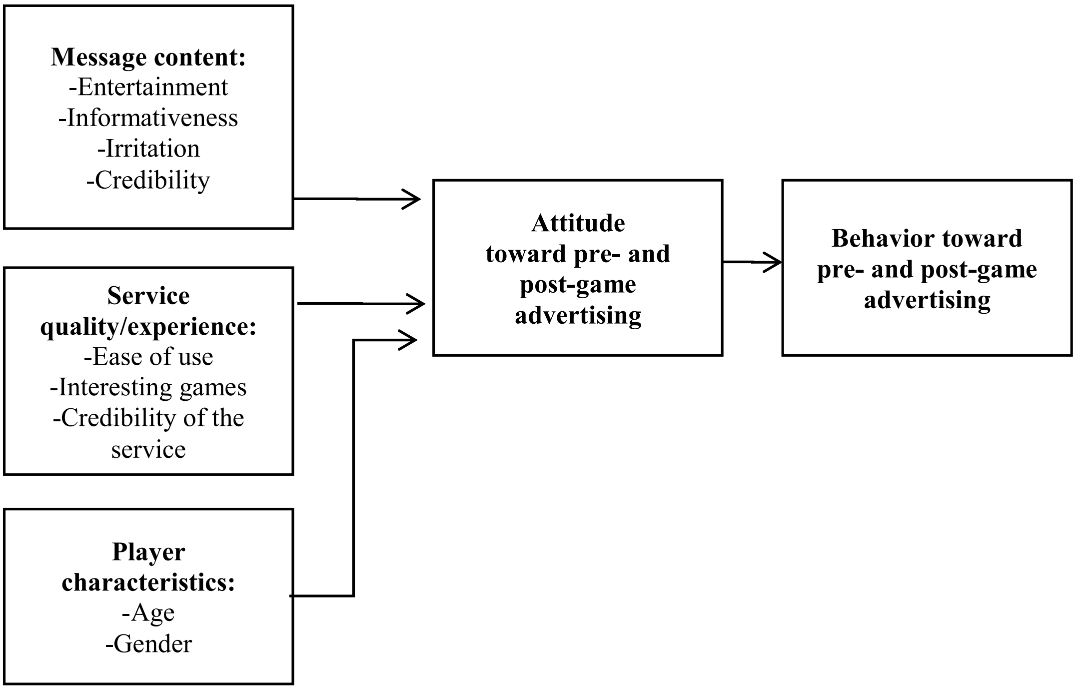

Figure 2. Attitude towards pre- and post-game advertising in a mobile device

Message content elements (entertainment, informativeness, irritation and credibility) can either have a positive or negative effect on attitudes depending on how well the advertisement is planned (Haghirian et al., 2005; Tsang et al., 2004). When mobile advertising is based on receivers' permission, it has a positive effect on attitudes (Barwise and Strong, 2002; Tsang et al., 2004). Experiences are formed during the use of the game service. Thus, game service quality is assessed from the perspective of ease of use as suggested by Ha et al. (2007). Consumer demographics and attributes are included in the framework even though some research suggested that they do not play such a dominant role (Haghirian et al., 2005).

Frequency of exposure (repetition of the advertising message) reduces the value of advertising, creating negative attitudes (Haghirian et al. 2005). On the other hand, it is well documented that a consumer's ability to recall information increases with message repetition (Anand and Sternthal 1990; Batra and Ray, 1986; Cacioppo and Petty, 1979; Calder and Sternthal, 1980). Frequency of exposure enhances recall, which in turn increases advertising effectiveness, but only to a certain degree, because of the diminishing returns of advertising (Vakratsas and Ambler, 1999).

When attitudes are positive consumers' intention to receive advertising becomes greater and vice versa (Tsang et al. 2004). If advertisements include incentives, they can have a positive effect on intentions (Tsang et al. 2004). Finally, our research framework suggests that positive attitudes and intentions, teamed with sufficient recall should create an effective advertisement which affects consumer behavior.

4. Methodology

This research is organized around three central data collection instruments. First, a real-life test (a field experiment) with consumers is conducted. After that, a focus group discussion is organized. Third, in-depth interviews with mobile game advertising companies are conducted to shed further light on the managerial relevance of the research.

The real-life test takes place in a real end-user environment and is used to understand and explain the nature of a player's reactions to pre- and post-game advertising in a mobile device. The approach of this research is qualitatively driven and can be called real-life test research where some of the best principles of qualitative research are combined (see e.g. Carnagey et al., 2007). The study adopts a mixed qualitative approach to improve our understanding of the emerging phenomenon (Jansen et al., 2000).

Additional data was collected by using four focus groups consisting of four to eight people who were recruited to participate in the real-life tests and following focus group discussions. Players were recruited by sending invitation letters outlining the real-life nature of the test to the e-mailing system administrators of schools in Northern Finland. From the volunteers, those players whose mobile phones supported Java were selected for the research stage. In all, 24 users, six female and 18 male, aged between 13 and 26 were selected. The intensity of game playing varied – with some hard-core players who play several times a week and casual players who play only once a month or less often. The required game service and games for the real-life test were provided by Finnish company, MAS, who provides free games to customers by adding advertising to the gaming experience. Similar business model was also adopted by U.S. based company Greystripe. In addition, six top level managers from six European mobile game and mobile game advertising companies were interviewed and the relevance of the results of the real-life tests were discussed and ideas were further developed.

The real-life test was conducted in four parts: 1) participants playing the service provider's ad-funded mobile games from 15 to 25 minutes in a natural environment, 2) a moderator observing players and taking notes, 3) moderated and videotaped group discussions lasting from 60 minutes to 90 minutes and 4) finally tests for explicit advertisement recall. Figure 3 gives an overall impression of the mobile games studied.

Figure 3. Mobile games played in the real-life test

The test and the discussions that followed were conducted in Finnish. All excerpts from the transcribed texts have been translated to English and then back-translated to Finnish by researchers and two colleagues to improve the validity of the study.

The data from group discussions, observations and memory tests was then analyzed directly from videotapes and notes. Analyzing the group discussion data directly from videotapes is especially beneficial, because then the data is considered as a whole rather than as a set of discrete responses allowing the analyst to re-experience the group, body language and tone of the discussion (Catterall and Maclaran, 1997). This further helps the analyst to find the real value of the group data by analyzing the interaction between participants. As opposed to individual interviews, group discussions go through different stages including for example, *forming, storming, norming* and *performing* (Tuckman, 1965). This also makes it crucial to work with complete data and use different methods of analysis than required with individual interviews, which normally rely heavily on breaking the transcripts down into text segments and allocating them themes and headings (Catterall and Maclaran, 1997). Interviews with managers were also transcribed and thematically analyzed (Miles and Huberman, 1984).

5. Empirical study: players' attitudes, advertising recall and service quality

The research framework is used to match, evaluate and analyze a player's responses, and the message content consists of four parts that together affect consumer attitudes and finally influence of advertising. These four parts, entertainment, informativeness, irritation and credibility, were used to guide group discussions in order to investigate players' attitudes towards the ad-funded mobile gaming. Next, each of the four parts of the message content will be examined separately. Following that, the other parts of the research framework will be subjected to closer examination.

5.1 Message content - Entertainment

Players did not consider the advertisements they saw entertaining and most of the players did not pay any special attention to them. As John states:

"I didn't investigate them that closely, I just kept pressing next all the time".

Alice had similar opinion as she states:

"I didn't really even notice what they were advertising. I just wanted to get rid of them as quickly as possible".

Peter highlights the novelty value of advertising by following statement:

"At least I have developed some kind of filter, so that there needs to be some kind of catch for me to even bother to look at it"

In general, the themes of the advertisements were not particularly interesting, and younger male audiences especially would have appreciated topics like ice hockey or any kind of sports activity. Further, males over 20 year indicated that advertisements were poorly targeted which lessened their entertainment value. Females would have liked to have seen other topics such as fashion.

5.2. Message content - Informativeness

It was interesting to notice that the advertisements did not provide any new or relevant information to the players. Poor targeting emerged as one of the reasons for that. Those players who had previously received some form of mobile advertising said that advertisements that included discounts or special offers were positively received. Examples they mentioned were operator specific discounts and a local nightclub's special events. These are popular among younger people in EU. Targeting by time and location can also increase an advertisement's informativeness. One of the players reported that mobile advertising by a local department-store, he had received at Christmas time had affected his purchase behavior.

5.3 Message content - Irritation

Generally advertisements were not considered irritating. As one of the respondents illustrates this point by stating:

"They didn't jump on my face there" (Mary).

The option to skip over advertisements was seen as a good thing. One of the players was unable to skip over the ads and the timing of the automatic slideshow (showing ads) was too long in his opinion. The best thing about the pre- and post-game advertising format was that advertisements did not interrupt the game. As Peter describes in his comments:

"Then I might be angry to some extent, if they jumped on the screen during the game".

Some of the players were familiar with the type of advertising employing a text bar visible at the top or bottom of the screen during the game. The pre- and post-game ad type was considered better, because of its option to skip over the adverts at the beginning after which the game can be played without interruption.

5.4 Message content – Credibility

It was interesting that nobody clicked any of the advertisements and not all even noticed that it was possible to open the advertisements. Automatic add slideshows could have been clicked and the customer would be referred to a specified landing page. As the advertisements were not entertaining or interesting players skipped over them and thus it was difficult for players to evaluate the credibility of any single advertisement. Instead, the credibility of the whole ad-funded mobile game service was placed in doubt as players received several error and warning messages during the playing sessions. Still, all of the players thought the service provider's website was professional. However, one statement can be used to evaluate the credibility. Besides the language, the overall layout of the webpage affects credibility. Peter put it in this way:

"All of the game sites are almost similar. If you go somewhere else, it looks the same"

5.5 Service quality and permission based advertising

Notably, none of the players thought that pre- and post-game advertisements were irritating, and players said that ads were a fair trade off for free games even though their permission for advertising was not specifically requested. As suggested by previous studies consumers generally have negative attitudes toward mobile advertising unless they have specifically consented to it (Tsang et al., 2004). In this context, advertising was seen in a positive way as enabler of the service.

An experience element was used to measure service quality in two phases, namely evaluation of ease of use and evaluation of players' playing experiences. First, players were observed during the real-life test situations when they used the game service. Second, players were asked to describe the usability of the service in group-discussion sessions. The data from the observations and discussions was contradictory. Almost all of the players said the use and introduction of the service was easy and handy: First Peter and then John illustrates:

"Was easy, wasn't hard" "Well, at least quite easy to use".

Sharon and Mary continues:

"Or not necessarily at the first time, but after you have done it few times it succeeds then" "Didn't cause bigger problems"

Nevertheless, during the observations of real-life experiment and following discussion some problems arose. Not all knew how to open web pages with mobile phones. There were also problems with the installation and downloads. Before the game download began many players got warning messages about an untrusted service provider. Furthermore, the installation folder was in different places in different phone models and not all players could find where the game was installed without help. In one instance, the downloaded game did not work at all. Also mobile phone and carrier related data and internet setting challenges occurred in some of the mobile phones. It is noted that each individual had their own mobile phone with them during the real-life test.

Considering the amount of problems faced, it was surprising that players felt the service was easy to use. There might be several reasons for this. It could be that players were reluctant to disclose problems because they thought to do so would reflect poorly on their technological skills, or perhaps they were just being polite. Many of the players were using this kind of service for the first time, so they could not compare it to anything. If previous experience had been available results could have been different.

The games themselves provoked different emotions for females and males. Females could not relate the exact properties that would have made the games better. They valued simple games where difficulty increases with levels. Younger males were unanimous in thinking that 3D-games are better and 3D-graphics make games clearer. Many of the females stated that 2D games are clearer with mobile phones. Males desire new and interesting ideas in the games and get bored with simple games easier than females, especially when the quality of graphics was low.

Males also showed a natural interest in multiplayer games. Females were not interested in multiplayer games as they have other things to do with their friends. Females play alone when they are bored and there is nothing else to do. All players thought the games they played were average and they did not expect much from them. As Mary's statement illustrates:

"I don't know, there can't be a very good game on a mobile, can there?"

John continues:

"There can't be any superb game on a mobile"

5.6 Recall

An explicit memory test was used to measure players' advertising recall. Players were not told to pay any attention to the advertisements. They were told that the purpose of the research is to gather their opinions on an ad-funded mobile game service.

After the group discussion players were given a blank sheet of paper to write down all of the advertisements they could remember after playing the games. There were several reasons to use explicit instead of implicit memory tests. First, as required by the real-life test research, the service provider's live service was used to provide the advertisements. This meant that the moderator could not know which advertisements each player saw – only the names of the advertisers who had an agreement with the service provider were known beforehand. Second, the implicit memory tests using word-fragment completion tasks have their own disadvantages relating to the letters revealed. There is no agreed method to determine which letters to reveal, so revealing different letters might give different results.

The first issue to be highlighted is that all of the players remembered that in the service, there were some advertisements within the mobile games they played. What is even more significant is that several players could also remember some of the advertised product or service. A few of the players could remember some of the advertisements, but none could report the exact details of the offer advertised. Table 1 summarizes each player's answers to the explicit memory test.

Advertisements players remembered		**Ads present in service**
Male	Female	
• Poker game (3 times) • Elisa, win now • Mobile chatroom, win now, Elisa • Game advertisements • Elisa, Pacman • Win now two times, Pac Man • Some poker game • O2 (twice) • I can't remember any exactly but in one advertisement there was a big O • Chatroom • O2/H2O or something • Some music thing • O2 SMS or maybe Q2 SMS • Some female singer, maybe Rihanna	• I can't remember any (twice) • Some perfume, others I don't know • Perfume advertisement (twice) • Perfume advertisement, some manga character	O2 Ladbrokes Jamba FlirtyMob Harajuku Joop NME 123play.com's own advertisements

Table 1. Advertisements and companies advertising with the service

Table 1 depicts the companies and brands that were advertised in the service on the right and compares males and females on the recall. Table 1 reveals that three male players remembered an advertisement by Finnish telecommunications operator, Elisa. However, Elisa had no advertising agreement with the service provider and there were none of Elisa's advertisements in the service. The telecommunications operator O2, whose advertisement was included in the game, uses a similar color scheme to Elisa, so it is possible that some of the players mixed the two brands. O2 was the only company players could name from the advertisements. Other than that, they only remembered advertised products or services like a perfume and a game. It seems that familiar brands are more easily remembered. Overall attitudes toward advertising were quite neutral in all groups. As Peter states:

"But advertising in general, it doesn't annoy me. It's just a necessary evil which helps to bring us more shitty programs on television".

It can be postulated that attitudes are not only determined by the message content but also the service quality affects players' attitudes.

6. Findings

The purpose of this study was to examine how consumer's attitudes, advertising recall and service quality can be conceptualized and empirically studied in a pre- and post-game advertising context. Players' attitudes, advertising recall and service quality have been used to evaluate advertising influence as suggested by Vakratsas and Ambler (1999). Following Tsang et al. (2004) the research framework was constructed where entertainment, informativeness, irritation and credibility define the message content. Table 2 summarizes findings on the message content.

Message content	Findings
Entertainment	Ads were not entertaining
Informativeness	No relevant information, better targeting would have increased informativeness
Irritation	Adverts did not interrupt the game
Credibility	Credibility of the whole service was at low levels

Table 2. Players' attitudes toward message content

Players did not think the advertisements they saw were entertaining nor did they receive any new or relevant information. They did admit that entertainment and informativeness would have been important elements for a good advertisement. Entertainment can be increased with better targeting and by using topics that are of interest for the target group. In addition, the format of an advertisement can increase entertainment, and young males thought video would outperform pictures. Informativeness is increased through better targeting by group, time and location.

The results indicate that advertisements do not interrupt the gaming experience, which is a positive finding for marketers. Mobile games are played in short sessions and it is important that it is easy and quick to launch the game. Advertisements that interrupt the game are irritating and negative feelings are easily transmitted to an advertised product or brand.

Credibility of the message content was not an issue as opposed to the credibility of the whole service, which is perhaps more important in the ad-funded mobile game context. Credibility of the game service can be achieved through a clear website and intelligent service design. Warning and error messages decrease credibility. Language selection can increase credibility and ease of use as people have different preferred languages.

Attitudes are more positive if advertisements offer discounts or other benefits that increase the perceived value of the game service. Also all players wished for better-targeted advertising, suggesting that targeting alone can enhance entertainment and informativeness. Thus, discounts and personalization of service by targeting the ads more can be added as new elements to message content.

Even though Haghirian et al. (2005) found that consumers' attributes do not play a dominant role regarding advertising value, there seemed to be differences based on both age and gender in this research. These differences were mostly related to the kind of games and advertisements players liked. Hence, player demographics play a role in mobile in-game advertising.

Players' attitudes toward advertising are not only determined by the message content. In the mobile in-game advertising context, players' attitudes toward advertising develop as a part of the whole service. The service quality affects what kind of attitudes mobile in-game advertising arouses. Ease of use and good games positively affect service quality (see also Moynihan et al., 2010).

During the participant observation several challenging areas of the service quality occurred which can be summarized into the five following areas. First, users had problems with opening the webpage with a mobile phone. Second, difficulties were faced when downloading and installing games. Third, localization was insufficient as foreign language warning messages caused confusion among some of the players (foreign language - loss of credibility). Fourth, some had difficulties in launching the game (launch, location of installation folder, error in game) highlighting the importance of testing game service with multiple devices. Fifth, problems related to matching / pairing (e.g. mobile phone identified as a computer when using Opera browser, carrier and phone related issues e.g. phone settings).

Results also revealed that permission is not necessarily needed for game advertising as long as it is clearly stated that the service is ad-funded and advertising is not irritating. Results for explicit advertisement recall show that players can recall game advertisements but seldom remember the advertised brands. Players mainly remembered advertised product categories. Free games – free to play - are a sufficient incentive to accept advertising, but marketers could further increase the effectiveness of their campaigns by including special offers or discounts in their advertisement messages. Figure 4 presents preliminary framework that could be further crystallized and empirically tested in future studies. All the relationships postulated can be stated in hypothesis format and assumes a positive relationship.

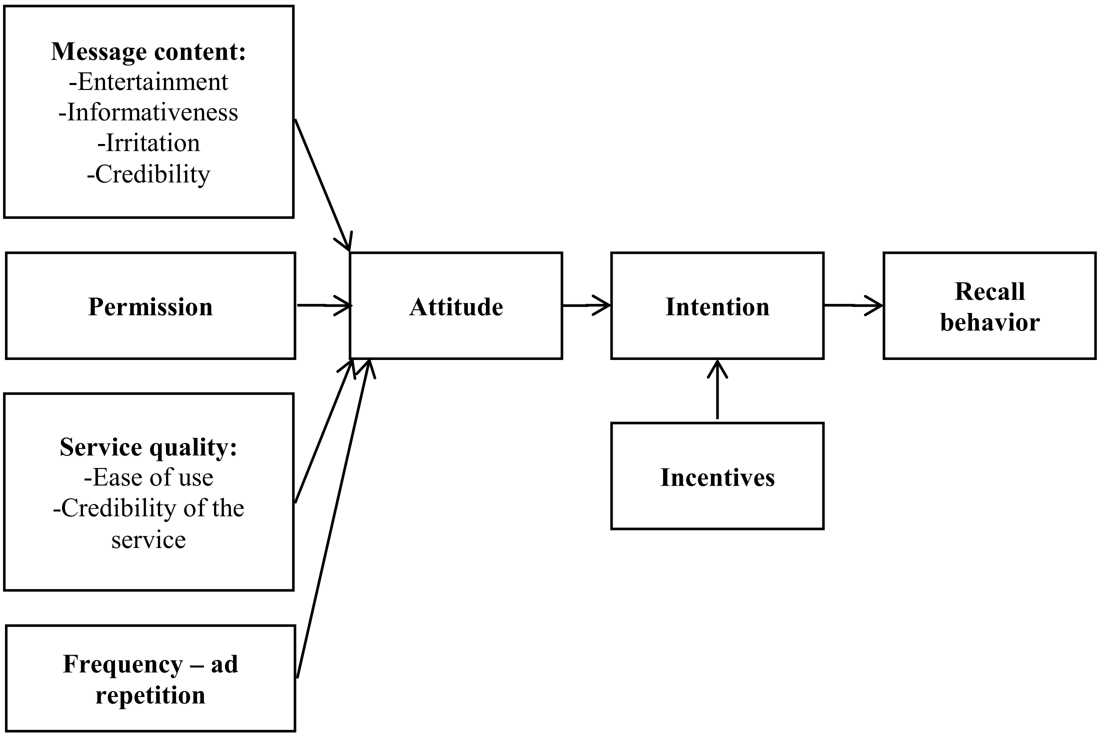

Figure 4. Pre- and post-mobile game advertising recall (extended from Tsang et al., 2004).

7. Conclusion

The purpose of the study was to empirically demonstrate with help of a qualitative approach, using a real-life test, how players' attitudes, advertising recall and service experience are formed when playing mobile games where pre- and post-game advertising is included. Current research developed a theoretical framework to evaluate the way attitudes, recall and service experience interplay in a mobile device context.

Empirical studies in real-life test and focus groups illustrated that attitude toward game advertising is rather positive but can be enhanced with permission management. Results show that for advertising to be effective, receivers' attitudes need to be positive and they should remember advertisements either implicitly or explicitly. Our preliminary model, pending for further testing, hypothesizes how attitudes toward pre- and post-game advertising in a mobile game context are formed.

Advertising recall was at good level, however individual brands were seldom recalled mainly due to the fact that brands were not familiar for the consumers. Developing brand identity is still important topic to differentiate brands from each other. However, advertisers should define their advertising goals explicitly and be very clear on what they want their customers to remember from their advertisements. No one from the real-life test opened any of the advertisements. Therefore, it is very important that the advertisement itself includes all the necessary information.

Consumers did not pay much attention to the advertisements, so they were seldom remembered and our subjects could mainly recall product categories. This does not mean that the advertisements were ineffective. This could simply indicate that implicit memory tests might be a more suitable way to assess the influence of mobile in-game advertising. Critical to the success of implicit memory performance is simply exposure, not its ability to attract or sustain attention (Shapiro and Krishnan, 2001). Thus, pre- and post-game advertising might be most effective when used with low involvement products. For impulse buying and for many low involvement purchases consumers do not try to retrieve ad information and the only manner in which prior advertising exposure can affect choice is through unconscious, implicit means (Shapiro and Krishnan, 2001).

Service quality or experience was seen as rather functional although language and website design caused some problems. Advertising content plays a key role in recall and attitude formation. As such advertisements were not perceived entertaining not informative. On a more positive note advertisements were not seen irritating and mobile service was perceived in a credible light.

For managers, it is noted that the practical results indicated next are derived from a real-life test and discussions with managers from six companies involved in the mobile game industry. Managers highlight the importance of cooperation between game developers, brand owners and telecommunication portal owners when designing and launching new games or versions of games. As for the game design the players contributed many ideas to develop the games and to enhance the service. Females preferred simple puzzle games, while boys under 18 expected new and innovative ideas combined with 3D graphics. Younger males thought video would have been a better format for an advert than a picture. Females thought a video would be irritating while older males thought that it would not necessarily add any value, but they would probably pay more attention to it. It seems that mixed method or providing options to choose from is a suitable strategy.

Seven future research avenues are proposed next. First, the proposed preliminary framework to study pre- and post-game advertising should be verified quantitatively. Second, what types of games are perceived as creating experience and value? Third, how can advertiser enhance customer recall of mobile game advertising? Fourth, how can we measure the effectiveness of mobile in-game advertising? Studies could be conducted longitudinally and over different industrial sectors. It is very likely that low involvement products and high involvement products have different influences on attitude and recall. Fifth, the implicit advertising recall levels for pre- and post-game advertising could be researched. Comparing the effectiveness of different mobile game advertising formats might also be a future research avenue. Better still, researchers could address the question of whether ad-funded services are profitable in the long run and in what ways greater profits could be realized. Questions of how message content and trust in a mobile game service provider influences purchase behavior could be studied on lines similar to those used by Westerlund et al. (2009). Seventh, similarly, temporality and spatiotemporal relationships could be studied in the mobile game advertising context. The current study was qualitative in nature and the real-life test was conducted in Finland with younger players. Future studies could also include older players and a survey could be conducted to tease out the cultural differences that effect attitude formation and recall of advertising.

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Green Business for Green Meetings (Case Study: Opatija Kongress Hotels)

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In the late 20th century, the World Tourism Organization established a committee focused on the environment. Somewhat later, sustainable tourism is being embraced as best practice by many countries around the world. This study identifies sustainable tourism from a business tourism perspective. According to the Croatian Tourism Development Strategy until 2020, business tourism is at the high quality and high yield end of the tourism spectrum. Business travellers pay more for services and thus, indirectly, pay higher taxes which can then be used to fund environmental or social programs, thereby benefitting the host. In addition, they are more environmentally sensitive and engage in green projects. The favourable geographical position in Central Europe and top quality conference facilities have made the hotels in Croatian town called Opatija particularly popular among organizers of meetings and congresses. This paper examines Opatija congress hotels and the level of implementation of environmentally responsible (green) innovations into business. The research was conducted in four-star Grand Hotel Adriatic in Opatija, interviewing top management about the environmental protection efforts in their everyday business. The analysis has revealed that, by following global trends and needs, the Grand Hotel Adriatic in Opatija respects the principles of green business and, most importantly, has the necessary knowledge and resource for organizing green meetings. Sustainability is no longer considered a passing fad in the hotel industry, but has become a task with many faces and names.

Key words: business tourism, MICE, green meetings, Opatija

JEL classification: M31.

1. Introduction

Nowadays, business tourism is one of the fastest developing and most profitable industries in the tourism sector. The considerably higher revenues generated by this sector determine its priority on both national and international scale. This is mainly due to the high budgets which corporative and other well-off clients spend on business meeting attendances (Šilerova, Maneva and Hřebejková, 2013, 79). Business tourism is of enormous importance to the economies of many destinations world-wide (Mair and Jago, 2010, 77). The communication-educational characteristic of business tourism represents the need for communication between business people, which leads to the organization of business meetings and congress.

There is evidence that consumers are growing increasingly interested in environmental issues, and are beginning to incorporate sustainability into their consumer purchase decisions (Rittichainuwat and Mair, 2012).

Nowadays, in order to meet the demand, the congress centres (in this case hotels) incorporate a variety of green practices into their facilities, including green roofs, solar panels, sustainable green functions, greener transportation alternatives, and the use of environmentally friendly products (Woojin et al. 2013, cited in Doyle, 2010).

2. Business Tourism

The tourism industry can be divided into leisure tourism and business tourism. Ramgulam (et al. 2012, cited in Lawson, 1982) articulated that several factors contributed to the growth of business tourism. These include increased technological advancements in air travel, increased propensity to travel due to increased education, economic growth, rise in disposable income, and expansion of multinational companies, rapid development and growth in professional associations. Other factors are technology at the destination; infrastructure, image and funding availability determine the location of certain business events such as conventions/conferences (Ramgulam et al., 2012, cited in McCartney 2008).

The International Congress and Convention Association (ICCA, 2015) defines business tourism as follows: "Business tourism is the provision of facilities and services to the millions of delegates who annually attend meetings, congresses, exhibitions, business events, incentive travel and corporate hospitality". Although it represents only one form of selective tourism, business tourism, or MICE, as called by eminent scientists (Rogers, 2006, 121), can be considered to be the additional contribution to the main tourism form. The abbreviation MICE indicates: Meetings, Incentives, Congress and Exhibitions. Recently, there has been an industry driven initiative not to use the "MICE Market" label and instead say "The Meetings Industry" (ICCA, 2015).

It is important to note that there are two forms of business tourism, which are presented in Figure 1. The congress industry – or also "congress tourism" – as its mass form, consisting of the convention events; and its individual form, or individual business tourism, which concerns one person's business-motivated trip (Sikošek, 2012, cited in Rogers, 1998).

Figure 1. Classification of Forms of Business Tourism
Source: Adapted from: Davidson & Cope, 2003; Rogers, 1998; Jago & Deery, 2010; Sikošek 2012, p.69.

Globally, business travel is predicted to grow at an annual rate of 3.6 % by 2019 (Chaing et al. 2012, cited in WTTC, 2009). The International Congress and Convention Association collects data on meetings and events at the international level. It is not possible to get an accurate image of the meetings industry in the examined countries since their reports include only those events that involve more than 300 or 500 participants – although the remainder of such events also play a significant role in shaping the meetings map of a particular country. It is estimated that there are approximately 24,000 different association meetings organised on a regular basis. The ICCA Association Database has collected information on about 80% of them.

Worldwide rankings: Number of meetings per country			Europe rankings: Number of meetings per country		
Rank	**Country**	**# Meeting 2013**	**Rank**	**Country**	**# Meeting 2013**
1	SAD	829	1	Germany	722
2	Germany	722	2	Spain	562
3	Spain	562	3	France	527
4	France	527	4	United Kingdom	525
5	United Kingdom	525	5	Italy	447
6	Italy	447	6	Netherlands	302
7	Japan	342	7	Portugal	249
8	Kina	340	8	Austria	244

9	Brazil	315	9	Sweden	238
10	Netherlands	302	10	Turkey	221
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41	Croatia	69	22	Croatia	69

Table 1. Number of Meetings per Country
Source: ICCA Statistics Report 2013, the International Association Meetings Market 2013

Thus, the ICCA recorded 69 international congress events in Croatia in its 2013 report, according to which Croatia holds the 41th position in worldwide ranking and the 22nd position in Europe (ICCA, 2013).

2.1. Advantages and Disadvantages of Business Tourism

As with every tourism activity, business tourism has characteristics similar to all other tourism activities, but it also has its own particular traits. These traits are reflected in the following characteristics: the reduction of seasonal character, with references affecting the extension of the tourist season, higher consumption of meeting participants, communication-educational aspects of conferences and meetings, and interaction with other economic activities, components and drivers, help in shaping the image of a selected business tourism destination (Gračan and Rudančić-Lugarić, 2011, 580).

Meetings and congresses are recognised as making a significant contribution to tourism and, in particular, to host destinations. This is due to the potential that meetings and congresses have for economic resurgence, community and cultural development and building, strengthening and maintaining a destination's unique brand (Presbury and Edwards, 2005, cited in Aitken, 2002). In many cases, events and meetings extend the length of visitors' stay in a destination. They can also lengthen tourist seasons, extend peak seasons, or introduce a new season. Furthermore, they play a part in creating a favourable image of the destination as additional attractions, and image-makers. The meetings and congresses attended by visitors also encourage a positive impact through cultural exchange and the building of friendships, so that business profits from the experience (Presbury and Edwards, 2005 cited in Pearce et al. 1998).

Business tourism has the potential to stimulate the economy through a continuous flow of foreign exchange, create job opportunities, encourage infrastructural and social development, and form linkages with other industries. However, despite all its charming features, this sector also has certain negative economic impacts, influencing inflation, leading to excessive demand for resources, fostering unbalanced economic development and exploitation, and leading to unwanted spill off sectors, all of which collectively increases the vulnerability of countries (Ramgulam et al. 2012, 69). It is estimated that a 5-day congress attended by 146 people would produce about 190 tons of CO_2. The vast majority of greenhouse-gas emissions, nearly 160 tons, would come from air travel to and from the congress, with the rest associated with the congress venue, hotel accommodations, food service items, and ground transportation. Furthermore, a 2000 report by the US Environmental Protection Agency (EPA) estimated that, on average, an attendee at a 3-day meeting used 846 gallons of water (three times as much as the American average) and produced 61 pounds of solid waste (more than 10 times as much as usual). The same congress attendee might have used 21 cans or bottles and perhaps 40 cups and napkins (Guterman, 2009, 1169). This paper will show how the Grand Hotel Adriatic, one of the major providers of business meetings and congress services in Opatija, is trying to solve these problems in an environmentally sustainable way.

3. Green Practice in Congress Hotels

Environmental protection and climate change are issues which have long been debated but only very recently triggered strong international interest. Thanks to a dramatic increase in international media coverage, environmental protection has never been more topical. Environmental protection has shifted from being a matter of social and political conscience, to one of profound communal concern and international significance (Dickson and Arcodia, 2010).

Economically and ecologically unsustainable practices led to changes in everyday business because of the factors that influence the increased interest in corporate responsibility (Arnaudov and Koseska, 2012, 391):

1. Globalization – means imposing personal values to multinational organizations outside the mother country;
2. Customers – that demand products and services from corporate responsible organizations;
3. Parties of interest – put pressure on the implementation of ethical and responsible work in the organizations;
4. International organizations – as United Nations (UN), Organization for Economic Co-operation and Development (OECD), International Labour Organization (ILO), have carried declarations, agreements, manuals that express the corporate norms for responsible working and
5. Sustainable development - pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come.

When it comes to hotels, a decade ago, the term "eco-friendly accommodation" usually meant a chilly mountain lodge, eating vegetables from the owner's garden and recycling trash before hitting the nearby nature trails. Now the term is becoming increasingly compatible with both "luxury" and "cities", as hotels, with views of skyscrapers and not trees, incorporate sustainable green practices into their policies. (Peršić-Živadinov, 2009)

The need for eco-friendly accommodation results from claims that hotels have the highest energy and water usage and the poorest energy efficiency in the accommodation subset. Because of a hotel's disposable amenities and products, heating and cooling system, requirements for daily lighting, and water consumption, hotels can be eco-unfriendly businesses (Park and Boo, 2010 cited in Becken et al., 2003). The U.S. Environmental Protection Agency (2000) announced that congresses are the most energy-consuming activity compared to other leisure activities, and the second most water-consuming activity per trip because of the high dependency on hotel stays. Furthermore, in addition to the basic consumption of the hotels' amenities, congress activities generate a large amount of waste. All this has led to the need of introducing green practice into hotels.

According to Hays and Ozretić-Došen (2014), green practice provides several benefits: long-term cost reduction, ecological sustainability and satisfying the needs of the presently growing segment of customers seeking green services.

It is possible to notice the emergence of a new question concerning the environmental sustainability of meetings, which derives from a broader concept of social responsibility of companies. This emerging field generates new research problems in the meetings industry: the introduction of new terminology ("green meetings"), the investigation of environmental impact of congresses and events, new motives of service suppliers, organisers and participants, and the question of competitive advantage of green meetings (Sikošek, 2012, 69).

3.1. Provided Guidelines for Green Meetings

The Convention Industry Council (CIC) initiated the Green Meetings Task Force in 2003, with the goal of creating minimum best practices for event planners and suppliers. The report suggested two major benefits of green meetings. Namely, green meetings can save planners' and suppliers' money and are good for the environment. There is a clearly expresses desire of congress hotels to be recognized for their green efforts.

Nowadays, twenty-two per cent of websites include links to other sites with materials on sustainable events (i.e. materials not devised by the association). The most popular external websites include the following: "Blue Green Meetings", "Green Meetings Industry Council", and the David Suzuki Foundation, offering suggestions for green events. There are also a number of sites that are common among different associations in the same region, such as the Environmental Protection Agency (common among American sites) and the "Green Power" site (common among Asia-Pacific sites). Many of the links offer information on how to stage green events, with 8 out of 11 websites linking to pages with checklists created by others (Guterman, 2009).

3.2. Opatija as a Congress City

Business tourism is unique in itself and it reinforces (Ramgulam et al. 2012, 70) Opatija as a preferred destination because of the necessary service infrastructure for this market niche. It also compliments other sectors, such as the leisure industry, and encourages investments in business tourism facilities, which can lead to the regeneration of other areas.

The tradition of congresses in Opatija is nearly as old as the tradition of tourism. One year after the opening of the first hotel in Opatija (the Hotel Kvarner in 1884), Dr. Theodor Billroth and the Austrian Southern Railway Company organised a meeting of balneologists in 1885. The 4th Congress of Austrian Balneologists, organised by Dr. Julius Glax, was held in 1904, and the 8th International Congress of Thalassotherapy took place in 1908, also thanks to Dr. Glax.

In order to maintain its position on the European convention map, Opatija took care of the infrastructural conditions for proper functioning of the meetings industry and, especially, for efficient marketing. Croatia's inclusion in the EU has increased its credibility.

Convention and Incentive Bureau Opatija, as an integral part of Opatija Tourist Board, is a non-profit organization whose role is to promote Opatija as the major Croatian convention and incentive destination. To the organizers of business meetings, Opatija offers all the advantages of a major convention destination, with the enticing charm of an intimate tourist destination. The combination of experience and tradition in organizing conventions and modern quality accommodation is an excellent foundation for the organization of congresses and events of different types and sizes.

3.3. Previous Green Practice Research

In 2009, the "SEE Business Travel & Meetings" magazine surveyed the partners (in Southeast Europe) of the internet portals specialized in congress tourism - www.kongresniturizam.com and www.SEEmice.net., with intention to reward their efforts, emphasize and commend some of them in a special way, and to award the best of them with the title - The Best GREEN Partner. Based on the obtained survey results, the title was awarded to a hotel group from Croatia (SEE Business Travel & Meetings magazine, 2009).

Are the lights and air-conditioning devices in the rooms of your hotel turned off when the rooms are not used?
Do you provide adequate trainings regarding your „green'' initiatives for your employees?
Do you use organic or bio-degradable products?
Do you use local foodstuffs for food preparation?
Does your institution use recycled or recyclable products?
Do you have any water saving system?
Do you have any system of energy saving beside the „smart'' rooms system?
Do you use big packs of refreshments, food and additions?
Is there an easy access to public transport and do you offer the option of shuttle transportation?
Does an option of re-using the towels and bed-sheets exist?
Do you have a recycling program?

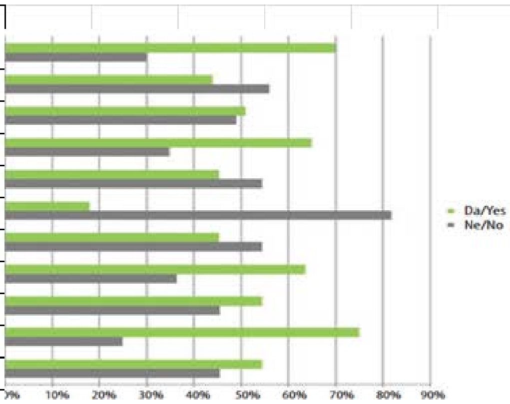

Table 2. The results of the survey, conducted in 4- and 5- star hotels in Serbia, Croatia and Montenegro, obtained in September 2009.

Source: SEE Business Travel & Meetings magazine, October 2009, p.50.

The results of the survey, conducted in 4- and 5-star hotels in Serbia, Croatia and Montenegro, indicate that the "smart" room system, in which the power supply is stopped if the magnetic card is not inserted, is used in the majority of hotels, as well as the option of re-using the towels and bed-sheets and the use of local foodstuffs and suppliers for food preparation. On the other hand, the education of employees regarding "green" initiatives is at a lower level, as well as the implementation of a more efficient water saving system, which is practically still to be developed (SEE Business Travel & Meetings magazine, 2009, p. 50).

4. Green Practice in the Grand Hotel Adriatic

The Grand Hotel Adriatic, the hotel with the longest tradition in congress tourism on the Croatian Adriatic, has a large congress centre, with an amphitheatre-shaped congress hall with 550 seats and a large lobby that can be used as an exhibition space. In addition to the large congress hall, there are seven smaller conference rooms that can accommodate between 14 and 150 persons. "Camelia I" can accommodate 35 persons, while the “Camelia II” and “Fortuna” can accommodate 120 persons. The convention centre is equipped with the latest audio-visual equipment and expert technical support. The hotel is also a member of the ICCA – the International Congress & Convention Association.

In order to examine the level of environmental responsibility and green practice in congress and meeting venues, a survey using questionnaire (adopted from The Environmental Protection Agency model) was conducted in March 2015, interviewing top management members of the Grand Hotel Adriatic.

Based on the interviews, the following conclusions can be drawn: the lights and air-conditioning devices in hotel rooms are turned off when the rooms are not used; local foodstuffs (from local growers) are being used for food preparation; although the hotel has no recycling programs, recycled or recyclable products are used in everyday practice; the hotel provides reusable serving utensils, napkins, and tablecloths when food and beverages are served; the hotel has a an energy-efficiency program and a system of energy saving beside the “smart” room system; there is an option of re-using the towels and bed-sheets; the hotel is located near the centre of Opatija so there is no need for guests/attendees to use ground transportation for reaching the centre of the city, although both easy access to public transport and shuttle transportation are provided.

	YES	NO
Are the lights and air-conditioning devices in the rooms of your hotel turned off when the rooms are not used?	X	
Do you provide adequate trainings regarding your „green'' initiatives for your employees?		X
Do you use organic or bio-degradable products?		X
Do you source food from local growers or take into account the growing practices of farmers that provide the food?	X	
Does your institution use recycled or recyclable products?	X	
Do you provide reusable serving utensils, napkins, and tablecloths when food and beverages are served?	X	
Do you have any water saving system?		X
Do you have an energy-efficiency program?	X	
Do you have any system of energy saving beside the „smart'' rooms system?	X	
Do you use big packs of refreshments, food and additions?		X
Is there an easy access to public transport and do you offer the option of shuttle transportation?	X	
Does an option of re-using the towels and bed-sheets exist?	X	
Do you have a recycling program?		X

Table 3. The results of the survey conducted by interviewing top management of the Grand Hotel Adriatic
Source: author, March 2015.

Similarly to previous studies conducted on a large number of hotels in Southeast Europe, the Grand Hotel Adriatic does not provide training regarding “green“ initiatives for its employees; not all products in use are organic or bio-degradable, and there are no bulk dispensers or reusable containers for beverages, food, and condiments. From all of the above, it can be concluded that most of the green business concepts are applied, which makes the Grand Hotel Adriatic convenient for hosting green meetings and events. The hotels which take care of eco- standards are more likely to get big corporate clients. The fact that supports this statement is that the Congress Centre in the Grand Hotel Adriatic holds 150-200 domestic and international congresses, conferences and meetings every year.

5. Conclusion

Tourism development must follow the greening trends in business tourism. The high profitability of this type of tourism, motivation and positive investment activities result from higher daily expenditure of congress participants and the construction and development of additional and currently available accommodation.

Opatija, with a wide range of hotels, has always been the centre of the most important business and entertainment events. From the opening ceremony of the Congress Hall in 1971, with the FIS Congress (International Ski Federation) to the present, the Grand Hotel Adriatic, with its famous professionalism, expert technical support and the latest audio-visual equipment, has been successfully hosting both domestic and international congress events. As already noted, most of the green business concepts are applied in its everyday business, which makes the hotel convenient for hosting green meetings and events.

The existing perceptions of greening indicate the possibility that greening would be a core competence of a convention destination, which in turn can be a competitive advantage in the future.

Accordingly, future development of green practices in the Grand Hotel Adriatic could become a push factor for successful congress and events.

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Experiential Marketing: An Efficient Tool to Leverage Marketing Communication Impact on Consumer Behaviour

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In a dynamic economic environment marked by rapid evolution of new technologies and communication, new challenges have appeared for marketers. Traditional marketing tools have partially lost their efficiency, therefore important changes are required, in order to reach and maintain an optimum level of consumer satisfaction. Experiential marketing, one of the relative new concept which reflects these changes, focuses on enhancing the consumer direct contact with a brand or product, sending the message to consumers by offering them a personal experience, rather than spreading it by non-personal mass-media channels. This paper aims to highlight the possibilities of increasing the impact of marketing communication on consumer behaviour, rethinking the marketing communication mix in terms of experiential marketing. As an explanatory study, it describes the influence of marketing communication tools, acting through the strategic experiential modules, on the motivation, perception, attitude, learning and effective consumer behaviour. The practical importance of this study lies on identifying which marketing communication tools could offer to consumers a valuable experience, so marketers to exert a more direct and powerful influence on consumer behaviour, creating and reinforcing a sustainable relationship between consumers and brand.

Key words: experiential marketing, brand experience, marketing communication, consumer behavior

JEL classification: M31, M37.

1. Introduction

Since the 90s, many authors and specialists in the field of marketing, said that marketing concept needs to evolve from traditional marketing to modern marketing, adapted to changing economic environment. The concept of marketing is constantly being reshaped by internal and external forces. The most obvious forces come from developments in strategic management and planning and considerable restructuring of many traditional marketing into network of long-term cooperation (Day and Wensley, 1988).

Theory and practice of marketing faced with new situations arising de the re-organization of organizations and the place of marketing therein (Gummesson, 1991), the ever-increasing fragmentation and sheer unpredictability of markets and competition (Mueller-Heumann, 1992).

The economic environment and market place are changing radically as a result of major forces such as technological advances, globalization and deregulation. (Kotler and Armstrong, 2010). These forces create new behaviours and challenges. On the one hand, customers increasingly expect higher quality and service and perceive fewer real product differences, showing less brand loyalty. They can obtain extensive product information from the Internet and other sources, permitting them to shop more intelligently. They are showing greater price sensitivity in their search for value. On the other hand, brand manufacturers are facing increasingly competition from domestic and foreign brands, which is resulting in rising costs and diminishing profits.

In the same time, over the past 40 years marketing communications has developed and changed, trying to maintain and improve the efficiency of messages sent to the consumers and to find new ways to reach them. The main landmarks of this evolution are: the move from local media to global electronic communications systems and social media becoming part of the whole; the shift from planned, scheduled media events to instantaneous communication between persons and organizations; the change from time- and place-bound communications systems to time-shifting by consumers to fit their needs and their schedules.

Marketing organizations created broadly demanded products for these mass markets. Technology and the Internet are fundamentally changing the way the world interacts and communicates. Retail distribution systems developed to sell to and through these markets. Marketing communications professionals developed plans, programs, and systems to communicate to these mass markets. Although marketing communications can play a number of crucial roles, it must do so in an increasingly tough communication environment. The media environment has changed dramatically in recent years. Traditional advertising media such as TV, radio, magazines and newspapers are losing their grip on consumers (Keller, 2009). Technology and other factors have profoundly changed when, where and how consumers process communications, and even whether they choose to process them at all. The rapid diffusion of powerful broadband Internet connections, ad-skipping digital video recorders, multi-purpose cell phones and portable music and video players have forced marketers to rethink a number of their traditional practices (Kaplan Thaler and Koval 2007; Kiley 2005).

Technology and Internet collided with society and human wants and needs and are fundamentally changing the way the world interacts and communicates. Suddenly consumers, who now had more information than ever before, began to demand specialized products, distribution systems, and communication. What once had been a mass market splintered into hundreds if not thousands of separate, individual markets driven by lifestyle, ethnic background, income, geography, education, gender, and all the other things that make one person different from another.

Growing digitalization, increasing competition and changing consumer behaviour place marketing communication in the centre of everything and necessitates powerful relationship between organization and customers (Kitchen and Uzunoglu, 2014). This relationship has to be based on dialogue and experience sharing, because communication is no longer effective as simple information exchange.

Therefore, there is an increasing concern to find the most appropriate ways to communicate the desired brand message, offering no only indirect information, but transforming the customers in experimenters.

2. Literature review

2.1. Experiential marketing

According to Grundey (2008) the rapid growth in new technologies and communication, is influencing changes in marketing. It seems that worldwide countries are overfilling with products and services. Accordingly, competition is high among marketers, therefore, principles and actions of traditional marketing are no more effective. Marketers wanted to find new opportunities to attract customers, and that is when the notion of experiential marketing came into view. The increase of offerings to customers and the rise of competition have made it harder for organisations to differentiate themselves solely by providing products or services that satisfy customer needs. The companies, in order to have a competitive advantage, are pressured by both the market and their customers, to come up with experiences that stimulate their target's emotions and sensations (Gentile, Spiller and Noci, 2007). The focus has changed from product to experiences, and in order to manage and create those experiences; marketers have started using experiential marketing (EM) tools.

Holbrook and Hirschman (1982) were the first pioneers in introducing the notion of experience in the field of consumption and marketing. Twenty years later, this notion has gained solid recognition and is considered essential for what it can contribute to marketing knowledge (Grundey, 2008). Modern marketing has overtaken traditional marketing due to the emphasizing on the concepts of customer experience and experiential marketing. Kotler (2003) also mentioned that there are more and more companies start to develop non rational image and they ask from psychologist and anthropologists to create and improve messages to make deep soul touch for the consumers. Holbrook (2000) believed that when markets enter into the period of experiential marketing, the major focuses will change from product performance to experiences entertainment.

As a result, the notion of experience is considered to be a pillar of the so called experience economy and experiential marketing (Pine and Gilmore, 1998; Omar and Qader, 2013). Pine and Gilmore (1998) have distinguished four stages in the progression of economic value: commodities, goods, services and experiences.

Furthermore, Schmitt Bernd (1999) is considered a great initiator of experiential marketing. Specifically, Schmitt considers that traditional marketing is only concerned with the features and benefits, while experiential marketing focuses on customer experience which occurs as a result of encountering or living through things. Experiences provide sensory, cognitive and emotional values which replace functional ones.

In Schmitt's opinion, experiential marketing has four key characteristics: 1) a focus on customer experience, 2) consumption as a holistic experience, 3) emotional-driven consumption, 4) ecletic methodologies. The findings of a research regarding experiential marketing (Lanier, 2008) have revealed three distinct dimensions of experiential marketing: (1) the marketing experience, (2) the experiential interface, and (3) the consumer experience. The study also finds four main characteristics of experiential marketing: (1) liminality, (2) narrativity, (3) connectivity, and (4) multiplicity. Each of these characteristics manifests itself differently among the dimensions. Lastly, the study finds that the experiential marketing logic is based on symbolic resources, engaging transactions, and internalized value.

Experiential marketing enables customers to experience and become directly involved as the main body, creating a kind of unforgettable feeling, satisfy their needs mentally to the greatest extent in order to win customer trust and loyalty (Liu, 2006). Therefore, a well-designed experience engages the consumer, becomes memorable and allows for a free interpretation as it is non-partisan (McLuhan, 2008). Positive experiences need to become institutionalized within the system so that all touch points deliver the brand essence (Shaw and Ivens, 2005). This ensures that there is no gap between the brand promise and the brand delivery and attempts to connect consumers with brands in personally relevant and memorable ways and also gives customers an opportunity to engage and interact with brands, products, and services in sensory ways (Ponsonby-Mccabe and Boyle, 2006). In essence, an outstanding customer experience will certainly lead to customer satisfaction which normally will result in building brand loyalty. Intuitively, brand loyal consumers may be willing to pay more for brand because they perceive some unique value in the brand that no alternative can provide (Xiao, 2004).

Under the experiential notion in marketing the psychological aspect are distinguished, so for example; brand associations like thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. Hence, brand experience is a brand's action perceived by a person (Ha and Perks, 2005).

Several authors, including Hsieh and Li (2008), Blackwell, Miniard, and Engel (2006), and Holbrook (2000) indicate that there is a positive correlation between experiential marketing and purchase intention. These findings show that through experiential marketing, customers can provide immediate feedback on the products. The potential customer immediately achieves full understanding of the functions, safety, and price of the products. Experiential marketing can certainly establish an interactive relationship between customers and brands, and customers are more likely to have positive evaluations of these brands.

The idea of experiential marketing has been widespread in the marketing literature in different contexts, including brand experience, consumption experience, product experience, shopping experience and service experience (Brakus, Zarantonello and Schmitt, 2009).

2.2. Marketing communication impact on consumer behaviour

In a global market characterized by high dynamism and fierce competition, organizations try to find the most efficient way to get their word out so that customers understand the benefits that can be obtained by consumption or use products or services (Clow, 2010). Consequently, marketing communications have become a fundamental aspect of marketing, a business vision and an essential factor in successful marketing communication. Its importance have increased dramatically in recent decades, considering that the marketing and communication are inseparable, all organizations business areas using various forms of marketing communication to make their offer and to meet financial or non-profit targets (Shimp, 2003).

Consumer behavior can be change as an effect of gaining new knowledge from reading, observation, discussion or actual experience whereas the use of marketing communication component is to deliver information to customers so they could have a better understanding of the distribution of the product and the product knowledge (Mihart, 2012).

The world of communication is changing and with it are the marketing communications needed to convince customers to adopt a certain consumer behaviour. Many authors are focusing on information sharing and reciprocity (Kitchen, 2005). In the actual changing environment, successful marketing communications have to be developed in new ways, for example by identifying activities and promotional tools as key part of marketing communications strategy, including activities like guerilla marketing, brand experiences and ambient media (Durden, 2004)

One of the most important changes in today's marketplace is the increased number and diversity of communication options available to marketers to reach customers. Marketing communications represent the voice of a brand and the means by which companies can establish a dialogue with consumers concerning their product offerings, allowing marketers to inform, persuade, incite, and remind consumers and influence their perception, motivation, attitude and decision (Jerman and Zavrsnik, 2013).

The experiential approach is focused on a two-way interaction in real-time, a live brand experience and thereby a significantly deeper consumer bonding process. Live brand experiences usually manifest in the form of live events that allow the consumer to live, breathe and feel the brand through interactive sensory connections and activities (Smilansky, 2009). Brand experiences are usually integrated with the other marketing efforts using a communication mix which traditionally include advertising, sales promotion, direct marketing, sponsorship and public relations. The evolution and changes of marketing communications are determined by the rapid growth of digital channels which connect consumers with brands online and can be a cost effective – channel for generating word-of-mouth online. Viral marketing is a new and effective way to spread a message with a great impact on consumer behaviour.

There is an inextricable relationship between marketing communication and consumer behaviour (Dahlen, Lange and Smith, 2010), acting in two-way sense: knowledge of purchase drivers builds the foundation of effective marketing communication, which is instrumental in affecting behaviour change, assisting and influencing consumer decision making.

Experiential marketing has shaped itself as a distinctive marketing communication tool which gathers all the communication modalities which could create a positive impact on consumers. Experiential marketing includes special events, concerts, free samples, touring experiences and other activities which are usually considered as belonging to other communication tools (public relations, events marketing, sales promotion etc.) and connects with consumers through the participation and tangible nature of a relevant experience.

3. Modalities of increasing the marketing communication impact on consumer behaviour using experiential marketing

Experiential marketing is a cross-media promotional activity which encourages two way interaction and direct physical immersion into a brand. The actual stage of other communication tools are influenced by the general environment changes. The relative importance of marketing communications tools (advertising, public relations and sponsorship, sales promotion, personal selling, direct marketing, Internet communication, viral marketing and blogging) in affecting consumer behaviour differs from one to another and is under the impact of the rapid development of on and offline technologies.

Compared to mass media campaigns, experiential events tend to communicate on a much more personal level, generate a deeper level of emotional engagement, resulting in better conversion rates, and all at relatively low cost.

The fragmentation and saturation of conventional media channels has led to the reduced effectiveness of traditional promotional methods. Experiential marketing by its very nature represents a communication tool that consumers cannot ignore, not because they're being forced into it, but because it engages with them on a personal level.

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To clarify the way in which the experiential marketing could be used for leveraging the efficiency of marketing communications, we have to analyze its impact on each one of the constitutive component of the consumer behaviour – motivation, perception, attitude, learning and actual behaviour and each target level of desired response.

The desired consumer response could be obtained using one of the essential concept of experiential marketing – strategic experiential modules (SEMs) as drivers of marketing communications. According to Schmitt (1999), SEMs include five types of experiences: sensory (SENSE), affective (FEEL), creative cognitive (THINK), physical, behaviours and lifestyles (ACT) and social identity (RELATE).

SENSE communication has as main objective creating sensory experiences, through sight, smell, touch, taste and sound. It enhances consumer perception of product or brand. FEEL based communications aim to create affective experiences which trigger strong emotions, engagement and empathy. It has an important contribution to developing and mantaining an emotional attachement with consumers and create a positive attitude to the brand. FEEL and SENSE experiences are meant to create a unique consumer perception and a strong brand identity, acting at liking and preference levels of response.

THINK experiences appeals to the intellect oriented brand positioning and focuses on action at awareness and knowledge level of consumer response, taking into account that personal experiences helps people connect with a brand and make intelligent and informed purchasing decision. ACT marketing communications target the physical experiences of consumers, trying to change their behaviour, influencing attitude and learning, by showing them altenative ways of doing things, new lifesyle or interactions.

RELATE marketing integrates aspects of all the others types of experiences appealing to the personal desire for self-improvement and to be perceived as a part of a social system.

In most cases, experiential marketing actions result in more than one type of experience. Experiences are interlinked and create a personal way to communicate the brand core message meant to determine a certain consumer behaviour and build relationships that create loyalty and brand advocacy.

4. Conclusions and Implications

This paper aimed to clarify some theoretical aspects regarding the comunication potential of experiential marketing, as a key approach for achieving marketing objectives.

Although companies benefit from using traditional marketing communication tools and channels, marketers have to find new ways to utilize them in order to engage consumers on a deeper level and have a stronger impact on their behaviour. Many times, consumer participate in creating content, emphasizing the idea of communicating the essence of a brand through a personalized experience and building lasting loyalty around that brand.

Experiential marketing is a powerful marketing tool which should be considered as part of any integrated marketing campaign and can be used succesfully to increase brand awareness, build relationships, strenghten loyalty and encourage interaction and product trial.

The communication potential of each experiential module and, implicit, of each type of experience, has to be capitalized taking into account the component of consumer behaviour which it could be better influenced, in order to obtain the desired response, loyalty and satisfaction.

Beyond the marketing communication tools, which traditionally work together, delivering successful campaigns both for global or small brands, marketers worldwide try to find new ways to utilize these tools to their full potential, in order to engage their target audience on a deeper level, to create loyalty and generate customer satisfaction.

Experiential marketing is not only communicating messages, as traditional marketing does, but is creating a strong and direct tool with a considerable impact on consumer behaviour: personal recommendation, spread by word-of-mouth. Therefore, communication mix has to include experiential marketing specific activities, take the brand essence, bring it to life and create unique experiences focused on consumer emotions. This emotional connection is the link between the brand personality and values and the customer's feelings, involving the consumer emotionally, physically and intelectually.

Creating a valuable experience for the consumer, using appropriate location or venue and multiple media platforms and providing consumers with what they want, are more likely to drive purchase decision than almost any marketing channel, therefore marketers have to use the important potential of experiential marketing for leveraging the efficiency of marketing communication impact on consumer behaviour.

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Business Development Challenges for Security Industry – The Classical Market and The New Technology Market

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The past years have been dominated by the technology's development in all areas of our social, professional and economic life. Security industry is also an area which is invaded day by day by new technology, like biometric technology or IP video analysis, and which is moving to a new vision and strategic approach. In this context, the Business Development activity for the security industry must be in concordance with the new trends of our society development. Also, Business Development for security industry must face new threats and some new issues raised by big infrastructure networks. This article wants to highlight the key aspect that the security management and the Business Development in the security industry must take into consideration for a successful activity. Which must be the strategy for a successful security business in this context? Which are the implications from the marketing perspective that lay's behind the new technology approach? Is technology for the security industry a necessity or just a caprice? We try to find out and to analyze the technology application in security for our market and also for international markets.

Key words: Security, business, development, marketing, management, technology, strategy

JEL classification: M31, M10.

1. Introduction

Security industry is an industry almost as old as human civilization. If we look to the Maslow's pyramid we will see that safety and security, in different shapes, are on the second place in the human being needs pyramid hierarchy. For that, safety and security was, are and will be permanent needs that should be satisfied.

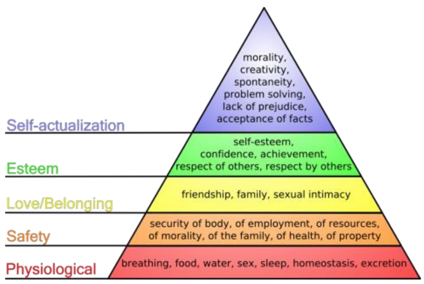

Figure 1. Maslow pyramid
Source: http://ro.wikipedia.org/wiki/Abraham_Maslow

But, like in almost any of the active industries from today, also the security industry suffered and is suffering a series of structural and functional transformations. Shown initially as an activity based mostly on the human contribution, security industry's focus was for a long time on the man guarding, in many versions and structures. Then, as a consequence of the technology and electronics, security industry made space to what we call today electronic security systems. These systems, even there are burglary systems, monitoring systems, access control systems or others, completed or replaced the classical ways of approaching security. (Fennelly, 2012). The way these systems work is independent or related with man guarding.

In the last years we are the witnesses of a clear trend of the consolidation of what we call Security Solutions. Security solutions approach the covering of the security needs, even if we talk about the human being, an organization or the society by the complete integration of the man guarding with some electronic security technologies, no matter their share is. The integrated approach of different security techniques is also a consequence of the increasing threats complexity. We can have cybernetics threats, terrorist threats, etc.

Business Development activity must take into consideration this aspects from an internal organization standpoint (organizations must keep up with the last trends in the industry) and also from the marketing and commercial standpoint (client oriented).

1.1. Security services

Being the first manifestations of the security industry, security services and specially man guarding was for many decades the main way of providing this services and always the engine of this activity from a commercial and organizational standpoint. With a variety of forms, like perimeter guarding, access control guarding, intervention teams, escort, etc., all this forms always stand under the shadow of a low quality service, because of the almost exclusive use of the human factor (Fennelly, 2012).

Today, we are witnessing the phenomenon of transformation of these services through technology in other ways of covering the same necessities. Obvious, there are still a lot of services that are difficult to translate to technology. For example, we can nominate the reception services or escort and guard services.

1.2. Security systems

In comparison to the centuries or millenniums of man guarding in different forms, electronic security systems are just a few decades old. For that, when applied electronic and automation showed up, we also discovered the first forms of electronic security systems (Khairallah, 2006). In different forms, from video security systems to alarm systems or control access systems, all this technologies are based on programmable microcontrollers, devices that evolve step by step to microcomputers exclusively dedicated to security purposes.

From the beginning, security systems differed fundamentally of man guarding by high stability and high fidelity. In fact, we talk about the physical and moral resistance, resistance that will always be in technology case higher than in human case.

1.3. Security solutions

If until now we clarified what represented and what are representing the classical security services and electronic security systems, next we will define the border that define the Security Solutions and what delineates them by the previous approaches.

At this moment we do not have a clear definition of what we call Security Solutions. Like any other term, we can approach it from many standpoints: structural, functional and commercial.

From a structural standpoint, the security solution supposes the mandatory existing of a technological component (electronic security system) and also a security service, like man guarding, consultancy or monitoring. The electronic security system can be video based, alarm based (even we talk about closed spaces or perimeter detection), access control or other.

From a functional standpoint, the security solution must provide the fulfillment of a security need, even if we talk about a person or an organization. Generally, the kinds of security needs satisfied by security solutions are medium or high difficulty, fact that justify in a way the use of different security techniques. The increased complexity of threats is based on the economic and social phenomenon of the last decades. For that we can mention the critical infrastructure networks (Knapp, 2015), industries globalization, increasing interdisciplinary of the industries, etc. But, we can adopt Security Solutions also in simple situations, like residential areas or small office areas.

The third standpoint of these security solutions, very important from the perspective of this paper, is the commercial one. The security industry made a big step to the customer, no matter the nature or the complexity of the subject, to help him and to give him a complete solution for its need. The provider of the solution is fully responsible for the functionality of the solution, because he is choosing and designing it. Because the solutions are more technical and more complex, there are not any more at the hand of any customer to choose and/or evaluate them. For that, from the commercial standpoint, the security industry is now based on the dialog with the client, the need identification and then with the full responsibility of choosing the solution and implementing it. The management of the solution is only the provider responsibility.

Figure 2. Security solutions map

Another important fact about the security solutions is the capacity of the security companies of approaching these services. For that, all of them must take into consideration the technology implementation in their activity, or if they have this component to modify the weights in technology favor.

1.4. Legal framework

Because we do not have a clear Security Solutions definition and because we do not have an official line between the classical methods - like man guarding, electronic security systems and consultancy – and what we call security solutions, the legal framework in Romania and also in European Union treats the security activities only on the classical components. Thereby, the 333 Law from 2003 republished in 2014 and the Government Decision number 301 from 2012 approaches separately security aspects like man guarding, risk assessment, electronic security systems and security dispatches. The provider has the freedom to choose the right combination of these services.

The only step made by the law in Romania to an integration of these services is by the standpoint of minimal request on some special activities with a high risk level. These requests conduct the beneficiary and the provider to a security approach both in terms of security services and electronic security systems. But, from here to the security solutions there are still few steps to do.

2. State of knowledge

About the security industry we have a lot of books and papers, mostly focused on physical security, from the electronic security standpoint and also from the classical man guarding standpoint. Also we have a lot of technical books focused on the applied domain of the security (supply chain, retail, hospitality, etc.).

A clear example is The Security Risk Assessment Handbook: A Complete Guide for Performing Risk Assessment published by Douglas J. Landoll in 2006. The book is about risk, treating it in a professional and detailed manner. Another relevant book is Effective Physical Security published by Lawrence Fennelly in 2013. This book approach physical security mostly from the vulnerabilities and their treating standpoint, using modern ways and electronic security systems.

There are also some books that besides the technical aspects of security also approach their applications. An example is Biometrics: Identity Verification in a Networked World, published by Samir Nanavati. The book is about applying the biometrics techniques in fields like security, online commerce and telemarketing.

About Business Development, the literature is full of books that present techniques of focusing the efforts on the customers or the operational flow less. In all this ways the books indicate the same purpose, the increase of sells, by finding the customer needs and satisfying them.

3. Influence factors of security solutions

Aside from the evolution of the complexity and intensity of the threats on the one hand and the technological development on the other hand, there are other some economical resorts on which the transition to the security solution is based. Two of these are the labor costs and maybe the most important the evolution of the medium price of the security equipment. These two components direct us in commercial, sales and business development terms to an acceptable price level of the security solutions, which allows to increase the sales volume maintaining and maybe setting higher the quality level.

3.1. Labor – Costs and evolution

Labor is a very important and major component in man guarding services. Thereby, the labor costs have a major weight in the fee for these services.

To analyze this we will consider the values provided by Eurostat for the medium hourly salary in the past ten years from six European Union countries.

We considered six European Union countries relatively symmetrically distributed on European Union territory.

Country/year	2004	2008	2012	2013	2014
Romania	1,90	4,20	4,10	4,40	4,60
Bulgaria	1,60	2,60	3,40	3,70	3,80
Germany	26,80	27,90	30,50	31,00	31,40
United Kingdom	21,50	20,90	21,70	20,90	22,30
Italy	22,40	25,20	27,70	28,10	28,30
Finland	24,40	27,10	31,30	31,90	32,30

Table 1. Labor costs per hour in EUR, 2004-2014 whole economy excluding agriculture and public administration
Source: Eurostat, http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs

Using linear regression, we estimated the values for the next three years, for 2015, 2016 and 2017 for these six countries. The results are:

Country/year	2015	2016	2017
Romania	4,97	5,20	5,44
Bulgaria	4,09	4,31	4,53
Germany	31,86	32,34	32,83
United Kingdom	21,67	21,72	21,76
Italy	29,25	29,86	30,47
Finland	33,41	34,25	35,08

Table 2. Forecast for labor costs per hour in EUR, 2015-2017 whole economy excluding agriculture and public administration

Graphically, the situation in the range 2004 – 2017 is as follows:

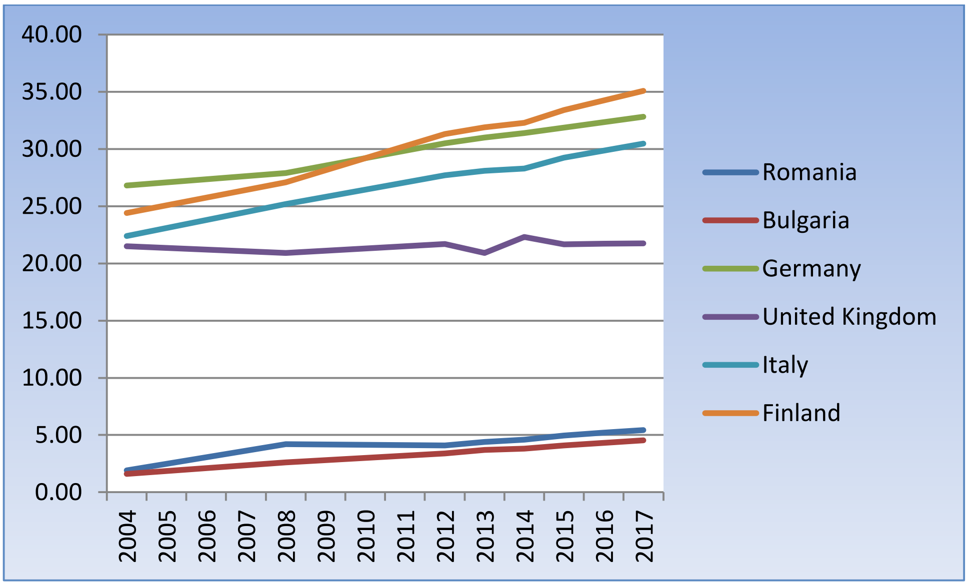

Figure 3. Labor costs per hour in EUR, 2014-2014 whole economy excluding agriculture and public administration and forecast for 2015 - 1017
Source: Eurostat, http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs

From data analysis for range 2004 – 2014 and from the forecast for range 2015 – 2017 we have a clear ascending trend for hourly labor costs in European Union.

Country	Net increase historical data	Average increase	Net increase forecast data	Average increase
Romania	242,11%	159,87%	312,25%	181,21%
Bulgaria	237,50%		279,20%	
Germany	117,16%		120,14%	
United Kingdom	103,72%		99,49%	
Italy	126,34%		135,37%	
Finland	132,38%		140,83%	

Table 3. Net increase for 2004 – 2014 and for 2004 - 2017

Thus, for range 2004 – 2014 we have an average increase of more than 150% of hourly labor costs in European Union, respectively 159,87%, and for range 2004 – 2017 (the forecast for three years) we have a forecast increase of more than 180%, respectively 181,21%.

In these terms, from an economic standpoint, the security services based on man guarding (services with a major component based on labor costs) do not represent anymore a viable option, because of their ascending price trend.

3.2. Security equipment – costs and evolution

In the electronic security equipment case is difficult to make a comparison in time. The factors which determine the price level are objective and subjective. Among the objective factors we can mention the technological functions included, functions that are the result of the research and development activity, a very expensive activity. Among the subjective factors we can mention the brand under which the products are manufactured and distributed, factor that can sometimes multiply for several time the price.

For all that, the clear trend is of falling prices, in parallel with the increase of functions and technical complexity.

We take as an example a Digital Video Recorder, the central element of any analogical video (CCTV). In 2009 – 2010, a DVR was on market around 900 USD – 1000 USD, given that we talk about a simple equipment, PC based, and between 450 USD – 500 USD if we talk about a hybrid device. Today, a similar product is under 200 USD. So, on relative similar products, we have differences of hundred percentages, differences that if are amplified at some big systems level goes to thousand or tens of thousands of USD or UERO.

In opposition with the trend recorded in the labor cost situation, the medium price of the electronic security systems in descending on ascending quality levels.

4. Directions to follow for the Business Development activity in security industry

From what we saw above we can highlight the fact that security systems market is on an technological ascending trend, supported in parallel with a continue price drop. Opposite, the labor market that influence the man guarding market is increasing from the costs standpoint, given that the quality of services remains relative constant.

These divergent trends sustain the way that security industry continues to evolve now. The passing of the man guarding to the technology area makes the service to be released by a series of costs that do not reflect a high quality.

Graphically, choosing a security solution to the detriment of the classical man guarding or electronic security systems can be presented this way:

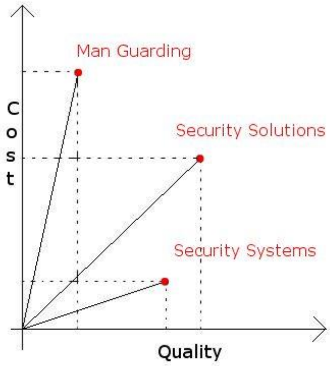

Figure 4. Man guarding versus Security Systems versus Security Solutions

Companies providing services in this field must take into consideration these aspects and must focus their efforts on the integration of the technological components into the solutions provided to their clients or potential clients. This fact will conduct to a durable and sustainable growth of their activity, in concordance with the technological trends and the economical influences from this area.

5. Conclusions

From all this from above we can first conclude that the orientation to Security Solutions for the Security Industry is in the first place a general business strategy, which then become a direction for Business Development. Is in fact the base on which we build and organize the rest of the activities, as is the Business Development activity.

The main conclusion regarding the Business Development activity for the Security Industry is that the focus at this moment must be on technology and their integration with classical services like man guarding. A Business Development activity focused on Security Solutions can relieve the handicap of still high prices (and which will be also in future high) of man guarding, having also the financial and operational advantages provided by technology.

Another big advantage brought to the Business Development activity, going on the previous mentioned solution, is the increasing capability of taking big and complex projects, like critical infrastructure networks or multinational companies with international activities. The classical way of providing security is very difficult and sometimes impossible for this kind of projects. But now, any company which is focused on technology can approach more easily these kinds of big projects.

Efectele de mai sus trebuie sa fie vazute cu impact atat pe partea comerciala si de promovare cat sip e cea de reorganziare a structurii si a fluxurilor de activitati ale companiilor de profil, acestea fiind obligate ca de acum incolo sa isi contureze distinct si o component de tehnologie.

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Public Relations as an Exposure Tool for the Management.

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For better exposure on the market, companies can opt for different promotional mix tools: advertising, public relations, sales promotion, and personal selling, where each one has distinct characteristics, such as, costs, implementation peculiarities and the ability to bring about results. Companies have opted for the use of public relations in order to obtain greater credibility in their institutional and commercial arguments as well as distancing themselves from the competition through the simple commercial exposure brought on by advertising. In this reality, professionals have also used public relations instruments and tools in order to gain better exposure as well as personal and professional results. What we deal with in this article, with its base question, is how can a professional get better exposure through using public relations? In this sense, initially, we will develop the concept to clarify what this tool consistently is within the marketing context. Afterwards, we will present the instruments and discuss their applications in a contextualized manner with private companies and mainly with people. Through bibliographical and qualitative research with a non-probability sample of convenience, we detected the empirical use of public relation tools on the part of professionals without, however, the knowledge on their part of the structured concept of public relations.

Key words: Public Relations, Marketing Mix, Promotion

JEL classification: M310.

1. Introduction

McCarthy (1960) created the marketing mix, as we know it and Kotler (1996) popularized its use as a way of understanding the process for creation, development and commercialization of products and services. Its applications have spread into different economic segments, such as tourism and hospitality, automotive, health and international business, among others. The product forms this marketing compound, where the consumer will be willing to invest in a value for his/her purchase and consumption. It will be distributed and the consumer informed of its existence through a sales promotion. This compound must be in balance, so that the consumer can purchase the product or service and have a sense of quality and satisfaction. However, depending on each situation, by the company or the market and the resources employed as well, the intensity of each tool should be molded in order to try to achieve the best commercial outcome. The selection of promoting instruments derives from the company's characteristics, market dynamics, situational aspects and the guidance of the company's business. In general, companies may have a more product-oriented guidance, such as towards marketing and sales. The greater part of product-oriented companies value tangible attributes like durability, performance and technical quality, for example, goods that are part of other products or services that involve or represent technology. On the other hand, sales-oriented enterprises generally sell products in markets where there is high competition and similar attributes. With their popularization and constant use of promotional tools, companies have become experienced in using and measuring the efficiency and effectiveness of their use and the results received. It was noticed that advertising, if well used, can bring interesting commercial results, however there is a limit to its use, where its growing use might not contribute proportionally to the commercial result. In this way, Kotler (1986) already highlighted the importance of using public relations as a differentiated way of global business strategy involving companies. These strategies are applied to the internal and external environment of the company, formed by different stakeholders. In this way, the analysis is based on, aside from a revision and bibliographical analysis, quantitative research, with non-structured interviews, the results of which are presented throughout this article. The sample, for convenience, is represented by ten consultants in the area of public relations, with the minimum of a post-graduate certificate and ten years' experience in the area. The interviews took place in São Paulo, the capital of the state of São Paulo, with the best academic and intellectual level, aside from being the largest industrial, commercial and service center in Brazil. The objective was to understand how a public relations tool could be used as a form of personal visibility, in detriment to the exclusive business usage.

2. Understanding the concept of Public Relations

According to Freeman (1984), a stakeholder is any group or individual in an organization, which may be affected by or affect the goals of a company. These groups can be businesses, entities and institutions that are part of the company's business environment. More recently, the term stockholder has taken greater evidence, where it can be categorized as those who have a financial and economic relationship, direct and indirect, with the company, as shareholders, major shareholders and minority shareholders and investors in general. Such evidence is related to the survival factor and economic and social contribution of the company towards the society and not simply as a mere financial argument. Each economic sector or even the company grants each participant a higher or lower amount, depending on structural or situational aspects.

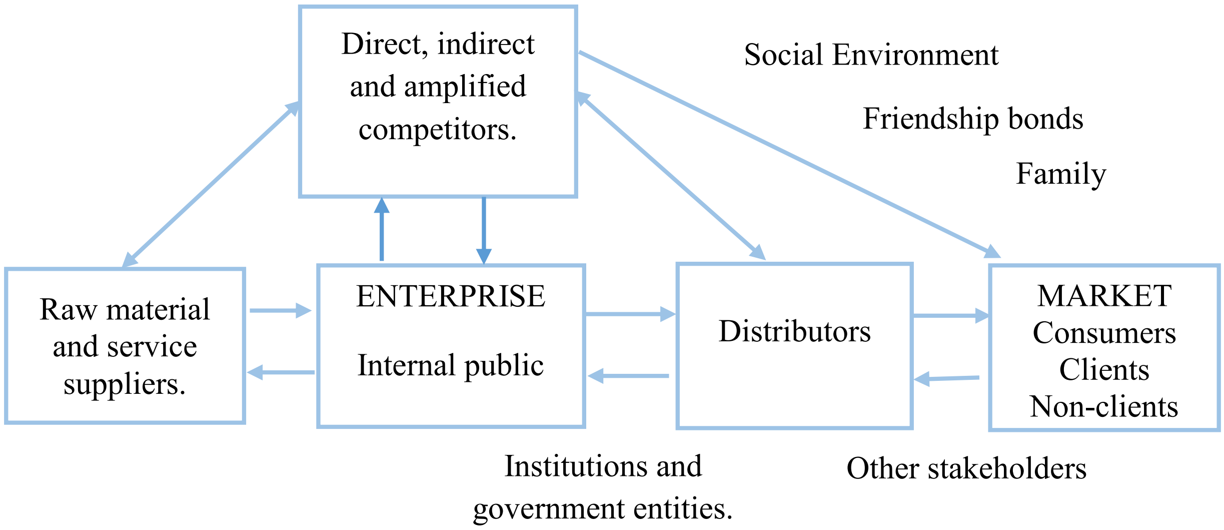

Figure 1. Corporate business environment.
Source: Author. Adapted from Porter (1999).

From Figure 1, you can understand the importance of stakeholders within the values chain and system. According to Hitt (2013, p. 120), the value chain represents the position of the company on costs that allow for identifying how to employ the means and resources for implementing a solid business strategy. This is essentially the departmentalization of a company, in processes that must be dimensioned from the market demand (income) and organic and processes structure (which result in costs and expenses) will be needed to effectively meet the needs and desires of this same demand. According to Porter (1999), the value system is analyzed in a contextualized manner with the various stakeholders, from the creation of inputs for a company (throughputs) and transfer to the middle man (outputs) and on to the final consumer. All participants are closely linked and add benefits for the final consumer. The understanding of this whole process enables for the analysis and creation of corporate strategies and enables sustainable growth. According to Churchill Jr. and Peter (2013, pgs. 11 and 12), marketers can create direct and indirect relationships with their market. In the first, we have the professionals' efforts to know their client's portfolio in detail, particularities and acting in a personalized manner; in the second, the company has a name, brand and products that are recognized by the market and, in this way, it is not necessary to focus their efforts in an individualized manner. In both situations, companies and professionals must understand what the market values are in relation to its attributes and behave accordingly. As stated by Oliveira (2008), sustainable development should occur in environmental, economic and social spheres. This growth involves how parties complement and interact with each other, contributing in such a way that the result is greater than the mere sum of its parts. This holistic view allows one to realize the need for knowledge, integration and relationships that allow each participant to understand his or her role and importance within the process of consumer satisfaction. It is evident that the very existence of the company means it already contributes significantly to society because it is a generator of jobs and taxes that should automatically be reinvested into an economic and social infrastructure. After all these definitions and discussions, it is possible to formulate a definition of what public relations is. According to IPR (2014), the term has its origin in the

United States with Ivy Lee and Edward Bernays in 1906. It grew and evolved from its first application during the two great World Wars, having the government as one of the leading participants. One can identify, from the environment of business enterprises, the main groups of interest, according to Table 1.

Group	Description
Internal public.	Employees and collaborators that reflect the climate and organizational culture and which sometimes serve as "ambassadors" for the company's image. Integrated and properly motivated with strategies such as those of internal marketing, can help to consolidate the company's image.
Consumers.	Formed by all those who are able to consume the product, service or even make use of the brand or of the concept of the company, business or idea. It is a broader market, whose conquest must be one of the guiding objectives of a company.
Clients.	Those consumers who purchase products and services from a particular company, independent of purchase frequency. In other words, maintain a commercial relationship with the company, one of the goals being an increase in purchase frequency.
Non-Clients.	Consumer customers who consume products and services of competitors and who might change their preference, duly motivated by the attributes and their needs and desires.
Community.	Environment where the company and professionals are situated and where all relationships, including exchange, are carried out. Can also designate specific subgroups of individuals that have to be duly monitored.
Suppliers.	Companies that supply raw material and services that enter the manufacturing process of other products. These companies should be treated as partners, because the company depends partly on them for the composition of the product or service, as well as the good performance of the company itself.
Distributors	Companies that sell products and services to certain markets. Like the suppliers, they should be the company's partners and they constitute as one of "contact" points with the company's clientele.
Shareholders and investors.	Individuals and legal entities who hold part of the financial and economic capital of other companies, commonly called stockholders. They can influence the company's decisions in accordance with the way in which it has invested its capital.
Media.	Resources such as press relations agencies, advertising agencies and producers, magazines, newspapers, television and other types that serve as a means and form of communication for the company.
Educational entities.	Higher education institutions (HEI) play an important role in the formation of a student and citizen. In this way, the company's presence is essential, whether in an institutional aspect, as well as in the provision of products and services. Today’s student can be tomorrow’s professional.
Religious entities.	These entities have a great homogeneity of ideologies and habits, where news and opinions can spread very quickly in services and congregations.
Family.	Although corporately it does not appear within the so-called stakeholders, its importance is quite relevant to the corporate professional, influencing in many cases their results and professional performance.
Other groups.	Due to market dynamics, new groups and subgroups can arise and the company must be prepared to adapt their strategies. Such as the subgroups of generation y and z, render analyses and differentiated actions, because they possess different psychographic profiles.

Table 1. Groups of interest
Source Author.

The analysis of the internal and external environment of a company enables for the identification of opportunities and threats as well as monitoring the anticipation of problems, and the construction and development of solutions. In addition to these groups, the opening of international markets favored the mobility of people of other ethnicities, ideologies, beliefs, habits and customs, demanding differentiated forms of perception and treatment. Far from being a closed and complete definition, it at least allows that the company and the professional can have a guide to follow, where the actions depend on how they visualize the business environment, interpret it, perform the diagnosis and delineate personal and corporate objectives and goals. Therefore, in a general way, as reported by five owners of public relations firms, it has the following functions:

- To develop institutional research on market opinion and organizational climate. Generally, it is an area subject to the presidency or related to the marketing department or even public relations, (although the latter department does not usually exist in companies). The polls aim at maintaining what has already been solidified as well as avoiding potential problems.
- To develop an efficient and effective communication program for internal and external audiences, where the process should be a continuous one. Resources such as newsletters, email marketing, press releases, among others contribute to the formation and maintenance of a positive corporate image.
- To develop communication programs in an integrated manner along with the resources and social media that, in fact, are service providers and collaborates that increase the intensity and opportunities for communication and business.
- To work in conjunction with the foreign press and communication advisors, providing news releases and generating constructive news opportunities.
- To create forms and conditions for "listening to" the internal public and the market, either by the usual resources, as well as by also creating situations where the company can receive data and valuable information from the market.
- To add values to strategic decisions, recommending actions and content to their employees as well as internal and external partners.
- To meet the different types of public-interest groups. Some companies adopt the term *ombudsman* to refer to the specific position, which aims at diplomatically and institutionally attending to complaints, suggestions and comments from their customers.
- To create and develop events aimed at maintaining image and relationship links.

Another function, although not the fully defended by the interviewees, is the corrective action of situations that have already occurred and that may affect the company's corporate image. Through research and information systems, it is possible to monitor and identify in advance situations that may occur and may negatively affect the company. At any time, this area should be a simple "fire extinguisher", as we have occasionally witnessed in our day-to-day life. Janissek-Muniz, Lesca and Freitas (2006), argue for the utilization of Strategic Anticipative and Collective Intelligence, in order to understand, by means of information systems and scenario constructions, a visualization of the future environment where the company will be inserted. In this way, anticipate and adapt as of today the changes and transformations of the future.

2.1. The importance of social networks

Their participation in the daily life of individuals and businesses, even for those who are not inserted, is well known. A large part of the population participates actively in social networks, opining on different issues and sharing others that they find interesting. In this way, positive or negative opinions can spread in the virtual environment, influencing other reviews as well as consumption and the image of a company. Many companies have chosen to be present in social networks, disseminating their products, services and news. Their presence should be undertaken proactively, where the company should seek to attract its stakeholders (through games, promotions and the other similar activities) as well as the spontaneity of the people who participate in the same networks. Companies should monitor quotes and comments on networks, through search engines, in order to identify possible preventive communication disturbances, as well as strengthening spontaneous praise. Although it is still impossible to monitor them completely, companies must be prepared for the different situations as well as use all available ways and means for monitoring. The importance of social media was proved once again in the American elections of 2012, where Obama was re-elected with the slogan "*Four More Years*", with more than 20 million twitters. In the same way, in the Brazilian elections on *Facebook* in 2014, where part was divided between the good or bad of each candidate or political party. In this way, apart from the insertion in social media, content management is important as well as the public's participation, whether by the number and frequency of accesses, or for the answers and opinions posted. Usually, searches can be incorporated in order to understand the current situation of the company.

3. The Mix of Public Relations

Public relations can make use of various instruments and actions, which must be used in order to combine the objectives of communication with the available resources of the company. Among the more usual ones, as already evidenced in reports, one can highlight:

Instruments	Description
Social and corporate events.	An action organized within a focus that aims at gathering individuals and corporations in the sense of establishing a justification of communication and strengthening bonds of relationships. It may involve anything from institutional dates to those of social and community order.
Fairs and exhibitions.	Opportunities created to display products, services, companies and professionals in an organized manner. Usually involves the use of physical space, or a booth, and must have as a goal promoting and creating relationship bonds, as well as the goal of selling.
Cocktails and meetings.	Social and commercial events that aim to gather, promote discussions, integrate interest groups in an effective manner, needing a prepared agenda to identify who the participants will be, as well as the actions during, and after the event is over.
Sponsorships.	Incentives and mechanisms that aim to integrate and complement the values system of others, in order to gain visibility or even tax exemption, since some categories of sponsorships are backed by specific laws, such as the Rouanet Act.
Actions that involve social and environmental responsibility.	Opportunities integrated with society, in order to create, maintain and develop the company's institutional and professional image. The company must identify and define their reasons with care and how their actions will be developed and disseminated, so that they will not be characterized as a simple marketing activity.
Direct mail and e-mail marketing.	Tools that aim to expand in a personalized manner the contact between the company and the market. They should be used sparingly, so as not to generate an adverse sentiment, since, for example, it is often unpleasant to receive spam.
Lectures and seminars.	Generally, an institutional exposure aimed at creating a sense of credibility within a given audience. These events usually bring together a large number of focused participants, which contributes significantly to positive communication feedback.
Participation in social networks.	A contemporary business and personal obligation of those who need to integrate other relationship groups or even the sharing of a collaborative environment.

Table 2. Comprised of public relations
Source: Author, According to research with professionals in the areas of Public Relations.

For each instrument, you need a project that seeks to identify your need, theme, contextualized contribution with other company events and company departments, budget and goals and objectives for results, within a broader view of the company's strategic planning. In addition, the formats and especially the contents and their use must be within the objectives of the Integrated Communication Media (ICM). The press officer is a service provider that can be outsourced or be an area within the company. As a company area, it must be subordinate to the strategic level or be part of the marketing and business. Its main assignments being: Identify the needs of your client portfolio exposure; Be in constant contact with the media and other stakeholders of each client, in order to identify opportunities for inserting facts, opinions and news; Act in the form of a partnership, in order to leverage business from their customers and not simply be a service provider; To behave ethically, because you can work with companies in the same area; Submit regular reports presenting the results of their work to their customers. Note that, at the expense of the high advertising investment, assertive use can create an interesting spontaneous display that sometimes can promote more long lasting links to personal and commercial relationships. It is also important to note that there must be a reason for using this tool, a time when actions should not be random, but within a context, that makes sense for the company and the external environment. A good example of this is the use of commemorative dates, such as the anniversary of a foundation, of the founder, or another significant date. In addition to the observations by Oliveira, and within the optics that there must be a rationale for a public relations activity, you can add social and environmental responsibility and ethics as elements that enable sustainable development. Social and environmental responsibility allows for reaching out to a sometimes-differentiated consumer group, permitting less commercial exposure and better credibility. As reported by Kotler, Kartajaya and Setiawan (2010, p. 140), "*companies need to solve social challenges and participate in the search for solutions*", since they may offer benefits geared to welfare, philanthropy and social responsibility for its employees as well as those who depend, directly or indirectly, on their efforts. As for ethics, Srour (2003; p. 50) states that:

> *Business decisions are not innocuous, palliatives or exempted from consequences: they carry enormous irradiation power by the effects they cause. In practical terms, they affect the stakeholders, the agents that maintain ties with each organization, i.e. participants or stakeholders.*

These participants can be the internal public, shareholders as well as all those who are part of the value system. According to André (2001, p. 10), the government should legislate in reaction to professional ethics, "*and there should not, however, be any imposing legal construction,"* because they are a social practice. This practice allows for the establishment of social rights and responsibilities important to eliciting respect and collaboration in the stocks of the companies. Acting in this way, relationships between stakeholders can become more consistent and long lasting.

4. The use of Public Relations by the corporate executive

Education and knowledge enable an individual to reflect and have the ability to generate work and, consequently, their economic and social inclusion. Employability, because of education and knowledge, is a term that can have different definitions and connotations. McDaniel & Gitman (2011), state that the company must avoid "brain drain", i.e. the evasion and high turnover of executives, through training programs, mentoring and education that enables for the maintenance culture of organizational talents. With this, the aim is to preserve, in addition to the costs and expenses related to hiring and dismissal, maintaining the intellectual capital of the company. Thinking in this way, one can also understand the necessary contrast: the development and maintenance of professional content, being their sole responsibility. The formation of the individual is very important with regard to the content needed for providing good service, mainly in technical functions. This training may be acquired from an education, as well as through experience and self-teaching, which is not limited only to academic training. People may have certain skills, which usually are related to processes and functions, and that can turn into personal and professional skills, according to the different challenges that will arise in the course of each individual’s life. Postures, behaviors and attitudes refer to interpretations and reactions of each individual to each situation, which for example, can lead to an idea of proactivity. The definition leads to a great paradox, where years ago it was considered that companies provided a career plan where the professionals should fit in. However, stemming from the professional´s capacity to generate results for this company, it should negotiate and consider the position and compensation compatible with the capabilities and individual skills. Unfortunately, Brazilian legislation still does not consider this reality, limiting then the names of positions and salaries in detriment to the individual characteristics of each professional. Each professional must have an individual career plan, where he/she can relate features with goals and objectives, in order to build in a more solid and consistent way and according to the opportunities that will appear. This portfolio, more than a personal bureaucratic requirement, aims to prove that such an individual has a particular competence. As an example, photographs, documents and certificates can substantiate that, the individual has experience in travel and international lectures and, consequently, international mobility, a highly valued item in large multinational companies.

Human presence is noticeable both in the chain as well as in the values system. In this way, the professional's contribution is essential, as both manager and participant of the process of the transformation of inputs and resources, as well as the consumer market. In many cases, the presence of a particular professional can be the element of economic and social transformations and changes. In addition, it is this way of thinking that permeates the focus of this article. Although the corporate professional has important family, social and professional ties, this cannot only limit his/her exposure to them. He or she should seek to expand their relationships, whenever possible and preferably in a planned manner, their links to other stakeholders, such as entities and institutions like the church, educational institutions, among others. Some companies encourage their workforce to be speakers and surrender part of their time to interviews and reports, favoring spontaneous exhibition. In an unstructured interview with ten consultants in the area of public relations, with the minimum of post- graduate training courses and a minimum of ten years' experience in the field, highlighting initially a few ways to create the necessary visibility. Highlighted, initially, some of the ways for creating the necessary visibility taken from the interviews:

- Although it does not need to be formal, create a slogan for yourself and share it with others. Eventually, we heard about a person who did not have a focus, which allows us to realize that this person may have multivariate attitudes without any guidance to follow in a more committed manner. Different careers such as actors George Clooney and Liam Neeson make it possible to identify a consistency in the jobs performed.
- Participate intensely in social events. Sometimes, the professional is compelled to devote many hours, in addition to the normal professional activities, sacrificing other peoples like family, neighbors and friends. One must balance his/her participation in each category of peoples, giving due attention and importance to each member. Avoid being a workaholic and be more of a "*socioaholic*".
- Participate intensely in charitable events. Try to devote part of your efforts to activities aimed at social welfare in the community, even if there is no financial contribution because it assists in spontaneously building a positive image.
- Participate actively in social networks, inserting photographs and news periodically, in order to highlight current events even if people do not have the opportunity to have your direct contact. Keep yourself "well known" in the market.
- Create opportunities for relationships, in the sense of being an active part of the process and not merely a spectator trying to take advantage of situations that arise. Personal dates and events, such as birthdays, wedding anniversary, among others, should be used as grounds for events and relationships.
- Manage your relationships and do not look for people only when the need arises. An email, a phone call, a letter or even a provocation in social networks help create a favorable *recall* of one's name.
- Be a quarterback to lead your team to a larger goal. Be a strategist, where you can make things happen, and do not be a mere spectator.
- Be a manager where you can reconcile your personal and corporate resources in order to achieve the best productivity. Be tactical, where you can manage your personal and professional life.
- Do not wait for your subordinates to do something. Do it yourself when needed. Be operative, always looking for results.
- Do things according to plan and in the time required. Be effective!
- Be perceptive, having the ability to perceive changes and environmental transformations and the power to promote the changes and transformations required.
- Be resilient, having the ability to adapt to changes, transformations and situations that happen and that are out of your control. No matter what, be assertive.

Binghman and Conner (2010; p. 103) state that:

> *The power of the collaborative content tools is in the ability to offer a single address where people gather their ideas, analyze them with their peers and publish in a way that can be revised and revisited, representing multiple points of view.*

The creation, use and participation of social networks and collaborative environments allow for a spontaneous exhibition, in which a professional must identify the content and periodicity of updates and participation from clearly defined goals and communication objectives. Therefore, in general, the greater the number of participants, the greater ability should the owner of the environment have in order to integrate the group. Deepening more in ways to create the necessary visibility, you have social intelligence, emotional intelligence and ethics as fundamental professional pillars. According to Albrecht (2006, p. 3), social intelligence is "*the ability to relate well with other people and get them to cooperate with you*." This involves human behaviors, attitudes and postures that allow the individual to be able to interpret signals, analyze them and turn them into socially acceptable actions by the group. It would be very reductionist to indicate the skills that make people have SI, because all the different situations where it can be applied are diverse and complex. It is in constant evolution, where it will require the perception and resilience needed for good social practices. As a provocation, one can affirm that a professional must have the interpretative and analytical capacity to see, from another angle, data and facts that lead to new paradigms.

Within the previous concept, we highlight emotional intelligence. Barlow and Maul (2001, p. 27), discuss the importance of human emotions and consciousness of the particular emotional states of each one, managing and leading our emotional states in a more convergent sense. Although morals and ethics are required under any circumstances, the executive should monitor and manage opinions and comments, which can be abstract and even inaccurate because of situational and even multicultural aspects. They will not always accept opinions, but the important thing is to be sure of their convictions. An illustrative case is that of Fernanda Lima, who attended the drawing for the round-robin groups of the teams for the World Soccer Cup held in Brazil, whose image was boycotted in some countries due to the neckline of her dress. Building lasting relationships requires planning and experience. According to Robinette, Brand and Lenz (2002, p. 116), emotional marketing should not only be used to meet the needs and demands of the market, but to create lasting connections with their clients from defined and planned processes. With this, it will be possible to obtain the loyalty and long-lasting relationship of your client. As reported by Grande (2008, p. 106), personality can be interpreted under a western and eastern point of view. In the first, there is individualistic behavior, where the "I" prevails throughout all of the relationship processes. In the second, we have a more collectivist behavior where there is no single dissociation. From the reflections of this chapter, one can realize that the desired behavior must be a mixture of each point of view, where the interpretation of the environment in which the individual is inserted must take into account the social, emotional, moral and ethical aspects. With these guidelines, you can make the professional have a long-lived and very constructive life.

5. Conclusions

Marketing was created to meet the demands, needs and wishes of the market and has been enhanced over the course of time, according to the changes and transformations of the environment and consumers. Similarly, the tools (marketing mix) and marketing instruments have been evolving in order to meet the different demands of the enterprises as well as the markets. In this way, the public relations tool has distinguished itself as a smart and strategic way to create better visibility and exposure of the company, brand, product and professional. This exposure can bring better credibility to the professional´s argument, seeing that their appearance differs from traditional advertising, the contents of which often lead to a more commercial and less institutional perception. A relevant point is that the individuals are not isolated; their actions are getting the due reactions, thus having the need for an integrated and holistic vision with all the partakers of the market – the so-called stakeholders. Due to their quantitative character, we recommend, in future studies, going deeper into the methods with the Focus Group, raising the expected results and presenting case studies that prove the importance of Public Relations within the point of view of the professional. A systemic vision, but open to innovations and creativity, can lead the individual to personal and professional growth and the evolution required for their competitive differentiation and a well-deserved visibility on the market. With that, the big paradigm that the company is the only one responsible for the professional growth of its internal public is broken. Quite on the contrary!

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Effective Knowledge Sharing in Multi-Generation Organization

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The paper presents the results of literature reviews, a primary data analysis and case studies examining Polish firms from various sectors including agricultural, construction and banking regarding effective knowledge distribution within the organization. Current demographic changes influence the labor market which is diverse in terms of age. It results in the situation when up to five generations of employees are working for the same company. The aim of the research study was to identify the most effective knowledge distribution channel in multigenerational organizations and determine communication methods that best suit each of employees' generations. The authors developed the matrix that presents preferable communication channels in relation to the cultural conditions in Poland. We have found the concentration of communication forms preferred by each of the generations and the importance of the selection of the appropriate methods that let integrate multigenerational teams of employees.

Key words: multigenerational organization, knowledge sharing, effectiveness, knowledge distribution tools, demographic structure of the organization, demographic change

JEL classification: J28, M54

1. Introduction

In the last decades we have been able to observe dynamic changes in enterprise environment: new technologies have new applications, new competitors build their competitive advantage in the rapidly changing new strategic fields, the product lifecycle is significantly reduced. In this situation the only organizations which will remain on the market will be those which have the ability to acquire new knowledge and to transfer it effectively within their structures in order to enhance their competitiveness. The multi-generation system on a large scale is a new challenge for enterprises. These employees have diverse value systems, they absorb technical innovations in different ways and prefer different knowledge transfer channels. For these reasons, knowledge management in contemporary organizations is a big managerial challenge. The paper presents key issues in the area of knowledge distribution within an organization. The authors describe in detail the characteristics of multi-generation systems of employees in enterprises as well as the use of knowledge distribution channels and communication methods. Special attention is given to the methods of exchanging information, which were analyzed on the example of three sectors: constructing, banking and agricultural. The authors try to determine the most effective ways of exchanging information and identify those which are best suited for each age group.

2. Backgrounds

2.1. Knowledge management in the organization and importance of information

Knowledge is one of the leading elements allowing to build a sustainable competitive advantage of companies (Kowalczyk and Nogalski, 2007). It has become the biggest goodwill, which we must manage effectively: explore, manipulate, store, share and use (Davenport, De Long and Beers, 1997). In economic terms, it is the ability to use, process and analyze obtained data and information so as to be able to solve a specific problem, take an action or decision (Brdulak, 2005). In organizational terms, knowledge is understood as a set of procedures and technical measures ensuring: the transfer of the staff‛s personal experience and knowledge to the database of the organizations and the acquisition, storage and distribution of the necessary information among eligible employees (Trajder, Paszek and Iwan, 2012). Peter Drucker defines knowledge as an effective use of information in action (Drucker, 1994). The above definitions emphasize the role of information in the definition of knowledge. Information placed in the proper context enables efficient and successful action of an individual or organization. Knowledge is not a homogeneous concept. In enterprises there are two basic types of knowledge: tacit knowledge and explicit knowledge. Tacit knowledge is the knowledge (the existence of which) we are aware of and which we use in everyday life, but we are not quite able to explain its essence, which makes its formalization and transferring to others very difficult (Brdulak, 2005; Nowshade, 2013). Explicit knowledge is generally accessible, easily visualized through verbal communication, documentation, diagrams, etc., and it can be easily transferred, registered, propagated and stored. Management of such knowledge is much easier because it can be described by means of procedures and guidelines (Smith, 2001).

Knowledge management is a new scientific field. It has existed for only over 20 years. In the literature there are many different definitions of knowledge management. E&Y (2013), one of the leading consulting companies in the world, defines knowledge management as a system created to help enterprises acquire, analyze and use knowledge in order to make faster, smarter and better decisions, which will increase their competitive advantage (Ezingeard, Leigh, Chander and Wilde, 2013). Knowledge management is the whole of activities used for effective functioning of a company in order to obtain their goals. It's a complex process which depends on the company's specificity, its environment, the access to the information within the range of its activity (Trajder, Paszek and Iwan, 2012). Appropriate knowledge management contributes to the process of increasing the company's innovation, effective ideas management and improvement of other processes. Enterprises take numerous measures to stimulate the process of sharing information obtained by particular members of the organization. Therefore, it is important for companies to manage knowledge in a comprehensive and systematic way (Brdulak, 2005).

The aim of knowledge management is appropriate use and provision of the stuff's open and hidden knowledge which, in effect, leads to an increase in the value of decisions under circumstances of incomplete and uncertain information – an increase of competitive advantage. This goal can be achieved with the use of information technology (Trajder, Paszek and Iwan, 2012).

2.2. The knowledge hierarchy – the role of information

The literature presents many concepts (Brdulak, 2005; Tobin, 1997; Beckman, 1997; Applehans, Globe and Leugero, 1999) of the illustration of the knowledge hierarchy, which are part of the knowledge management system in a company. The first element of the knowledge management system is data (facts, images, number sets, without a wider context). If one links, correlates and gives a specific purpose to these data, they get information. Information is filtered and totaled data which can be categorized, classified, changed into formulas, logical sequences, etc. In order to receive knowledge one must add operation and use to the information, give it a particular structure, interpret and put it in a particular context. Knowledge is the use of the information in practice. The factors which form it are intuition and experience, but also skills and abilities of the organization. Knowledge is the information having a personal, subjective reference, integrated with previous experiences.

2.3. Changes in the demographic structure of the labor market and the challenges of employers

Demographic changes currently observed create working places for many generations. In previous decades, the generation gap and multicultural diversity were not observed with such intensity. The problem occurs in the range of differences between employees and it forces the organization to redefine its organizational structure and methods of shearing knowledge.

Currently the organizations in the Polish market which are to meet the challenges such as rapidly changing market must be prepared to manage extreme profiles of employees. One of the key challenges is to manage the company of five generations, from the experienced workers who are 70 to 20-year-old employees who have just completed their education. The situation resembles multigenerational family in a one-room apartment. The characteristics of the modern workforce generational differences are as follows (Tryfon-Bojarska, 2014):

- older than 35-year-old employees:

1. 70-year-old employees- experienced, top level managers, engaged in realizing tasks, used for the traditional model of hierarchy in the organizational structure
2. The generation of baby boomers (the generation born in the 70s of the twentieth century) - characterized as highly engaged in realizing tasks and used for traditional hierarchical model of the organization. Due to financial reasons, the desire to remain active and a sense of professional fulfillment, many of them decide to extend its presence in the labor market, as experts in their fields.
3. Generation X (contemporary forty-year-olds) - well understanding the principles of modern capitalism, perfectly fitted to work in organizations with diverse culture and age section. They appreciate individualism and flexibility. They expect that training and support of their development will be easily accessible.

- Generation Y (born after 1980) - They are young, ambitious, well-educated, they know foreign languages and they grew up in a market economy. They can be characterized as self-confident and open to new challenges individualists. They do not hesitate to change their job from day to day. They are very flexible in terms of teamwork and well prepared for the use of new technologies and mobile applications. They consider the Internet and social networking sites as the main source for obtaining information. They want to be creative and economically active. They are willing to undertake joint social initiatives. They expect to accelerate the development of their careers. Most of them declare that they would like to work on the principles of B2B.
- Generation Z (born in the second half of the 90s of the twentieth century) – They are young people who are entering the labor market. These people grew up among modern technologies, increasing standards of living and consumption, a big mobility factor and fast pace of life. They are more flexible and more mobile than generation Y. They are ready to change their jobs frequently and they prefer project work. An employment contract is not important for them. They are less focused on themselves than Generation Y because in childhood they encountered many global problems such as terrorism, financial crisis, environmental problems and migration of parents connected with searching for employment. They believe more in ideals and they are more uncompromising when it comes to compliance with social values. According to labor market analysts, in the future probably 65% of them will work in jobs which do not yet exist. From an early age they train the skills needed in today's business (quick decision making, adaptability to the new environment, the use of mobile tools, applications and strategy games). They regard social networks as an effective everyday method of searching for information. Stable employment is of no value for them. They are mainly looking for employers with an untypical, creative approach to the activities and operations of the company.

Due to the multi-generation factor, today's organizations will face many challenges in the area of knowledge management in such extremely diverse groups of employees. The big challenge for the enterprises will be identifying the most effective knowledge distribution channels which will reach all five generations of employees at the same time in the way that is accessible considering their preferences. By 2025 the generations XYZ will constitute 75% of the total work force in the world. The study shows that 45% of today's population of Poland is the generation XY(Tryfon-Bojarska, 2014).

3. Research methodology

The primary objective of this study was to analyze the knowledge distribution channels in multi-generational organizations in order to identify whether there are communication methods that better suit the youngest generation of employees between 20 and 35 years old (called Generation Y) than older employees (older than 35 years old). It was hypothesized that the knowledge distribution channels based on new technologies such as e-learning, blogs and podcasts would be assessed as significantly more effective by the Generation Y than by older employees. Moreover, the researchers assumed that the mean employees' assessment of the knowledge distribution channels do not differ between Generation Y and older employees in terms of the traditional forms of knowledge distribution such as regular training/workshops led by instructors, various forms of publications or trade fairs.

The research objectives included:

- the assessment of the effectiveness of the knowledge distribution with regard to the distribution channels valuable for employees related to the two age groups;

- the analysis of the variability of the effectiveness of the knowledge distribution channels.

The researchers analyzed the data concerning the effectiveness of the knowledge distribution in multi-generational organizations in Poland, collected by the researchers between February and March 2015. The researchers collected data concerning the effectiveness of the knowledge distribution from employees representing organizations from construction sector, banking sector and agricultural sector. The empirical data was collected with the use of a paper questionnaire filled in by the respondents. The employees were asked questions regarding their assessment of the effectiveness of the various knowledge distribution channels. The channels not only directly controlled by the organizations but also available for the employees from external sources such as academic or sector publications, external regulations, conferences or trade fairs. Numerical evaluation of all attributes is made with ratings ranging from 1 to 5. The analysis presented in this study includes employees' evaluation of the effectiveness of the knowledge distribution with regard to two groups of employees: Generation Y and older employees.

4. Sample characteristics

The analyzed group of employees are working in one organization representing the construction sector, one organization representing the finance sector and a group of organizations representing agricultural sector.

The survey sample is by type a 'convenience' sample and its size is 159 employees out of which 75 were within the age bracket of 20-35, and 84 were more than 35 years old. According to the survey results presented in Table 1, 31,4% of the respondents who answered the question completed their education on the level from primary to bachelor and 68.1% had a Master's degree. 42.5% of the respondents were from construction sector, 33.1% were from banking sector and 23,1% from agricultural sector. 64.3% of the respondents worked as specialists and 35.5% worked as managers.

Characteristic			**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Education	Valid	Primary to Bachelor	50	31.3	31.4	31.4
		Master of Science	109	68.1	68.6	100.0
		Total	159	99.4	100.0	
	Missing	System	1	.6		
	Total		160	100.0		
Sector	Valid	Construction	68	42.5	43.0	43.0
		Banking	53	33.1	33.5	76.6
		Agricultural	37	23.1	23.4	100.0
		Total	158	98.8	100.0	
	Missing	System	2	1.3		
	Total		160	100.0		
Position	Valid	Specialist	101	63.1	64.3	64.3
		Manager	56	35.0	35.7	100.0
		Total	157	98.1	100.0	
	Missing	System	3	1.9		
	Total		160	100.0		

Table 1. The sample characteristics

The analysis of the data in this study consisted of the quantitative analysis.

- The analysis of the knowledge distribution channels concerned the measurement of their effectiveness for employees
- The t-Test (Harmon, 2013) was used to determine whether there are any statistically significant differences between the respondents' perceptions of the effectiveness of the knowledge distribution channels with regard to Generation Y and older employees.

The researchers decided to analyze nineteen knowledge distribution channels used by the respondents from multi-generation organizations to enhance their professional knowledge. Those included: a training at the workplace (led by an internal trainer), a training/workshop (led by an internal trainer), an intranet e-learning training, a training/workshop in the office space (led by an external trainer), a training/workshop outside the office (led by an external trainer), a training/workshop outside the office (led by an external trainer), an internet e-learning training financed by your company, internal documentation, an internal report, an academic publication, a sector publication, a specialist report, an external regulation, a formal company event, a lecture/workshop at trade conference, a trade fair, a sector blog, a video blog, a podcast, an online training not financed by the company.

5. Findings

The analysis of the data in this study comprises the quantitative analysis. The research provides the aggregated results from one organization representing the construction sector, one organization representing the finance sector and a group of 19 organizations representing the agricultural sector. Therefore, the research results reflect employees' perception of the effectiveness of various knowledge distribution channels across several sectors in Poland chosen by the researchers .

The quantitative analysis of employees perception of the effectiveness of the knowledge distribution channels

The quantitative analysis of the distribution channels was carried out on the basis of the employees' evaluation of the effectiveness of the knowledge distribution by applying a scale ranging from 1 to 5. The analysis of the respondents' perception of the main knowledge distribution channels was carried out with a division into two age groups: Generation Y and older employees. The results of the quantitative analysis of the respondents' perception of the effectiveness of the knowledge distribution channels are presented in Table 2.

	Generation Y (between 20 and 35 y.o.)		Generation X and older (36 y.o. and more)		All	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
A training at the workplace (led by an internal trainer)	4.01	.849	4.02	.969	4.01	.903
A training/workshop (led by an internal trainer)	4.04	.695	4.04	.736	4.04	.711
An intranet e-learning training	2.21	1.013	2.75	.975	2.48	1.026
A training/workshop in the office space (led by an external trainer)	3.68	.999	3.89	.956	3.78	.980
A training/workshop outside the office (led by an external trainer)	4.00	.877	4.13	.801	4.07	.833
An internet e-learning training financed by your company	2.53	1.186	2.77	1.053	2.65	1.124
Internal documentation	3.23	.965	3.37	.790	3.31	.888
An internal report	3.25	1.035	3.33	.880	3.31	.964
An academic publication	3.63	.900	3.26	.958	3.44	.943
A sector publication	3.84	.784	3.80	.939	3.82	.865
A specialist report	3.45	1.063	3.60	.996	3.53	1.025
An external regulation	2.95	1.110	3.16	1.073	3.08	1.100
A formal company event	4.00	.962	3.91	.917	3.95	.932
A lecture/workshop at trade conference	4.12	.808	3.74	.866	3.90	.856
A trade fair	3.80	.957	3.30	1.192	3.51	1.123
A sector blog	3.44	1.134	3.16	1.040	3.30	1.088
A video blog	3.67	1.046	2.88	1.003	3.28	1.088
A podcast	3.42	.986	2.95	.951	3.17	.991
An online training not financed by the company	2.98	1.131	2.67	.966	2.82	1.047

Table 2. Respondents' perception of the effectiveness of the knowledge distribution channels

According to the survey results, the highest rated knowledge distribution channels in terms of effectiveness included: a training/workshop outside the office (led by an external trainer), a training/workshop (led by an internal trainer), a training at the workplace (led by an internal trainer), a formal company event and a lecture/workshop at trade conference. Other knowledge distribution channels, such as: a sector publication, a training/workshop in the office space (led by an external trainer), a specialist report, a trade fair, and an academic publication received higher rate. Internal documentation, an internal report, a sector blog, a video blog and a podcast received lower rates. The lowest rated knowledge distribution channels in terms of effectiveness included: an external regulation, an online training not financed by the company, internet e-learning, a training financed by your company and an intranet e-learning training.

In order to determine whether the respondents' perceptions of the effectiveness of the knowledge distribution channels differ between Generation Y and older employees, the t-test was preceded by the Kolmogorov-Smirnov test (Johann, Anastassova, 2014) in order to determine the normality of distribution of responses. In case of all knowledge distribution channels the test revealed the normal distribution.

According to the results of the analysis presented in Table 3, there are statistically significant differences in the average respondents' assessments of the knowledge distribution channels between both age groups with regards to a training led by an internal trainer at the workplace, a training/workshop led by an internal trainer, a training/workshop led by an internal or external trainer in both the office space and outside the office, an internet e-learning training financed or not financed by the company, internal documentation, an internal reports, a sector publication, a specialist report, an external regulation, a formal company event and a sector blog. In all those cases the significance level was above 0.05. However, a statistically significant difference can be observed in the mean employees' assessments of both age groups with regards to other knowledge distribution channels, including: a video blog, an intranet e-learning training, an academic publication, a lecture/workshop at trade conference, a trade fair and a podcast. The significance value in those cases was lower than 0.05.

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
A training at the workplace (led by an internal trainer)	Equal variances assumed	.292	.590	-.004	133	.997	-.001
	Equal variances not assumed			-.004	129.016	.997	-.001
A training/ workshop (led by an internal trainer)	Equal variances assumed	.108	.743	.000	136	1.000	.000
	Equal variances not assumed			.000	135.554	1.000	.000
An intranet e-learning training	Equal variances assumed	.208	.649	-2.899	114	.004	-.535
	Equal variances not assumed			-2.897	113.402	.005	-.535
A training/ workshop in the office space (led by an external trainer)	Equal variances assumed	.339	.561	-1.257	136	.211	-.209
	Equal variances not assumed			-1.256	135.278	.211	-.209
A training/ workshop outside the office (led by an external trainer)	Equal variances assumed	.079	.779	-.925	141	.356	-.130
	Equal variances not assumed			-.919	132.979	.360	-.130
An internet e-learning training financed by your company	Equal variances assumed	1.030	.312	-1.149	115	.253	-.239
	Equal variances not assumed			-1.152	114.485	.252	-.239
A internal documentation	Equal variances assumed	1.492	.224	-.897	131	.371	-.137
	Equal variances not assumed			-.893	123.775	.374	-.137
An internal report	Equal variances assumed	1.315	.254	-.482	121	.631	-.083
	Equal variances not assumed			-.480	115.897	.632	-.083
An academic publication	Equal variances assumed	.001	.971	2.285	132	.024	.368
	Equal variances not assumed			2.292	131.903	.024	.368
A sector publication	Equal variances assumed	2.654	.105	.283	145	.778	.041
	Equal variances not assumed			.287	144.881	.775	.041

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
A specialist report	Equal variances assumed	.166	.684	-.890	138	.375	-.155
	Equal variances not assumed			-.888	134.934	.376	-.155
An external regulation	Equal variances assumed	.009	.924	-1.124	137	.263	-.208
	Equal variances not assumed			-1.121	133.392	.264	-.208
A formal company event	Equal variances assumed	.031	.860	.566	146	.572	.088
	Equal variances not assumed			.563	139.741	.574	.088
A lecture/ workshop at trade conference	Equal variances assumed	1.595	.209	2.456	123	.015	.376
	Equal variances not assumed			2.485	114.390	.014	.376
A trade fair	Equal variances assumed	2.143	.146	2.390	116	.018	.492
	Equal variances not assumed			2.480	114.189	.015	.492
A sector blog	Equal variances assumed	2.361	.127	1.419	115	.159	.286
	Equal variances not assumed			1.420	114.451	.158	.286
A video blog	Equal variances assumed	.592	.443	3.926	104	.001	.782
	Equal variances not assumed			3.929	103.998	.001	.782
A podcast	Equal variances assumed	.629	.429	2.466	101	.015	.471
	Equal variances not assumed			2.460	98.056	.016	.471
An online training not financed by the company	Equal variances assumed	.037	.847	1.397	91	.166	.304
	Equal variances not assumed			1.385	85.084	.170	.304

Table 3. Independent-Samples test

An academic publication, a lecture/workshop at trade conference, a trade fair and a podcast were evaluated higher by Generation Y while an intranet e-learning training was evaluated higher by Generation X and older generations. Given the differences between the mean assessment of the two groups of generations, it can be concluded that such knowledge distribution channels as an online training not financed by the company, a sector blog and an internet e-learning training financed by the company should be carefully examined and used especially when Generation Y, who scored these knowledge distribution channels higher, is concerned.

6. Conclusion

The research which was conducted by the authors of the article pointed that despite the generation gap and work culture preferences of each generation, the most and the least efficient channels of communication are similar for both groups, what is presented in Table 4.

	Generation Y (between 20 and 35 y.o.)	Generation X and older (36 y.o. and more)
The most efficient channels	1. A lecture/workshop at trade conference **2. A training/workshop (led by an internal trainer)** **3. A training at the workplace (led by an internal trainer)** **4. A training/workshop outside the office (led by an external trainer)** 5. **A formal company events**	**1. A training/workshop outside the office (led by an external trainer)** **2. A training/workshop (led by an internal trainer)** **3. A training at the workplace (led by an internal trainer)** **4. A formal company event** 5. A training/workshop in the office space (led by an external trainer)
The least efficient channels	**1. An online trainings not financed by the company** 2. An external regulation **3. An internet e-learning training financed by the company** 4. **An intranet e-learning training**	1. A video blog **2. An internet e-learning training financed by your company** 3. **An intranet e-learning training** **4. An online training not financed by the company**

Table 4. Knowledge distribution channels preferential matrix

The most effective channels of communication for the representatives of Generation Y (between 20 and 35 y.o.) and Generation X and older (36 y.o. and more) are: a training/workshop (led by an internal trainer, a training at the workplace (led by an internal trainer), a training/workshop outside the office (led by an external trainer) and a formal company event.

The least effective channels of communication for the representatives of Generation Y (between 20 and 35 y.o.) and Generation X and older (36 y.o. and more) stated: an online training not financed by the company, an internet e-learning training financed by the company and an intranet e-learning training.

The opinion of the authors, the results of the research are interesting especially if we consider that the companies choose e-learning as an inexpensive and effective method. The results of this research will be the base for our further research on the original and direct causes of the information and knowledge distribution channels preferences.

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The Impact of Work Related Stress on Employees' Satisfaction

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The aim of the present study is to identify the impact of work related stress events over employees' job satisfaction. The article includes work with primary data collection based on a JSS (Job Satisfaction Survey) questionnaire survey applied in a multinational organization in Romania. The findings of this study may help to stimulate further empirical research on the relationship between managers and subordinates in order to encourage and motivate a career commitment and career satisfaction.

Key words: Organisational culture, Leadership, Work related stress, Job satisfaction

JEL classification: M12, M14, M59

1. Introduction

Globally, stress has become a challenging issue that organizations have to deal so that employee's satisfaction and efficiency to not be affected. Different professional bodies such as the Occupational Safety and Health Agency (OSHA), the National Institute of Occupational Safety and Health (NIOSH), the International Labor Office (ILO), the Health and Safety Executive (HSE) and the National Health System (NHS), media, trade unions and a growing number of researchers are of the view that occupational stress has a negative impact on employees' job satisfaction and their overall performance affecting the functioning of the entire organization. According to the Health and Safety Executive, in 2014 the total number of working days lost due to stress, depression or anxiety was 11.3 million in 2013/14, an average of 23 days per case of stress, depression or anxiety. More than 40 million European workers report that they are affected by stress at work (EU-OSHA, 2002) and the situation is likely to worsen.

Causes of stress are called stressors and can be represented by several of factors such as: conflict and family demand (Shellenbarger, 1999), workplace conflict (Paul, 2002), role conflict and ambiguity (Addae et, al., 2008), workload (Shah et. al., 2011),overwork (Anderson &Pulich, 2001), career development barriers (Hellrigel, 2004), managerial bulling, harassment and organizational structure/climate (Raynor & Hoel, 1997; Murphy,1995; Mayhew & Chappell, 2003) or even by the characteristics of the workers themselves through behavioral patterns like anger, hostility, impatience, aggression etc. (Obiora, 2007).

Individual who works in such a toxic environment characterized by "relentless demands, extreme pressure, and brutal ruthlessness" (Macklem, 2005) have been shown to contribute to health related problems (MacDonald, 2003) or even lead to death (Wilson, 2004).

Living in these modern times named by Coleman (1976) the age of anxiety and stress, stress not only seriously undermines the quality of our life, but the life of the organizations, family and colleagues and indeed the wider community. Link between work related stress and job satisfaction have been presented by many specialists like Beehr and Bhaget (1985), Gherman (1981), Hart & Cooper (2001) and Hart Field (1990). Common sense and scientific research suggest that happy and engage employees are more productive comparing with the ones lacking energy or other resources (Demerouti et al., 2014). Modern organizations are an important source of stress and generally employees' absence or runaway from employment at the workplaces that are considered to be stressful (Salazar & Beaton, 2000). According to Riggio (2003) range of factors such as unresolved interpersonal conflicts, lack of clearly defined work tasks and responsibilities, extreme over work, lack of recognition of good performancesby the organization may lead to job burnout – which is the opposite of job satisfaction. That is why managers play an essential role in identifying problematic areas and have a duty to create optimal working environments.

2. Conceptual explanations

2.1 Stress

The term “stress” does not seem to have a single agreed definition (Kahn & Boysiere, 1992), however recently its use has become increasingly widespread in the context of everyday working life. Accordingly, there are many definition of the concept since stress has been a topic of interest to researchers and practitioners since the Second World War (Newton, 1995). In the 1970’s role stress gathered interest, with 200 articles being written on the topic (Jackson & Shuler, 1985). According to ILO (1986) it is recognized world-wide as a major challenge to individual mental and physical health, and organizational health.

W. B. Canon, an American physiologist, introduce the expression "fight or flight" for describing the reaction one has when meeting a stressor (Avram, Cooper, 2008). Hans Seyle, a pioneer in stress research and business management, defined stress as “a psychological reaction to certain threatening environmental events” (Selye, 1987, 1993). Later theories of stress emphasized the interaction between a person and their environment (Cox, 1978; Cox &Mackay, 1981; Cooper et al., 1988; Riggio, 2003). R. Lazarus (1993), an eminent representative of the latter approach, has added to this by suggesting that an individual’s stress reaction depends on how the person interprets or appraises the significance of harmful or challenging events. As we mentioned, stress is not necessarily bad; it also has a positive value (Robbins & Sanghi, 2006). Rubina et et al. (2008) contributed the same “Stress is not always negative or harmful and indeed, the absence of stress is death”. At the same time many researchers have proved that in small doses stress can be an important factor in improving productivity within an organization (Spielberger, 1980; Lazarus and Folkman, 1984; Obiora, 2007).

For making a difference between the stress that stimulate us and improves performance and the stress that demotivates, drains our energy and decreases performance, Seyle introduced the terms eustress (good stress or arousal stress) and distress (bad stress). If stress is viewed on a continuum from good 'eustress' to bad 'distress' what a person experiences as eustress, another might experience as mild or severe distress. In other words, as Merleau-Ponty puts it, we are ‘condemned to meaning’ (Stolz, 2014, pag. 84), hence stress seems to be a production of the mind, a response to people’s perception of reality rather than to reality itself (Lazerus and Folkman, 1984).

“Stress is also related to poor job performance” as suggested by Cohen’s (1980) which means that stress represent as well a capital factor in ensuring the job workers satisfaction or not within the organization. The causes and consequences of work related stress are various and the Japanese have officially recognized as Karoschi, translated by death cause by stress due to overload.

Stress has been associated with decision to retire and worst with depression and anxiety disorders leading to alcoholism and drug abuse. Based on this, undesirable cost in terms of worker’ health compensation, increase absenteeism, increase number of interpersonal conflicts, lower performance and high rate of employee turnover may likely occur in place of work if it is not well manage by the organization.

2.2. Work related stress and Job satisfaction

Today we are spending most of our time and efforts at work and to be happy in work life will reflect on your organization, family, friends and social environment. Work stress is the most commonly studied form of stress and it is the stress that occurs in the workplace. Work stress is by no means a new research topic, being regarded as an occupational hazard since the mid-1950s (Kahn et al., 1964). Although occupational stress does not seem to have a single agreed definition, the concept is often explained from a demand-perception-response perspective (Bartlett, 1998). The Health and Safety Executive (2001) describes stress as the reaction people have to excessive pressure or other types of demand placed on them, which arises due to their worries of inability to manage. In the same light Palmer et al. (2003) suggests that stress occurs when one’s perceived pressure exceeds one’s perceived ability to cope. Stress at work is acknowledged as affecting a growing range of occupations and it was concluded that some jobs are more stressful than the others, such as doctors, bankers, nurses, police officers, academicians etc. (Krakowski, 1982; Mohler, 1983; Riggio, 2003).

Pflanz & Ogle (2006) and Pawar & Rathod (2007) highlight the impact that occupational stress has on employee in term of reduce productivity, increase mistakes and accidents at work, encourage absenteeism, lower morale, increase conflict with others and cause poor life satisfaction and well - being. High levels of work stress are associated with low levels of job satisfaction (K. Chandraiah, S.C. Agrawal, P. Marimuthu & N. Manoharan, 2003).

Job satisfaction has been the most frequently investigated variable in organizational behavior (Spector, 1997). The concept of the job satisfaction involves feelings and attitudes towards specific facets of the job. These feelings can be positive or negative based on a person's perception and evaluation of his/her job and work context (Locke, 1976). It is widely accepted that positive attitudes of employees towards the whole business environment as a result their experiences of work environment are called job satisfaction. The concept has a direct impact on worker's motivation and activity as stated by Hirszowicz (1981) and Al-Hussami (2008) who affirm that satisfied workers tend to be more productive, effective and committed to their job than the one who aren't satisfied with their job. The feelings and believes of an individual can contribute as describes by Weiss (2002) to an attitude formed toward one's job.

Factors such as company policies referring to staff leave, salary scale and benefits, the perceived fairness of the promotion system, worker's perception of work climate, lack of communication and feedback from other departments, language barriers, managerial style etc can influence a worker level of job satisfaction. Factors contributing to high levels of employee satisfaction have been identified as: supportive colleagues, supportive working conditions, mentally challenging work and equitable rewards (Locke, 1983).

It was concluded that work related stress impact more negatively than positively on the worker's job satisfaction and "leads to poor health as it is believed that one-half of all physical illness is stress related" Riggio (2003). Acting as a silent killer or an invisible disease worker stress has been responsible for 80% of all modern diseases, according to National Institute of Occupational Safety and Health (NIOSH).

In the context of globalization new challenges are becoming increasingly evident that national cultural norms and values have significant influences on employee attitudes and job satisfaction. The most commonly cited cross cultural work on employee attitude is that of Hofstede (1991). According to him there are four major cross-cultural dimensions and the countries systematically varied along those dimensions: individualism – collectivism, masculinity – femininity, uncertainty avoidance, power distance. For example the Romania was found to be high on collectivism, high on power distance and high on uncertainty avoidance. Giving a message to the multinational companies he concluded that the workplace can change people's values to a limit extend and it is unwise to assume that an organizational culture that was successful in one cultural context will be equally successful in a different cultural context.

3. Method

3.1 Sample

The respondents which participated in the survey are all engaged directly as an employee of two multinational companies in Romania. For the confidentiality reasons the name of the organizations were not revealed. Data collection process started on 5th January 2015 and was completed on 30th January 2015.Respondents were informed about the objective of this study and data confidentiality, as well. The survey was applied on a sample of 129 employees, men and women, with ages between 20 and 45 years old (63 from a company and 66 from another). From the sample 11 employees refused to answer the questionnaire and 8 did not answer at all questions. After the exclusion of the 8 respondents with missing answers, the final data set consisted of 110 respondents (53 from the first company and 57 from the other).

3.2 Measuring Job Satisfaction

The respondents were requested to complete the Job Satisfaction Survey developed by Paul E. Spector (JSS; Spector, 1985), a questionnaire available for researchers free of charge for use for non-commercial purposes (Spector, 1997).JSS is a 36 items questionnaire used to evaluate nine dimensions of job satisfaction, including pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, coworkers, nature of work and communication, to overall satisfaction. The choice for the use of a 6-point scale was made because the items measured opinions and not actual behaviors.

Some of the items are stated in a positive and some in a negative direction. Positively directed items indicate job satisfaction and negatively directed items indicate job dissatisfaction. Negatively worded items must be reversed: score 6 is changed to 1, 5 to 2, etc. (Spector, 1985; Spector, 1997).

Given the JSS uses 6-point agree-disagree response choices, we can assume that agreement with positively-worded items and disagreement with negatively-worded items would represent satisfaction, whereas disagreement with positive-worded items and agreement with negative-worded items represents dissatisfaction. For the 4-item subscales, as well as the 36-item total score, this means that scores with a mean item response (after reverse scoring the negatively-worded items) of 4 or more represents satisfaction, whereas mean responses of 3 or less represents dissatisfaction. Mean scores between 3 and 4 are ambivalence. Translated into the summed scores, for the 4-item subscales with a range from 4 to 24, scores of 4 to 12 are dissatisfied, 16 to 24 are satisfied, and between 12 and 16 are ambivalent. For the 36-item total where possible scores range from 36 to 216, the ranges are 36 to 108 for dissatisfaction, 144 to 216 for satisfaction, and between 108 and 144 for ambivalent.

3.3 Measuring Stress and identifying Stress Factors

The respondents were also asked to answer at two questions, besides the ones from the Job Satisfaction Survey. The first one is: “I am stressed at work”, with 5 point Likert-type responses (from “Strongly Agree” = 2 to “Strongly Disagree” = -2) and the second one requested the respondents to give a grade from 1 to 9 to the subscales from the Job Satisfaction Survey (Pay, Promotion, Supervision, Fringe Benefits, Contingent rewards, Operating conditions, Coworkers, Nature of work, Communication), where 1 = not stressful at all or least stressful factor and 9 = very stressful or the most stressful factor.

3.4. Results

The results indicated that in both companies the employees are neither dissatisfied, nor satisfied regarding their job and work place (Table 1). Regarding subscales results, in both companies the employees are dissatisfied regarding the payment (with the mean scores of 11,404 and 10,547 from a total of 24). Also in both companies the employees are satisfied regarding supervision, coworkers, nature of work, and communication. In what concerns the subscales promotion, fringe benefits and contingent rewards the respondents are ambivalent. Between the analyzed companies only one difference is perceived at the subscale satisfaction level and it is referring to operating condition. In the first company the employees are neither dissatisfied, nor satisfied about the operating condition, while in the second company the respondents are dissatisfied when it comes to this subscale.

Looking at the scores for each item in each subscale (Table 2) we noticed slightly differences between the companies. For example in subscale “pay” at item 19, which is referring to the employees considering that they are appreciated by the company when they think about the salary they receive. In the first company the respondents are ambivalent regarding this aspect, while in the second company the respondents showed dissatisfaction when they answered to this question.

Subscale	Item numbers	Scores		Interpretation	
		Company 1	Company 2	Company 1	Company 2
Pay	1, 10, 19, 28	11.404	10.547	Dissatisfied	Dissatisfied
Promotion	2, 11, 20, 33	13.667	12.377	Ambivalent	Ambivalent
Supervision	3, 12, 21, 30	17.965	17.981	Satisfied	Satisfied
Fringe Benefits	4, 13, 22, 29	14.386	13.717	Ambivalent	Ambivalent
Contingent rewards	5, 14, 23, 32	14.596	14.075	Ambivalent	Ambivalent
Operating conditions	6, 15, 24, 31	14.737	11.623	Ambivalent	Dissatisfied
Coworkers	7, 16, 25, 34	16.912	17.887	Satisfied	Satisfied
Nature of work	8, 17, 27, 35	17.632	17.981	Satisfied	Satisfied
Communication	9, 18, 26, 36	16.368	16.302	Satisfied	Satisfied
Total satisfaction	All 36 items	137.667	132.491	Ambivalent	Ambivalent

Table 1. Subscales and total satisfaction scores

Also, in subscale promotion at item 33 (“I am satisfied about my promotion chances”), in the first company the employees showed dissatisfaction, while in the second one the respondents showed ambivalence.

Moving forward to subscale “supervision”, we cannot identify important differences in terms of interpretation of the scores. In both companies, the respondents like their superior and consider that he is qualified and responsible for his role. However the respondents from both companies are ambivalent when it comes to being treated unfairly by the superior or when it comes to the superior’s interest in employees. At subscale “fringe benefits”, the respondents from both companies are ambivalent for all items. This means that the respondents are neither satisfied, nor dissatisfied about the fringe benefits that exist in their companies, compared to the ones existing in other companies. Also they are ambivalent when it comes to considering the fringe benefits package just.

Looking at subscale “contingent rewards”, it can be noticed that in both companies the respondents are satisfied about being appreciated when they do well a task (Item 5). An important difference can be noticed at the scores from item 32 between the two companies. This item refers to the fact that the employees are feeling that they do not receive enough rewards compared to the work provided. In the first company the medium score for this item is 4.019, which is equivalent to Satisfied, but is satisfied to a negative question. Therefore it can be stated that the employees from the first company are unsatisfied with the balance performed work – reward. Looking at the medium score for this item in the second company (3.509), it can be stated that the employees are ambivalent regarding this aspect. Some are satisfied, some are unsatisfied with the balance between work and reward.

The most notable differences between scores are encountered at items from subscale “operating conditions” (Table 2). At item 6, “Many of the rules and procedures we must follow are making our work difficult”, in the first company the medium score is 4.264, which means that the employees are unsatisfied about the rules and procedures, while in the second company the respondents are neither dissatisfied nor satisfied regarding this aspect.

Subscales	Items	Scores	
		Company 1	Company 2
Pay	Item 1	3.943	3.316
	Item 10	5.415	4.807
	Item 19	3.981	4.053
	Item 28	2.000	2.947
Promotion	Item 2	3.717	3.158
	Item 11	3.547	3.789
	Item 20	2.679	2.860
	Item 33	2.868	3.175
Supervision	Item 3	4.604	4.754
	Item 12	2.717	2.211
	Item 21	2.585	2.754
	Item 30	4.679	4.175
Fringe benefits	Item 4	3.472	3.316
	Item 13	3.415	3.474
	Item 22	3.660	3.737
	Item 29	3.887	3.509
Contingent rewards	Item 5	4.094	4.070
	Item 14	3.019	3.281
	Item 23	3.981	3.689
	Item 32	4.019	3.509
Operating conditions	Item 6	4.264	3.649
	Item 15	3.774	3.456
	Item 24	4.302	2.825
	Item 31	4.585	3.246
Coworkers	Item 7	4.981	4.632
	Item 16	3.623	3.526
	Item 25	4.981	4.649
	Item 34	2.453	2.842
Nature of work	Item 8	3.358	3.281
	Item 17	4.811	4.877
	Item 27	4.755	4.439
	Item 35	4.774	4.596
Communication	Item 9	4.132	3.860
	Item 18	2.925	2.351
	Item 26	3.094	3.175
	Item 36	2.811	2.965

Table 2: Scores by subscales and items

In what concerns the efforts in doing their work well, in both companies the respondents consider that sometimes their efforts are blocked. Therefore they are ambivalent regarding this aspect. At item 24 ("I have too much to do at work."), in the first company the medium score is 4.302, which means that the employees are unsatisfied with the workload. In the second company the medium score is 2.825, which means that the respondents are ambivalent (neither dissatisfied, nor satisfied).

Looking in table 2 at the last three subscales it can be noticed that between the scores at each item there are slightly differences which are not influencing significantly the interpretation of the scores. Only at Item 9 ("Communication within the organization seems good"), in the first company the respondents are satisfied, while in the second one the respondents are ambivalent. Also it has to be mentioned that, even though the respondents from both companies are satisfied at the level of subscale "coworkers", they are ambivalent when it comes to Item 16 ("I believe I must work harder because of the incompetence of the people I work with") and Item 34 ("There are too many quarrels and conflicts at work").

Looking in figure 2 it can be stated that in both companies the respondents think that the less stressful factor at work is represented by the fringe benefits with an average grade of 1.6 in the first multinational and 1.8 in the second, where 1 means not stressful at all or least stressful. From the same table it can be noticed that there are some differences between the two companies regarding the most stressful factors. The most stressful factor in the first company with an average grade of 7.3 is represented by the subscale "supervision", while in the second company it is represented by subscale "operating conditions".

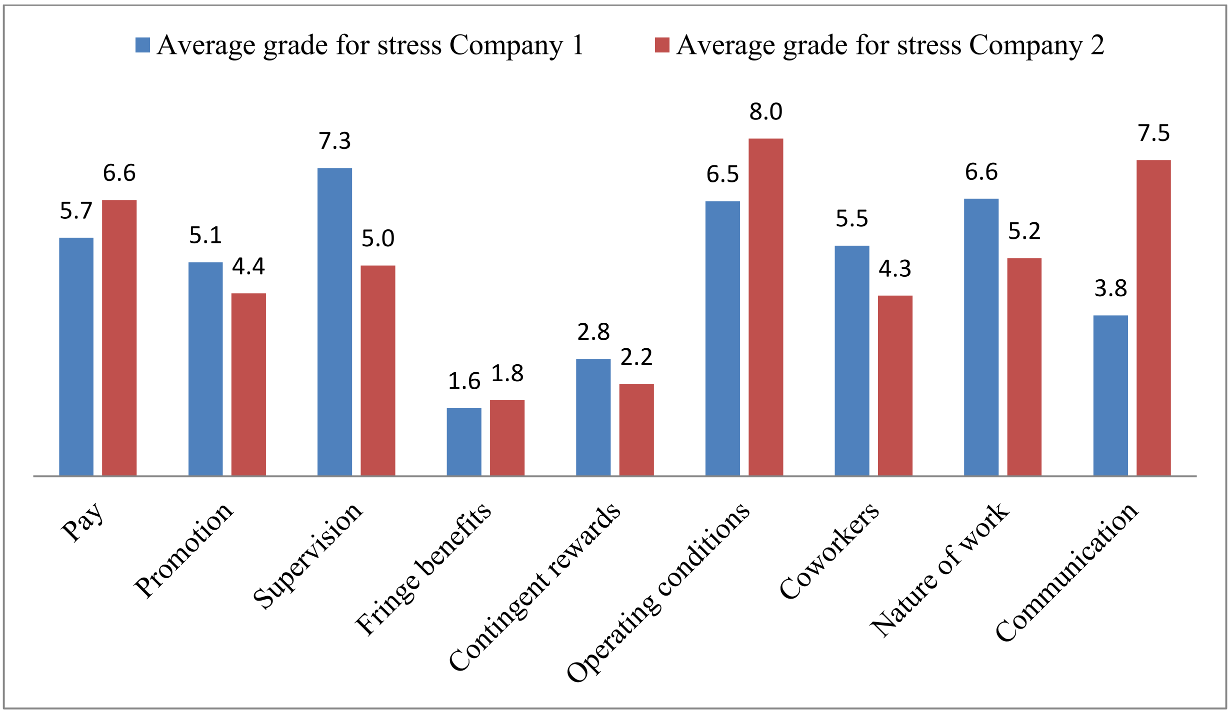

Figure 2: Stress average grades for each subscale

Also it can be noticed that in the first company the second most stressful factor, with an average grade of 6.6, is represented by the subscale "nature of work". In the other company the second place in the top of most stressful factors is represented by the subscale "communication", with an average grade of 7.5. In the same top the third place is held by subscale "operating conditions" in the first company and by subscale "pay" in the second one.

4. Discussion and recommendations

Correlating the stress results with the satisfaction ones it can be noticed that in the first company the respondents are neither dissatisfied, nor satisfied regarding their job and they neither disagree, nor agree with the fact that they are stressed at work. In the second company the respondents are also ambivalent regarding satisfaction, but they agree with the fact that they are stressed at work.It has to be mentioned the fact that in the first company the most stressful factor is considered the subscale "supervision". If we look at the satisfaction values of this subscale we can notice that overall the respondents are satisfied regarding supervision, but they are ambivalent when it comes to being treated unfairly by the superior or when it comes to the superior's interest in employees. This ambivalence shows that some employees are unsatisfied regarding their superior and this can be a stress factor for them.

Looking at the second company the most stressful factor is considered the subscale "operating conditions". If we look at the satisfaction values for this subscale we can notice that the respondents are unsatisfied about the operating conditions, and looking at the values of each item for this subscale, we can state that the employees are unsatisfied with the workload, and this can be considered a stress factor. Also some of the employees are unsatisfied with the rules and the procedures, which can also be considered a stress factors.

The authors recommend strongly that tension and stress should be consider a serious issue of concern that need to be manage correctly by the organizations in order to increase employees' job satisfaction. Research findings suggested several factors which can cause tension in their workplace, such as: nature of work, communication, operating conditions, payment, workload, promotion chances and supervision.

From data analysis we derived the impression that the work climate was directly linked to the characteristic of the superiors (supervisors, managers), so we recommend an open door policy and use of participative management style which will foster communication, increase employee's motivation and decrease employee's vulnerability to burnout.

Participants perceived inequity exist, conversely they may choose to work harder or to work less or even to quit their job to reduce the inequity. That is why we believe that managers should create an environment that helps employees to motivate themselves and use equity theory as a basis for this.

A common theme surfacing during data analysis was workload. Participants perceived the stress of having to deal with workload while facing demands for greater efficiency and productivity. They also noted that dissatisfaction was strongly linked to the rules and procedure; most of them felt that these are making their work difficult, so changes were silently recommended.

In conclusion, the findings of this study may help to stimulate further empirical research on the relationship between managers and subordinates in order to encourage and motivate a career commitment and career satisfaction.

5. Limitation

Several limitation of the present study should be noted. Firstly, the study should be conducted on a bigger sample and secondly, the present study did not collect informations regarding gender, family structure and education level. Researchers demonstrated that uses of demographical variables are related to job satisfaction. Furthermore to analyze the impact of stress on employee's job satisfaction, factors related to work-family conflict should be considered in future research.

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Marketing Research thought Near Filed Communication

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NFC Near Field Communication technologies in mobile phones and tablets, has an increased set up in the new hardware for mobile applications in the last period. The author will try a marketing research approach, using Meta data stored and transmitted through NFC Technologies. Therefore, a certain algorithm to read – and set up an information cube will be issued in last stage, but on this article we will debate the assumptions and conditions to be met, in order to allow the marketing research approaches by collecting the meta data from NFC activity of the customers with the mobile phones or tablets. The question is how to transform the marketing elements so that they can incorporate the NFC Technology.

Key words: marketing research, NFC, tap marketing, event processing, customer relationship

JEL classification: M31.

1. Introduction and some assumption on the NFC technology and the correlation with Marketing Research.

I suggest as a starting point some assumptions on the development of the actual context. Therefore, I do following assumptions: In an actual exchange of information, a buyer –supplier relationship is to be think also with an email exchange iteration. Let us think that relation also with regard to the web service, as an interaction between two software components. Furthermore, in the actual context, the internet data is accessed from hard drives with mechanical read –write mechanism, one can project this data access speed on "in memory" data storage. In addition, concerning the relational marketing hypothesis, we have a better understanding in the approach on relation equity, with a certain amount to exchange in regards to the purchase. (Equity-Theory; [online] 2015) Namely, here we expect an equity (post sales) relation – on the exchanged product/service and information. By this approach, the user/consumer will "pay" with information in exchange of service/products. Furthermore, manufacturing and investors expects to see real time performance. In this regard, they expect a communication method, which is transporting information as a web container. Also capable to be rewritten several times, allowing a quick connection with a certain transfer rate. A further approach is the relation between consumers and technical items in a large regard. Not only interactions between C-to-B, and B-to-B, meaning here optimizing dataflow B-to-B in this respect. Persuading this regard, we will discover the NFC, an initiative of Sony and NXP from 2002, at that times regarded as a technology trigger. (Nick Valmy; Infographic [online]; 2009) NFC is a radio communication RFID device for use under 10 cm, with RFID transfer of 424kb of data the transfer, nowadays under the ISO18000-3 of (DIN Deutsche Institut für Normung; [online] 2015) Not even going through the peak of inflated expectations, as suggested by hyper cycle emerging technologies (Janessa Rivera; Gartner Institute [online]; 2013), NFC had a slow entry in the domain of productivity once with the introduction by APPLE in APPLE Phones (model 6 and 6 plus) and with the application APPLE Pay (The Apple Inc. [online] 2015).

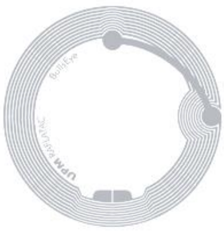

Fig. 1. NFC Fear Field Communication tag.
Source: 2015 RapidNFC Ltd; http://rapidnfc.com/ [online] / April 2015

Description for the NFC is: NFC is a ISO1800-3 RFID compatible, with a data transfer rate of 424kb per second, frequency 13,56 MHz and an operating time less than 0,2 seconds and distance less than 20 cm, the power consumption is under 15 mA, less than writing an SMS.

Marketing and actionable intelligence will focus on the business elements with the most interaction on the market. Gartner estimates that almost 85 % of the top companies will fail in 2015 to exploiting data. (Keith B. Carter ; Actionable Intelligence; 2015) There is not a new method, to use a mathematical approach to simplify complex rational expressions, using complex nominators and denominators to simplify the expression. Therefore, it is needed, a breakdown in basic components of the marketing act, so that we can recognize basic elements, and also make those elements available in real time. (Merriam Dictionary; [online] 2015)

2. NFC Marketing and a SWOT analysis.

In order to approach a NFC marketing campaign, I would suggest in the first place analyzing a SWOT chart, from the perspective off NFC Technology and its applicability. Furthermore, we will have a look at constrains and opportunities from NFC Technology. (Mitrea D.; NFC from Touch to Tap Marketing; 2014)

2.1. Strengths

Recent introduction of NFC Technology on Apple, with Apple Pay, will lead to a standardization of NFC payments, in first place, because trough payments, one can get the consumers profiles and data in an implicit manner. There is a two-way data communication in NFC. From NFC to a device, or from a device to NFC allowing information transfer in real time. In addition, this information is processed in real time and an interaction may be created. In addition, an https security protocol is used for this kind of transactions. A further strength: high penetration of mobile devices on Android and recently also on iOS system, along with shift in usage from desktop to laptop, to tablet, and virtualization, will lead to virtualization of some business processes, in regard of BYOD (bring your own device). High penetration of a personal profile on mobile devices from social platforms, (as mentioned the BYOD theme). Therefore, the assumptions is that NFC will exchange personal membership or Facebook information, and also to exchange employee information, if the NFC is used in business purpose.

2.2. Weakness

First, leak of standardization around NFC, with several small players regarding hardware. The top Investor is SONY, followed by Samsung and VISA (Sony Corporation; [online] 2015). Timing on data acquisitions for marketing, the feedback is to be stored on server level (regarding bidirectional communication). Multiple storage system on factory level, on sales unit level, sales division level - operate with different data typology and inconsistent standards or inconsistent naming conventions, or even worse with inconsistent data types – or web services. Sign off the data due data consistency and data reputation may be a risk.

2.3. Opportunities

NFC as a payment method, as mentioned, will probably replace trough mobile devices and mobile watch, the plastic money. NFC tracking devices (geolocation, gyroscopic), as mentioned above, with packaging collecting data trough sensors (for example temperature sensor). Therefore, the end consumer will actually can read the data collected (such as temperature of a shelf-life product), and avoid to buy older products. NFC will develop the consumer convenience and brand protection, trough aftersales connection with the main producer avoiding fakes and counterfeit products. Trough NFC - batch and production info's can be passed to the consumer. In this regard, products will interact with packages; packages will store information about products and exchange the information's with the customers upon further products and customer retention.

2.4. Threats.

Timing on data acquisitions for marketing, the feedback is to be stored on server level; it may lead to a long response time, much more that a native application based on the device. NFC working with web based packages of data, will need a powerful server and hardware background to run best in real time. A next threat is the multiple storage system on factory level, on sales unit level, sales division level operate with different data typology. (Microsoft SQL Server, Google Big Query, or SAP HANA) In addition, Inconsistent standards, as well as inconsistent naming conventions, and inconsistent data types may lead to some risk. An interesting point, which may be an opportunity out of threat, is the sign off the data due data consistency and data reputation, so if the data is coming from employee data in case of BYOD or from a socialization profile, it has the necessary and sufficient data sign off value.

3. Marketing mix along the NFC Technologies

It might be helpful to relate also some others elements in relation to the NFC technology, like: event processing; counters and sensors; social analytics, private cloud computing, automatic content recognition and augmented reality, and social media infrastructure. It is not a new method and approach, to use a mathematical approach to simplify complex rational expressions, using nominators and denominators. Therefore, is needed a breakdown in basic components of the marketing act, so that we can recognize basic elements, and make those elements available in real time.(Merriam Dictionary; 2015) Marketing question to match the right idea and the right intuition, with the rights replies from the market and the right financial support for this direction.

3.1. Communication

NFC can communicate data trough content (incorporated and memorized information, on a hard ROM Memory) or through a web content which can be accessed by user action. For example, a smart packaging using temperature sensor, so the one can check the temperature history of the product with impact on the shelf life, like mentioned above. In addition, an anti-counterfeit NFC will communicate a serial number of batch and origin of the package preserving the corporate identity. (Innovation Excellence; smart Packaging; [online] 2015) For the Smart poster – with a NFC build in (with or without considering reusability), there are application available to buy Tickets and reserve seats trough mobile devices, in this regards, company SAPECOMO already developed a mobile app. product soon available on app store. I will reiterate the Idea that the NFC can communicate bidirectional; we will see later the Price component in the marketing mix. Individual communication will here take the shape of a personal profile exchange of socialization and loyalty of the person as consumer. Communication is interesting to consider the approach of geolocation correlated with personal information. Log in in Museum, at the bar, hotel or a bus or train station, may lead to results in information concerning persons with a certain profile and the geographical patterns used, with activity.

3.2. Product

Post Purchase smart packaging, enable to connect product packages to digital experience. (Brandpackaging; [online] 2015) Thin Film Company is suggesting a correlation between NFC technology and a kind of sensors attached to products, for example temperature sensors. (Thin Film Corporation, 2015) Therefore, besides the NFC Data exchange, Thinfilm enable also temperature tracking, or some other kinds, of sensor tracing to his packages, also information if it is still sealed or already opened. Product is the physical one purchased, and in addition may have some NFC software content, or a service content, or can be a service purchased, or any other correlation in between, or also a warranty content. In addition to the Museum Ticket, for example, the consumer can receive also a digital content of information and a guide. Differentiation of the product relate to branding, and to the Product Lifecycle Management. Also, for industrial products, an interchange of data with regard to periodical technical inspections is here on interest. Now let us consider the technical inspection not with a necessary lead time and with time necessary to perform the technical inspection, but with data transmitted in real time through an NFC interface, device to device. Production planning and the KANBAN concept are enabled and can be enhanced with the NFC bidirectional data interchange. Total Quality Management – and the Six Sigma methodology enhance trough NFC, and therefore overproduction and underproduction avoided, due real time signals from market on a sort or on customized products. Produces can become also interactive like an internet page.

3.3. Distribution

Distribution has taken some important steps, because of the NFC embedded almost in every mobile smartphone, with the mobile devices incorporating NFC, also a physical distribution of NFC payment devices will be done, once with the investments from VISA in this area. A certain point of the distribution is on the one hand the interaction with valid profiles from social platforms, and on the other hand a geographically distribution. NFC enable the geographical dispersion and a certain trace and reach of the target group and the target segment. So loyalty of the target group can be established and maintained physically, as the same region, town, area, and also virtually, which reunite the same typology of the target group. Distribution channel will actually be physical and virtual, and any other combination in between. Capitalization on user emotion linked to a brand trough geographically distribution linked to social profile is here an interesting approach.

3.4. Price

At the first glance, the attraction of Mobile payment will set probably the standards in NFC usage. Apple invested also in Apple Pay, and set up the hardware in Apple S6 and Apple S6 plus, in order to access payments through NFC (Apple Inc. 2015). NFC Wallet was already set up by Google (Google Inc. 2015) on the Android devices. NFC payments can successfully replace the plastic money, and the credit cards in this actual version. In addition, it will enable a price configurator, meaning the price can be set up in regard of the person who is buying the service or product, meaning, the NFC bidirectional communication possibility can be used for this purpose. The connection in this case may be directly with the CRM Software who can calculate upon contract and loyalty parameters the price separately for every consumer accessing the NFC of the product. Proximiant is a next pricing product (Proximiant Inc. [online] 2015), of the category tap and go, which allow receiving the bill in an electronic format, also calculating a different price from person to person, if the person is registered in the database. Regarding Mobile Payment with NFC and Authorizations, an issues here seems to be obsolete, concerning the standardization trough VISA and some other key player in data security, using https secure encryption.

4. Marketing Research Questionnaire

The data source is in the NFC marketing research not a conventional one, so setting the right questions and finding the right path may be difficult. Data will be gathered from traditional questions and from augmented reality and NFC devices. The correlation between Traditional questions and Data must be documented in a data dictionary, with data standardization, in order to avoid the gaps of big data, were irrelevant data series are almost getting into correlation.

Questions proposed:

Trust in the Eco-System:

1. Would you log on with Facebook Account? (Good Data consistency; data sign off as being real)
2. Would you log on with Linked In account? (Good Data consistency; data sign off as being real)
3. On Time Event log on ? (Medium Data consistency)
4. Without Log On – Data ? (Poor Data Quality – Exit interview)
5. Log on regarding a benefit purpose? (or accept data exchange without a benefit (discount)) ?

Trust in the profiling technology behind

6. Do you trust the NFC – payment technology (NFC Payment)
7. Do you trust the NFC payment data privacy and security? (NFC Payment)
8. Is it easier for you to pay with NFC ? (NFC Payment)
9. Would you expect a discount? (NFC Customer Retention)
10. Would you expect a targeted discount on your interests? (NFC Customer Retention)
11. Would you share the payments habits in order to profile you with a discount strategy?
12. What kind of suggestion do you have in this regard? (open)

Individual character questions

13. Is it risky to enable NFC services, products, payments? 1-2-3-4-5

14. Are you risk adverse or risk friendly? 1-2-3-4-5
15. How much customizing would you have in a discount profile 1-2-3-4-5
16. Would you order online or trough tapping a NFC? Y / N
17. Nevertheless, NFC would mean a better discount, makes it a difference? (NFC Customer Retention)
18. What kind of suggestion do you have in this regard? (open)

Communication enforcement

19. Would you like to have an electronic invoice trough NFC, than a paper one? Y / N (open)
20. Would you buy a theatre Ticket from a NFC poster, rather than from kiosk? Y / N (open)
21. Would you buy some Bus, Museum, Theatre, Airplane tickets easier trough NFC? Y / N (open)
22. Would you download easier a web content and use it on the mobile device rather than on paper?
23. Would you print trough NFC from your mobile device on a shared printer? Y / N (open)
24. Would you print trough NFC from your mobile device on a shared printer, even personal critic information?
25. Would you use medical services through NFC; data exchange with hospital, medical personnel?
26. Would you share social media data through NFC from the mobile devices?
27. What kind of suggestion do you have in this regard?

Media Content – post sales Services

28. Would you use NFC to tap on information about a product from its packaging? Y / N (open)
29. Would you then order a similar service - product if it will be available as content trough NFC? (on line)
30. Would you use in this regard post sales services? Y / N (open)
31. Would you use the post sales service and guaranty trough NFC delivery, repair system? Y / N (open)
32. Dou you have a good or a bad opinion on the “Me-too” product?
33. Dou you have a good or a bad opinion on the “Proximiant” product?
34. What kind of suggestion do you have in this regard? Y / N (open)

The proposed questions are build up in a specific way, in order to allow some results on the profile on an average user or consumer for those services. It is not clear, and would be interesting to deviate from the questionnaire, if such a technology a “viral” set up has. The questionnaire refers to data considered relevant for the time being, so further modifications will be done in further versions. On open point is the reflection of relevant information from questionnaire, in addition or parallel with the use of different functionalities of this technology.

5. Conclusion

Creating actionable intelligence, based on big data but avoiding the gaps of irrelevant data streams, inserting also a personal variables and parameter to the equation, will lead to the approach of a shared service center, based on the described NFC technology. It may be spitted in core function and some external functions allocated to this shared center. The core business questions and data collected are to treat as reusable assets in the shared service center. Therefore, the assumptions is that NFC will exchange personal membership or Facebook information, and also to exchange employee information, if the NFC is used in business purpose. NFC will capitalize consumer emotion from social media; will enable different and quicker data bidirectional communication, and will lead to results in real time. All of this avoiding the gaps of big data, and acting in regard of actionable intelligence. General marketing interview questions are not in scope of our approach, those can be derived from social platforms and social profiles of the user/consumer/customer. Also from employee data as mentioned before. (Age, gender, household size, income, profession, education, etc.); - partially derived from socialization profile; psychographic question also, in the same manner. Therefore, we have one result if the data will be prepared off line in traditional way and other result if the data will be prepared on line in the on memory approach. For the “on Line” approach, a sufficient infrastructure is needed in order to perform it correctly.

“There are approvals levels that are difficult to get past, but they actually never say “no” in the end. They just ask a lot of questions, annoy the heck out of you, and add no value to the validation process…but they’ve always done it like this, and made a career out of it…so live with it !” *Keith B. Carter*

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A Multi-Agent Technology Based Platform for Marketing Communication

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One of the most significant current discussions in marketing is related to personalizing and distribution marketing information content in order to promote services and/or products that will be sent to the customers with a specific profile. In this context, is becoming increasingly difficult to ignore the design process of the dedicated platforms built for composing and spreading marketing information. The entire involved communication process is also characterized by a set of specific tasks. However, a major issue with this kind of platforms is related to the identification of the clients groups (clients with similar needs), building clients' profiles, information personalization and distribution in an efficient way, collecting a relevant feedback from the clients. The purpose of this paper is to review recent research regarding marketing communication platforms (MCP) and to propose a platform architecture for MCP using intelligent technologies in several aspects specific to this kind of platform. For the proposed architecture each module will be described and also its particularities. In the end, there is outline a conclusion set regarding the platform and its functionalities.

Key words: marketing communications platform, personalizing information, intelligent technologies, client profile

JEL classification: M31, O30, D83.

1. Introduction

Marketing activity represents "the management process through which goods and services move from concept to the customer" (Business Dictionary, 2015). In this entire process there are 4 elements that are taken into account (known as the 4 P's of the marketing): the product, the price, the place, and the promotional strategy. The American Marketing Association defines the marketing as being "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (America Marketing Association, 2015). In this context, the marketing research is defined as being "the function that links the consumer, customer, and public to the marketer through information". Proctor (2012), Smith (2012) and Malhotra (2013) are debating the marketing research topic, highlighting its importance and issues in their papers. Marketing communication in this context represents a key element that influences very much the success of a marketing strategy. Marketing communication is defined as "the mixt between advertising, sales promotion, public relations and publicity, personal selling, and direct marketing", being also "the means by which firms attempt to inform, persuade and remind customers – directly or indirectly – about the products or brands that they sell" (Kotler, 2002). For developing an efficient marketing communication, in the same source, there are mentioned some steps that must be followed. These steps are about: targeting the audience, communication objectives, message design, communication channels, communications budget, communications mix, communications' results, and managing the integrated marketing. One of the most significant current discussions in marketing communication is about the platform used because the accomplishment of the mentioned steps is relying on it. Stelzner (2014) and ComScore (2013) have both debated the platform aspect. ComScore, according to their own description, is an important company, leader in digital measurement and analytics, offering information about web, mobile and TV consumer behavior.

The marketing communication platform offers a special support for marketing communication overall from the most important objectives point of view. The objectives point to the extend marketing 7's P, meaning product, price, place, promotion, people, process, physical environment (Sage Design Group, 2015) and are related to the advertising, sales promotion, events and experiences, PR and publicity, direct marketing, interactive marketing and personal selling (eMarketing Consult, 2015). However, a major issue with this kind of platforms is related to the identification of the potential clients and client's groups (clients with similar needs), building clients' profiles, information personalization and distribution in an efficient way, collecting a relevant feedback from the clients. So far, there has been little discussion about the way that modern technologies like agent-based technology and data mining may improve the activity of a communication marketing platform in several aspects. Samir and Habiba (2009) in their research have proposed a multi-agent system for personalizing information source selection.

The main issues addressed in this paper are marketing communication platforms overview and issues, aspects to be improved from the platform point of view by using a modern technology like agent-based technology and data mining technology.

The paper has been organized in the following way: in the first part it gives a brief overview of the main activities necessary to be done during a marketing communication process; in the second part, aspects regarding the marketing communication platform are presented, aspects like role, components, types and also some examples; in the third part there is proposed an architecture for a marketing communication platform that is based on an agent-based technology; in the last part are mentioned some conclusion and future work directions.

2. Clients identification, profiles and information personalization

Recent statistics have shown that the online stores number is increasing. This entails a growing number of clients. In Romania, for example, according to Wall Street (2015), the Internet penetration rate in Romania will continue to grow also in 2015, heading for 60%, keeping in Eastern Europe average (mean Eastern Europe is well below the average of Central Europe, which was 78% in 2014). In terms of Internet usage in Romania, according to (Internet World Statistics 2015) in mid-2014, there were 11,178,477 identified users; this number represents 51.4% of the Romanian population and 1.9% of the Europe total population. The number of Romanians who buy online is expected to exceed 3 million in the year 2015 (Wall Street, 2015). In Figure 1 is mentioned the top 10 Countries in Europe regarding the internet user's number in mid-2014.

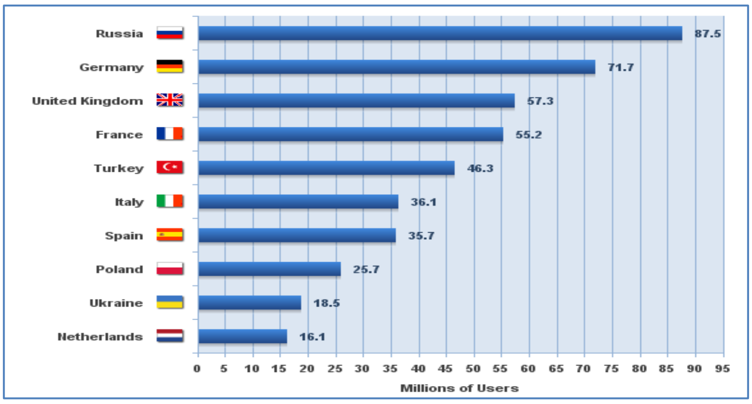

Figure 1. Internet Top 10 Countries in Europe (June 30, 2014)
Source: Internet World Statistics, 2015

Under these circumstances, activities such as customer management, identifying potential customers, creating customer groups with similar needs, making client's profiles, customizing the information sent to the customers and distributing it in an efficient way and also collecting feedback from customers are very important in achieving a successful marketing strategy. Therefore, in designing marketing communication platforms, these kinds of activities must be taken into account.

The importance of the above activities is shown briefly in the following:

- customer management - should be easily achieved in order to make possible client identification, updating and adding information about him in databases owned by the company;
- identifying potential clients - based on collected data, a customer may be selected. This customer (potential client) has a big probability to be open to marketing campaigns and offers made by the company;
- creation of groups of customers with similar needs – by using customer data and data mining techniques it is possible to group customers. Based on these groups a customized offer may be created, taking into account client's preferences. In this context, a created client profile must be very representative for the client's group that it represents;
- customize the information sent to the clients and distributing it in an effective manner as well. Once the groups are created, information or an offer should be personalized and sent to the customers who

are enrolled in a certain group of clients. Thus, the impact to customers or potential customers will be maximized. A direct communication with customers is indicated because they have the possibility to describe and detail their requirements regarding the product or service that they desire. Liu (2009) and Liu and Belkin (2014) are describing systems that aim information personalization subject;

- collecting feedback from customers - is an activity that aims to obtain an input for the entire chosen marketing strategy and for the process itself which includes the above mentioned activities.

In this context, all the specific activities must be performed within the used marketing communication platform.

3. Marketing Communication Platform

A marketing communication platform (MCP) it may be seen as a support that sustains all the specific activities related to the marketing activity, specially the 4 P's or more, the 7 P's. Depending on each market particularities, MCP's are designed to support manly the central ideas of the business type and its marketing strategy approach. In a big company, the product mixt consists of a large number of product types. If the company wants to promote product, it usually develops a basic MCP. After that, the company must to invest in the platform, to maintain it updated with some facilities demanded by the market. By doing that, the company increases its competitive advantage on the market. In most cases, the top management of a company considers enough to use the basic MCP and decides to not invest in it in order to add new communication facilities. Many companies have done that and have discovered after a while that their customer's number has started to decrease.

Companies must to maintain a good communication with clients, potential clients and with its stakeholders. The most important thing regarding the communication between a company and its collaborators is "what to say, to whom, and how often" and also what communication channel to use with each one? (Kotler, 2002).

Usually, an integrated MCP is design to contain and combine some main communication facilities (channels) like emails, television, social networks, websites, newspapers, articles, mobile web, personal relationship, news feeds, in-store experience (Bennett, 2015). An overview of such facilities is depicted in figure 2.

Figure 2. Marketing communication channels for a platform
Source: Bennett, 2015

Due to the main marketing aspects like sales promotion, public relations, personal selling, direct/indirect marketing, advertising, were developed several types of platforms. These are listed in Table 1. In terms of architecture, a MCP must include elements such as databases with appropriate software for data, rules, knowledge and multimedia management (Orzan 2007, Acatrinei 2014), documents management and their flows, to support the addition of new communication modules, provide user friendly interfaces (especially useful for retrieving data and for keeping in touch with the customer), the option to use modules for e-commerce and to offer online services. Because of new used technologies, issues such as the amount of collected information and its quality, level of detail, and the possibility of data analysis, have reached a very high level. Given this, companies can meet customers' wishes with much greater precision, thus increasing the chances that the investments made in a particular product or service to realize the expected profit.

Advertising	Sales Promotion	Public Relations	Personal Selling	Direct and Indirect Marketing
Print, broadcast, on-line ads Packaging Motion pictures Brochures, booklets Directories Billboards, posters Display signs Point-of-purchase displays Audiovisual material Symbols and logos Videotapes Web sites and banners	Contests, games, sweepstakes, lotteries Premiums, gifts Sampling Fairs, trade shows Demonstrations Coupons Rebates Low-interest financing Trade-in allowances Continuity programs Tie-ins	Press kits Video news releases Speeches Seminars Annual reports Charitable donations Sponsorships Publications Community relations Lobbying Identity media Special events	Sales presentations Sales meetings Incentive programs Fairs and trade Shows	**E-mail** Fax mail Voice mail Catalogs Telemarketing Electronic shopping TV shopping

Table 1. Marketing communication platforms
Source: Kotler 2002, p. 272

In recent years, a special place in marketing communication platforms is offered to the social media communication channels. These channels must be used as tools that might be used according to a special need. They offer changes for sharing discussing, playing games, staying connected with your mates, publishing, doing e-commerce, locating events/ places, etc. A company "must to identify and select the tools that are suitable and relevant for the communication with its stakeholders" (Tay, 2015). For example, in the same source is mentioned that you can "use Facebook to connect with your customers, use Flickr to share photos, use YouTube to share videos, or use LinkedIn to connect with your business partners and suppliers". It becomes difficult to be able to select tool because they are so many that are doing actually the same thing, each one in a specific way; you have to learn to work with it and to get the best of it. Designing a MCP means also to take into account and to implement facilities for those communication tools that have the biggest impact to the clients and stakeholders.

4. Developing a multi-agent technology based platform for e-mail marketing communication

New technologies enable the development of MCP in order to create a direct and efficient communication between the company and customers. Using such communication solutions, the customer's expectations can be recorded, analyzed and used to create customized offers. Based on these offers, it is a big probability for customers to react positively to them. A tool in direct marketing it is represented by the E-mail Marketing approach. The next section proposes a MCP architecture for email marketing, proposal that includes modern technologies based on software agents and data mining analysis.

4.1 Platform description

The proposed platform aims data acquisition from clients or potential clients, their processing and obtaining relevant information about analyzed clients. Using this information, it can be created customized offers (CO). When a client is receiving such a CO, the probability to react positively to open the email is very big. In Figure 3 is depicted a general architecture that captures the MCP essential elements. In this are represented clients providing information about products / services that are important to them. They send information via an interface (software agent). Once the information is submitted, it is stored and used to obtain customized offers, offers that will be sent to clients with similar expectations.

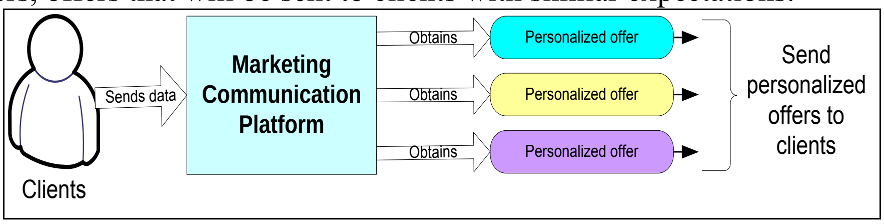

Figure 3. A general MCP architecture

In the MCP detailed architecture (Fig. 4) are presented the platform specific components. The platform aims to identify potential clients, to group customers based on their preferences, to take into account the feedback that customers provide based on received offers, to distribute the personalized offers based on customer profile and chosen device and communication channel. Therefore, within the architecture, initial customers have no color, meaning that they are not identified as belonging to a group. They can use various devices (smartphones, PCs, laptops, etc.) and various communication channels (email, social networks, etc.) for sending preferences about the products / services you want.

Each client is represented by a software agent (SA-C – Software Agent - Client) used to send data to the server and local databases. Within each local database there is a software agent (SA-LDB - software agent for Local Database) that receives information from SA-C agent, stores it in the local database, and sends the latest updates to the central database. In the central database, there is a software agent (SA-CBD - Central Database for software agent) that takes information from all the agents.

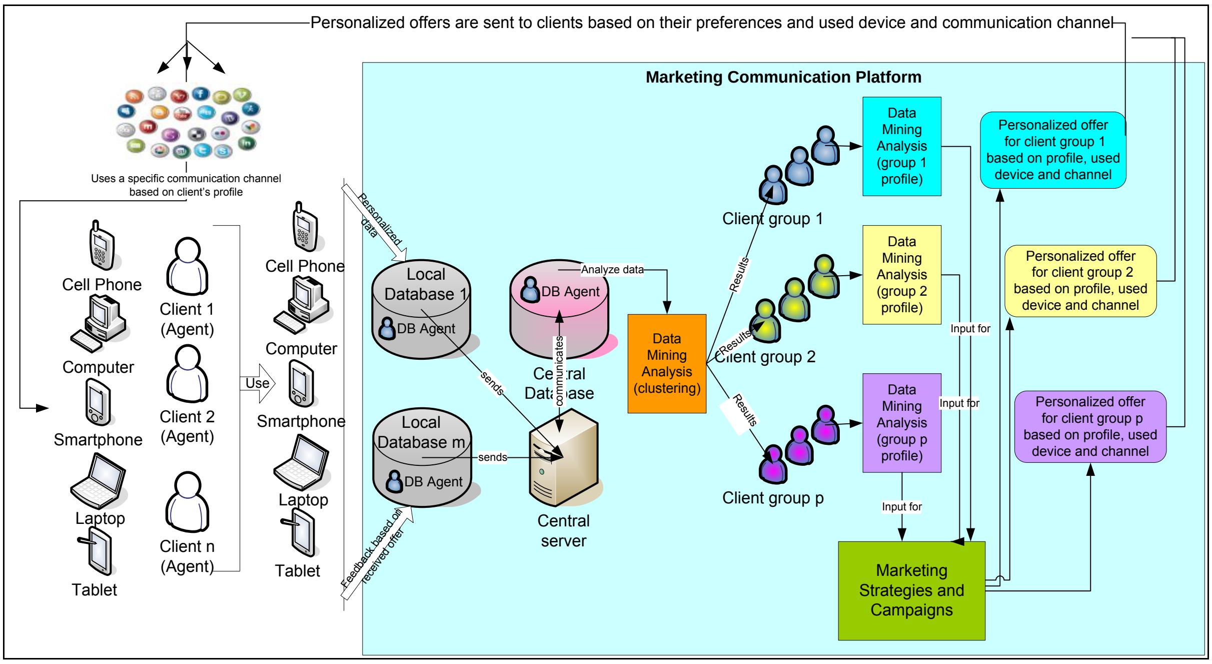

Figure 4. A detailed MCP architecture

SA-CDB has the ability to process data from the central database using data mining techniques. The algorithm used is Simple K-Means and it groups the analyzed clients in several groups based on information collected from the system by the SA-CDB, and also it may build customer's profiles. The set of profiles will represent an input for the design of strategies and marketing campaigns. Taking into account the specific of the strategies and campaigns and also the information that must be included in the offer (CO), the used device and communication channel, the MCP through the SA-CDB agent will send the proper offer. The client will receive the email in a suitable format for his devices or, if necessary, through a communication channel (e.g. Facebook). After reading the offer, the client will have a reaction (positive or negative); this reaction may be considered as a feedback that the company will use as an input of data / information / knowledge in the MCP.

It is advisable to create an offer that it addresses a group of clients than to create an single offer for a single client, because:

- It is very difficult to customize offers for each client;
- Customers can view products / services that they didn't think of till then and consider them as more useful than what they initially selected;
- The client will feel like part of a community who likes and wants the same products / services (or similar), this is giving him a clue that his choice is good.

Regarding the offer design, there will be considered issues such as:

- What makes the client more to open the email?

- What he would like to contain the offer (through e-mail);
- How much time he is able to spend for reading such an e-mail offer;
- What products / services to be promoted?
- What characteristics to have that product /service to be attractive for the client?

4.2 The multi-agent system and the MCP functionalities

The platform main core is sustained by the software agents that belong to the multi-agent system. Each agent accomplishes some specific tasks. The multi-agent system architecture is depicted in Figure 5.

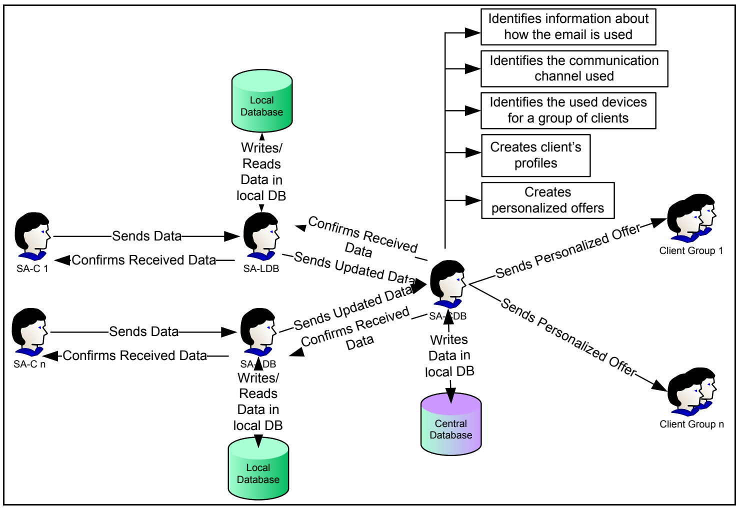

Figure 5. Multi-agent System Architecture

a) SA-Cs (Software Agent - Client) - agents that represent the clients (each client has an agent) and maintain direct contact with agents of the MCP. They offer to the customers the opportunity to personalize the criteria of the desired product /service. The agent provides an interface in which each attribute targets an aspect of the product/service and it is fulfilled by the client. SA-C activity consists of:

-Sending client fulfill data to the SA-LDB;

-Receives confirmation from SA-LDB for received data.

b) SA-LDB (Software Agent - Local DataBase) - agents that take information from SA-Cs agents and write them into the local database. Each location has a local database and a SA-LDB agent managing data. SA-LDB agent activities are:

- Writing / reading periodical information from local database;
- Sending a confirmation to the SA-Cs agents;
- Sending updated information to SA-CDB.

SA-CBD (Software Agent - Central DataBase) - software agent that runs on the platform the most complex activities. Its tasks are:

- Data acquisition (new or updated records) from AS-LDB agent;
- Storing received data in the central database;
- Intelligent data analysis using data mining techniques (Simple K-Means algorithm) to accomplish the following tasks:

  - To extract information about how email is used
  - The used communication channel
  - The used devices
  - Creates a client's profiles
  - Creates a personalized offers

- Sending personalized offers to customer groups taking into account the used device by customers and the communication channel.

Simple K-Means Algorithm. Data mining analysis represents that analysis type that can discover patterns and knowledge that exists in big data sets. A cluster represents a group of instances that are quite similar based on their values. A short description of the Simple K-Means algorithm is depicted as follows

(Clus 2015):

- *Choose the initial values for the centroids:* ***set_value 1****,* ***set_value 2****, ...,* ***set_value k***
- *Repeat until there are no modification for any group (cluster) repartition*
    - *Use the estimated values to classify instances into groups (clusters)*
    - *For i from 1 to k*
        - *Computes the distances between set_values sets to each instance*
        - *Replace* ***set_values i*** *with the mean of all of the samples for cluster i*
    - *End_for*
- *End_until*

Some advantages of the algorithm are based on the clusters computing time (Simple K-means is more efficient than the hierarchical grouping algorithms for a small initial cluster number), the clusters are more accurate than the ones created by the hierarchical grouping algorithms (Play, 2015).

Based on how customers react to the received email offer, a feedback it may be obtained and used as an input for data analysis.

After submitting the personalized offers, the MCP platform will analyze customer feedback related to the submitted customized offers. This will be done based on several criteria such as the channel of communication (email, social networking, device used, and the moment of time the message is sent to promote the product / service).

4.3 Platform results

The intermediate result given by the platform is to achieve customer profiles. Based on these profiles, a number of client's groups will be created. Each group will receive a personalized offer. The clients from one group will receive the same personalized offer.

The final result achieved within the platform consists in personalized offers that will be created based on the information stored in the central database and targeting issues such as:

- Which features the customer wants to have the product / service that they desire;
- Operating system that has been used for sending the information regarding the characteristics of the product / service and also about the used device;
- Time spent by the customer for reading the offers from the past;
- What was the element that has sparked interest of the client to opening the e-mail with the offer?
- How clients would like the information to be organized in the received e-mail.

The advantages of such approach are:

- Customers will receive offers via e-mail (or through the preferred communication channel) in accordance with their expectations. The probability that they open the e-mail offer and to respond also positively is high;
- Sending a personalized offer only to a group of customers will reduce the network traffic. In this situation, the number of error messages will be lower;
- By sending periodic emails with customized offers with content relevant to the client, it creates a stable connection in time between client and the company that wants to promote its products/services.

5. Conclusion and future work

Communication activity in the marketing field is one of the main activities, with a particular importance. To achieve a successful marketing communication it must take into account a lot of aspects regarding the target customers. Therefore actions such as identifying information about how e-mail is used, the communication channel, identifying the used devices, creating client's profiles, creating personalized offers, provide a great support for a success marketing strategy and/or campaign designed to promote a product/service.

In the present paper is proposed and described a platform for marketing communication that takes into account the above mentioned elements and uses modern technologies such as agent-based technology and the data mining based technology. There were also described the multi-agent system architecture, mentioning the role and tasks of each agent and the data mining algorithm used within the platform.

Future research. Possible research directions may consist in designing an intelligent software agent in order to automatic fulfill the data about a product / service approved by the client, based on the information about previous fulfills. The platform also can be optimized in terms of multi-agent system by adding special properties to some agents (e.g. the mobility property - for SA-CBD, the agent can visit local databases and extract new information and the updates one), some services (such as the use of the database) may be included in cloud (data maintenance in these conditions is no longer a major problem for the company, this task will be done by the data storage service provider).

Limitations. The platform main limitations consist from the fact that without a client agreement, it cannot be install a software agent on a particular device (agent that will allow data sending, data that describes the products/services from the client point of view) and the disadvantages of using the K-Means algorithm Simple (is difficult to choose the initial values for the centroids, the cluster must be uniform).

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Customer Engagement Behaviour in the Fashion Industry

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B2C companies attempt to integrate an active consumer into their business processes. Among various concepts explaining the customers' activity in value co-creation process, the customer engagement behavior (CEB) emerges as one of the most holistic managerial approach. Since there is the diversity in the ways customer engagement has been interpreted, the purpose of this paper is to propose the pragmatic understanding of CEB in the field of marketing discipline and offer the classification of the CEBs. The case study research method was applied to identify the CEBs in the fashion sector. Fashion has the significant contribution to the ecommerce sales and is one of the most engaging product category due to high affective customer involvement. This paper contributes to the marketing theory and practice. It extends the present knowledge on CEB, its antecedents and managerial related concepts. It also offers new CEBs classification matrix practical in the further development of the firms' customer engaging strategies.

Key words: customer engagement behavior, value co-creation, fashion

JEL classification: M31.

1. Introduction

The concept of customer engagement behavior (CEB) has emerged from the body of knowledge on the phenomenon of the customer engagement in value co-creation process which is a vital component of relationship marketing (Vivek, Beatty & Morgan, 2012), and new perspective in customer management (Verhoef, Reinartz & Krafft, 2010). The scientific research into this emerging theoretical concept intensified in 2010, when Marketing Science Institute listed customer engagement as a key research priority for the period 2010-2012.

There are multiple theoretical sources of CEB in the marketing literature, including the concept of prosumption (Toffler, 1980), the service-dominant logic (Vargo and Lusch, 2004; Grönroos, 2006), and the enhanced (extended) competence network (Prahalad and Ramaswamy, 2004). The term 'engagement' has also been used extensively in many social science disciplines including psychology, sociology, political science, and organizational behavior (Hollebeek, 2011). Therefore there is the diversity in the ways customer engagement (behavior) has been interpreted. Consequently various customer engagement forms typologies exist in the literature, however they hardly exhaust a total CEB definition. Hence the purpose of this paper is to contribute to the marketing discipline by proposing the pragmatic understanding of CEB and offering the classification of the CEBs. This attempt is grounded on two general interpretations of the term 'engagement': (1) engagement as an arrangement to do something or go somewhere at a fixed time and (2) engagement as an arrangement to employ, action of engaging or being engaged (Oxford Advanced Learner's Dictionary, 1989, p. 398). Those interpretations organize the exploration of CEB notion from the managerial perspective.

The paper is structured as follows. First we introduce the concepts of customer engagement and customer engagement behavior and investigate various interpretations of those phenomena. Next we discuss existing typologies of CEBs forms. Then we develop the new classification basing on research findings in fashion sector and we discuss research results and limitations. After that the concluding remarks are presented.

2. Conceptualizations of CEB

Since the term 'engagement' has been used extensively in many social science disciplines (including psychology, sociology, political science, and organizational behavior), there is the diversity in the ways engagement has been defined (Hollebeek, 2011). Customer engagement notion was introduced into the theory of corporate management in 2001, when the Gallup Institute formulated the Customer Engagement proposal (Appelbaum, 2001). According to The Economist Intelligence Unit, engagement is seen as a way to create customer interaction and participation. It refers to the creation of a deeper, more meaningful connection between the company and the customer, and one that endures over time. It is also defined as building customer relationships that increase customer commitment to a company or brand (The Economist Intelligence Unit, 2007). Brodie et al. claim that the interpretations of the concept 'engagement' that have emerged in the literature are volitional and/or discretionary and include the notion of connection, attachment, emotional involvement and/or participation (Brodie et al., 2011, p. 254). Relatively few attempts at the systematic conceptualization of customer engagement have been observed in the marketing literature to date (the conceptualizations identified in a literature review are summarized in Table 1).

Authors	Definition
Patterson, Yu, and de Ruyter (2006)	The level of a customer's various "presence" in their relationship with the organization. The presences include physical presence, emotional presence and cognitive presence. Customer engagement is conceived as a higher-order construct which consists of four components: vigor, dedication, absorption, and interaction.
Brodie et al. (2011)	A psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value.
Vivek, Beatty, and Morgan (2012)	The intensity of an individual's (i.e. current or potential customer) participation in and connection with the organization's offerings and / or activities, which either the customer or the organization initiate. It is composed of cognitive, emotional, behavioral, and social elements.

Table 1. Conceptualizations of customer engagement in the marketing literature

Source: Patterson, Yu and de Ruyter, 2006, p.3; Brodie R., Hollebeek L., Jurić B., Ilić A., 2011, p. 260; Vivek S., Beatty S., Morgan M., 2012, p. 127-145.

Kumar et al. (2010) suggest that the value of customers engagement (CEV) is based on both customers' purchases (transactions) and other, nontransactional customers' behaviors. This view on customer engagement emphasizes behavioral manifestation of CE notion. As stated by Kumar et al., the value of CE is comprised of four dimensions:

1) Customer purchasing behaviour, including repeat purchases or additional purchases through up-selling and cross-selling (corresponding to customer lifetime value [CLV]).

2) Customer referral behaviour which relates to the acquisition of new customers through a firm initiated and incentivized formal referral programs (extrinsically motivated; corresponding to customer referral value [CRV]).

3) Customer influencer behaviour through customers' influence on other acquired customers as well as on prospects (e.g., WOM activity that persuades and converts prospects to customers, minimizes buyer remorse to reduce defections, encourages increased share-of-wallet of existing customers; usually intrinsically motivated; corresponding to customer influencer value [CIV]).

4) Customer knowledge behaviour via feedback provided to the firm for ideas for innovations and improvements, and contributing to knowledge development (extrinsically or intrinsically motivated; corresponding to customer knowledge value [CKV]).

The idea of focusing on behavioral manifestations of customer engagement has been expanded by van Doorn et al. (2010) by introducing the term of 'customer engagement behavior' (CEB). Van Doorn et al. claim that numerous customer behaviors (as retention and cross-buying, word-of-mouth (WOM), customer recommendations and referrals, blogging and web posting and many other behaviors influencing the firm and its brands) are likely to be different manifestations of the customer engagement (van Doorn et al., 2010). The authors define customer engagement behaviors as a customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers. This definition of CEBs in a customer-to-firm relationship focuses on behavioral aspects of the relationship and CEBs clearly go beyond transactions, i.e. CEBs include only nontransactional customer behaviors. This view is supported by Bijmolt et al. who posit that various forms of customer engagement behaviors affect the brand or firm in ways other than purchase. In other words, customer engagement includes behavioral manifestations of a customer with a rather indirect impact on firm performance. In contrast, direct customer outcomes are generally linked to its current and future transactions with the firm (Bijmolt et al., 2010). The abovementioned proposals of reducing customer engagement to nontransactional behaviors (which is also preferred in this paper) is quite contrary to the view held by Kumar et al. (2010), who stresses the importance of including both transactional and nontransactional dimensions of CE behaviors.

3. Review of CEB forms

According to van Doorn et al. CEBs include a vast array of behaviors as WOM activity, recommendations, helping other customers, blogging, writing reviews, and even engaging in legal action (2010, pp. 253-254). Van Doorn et al. also posit that customer engagement encompasses customer co-creation. According to Lusch and Vargo co-creation involves the customer participation in the creation of the core offering itself and can occur through shared inventiveness, co-design, or shared production of related goods (2006, p. 284). Therefore, according to van Doorn et al., behaviors such as making suggestions to improve the consumption experience, helping and coaching service providers, and helping other customers to consume better are all aspects of co-creation, and hence customer engagement behaviors (van Doorn et al., 2010, pp. 253-254). This contrasts with the view held by Jaakkola and Alexander that CEB should be distinguish from co-production, which refers to the degree to which customers are involved in producing the offering for themselves. Therefore the co-production is an in-built element of the transaction and is not, to the same extent, a voluntary, extra-role behavior with a broader interactive character as is associated with CEB (2014). While identifying the forms of customer engagement behaviors, van Doorn et al. also refer to the exit and voice components of Hirschman's model. Within this model, customer may choose to exercise voice (communication behaviors designed to express their experience) or exit (behaviors designed to curtail or expand their relationship with the brand). In this conceptualization, it is loyalty (the attitudinal relationship with the brand) that may drive a customer's choice of behaviors. The continuum of behaviors includes pure voice (complaint behavior, positive or negative recommendation, positive or negative WOM) to pure exit (decrease of consumption, nonrenewal of a contract) and many behaviors in between. Basing on the abovementioned proposals of CEBs forms, two essential conclusions may be drawn. First, regarding the CEBs effects to the firm, one should realize that they may be both positive (i.e., posting a positive brand message on a blog) and negative (i.e., organizing public actions against a firm) (van Doorn et al., 2010; Kumar et al., 2010). Second, regarding the subjects of CEBs interactions, it should be emphasized that even though CEBs have a brand/firm focus, they may be targeted to a much broader network of actors including other current and potential customers, as well as suppliers, general public, regulators, and firm employees (van Doorn et al., 2010).

In the further exploration of CEBs and its typologies, the proposition of five dimensions of CEB (van Doorn et al. 2010), explaining the customer engagement behavior nature, is crucial These dimensions includes: (1) valence, (2) form / modality, (3) scope, (4) nature of impact and (5) customer goals. Form and modality of customer engagement refers to the ways in which it can be expressed by customers, therefore it provides the ground for systematization of CEBs. There are three customer roles related to main forms of CEBs:

1) In customer role (traditional role): in-role behaviors typically occur within parameters defined by an organization, e.g., <u>complaint behavior</u>; (complain, purchase, return);

2) Outside customer role (help others): extra-role behaviors are discretionary activities that customers may choose to engage as offering useful suggestions to <u>other customers, informing staff in a store</u> that the price on some products displayed is incorrect;

3) Elective customer role (<u>suggest innovation</u>): elective behaviors are those that consumers engage in to achieve their consumption goals, e.g., calling a toll-free number to seek help with the consumption of the product or making suggestions to the company for product improvement and enhancements (van Doorn et al., 2010, Lemon, 2010). With regard to the abovementioned roles of engaged customers and forms of CEBs, the synthesizing proposition of Bijmolt et al. seems to be supportive. The authors distinguish three general manifestations of customer engagement: (1) customer complaining behavior, (2) word-of-mouth (WOM), and (3) customer co-creation behavior (Bijmolt et al., 2010). A similar stance is taken by Jaakkola and Alexander (2014, p. 249) who distinguish two general types of customer engagement behaviors:

1) Customers' communication about the focal firm or brand: CEB implies that customer may acquire new customers for the firm through firm-incentivized referral programs, or influence other customers' perceptions on their own initiative through word-of-mouth, blogging and other forms of customer-to-customer interactions.

2) Customer involvement in product development and innovation: signifies that customers help

improve or develop the firm's offerings by providing feedback, ideas, and information, or participating in product design or assembly.

Apart from the aforementioned propositions of CEBs systematization, there are also few attempts in the marketing literature to classify the customer engagement forms according to certain criteria. Below we discuss two approaches that represent different perspective on customer engagement classification: the consumer perspective (Vivek, Beatty and Morgan, 2012) and the managerial perspective (Nuttavuthisit, 2010).

Vivek, Beatty and Morgan (2012) propose classification of the foci of customer engagement (2012) using two dimensions: (1) interaction with offerings versus more general activities and (2) initiation by customer versus provider. This classification refers to the customer engagement (CE) concept, having broader meaning than CEB, as mentioned previously. CE conceptualization proposed incorporates not only behavioral elements but also the social (i.e. participation by individuals with the brand or product both within and outside of the exchange situations) and the cognitive and emotional (i.e. experiences and feelings of individuals, irrespective of the exchange). Consequently 2x2 classification matrix provides the four derived categories of customer engagement foci (see Table 2). Vivek, Beatty and Morgan focus on CE from the customers' perspective and aim to identify what engages the customers. Therefore the classification of the foci of CE refers to very broad spectrum of current consumers and noncustomers behaviors beyond the purchase. It also includes the consumer behaviors that are not related to any focal firm or brand (as for example yard sales, hobbies) and therefore goes beyond the definition of customer engagement suggested by Patterson, Yu, and de Ruyter (2006) and Brodie et al. (2011). On the other hand, the traditional in-role customer behaviors as complaint behavior is absent in this classification, so it does not exhaust all the possibilities of customer engagement.

	Provider initiated	**Customer initiated**
Offering initiated	Engagement initiated with goods, services, brands by organizations. Offerings that allow the customer to play an active role in creating a unique experience or receiving intrinsic value from an offering. Examples: - digital video recorders, cell phones, sewing machines (can be engaging for the customer because they allow customer to use his imagination and meet individual needs) - super-premium brands (can engage individuals by their status value) - philanthropic brands or political parties (can engage individuals by their humanitarian or social value).	Engagement initiated by certain consumers offerings that engage other customers. Examples: - yard sales, garage sales, flea markets (engage customers in large numbers and over time, visiting this markets is like a ritual because customers meet and socialize with others) - online sites that are customer initiated.
Activities initiated	Engagement initiated by the provider with programs or events that go beyond the firm's offerings. This category derives heavily from customer participation in activities such as skill development and creative events with the firm, often on the Internet. Examples: - customer participation in innovation and product development (Nokia invited customers to design a cell phone for themselves) - events at malls and retail stores - experiential in-home marketing events by customers of direct marketing businesses (such as Tupperware and Avon) - attendance at various company-sponsored seminars.	Engagement initiated with activates by consumers. These activities involve firm offerings but the activity is the focus and initiation point and the use of a firm's offering follows. Examples: - window shopping and browsing - hobbies such as photography, gardening, fishing.

Table 2. Classification of the foci of customer engagement
Source: Based on Vivek, Beatty and Morgan, 2012, p. 132-133.

On the other hand Nuttavuthisit (2010) proposes typology of consumer co-creation practices from the firm's perspective. There are two dimensions in this typology: (1) consumer participation versus creation and (2) co-creation for self versus for others. According to Nuttavuthisit, consumer participation refers to consumer's cooperation with the company invitation to actively engage in the value co-creation process (i.e. is initiated by the company). Consumer creation is mainly determined by consumers who become proactive in co-creating value, and they take initiatives using a variety of resources and information. Co-creation for self means that consumers acquire value for themselves in a variety of forms (lower costs, better fit, faster time, more convenience or greater differentiation or psychological benefits of enjoyment and confidence from their ability to co-create for themselves). Co-creation for others may in turn results in perceived value of sharing exhibited in the forms of social bonds, revival of rituals or traditions, a sense of moral responsibility, and economic rewards from the shared resources and developments. 2x2 typology proposed by Nuttavuthisit consists of four categories of consumer co-creation practices (see Table 3). The typology of consumer co-creative practices proposed by Nuttavuthisit is consistent with CEB concept because it includes various forms of customers' behaviors in the process of value co-creation. Nevertheless, similarly to the previous classification by Vivek, Beatty and Morgan, the typology proposed by Nuttavuthisit does not exhaust all the possibilities of customer engagement. This results from emphasizing rather online customers' behaviors (and overlooking the offline customer engagement forms), as well as omitting the traditional in-role customer behaviors (i.e. complaint behavior). However this proposition contributes to the managerial perspective on CEB understanding, since the four Cs strategies to engage and interact with consumers are recommended by Nuttavuthisit. These are the strategies of: choice, complement, cause and communality. "From the well-established strategies of choices such as customization and self-service to the further developments of complement (e.g. DIY strategies), cause (e.g. buzz marketing), and communality (e.g. brand community), these proposed strategies enhance the deeper involvements of consumers in the co-creative process" (p. 323).

	Creation	**Participation**
For others	**IV. Creation-for-others** It is motivated by consumers' devotion to an idea or belief and to the process of working with others toward their common interests (solving a problem, sharing information, promoting group identity). Individuals initiate, do and share things with others, often via online communities where members gather with others who share similar goals and interests: - consumers generate and disseminate content online (news, ideas, videos) among themselves - consumers group offline in the real word (e.g. Harley-Davidson Owners Group).	**III. Participation-for-others** It is based on the consumer's intention to: - share with other customers both positive and negative experiences which might help them in their buying decisions (e.g. spreading information about a company's promotion to the peers) - to support the company (e.g. acting as innovators who like to "test-drive" pilot pre-releases of products and communicate and exchange the ideas among consumers and with parent company)
For self	**II. Creation-for-self** It is driven mainly by the DIY culture that encourages people to find their own niches. Consumers want to be heard, rather than be spoken to. They enjoy creating value by and for themselves, using their own knowledge and skills, complemented by the company (e.g. consumers creating their own deals on eBay, while hosting company work to facilitate the transactions).	**I. Participation-for-self** Consumer engages in a tailor-made process to achieve unstandardized products or services usually at a higher cost (e.g. video-on-demand subscription) or participate in a transfer of work from company to the consumer to reduce costs, time and energy (e.g. conducting banking transaction via Internet instead of visiting the service counter).

Table 3. Typology of co-creative practices
Source: Based on Nuttavuthisit, 2010, p. 317-319.

Both discussed propositions of systematization (classification of foci of customer engagement and typology of customer co-creative practices) do not refer directly to CEB conceptualization and therefore some customer behaviors are not included. However the proposed criteria range may be contributive to the more precise classification of CEBs. The first crucial criterion is the subject who initiates the customer engagement behaviors (customer - creation or firm - participation). Other criteria, referred to the object that initiates the involvement (product or other firm activities) and for whom the value is co-created (for self and for other customers), are also very important in further CEBs classification.

4. Classification matrix of CEBs in the fashion industry

In the CEBs classification development also other criteria should be considered, for example the objects of interaction in which value is co-created (one-to-one or many-to-many). Furthermore, it should be emphasized that the customer involvement, which is one of the customer engagement antecedent (Vivek, Beatty and Morgan, 2012, pp. 134-135), is dependent on the product category. Consequently, the CEBs may be determined by the product category. Based on the involvement grid proposed by Foote, Cone and Belding (FCB) (Lambin, 1998) four types of product categories are distinguished depending on the customer involvement levels (high vs. low) and different forms of this involvement (intellectual vs. affective manner). Fashion goods, which are the high and affective customer involvement products in the FCB involvement grid, belong to the most engaging product category in offline and online environments. For example in Poland, fashion is the fourth the most popular category followed on Facebook (Sotrender, 2014). At the same time fashion products have the significant contribution to the ecommerce sales. For example in the US, online apparel sales continue to capture a greater share of US retail ecommerce sales. According to eMarketer, apparel and accessories are best-performing online category which register the highest sales CAGR (Compound Annual Growth Rate) of 17.2% in 2012-2017 (eMarketer, 2013). Therefore, in this paper we adopt the sectoral approach in developing the CEBs classification and we focus on the CEBs forms in the fashion industry. The case study research method was applied to identify the CEBs in the fashion sector. This research method is useful in CEB exploration and description within its real-life context since the boundaries between phenomenon and context are not clearly evident (Yin 1984, p. 23). Four cases (companies) were selected to in-depth exploration. These are Nike, Threadless, Spreadshirt and John Fluevog, the pioneers and leaders in the customer engaging practices in the fashion market. The multiple sources of evidence were used including firms' websites, brochures, presentations, blogs as well as the supplementary online interviews with the firm's staff. The case research findings were also complemented by the review of traditional (offline and online) customer behaviors.

In the final proposition of CEBs classification two dimensions are proposed: (1) engagement initiator subject (customer or firm may initiate the CEBs) and (2) subjects of value co-creating interaction (the value may be co-created in one-to-one interaction between firm and customer or in the interactions many-to-many between customers). Consequently 2x2 classification matrix provides the four derived categories of CEBs (see Table 4). This is explored in depth, next.

Subjects of value co-creating interaction / **Engagement initiator subject**	**Firm – customer**	**Customer - customer**
Customer	**I**	**III**
Firm	**II**	**IV**

Table 4. Classification of CEBs

I. CEBs are initiated by the customer himself (current or potential) and the value is co-created in the interaction one-to-one, between the firm and the customer. CEBs related to the traditional role of customer as complaint behavior are included here. Also elective customer role behaviors such as making suggestions to the company for product improvement or enhancements are included in this class of CEBs. These CEBs may occur in both offline and online environments. From the managerial perspective, these CEBs' effects are positive for a firm since customer delivers valuable knowledge that may be transformed into the new/augmented product developments or enhancing the customer service etc. For example, a customer may complain about the poor quality of clothes he bought and the firm may analyze the reasons of this problem and eventually to recall this product and avoid potential complaints by other customers.

II. CEBs are initiated by the firm and the value is co-created in the interaction one-to-one, between the firm and the customer (current or potential). These CEBs result from integrating the individual customer into the firm's business processes (e.g. product design, ad design). These CEBs are stimulated by information technology and occur mainly in online conditions. Customer may participate in product personalization using online product generator. For example Nike offers product customization ("Customize with NIKEiD"). Customer may buy customized shoes and accessories (e.g. gears) online. The customer selects colors and patterns for various product elements (lining, lace, midsole, body, zips, strips) and adds his own personal ID (6 text characters) on the product. Customer may also customize the clothes by design any clothes prints. For example Spreadshirt customer may select colors and adds any text and photos he wants to have printed on the product (t-shirts, hoodies, sweatshirts and aprons). Customers may also act as the product designers in the open innovation model. For example John Fluevog has its forum for customers to submit their shoe design ideas (Fluevog "Open Source Footwear"). Every year the firm chooses a design that is made and adds it to the collection (it is named after a designer and a pair of shoes is sent to him). Customer may also act as copywriter and design promotion instruments for a firm. For example, John Fluevog asks its customers to submit ad designs for active briefs published online (so called "Fluevog Creative"). The best ad designs are selected by the firm and appear in magazines as Fluevog advertising. The best ad designers may win a prize of 1000 USD. From the managerial perspective, these CEBs' effects are positive for a firm since some business processes are performed by the customer instead of being executed by firm's employees or commercial suppliers. The customer acts as prosumer and the firm may reduce the costs of business processes related to testing the customer product preferences or subcontracting advertising campaign to specialized agency.

III. CEBs are initiated by the customer himself (current or potential) and the value is co-created in the interactions many-to-many between the customers. These CEBs include mainly customers' communication about the focal firm, brand or product category through word-of-mouth (WOM). Usually fashion bloggers and communities represent these CEBs. From the managerial perspective, these CEBs' effects may be positive or negative for a firm. Positive WOM may improve firm's customer acquisition and retention. However negative communication about the firms' products or unethical activities resulting in consumer boycotts or legal actions may be disruptive for a firm.

IV. CEBs are initiated by the firm and the value is co-created in the interactions many-to-many between the customers (current or potential). These CEBs refers to the crowdsourcing and engaging online communities to perform some firm's business processes (designing the products and analyzing the market perception, promoting and selling the firm's products or even financing the production). For example Threadless asks the customers (artists) to submit designs (prints), the Threadless community scores each design and the best of the best are printed and sold. New designs are chosen for print every week and the winning artists can profit for their designs, and in some cases, also win cash prizes from special themed design challenges. The designers may also use the Threadless forums to collaborate with others on their designs or ask for a critique. The customers may also sell the products using the firm resources (platforms). For example Threadless invites customers to create their shops ("Artist shop"), upload their art designs, and collect earnings on each sale. Threadless buys the inventory, ships the orders, and services customers who buy in these "Artist shops". Spreadshirt has similar selling policy and invites its customers to sell their designs through Spreadshirst marketplace or to create their own online shops in the firm's domain (shopname.spreadshirt.com). Threadless also introduced the funding option for the customers. Funding is like voting on Threadless design submissions with the customer's wallet. If the customer likes a design that is open for scoring, he can fund it by entering his credit card info, shipping address, and size like he would any purchase. If the design gets fully funded, Threadless print it and ship to the customer. From the managerial perspective, these CEBs' effects are positive for a firm since some business processes are performed by the customers (or communities) instead of being executed by firm's employees or commercial suppliers.

It may be noticed that managerial perspective predominates in the proposition of the CEBs classification matrix in the fashion industry. We posit that firms may manage the customer engagement behaviors whether they are initiated by the firms or by the customers. The latter requires the stimulation of the customer in-role and elective behaviors by providing the interactive communication infrastructure (quarter I) and moderation of the many–to-many customer communication, also the negative WOMs (quarter III).

However it should be emphasized that the sectoral case research provides very little basis for scientific generalization since we used a small number of subjects. That is the main limitation of this research. On the other hand, the fashion suppliers (both producers and retailers) represent the most advanced customer engagement practices as fashion belongs to the high affective involvement product category and then is one of the most engaging category in offline and online environments. Also the cases selected for the research are the pioneers and leaders in the customer engaging practices in the fashion market. So the entire range of CEBs in this market is likely to be included. Although some CEBs specific to other industries may be absent, for example co-creation the products by hacker communities in the quarter III (Pronto, Lego Mindstorms).

The research findings and the CEBs matrix presented in this paper implicate the future research directions. Firstly, the customer engaging strategies should be designed basing on the CEBs classification matrix. Recommendations on how to increase the positive effects and reduce the negative effects of the customer engagement behaviors should be developed in the future research. The previous achievements within the strategies of mass customization, crowdsourcing, WOM and brand communities that constitute the broader CEB strategy, should be considered regarding the recommended customer engaging strategies. Secondly, more sectoral insights are necessary to explore the potential of customer engagement behaviors regarding the product categories from each part of the involvement grid by Foote, Cone and Belding (FCB). In other words, the relationships between the customer involvement levels (high vs. low) and different forms of this involvement (intellectual vs. affective manner) should be explored and explained in future research.

5. Conclusion

The customer engagement behavior concept is still in its developing phase. Our exploration and description of the customer engagement behavior in the fashion sector and the research findings contribute to the better understanding of the CEB phenomenon in marketing discipline. We support van Doorn et al. (2010) and claim that CEB is the customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers. There are three general types of CEBs including customer complaining behavior, word-of-mouth, and customer co-creation behavior. We propose 2x2 classification matrix providing the four derived categories of CEBs to understand the complexity of the general CEB types. Two classification dimensions are proposed: (1) engagement initiator subject (customer or firm may initiate the CEBs) and (2) subjects of value co-creating interaction (the value may be co-created in one-to-one interaction between firm and customer or in the interactions many-to-many between customers).

With regard to the theoretical value added, the proposed CEBs classification indicates the CEB related managerial categories as customization, customer integration and crowdsourcing and implies the holistic approach to the CEB (as the superior category) in the further in-depth research. Moreover, the theoretical studies revealed that the customer engagement (CE) concept, broader than CEB, refers to cognitive and emotional antecedents of the customer engagement behaviors. Concerning the practical value added, by offering the pragmatic understanding of CEB forms, some managerial implications are proposed. The CEBs are manageable whether they are initiated by the firms or by the customers. Therefore the firms should develop the strategies for CEB enhancement depending on the CEBs class.

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A Phenomenological Approach of E-Commerce Websites Interactivity Dimensions: A Close Look at Experts' Challenges

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Existing research has showed an increased interest in interactivity dimensions when it comes to attracting and retaining online users, focusing in particular on their responses. However, studies focused on identifying the actual dimensions of interactivity considered by experts in the field are scarce. This study fills that gap by exploring through a qualitative research, the responses of 11 experts in the field of Information Technology from different companies, regarding the assessment of the interactivity dimensions from a pragmatic point of view. This phenomenological approach focuses on the experts' actual experiences with the interactivity challenges on the one hand, and users' demands and expectations, on the other hand. Moreover, this paper provides an important outcome, establishing the first important dimensions of interactivity involved nowadays in the process of engaging online users. Thus, the result of this study has two major implications (1) offers online marketers and web designers the modes of actual interactivity useful in enhancing the user experience, (2) establishes the significant dimensions of interactivity that will further be the subject of a physiological metric based experiment.

Key words: website interactivity, interactivity dimensions, user experience, user interface, e-commerce

JEL classification: M310.

Introduction

Nowadays, almost every large and small business has found a challenging way to reveal their presence, through various innovative websites or even through social networks. The Internet is the main channel they expose themselves and rely on. This new media, as opposed to the old media, such as television or radio (Koolstra and Bos, 2009) offers the possibility to develop a synergy between the main communication channels or between the main parts of the communication process. Through this medium, the sender and receiver roles are interchangeable. This ability to permit a synergy helps to improve the relationship between the seller and buyer and thus, leading to increased trust and to highest converting levels. Besides this, the Internet helps companies to offer various products and services to their customers, to control the communication process and its quality and most important, to check if the information was received, how was it perceived and to gather the customers' feedback. Yet, this medium does not afford customers to inspect the products before buying. For this reason, this medium has to state clearly the displayed information. One of the most important mechanisms that assure the information attractiveness is interactivity. Interactivity plays a significant role when it comes to assess the users' perceptions about the website interface (Jiang et al., 2010; Mazursky and Vinitzky, 2005).

In the last two decades, the attention to the concept of interactivity has increased a lot. It not only describes the communication in the new media but it is addressed in other fields, such as marketing, information technology and nowadays even in education sciences. We also witness an increased attention paid to this concept in the specialized literature. Beginning with 1980s, the concept of interactivity has become a subject of study, until today when we observe a large number of studies that consider the concept of interactivity. Perhaps this interest has began to raise with the development of the new technologies, the emergence of various functionalities of the new applications and integrated functions of e-commerce websites, the appearance of the fascinating ways in which the products are displayed and the use of various communication tools altogether. Some features include the use of chat, forums, filters, virtual tours, real-time communication etc. (Fang, 2012; Koolstra and Bos, 2009; Yoo and Lee, 2010). However, this term is confusing for many people who are not professional experts, because it describes a wide array of actions, not only in the field of information technology. Moreover, there are gaps concerning the development of websites that integrate only those functionalities of interactivity that renders a unique experience with the user. For example, that unique experience is reached by integrating relevant filters in commerce websites that makes the process of purchase efficient. Therefore, we assume that professional experts, due to their vast experience in the field, have the credit to take the step and give specific information and recommendations concerning the most effective dimensions of interactivity. Studies focused on identifying the actual dimensions of interactivity considered by experts in the field are scarce. This study fills that gap by exploring through a qualitative research, the responses of 11 experts in the field of Information Technology from different companies, regarding the assessment of the interactivity dimensions from a pragmatic point of view. This phenomenological approach focuses on the experts' actual experiences with the interactivity challenges on the one hand, and users' demands and expectations, on the other hand.

Therefore, the study offers a coherent picture of interactivity seen nowadays and establishes the main dimensions of interactivity that should be implemented and emphasized in the process of design and development of persuasive commerce websites. It reveals that the whole endeavor of enhancing interactivity should have as main purpose the establishment of a unique and personal experience with the user. Moreover, it should focus on those functionalities that offer the possibility to feel in control over your actions in that medium with the help of filters, for instance. This study establishes the main dimensions on which marketers, designers and web developers should rely on when implementing an online store. It also makes a point concerning the meaning of interactivity in the actual context and within the information technology field. According to them and broadly speaking, interactivity means: user, tasks personalization, product filtering for search efficiency, website and seller interaction, apps interaction, technology, experience, feedback, real time communication, chat and design.

Theoretical framework

This short overview of the literature outlines the main interactivity definitions and its dimensions in order to provide the theoretical background for the current research. Moreover, the short overview that follows is rendered in order to contrast the associations of interviewed IT experts with the main characteristics described in the literature.

Conceptualizing interactivity

Indispensable element of the actual marketing endeavors, interactivity represents a major component of the online communication process. In fact, this term sets the boundaries between the old media and the new media. According to the literature review, authors have never reached a common definition for this term, as it defines a wide array of activities in various fields. Nevertheless, we can identify some major points in the literature where interactivity gains meanings that could be included in a single overview. Some scholars approach the term interactivity from different perspectives: interactivity as a feature of the system (Downes and McMillan, 2000; Bezjian-Avery et al., 1998; Ha and James, 1998) interactivity as the user perception (Tremayne and Dunwoody, 2001; McMillan and Hwang, 2002) and interactivity as process (Rafaeli, 1988; Heeter, 2000; Ha and James, 1998; Rafaeli and Sudweeks, 1997). On the other side, some scholars think about interactivity as a fusion of the above (Liu and Shrum, 2002; Heeter, 2000; Kiousis, 2002).

Interactivity, as a feature of the system, represents in fact an attribute of the technology (Steuer, 1992; Jensen, 1998). Steuer (1992, p.84) argues that interactivity represents "the extent to which users can participate in modifying the form and content of a mediated environment in real time". Thus, when implementing a new interactive medium, one should facilitate an extensive control of the user over the form and content of it in real time. The user should get the control feeling over his actions through various attributes that help him modify the content. In addition, the author includes three particularities that define interactivity from the technological perspective. He includes the speed of the user message, which is specific to the system, the number of simultaneous actions supported by the system and mapping. In addition to these, Jensen (1998, p.201) indicates that interactivity refers to the "measure of a medium's potential ability to let the user exert an influence on the content and form of the mediated communication".

Interactivity as process has an important role in Computer-Mediated-Communications (CMC) as it is perceived as an exchange of messages in a communication scene. The first author, who advocated for interactivity role in a communication scene, was Rafaeli (1988). One of the most important statement which supports the interactivity as a process of message exchanges says that "in a given series of communication exchanges, any third (or later) transmissions is related to the degree to which previous exchanges referred to even earlier transmissions" (Rafaeli, 1988, p.18). Likewise, other scholars assess the concept of interactivity from a process view (Rafaeli and Sudweeks, 1997; Heeter, 2000), but one should understand that here, the meaning of it is not the process itself, but what happens in fact inside the process.

In contrast, the perceptual approach argues that interactivity imply the user choice to interact with the medium (Schumann et al., 2001). From this perspective, interactivity indicates a characteristic of the user and not of the medium itself and whom intensity can be increased or decreased according to the user's choice. Based on the idea that interactivity represents a user' characteristic, some scholars assessed the participants' perception of interactivity (Cyr et al, 2009; Quiring, 2009; Gao et al, 2009; Kim et al., 2011). Cyr et al. (2009, p.853) argues that perceived interactivity means, "allowing the user control and access to information on the site in a variety of ways, which is both personal and responsive". Thus, the user has the control over the content in a variety of ways, according to the functionalities he received. In this context, it is important that the user can understand and perceive the interactive character of the medium. This is accomplished, on the one hand, through the fundamental aim of the web, which is to display the information first. On the other hand, the user will perceive the information as offered in an interactive way, through the various applications and mechanisms of the system interrogation. Moreover, the interactivity perception will lead to positive effects on the user, materialized in an assumed loyalty behavior (Cyr et al., 2009).

Concerning the interactivity perception, we distinguished different ways on which it depends. Interactivity perception differs according to the speed of the system (Kiousis, 2002), the way information is displayed (Ha and James, 1998) or how the user is captivated. Particularly, the interactivity perception depends both of the number of attributes included in the website and the way they are designed and how they work further in that medium. This is helpful in the process of evaluating the level of interactivity. Numerous scholars consider that interactivity should be measured through the users' description of it while they communicate in that environment (Lee, 2005; McMillan and Huang, 2002). In order to increase the users' perceptions of interactivity, it is important to include various dimensions of it. The number and relevance of these dimensions represents an important asset when aiming to render a persuasive environment. For instance, Gao et al. (2009) conceived an instrument to measure the level of interactivity by including only six dimensions.

From the prior researches discussed, the last mentioned approach, that is the perception of interactivity, focuses mainly on the subjective perception of the user toward the interactive medium. Its main objective is to reveal the experience of the user with the given interactive mechanisms. In this perspective, the communication process is not essential as it targets the user experiences. One could say that this is a visual communication between the user and the interface.

Therefore, the definitions of interactivity indicate three major aspects reviewed in the literature: interactivity from a functional perspective, which includes the attributes of the media we refer; interactivity as process, which includes the exchange of messages between sender and receiver and the perceptual view of interactivity where the user and his experiences play the main role. This short review of the interactivity definitions underlined from the literature helps to understand its significance and to provide the theoretical background for the current research.

Dimensions of Interactivity

Moreover, another important aspect, which is helpful in the current research, refers to the dimensions of interactivity. These dimensions represent the object of our research, as they are the key points used in our in-depth-interviews with the experts. Interactivity cannot be analyzed only from the three perspectives mentioned above but it should also involve a factual analysis. Here we refer to those studies that involve the applied dimensions of interactivity, as interactivity is a multidimensional construct.

Therefore, Heeter (1989) assesses six dimensions of interactivity: selectivity, user's endeavor, interpersonal communication liaison, information monitoring, responsiveness and ease of adding new information. These dimensions can define the new media either the traditional one. Likewise, Steuer (1992) suggests three dimensions for a higher level of interactivity: the speed of interaction, the degree in which the users can select and modify the options in that medium and the mapping or the degree in which the medium becomes controlled by the users. In accordance with Steuer (1992), Ha and James (1998) suggest another set of dimensions: playfulness, choice, connectedness, information collection and reciprocal communication. These dimensions are considered to be one of the most important predictors of website quality. Playfulness shows the amusing character, an experience of enjoyment during the navigation process. Choice is the dimension that offers different options when personalizing the interface.

Connectedness argues the existence of various links that permits the broadening of connections made during the navigation process. Information collection shows the process of user monitoring while accessing information. Two-way communication has been advocated as a reciprocal communication between users or between user and website. In the empirical studies this dimension was reflected in functions such as forums or hyperlinks to e-mail addresses.

Moreover, synchronicity is a dimension that contributes to a highest level of interactivity, due to its capacity to establish a synchronous exchange of messages. It refers to the message speed (Gao et al., 2009), to the speed of message processing and the time between message delivery and its reception (Yoo et al., 2010; McMillan, 2006; Hoffman and Novak, 1996). The speed is not conditioned only by the users reactions but it is also conditioned by the hardware and software technological means. The faster the message delivery, the less frustrating is the user and the highest is the perceived positive interactivity. In line with this idea is the flexibility of synchronicity, which depends on the users willingness to choose and to react immediately or later. (Koolstra and Bos, 2009). McMillan and Hwang (2002) consider this dimension the backbone of the interactivity conceptualization, as it plays a significant role in rendering an appealing medium. There should be made a distinction between speed as system's velocity and timming flexibility as the flexibility of synchronicity. System's velocity shows the speed of the information delivery inside the system and timming flexibility shows the degree of which users can modify this speed (Kiousis, 2002, p.363).

In addition to the above reviewed dimensions, high levels of interactivity could be achieved through controllability dimension, which indicates the degree of which the user feels that he has the control over his online experience (Gao et al., 2009). Thus, the user needs a higher degree of freedom concerning the content he wants to see. Heeter (1989) view this dimension as an action meant to decrease the user effort when accomplishing a task or in order to smooth the navigation process. In other view, controllability reveals the ease of information completion. As with Koolstra et al. (2009), Jensen (1998) and Steuer (1992) controllability indicates the user's actions in modifying the content of the message and the way he sets this message, according to the options offered by the system. Likewise, Lee (2005) suggests that this dimension represents the first dimension of an interactive medium as it underlines the users ability to modify the displayed information as well as its content. On the other hand, Yoo et al. (2010) argues that controllability not only that it allow users to control the content but it also allow them to control the time and sequence of communication.

Research methodology

In order to outline a holistic image over the interactivity construct and its dimensions, it was conducted a qualitative approach. The study explores the responses of 11 experts in the field of Information Technology from different companies, regarding the assessment of the interactivity dimensions from a pragmatic point of view. Thus, it defines the most significant, actual and relevant dimensions of interactivity, used in e-commerce websites development.

In this qualitative research it was conducted semi-structured in-depth interviews, whose target was to collect information which refers to the personal experiences of the involved subjects and their accounting of the standard process of website development. Different individuals perceive the reality in different ways, as it is influenced by a priori factors, such as the previous individual experiences. Thus, in order to outline a holistic image over the interactivity construct and its dimensions, the personal experiences and the way of understanding of each individual who performs daily activities in the Information Technology field, have an important significance. In order to understand the interactivity concept as seen by experts, it is imperative to penetrate their working environment. This procedure represents a broad and social approach. Moreover, the information resulted in this way establish a factual approach, based on reality itself and identified from the process itself in which the interactivity is implemented. From here, the actual dimensions of interactivity are acquired, as they are perceived nowadays in commerce websites.

According to Marshall and Rossman (1989) definition, an expert is an individual considered to be influential, notable and well informed inside a certain organization. Such an analysis with experts could reveal aspects that were not taken into account previously, could identify current dimensions of interactivity or unique approaches, unusual to the examined construct.

Further, the main objectives of the qualitative research were: (1) in-depth assessment of the interactivity construct and its dimensions, from the experts points of view, (2) the identification of the main dimensions of interactivity considered by experts to be mandatory and which represents motivational factors in the user navigational process by conducting in-depth interviews, (3) identifying the experts' experiences concerning the implementation and development of e-commerce websites and considering the interactivity dimensions.

Participants

Eleven participants (two females and nine males) took part in the interviews. They range in age from twenty-three to forty. All of them were from Iasi, Romania, with important positions in their companies: Web Development Manager, IT Director, IT Manager, Web Developer and one IT Associate Professor. All participants had high levels of professional experience in the Information Technology field, between three to twelve years. They have reported a minimum of three years of higher education in the Information Technology field and all of them were involved in e-commerce websites development processes.

The experts are performing their activities in sectors that target important areas of the Information Technology field: e-commerce websites; websites for operating financial transactions, for managing various transactions or various auctions; presentation websites; online radio streaming websites; customer relationship management (CRMs); employees and expenditure management websites and online reservation websites. The sectors in which the experts are involving represent an important aspect of our study because these reveal high important products nowadays (especially in the Romanian e-commerce market which meets a major upsurge). The evaluations of these experts who work in such sectors represent important considerations when further taking into account the customers involvement and its mark on the interactivity dimensions. These sectors imply a huge customer involvement, taking into account their essential character and indispensable commerce players.

The participants were recruited through a series of phone calls sessions, followed by discussions and meetings in order to fulfill the requirements for a representative sample. From the five companies inquired, we have obtained eleven respondents who met our requirements.

The sample size is representative, given the respondents profile, their expertise and the similar sample sizes used in other studies (Wang, 2011; Downes and McMillan, 2000; Quiring, 2009; Piyasirivej, 2004).

Procedure

The interview guide consisted of four thematic sections, as follows:

(1) General aspects. This section comprised a series of open questions designed to comfort the participant. The questions referred to the participants' experience in the Information Technology field, to their responsibilities in the company and to their degree of involvement in the process of e-commerce websites development.

(2) The analysis of interactivity construct. This section comprised questions designed to assess the interactivity construct from the participants' point of view.

(3) The analysis of interactivity dimensions. This section comprised questions designed to assess the interactivity dimensions mainly from the participants' experiences. Likewise, this section comprised several tests, such as the projective ones and the free association tests.

(4) The identification of the compulsory dimensions of interactivity. This section was designed to identify the most important dimensions of interactivity, essential in a commerce website, from the experts' points of view.

The interview guide was validated in several prior studies (Wang, 2011; Quiring, 2009; Hague, 2002; Malhotra and Birks, 2007). We have also identified the characteristics and applications used in e-commerce websites, which define a certain dimension of interactivity. They were integrated in the interview guide.

The interview guide was conducted after a pretesting session, which included 4 participants.

The interviews were conducted at the working spaces of the participants. The respondents were informed about the official procedure, the objective of the study, the incentives and benefits for their participation. They were also informed about the audio-video recording and their transcriptions. It was announced the maximum time required for the interview and each respondent have signed the informed consent form. The consent to participate was freely and voluntary.

The average duration of the interviews lasted for 21,15 minutes.

Data analysis and results

It was employed a content analysis approach, as it presents a small sample and therefore, an equivalent of data quantitatively reduced. Qualitative data was analyzed using a four-stage iterative process. In the first stage, data were collected, comprising the study of specialized literature, the audio-video recordings and the personal notes during the course of the study. In the second stage, records were transcripted and the respondents' responses were reviewed and open coding was used in order to identify the common characteristics and to establish the descriptive categories. In the third stage, data were synthesized and presented. In the final stage, data were verified; explicative alternatives from the specialized literature were identified.

The first theme, which referred to general aspects, reveals useful insights about the respondents' concrete tasks in their companies: website development, database development, teaching university courses (Programming, Mobile Applications, Integrated Systems), drawing up specifications, website analysis, system personalization, the development and implementation of various functionalities. This information reveals the importance of their responses and helps understand their comments and suggestions.

Moreover, when respondents were asked about interactivity construct in the second theme ("What do you understand by interactivity?"), they offered various answers, such as: "interactivity includes a variety of aspects, such as: we can discuss about time zone, user geolocation, provider geolocation, currency, reference currency, visual preferences, seasonal preferences, and from my point of view, we should not neglect at all aspects such as the visual sense, tactile and olfactory, of which I believe they could be included in the interactivity construct" (Male, 36 years old).

In another answer, we have identified a characteristic found in the literature at various authors (Liu and Shrum, 2002; Gao et al., 2009; Koolstra and Bos, 2009; Yoo et al., 2010), that is "real time". Thus, "interactivity could be an interaction with the client in real time, through video-conferences, chat, forums or through answers. If not in real time, then in a very short time or giving the possibility to the user to navigate on the website, to filter the products he want to see, to interact with the interface" (Male, 36 years old).

Another respondent say "interactivity means offering the user various options, to give him the possibility to filter his search, reviews, experts' suggestions" (Male, 34 years old). Moreover, "interactivity means receiving feedback and giving feedback", "gamification; giving me a number of points to each purchased product or a number of points I would receive and which are proportional with the value of the product I brought and this to make me buy again from the same vendor; or when I receive points to have the possibility to convert them later in discounts, in coupons or even in products" (Male, 36 years old).

Further, we acknowledge that web design elements are part of interactivity, "interactivity means helping users through web design elements or through other techniques; a certain website should offer me the essential means through which I should find faster the product I search for" (Male, 25 years old). Moreover, interactivity was seen as a personal experience and "one of the most important part is that we, developers put ourselves in the shoes of the users; I think that interactivity means first of all the capacity of an application or of a website to infer the users actions. As a user, I would expect the application render me certain responses, classified in a certain order that I expect to be" (Male, 25 years old).

The second theme has also intended to identify the relevant characteristics used by experts when developing an interactive website. They were asked to give a description of their process when developing an interactive website. Likewise, they were asked to give examples of interactive websites and to rank them according to their level of interactivity: high, medium and low. The answers to this question revealed how they perceive interactivity, what characteristics needs a website in order to be highly interactive. Table 1. reveals a synthesis of the answers obtained for the first two questions regarding interactivity definition and interactivity in the real process.

Experts code	CINT-DEF (interactivity definitions)	CINT-DIP (interactivity in practice)
1CUD	**timezone, geolocation, currency, exchange rate, visual preferences, visual/ tactile/olfactory senses**	**Ajax searches** *(”the user inserts only a part of his keyword and the system suggests a list of similar terms or closer concepts”);* **the personalization of the interface; memorizing the user profile** *(”memorizing the user profile or the interpretation of his past actions”* or *”according of user's preferences”)*
2MIT	**Real time interaction with the customer; video-conference; chat; forums; site personalization; product filtering**	**It relies on the technological capacity and on the user experience; a priori and continuous analysis**
3DIT	**Various options; filters; reviews; experts' advices**	**Real time; feedback; avoiding the pooling mechanisms; web sockets and similar concepts**
4PW	**Personalization; filters; giving and receiving product feedback; chat; gamification**	**Filtering systems**
5PW	*”A content's capacity to react to the actions and wishes exerted by the user”*	**Real time display of the information; shopping cart; available check-out; the shopping cart updates; browsing on other websites**
6WDM	**Helping the user through** *”design elements or other various techniques”*	*”Design characteristics help a lot”; ”The webdesign with all the backend technologies and with the users' perceptions, I think [...]”*
7PW	*”The capacity of an application to foresee [...] the users' actions”; personalized settings*	**Empathy with the user**
8PW	**Personalizations according to the users' actions and for each user**; *”the system interactivity with the user, to answer his inquiries”*	**Products display according the type of the website; interaction with the users;** *”I post an answer and the other user receive what I have posted”; ”to adapt itself on what the user is searching for”; ”easy to use”;* ***intuitive; it depends on the previous experience of the user***
9PW	**Suggestions; reviews**	**Chat; newsletters; suggestions; reviews**
10PW	*”the reunion of those characteristics through which the users can ease or improve the navigation process or his experience on the website”*	**Filters;** *”other backend technologies for data indexing”;* it does not necessarily reffers to what the user sees
11PW	**The user interaction with the website**	**Adding images to the product; feedback; review**

Table 1. A synthesis of the answers for interactivity definitions and interactivity in practice

The second column indicates the answers to the question “What do you understand by interactivity?”. The third column indicates the answers to the questions “How do you make a commerce website to be interactive? By whom is this made?”. The table reveals recurring items as interactivity was often described through various functionalities used by respondents in the process of website development. The table reveals the connection between the second and third columns, which is between the definition and examples. For instance, the respondent with the assigned code “11PW” defines interactivity as “an interaction with the website” and further, he gives the example “product images”, “upload”, “feedback” or “review”.

Moreover, it was accounted the number of recurrent words. Therefore, Table 2. Reveals the number of recurrent aspects in the respondents' answers concerning the understanding of interactivity concept and its characteristics.

Recurrent words	Frequency	Recurrent words	Frequency
personalization	5	feedback	3
interaction	3	real time	3
user	16	chat	3
tehnology	3	recommendations	2
experience	3	shopping cart	2
filters	5	design	3
reviews	4	intuitive	2

Table 2. The number of recurrent words for interactivity definition

From the above table, the first recurrent words are the following ones: *user* (16), *personalization* (5), *filters* (5) and *reviews* (4). These results show that the entire effort is focused to realize a unique experience with the user (words: user, personalization), to offer the possibility to feel in control over his action on the website (word: filters) and to increase his trust in the vendor and in his products (word: reviews). According to the respondents' answers, interactivity means user, personalization, product filtering, web site/ vendor/ application interaction, technology, experience, feedback, real time, chat, design.

Although the previous theme shaped the directions toward the personal experience of the user on which the actual process is leading, the third theme questions about concrete dimensions of interactivity. It addresses the following questions: "Which are the first five words you think about interactivity?", "What is your opinion about websites using various options such as interface personalization, chat or filters? Are they helpful?", "How do we find the following dimensions in e-commerce websites: personalization, controllability and synchronicity? Are they the most important? ", "How important is the speed of the system toward the user interrogations on e-commerce websites? Can users modify this speed?", "In what conditions, if existent, can a e-commerce website offer the possibility of changing the roles of the communication parts, between user and software/ application, to become interchangeable?".

The recurrent first five words are the following ones: *design* (4 times), *personal experience* (3), *personalization* (3), *filters* (3), *reviews* (2), *chat* (2) and *adaptability* (2). The word *design* comprises a large spectrum of characteristics, starting with the color used, to fonts, buttons, forms and other elements of the interface. Indeed, this dimension is essential in the decision making process and respondents frequently mention it because this is the first thing the user sees. They say that the process should begin from the user and not from the developers. Here, the empirical meaning is established as a whole. Gestalt theory states that in order to understand the visual attraction, one should assess the stimuli as a whole. In this respect, the aesthetic evaluation consists in a subjective understanding of the page, as a whole, but not of its constituent elements. Otherwise, when the user enter the website, he sees the entire site, as a whole and after that he starts analyzing each stimuli. If these stimuli are places where the user expect, then the website as a whole and the other constituent parts of it offers a pleasurable context, appealing and worthy for further navigation.

Personalization, synchronization and controllability are considered important characteristics and the correspondent elements for these are the following ones:

- Personalization: social networks, online commerce, language, targeted products, interface, currency, display panel, geolocation, filters, keywords, speed.
- Synchronization: brokerage companies, bank confirmation, client-stock exchange, real time, auctions, competitive advantage, responsive, fast system loading, response time, filters, hardware, technical support, chat, video-chat.
- Controllability: electronic platforms, electronic payment, personal experience, purchase, fast support answer, functionality, the diversity of filters, user control, order, section personalization.

Moreover, the speed of the system was considered very important and it is dependent on the previous experience of the user, the speed of the user system, on the website optimization or the database optimization. Likewise, the speed was viewed from another perspective: customer-customer communication and not customer-website. It is realized through forums or reviews. It is viewed as an experience exchange.

The forth theme introduces the identification of the most appealing dimensions in a website. It was identified the customer preferences when they ask for the implementation of a website and compared with the users expectations. These characteristics are listed in the following table (Table 3).

Customers' preferences	Users' preferences
Filters	Activities' customization
Functionality	Discounts
Design	Advanced search
Displaying the products on the first page	A short route from product listing to final order
Displaying the data correctly	Profile information storrage
The used colors	Photos
Banners with actual discounts	Design
Feedback and comments	Flexibility by filters
	Intuitive
	Recommendations
	Fast menus

Table 3. Customers' preferences vs. users' recommendations

The most important characteristics that should be implemented in a e-commerce website and are recommended by experts are the following ones: a comprehensible set of functionalities, customization (forms, reports, language, currency, timezone, geolocation), search form, various and advanced filters (drilldown in category, price, attributes or other combinations), reviews, user friendly design, shopping cart, comments, technical support, intuitive navigation, chat.

In the end, it was recorded a list of the most recurrent words inside the whole sets of interviews as well as their frequency (Table 4).

Recurrent words	Frequency
interaction	10
experience	20
filters	45
feedback	14
review	28
chat	32
real time	19
instantaneously	12
personalization	66
user	284
recommendations	12
design	34
intuitive	9
functionalities	8
tehnology	13
products	91
interactivity	152

Table 4. The recurrent words and their frequency inside the whole set of interviews

The recurrent words and their frequency are the following ones: *user* (284), *interactivity* (152), *products* (91), *personalization* (66), *filters* (45), *design* (34), *chat* (32), *review* (28), *experience* (20), *real time* (19). In addition, these results underlines the main direction followed by the actual trends, user requests and experts' suggestions: user oriented experience and enhancing this experience through pertinent filters, reviews and increased system and search speed.

Discussions

The findings suggested that the entire effort of enhancing interactivity aims to express a unique experience with the user, to offer the control to the user over his actions through filters, to enhance trust in the seller and in his products and services through reviews, comments, forums or real time answers.

According to the respondents' answers, interactivity means user, personalization, filters, technology, experience, feedback, real time, chat, design and interaction with the site/ seller/ applications.

In order to establish the most important dimensions of interactivity that should be focused nowadays, were assessed the experts' responses in relationship with the significant works centered on this construct. Thus, the most significant dimensions of interactivity considered by experts to be mandatory and which represent important motivational factors in the navigation process are the following ones:

(1) *personalization*,
(2) *synchronization*,
(3) *controllability*,
(4) *adaptability*,
(5) *receptivity*.

Each characteristic mentioned by experts as being important factors in website development represents relevant correspondents to each dimension underlined above. Through their definitions and examples we can render a coherent modern picture of interactivity. Their opinions about the interactivity dimensions are important factors when developing new websites, due to the past experiences with users, clients and their continuous endeavor to keep in touch with the newer innovations within this field.

We may consider that interactivity is a construct which is shaped in the head of the user. The levels of the perceived interactivity are considered in the users head (Koolstra and Bos, 2009). We may find the most important dimensions of it but it could be perceived differently, depending on the users past experiences, his expectations, the type of site he uses or the type of service he demands. This should consider further research.

As the interviewed experts were part of the same type of sector, all of them brought together similar ideas. In all the conversations we had, a certain pattern was frequently shaped. It underlines the idea that interactivity is based nowadays on different and unexpected functionalities whose target is to create newer and newer experiences. For the generation to come, the Maslow's pyramid starts from the top of it as the actual generations are born with the primary needs of a websites. Not long ago, the only demand of a user was only to have a website which could display the information. Nowadays, the website should render unexpected virtual worlds, as closed to the real one. In this context, the interactivity dimensions should be further analyzed in different sectors as to receive newer insights from the today exigent users. Besides this, a new approach should be considered in our county concerning the simultaneous research of experts and users points of view. This approach would work very well in "the process of gratification" of the Romanian market.

We would emphasize, as in other recent studies, that interactivity should be a never-ending process that is continuously sculpted in accordance with the newer generation to come. Therefore, further research should be focused on different sectors of the Information Technology field as to accomplish a holistic image of the interactivity dimensions and to bring together the common factors that shape the construct. Besides this, it would be interesting to analyze the experts' points of view from different regions of the country as people's habits and cultural backgrounds vary.

The study could be extended to assess new dimensions of the interactivity construct or to find new paths, considering the actual unexpected functionalities and view of the interactive world (consider at least the integration of the senses in our virtual mediums: how would it be to smell the flower before you place on online order for a bouquet or to sense the texture of the clothes you would like to buy online?). The impossible of yesterday is today made possible. The newest functionalities used in other interactive sectors could be now adjusted to the Information Technology field. A simple discussion with experts in the field should bring to light paths unimagined before.

Conclusions

The current research sought to take a step towards understanding the interactivity construct and to identify its major dimensions by interviewing the experts in the field of Information Technology.

The recurrent overall words defining interactivity were: personal experience, personalization, filters, review and chat. Personal experience is acquired through the integration of relevant filters, personalized functions, adjusted to each user (personalization), forms that supports reviews insertion, real time support (chat).

This paper provides an important outcome, establishing the first important dimensions of interactivity involved nowadays in the process of engaging online users. Thus, the result of this study has two major implications: it offers online marketers and web designers the modes of actual interactivity useful in enhancing the user experience and establishes the significant dimensions of interactivity that will further be the subject of a physiological metric based experiment. With reference to the second implication, the identified set of the five dimensions of interactivity will be the subject of an experiment that targets e-commerce websites.

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Absorption of European Funds in Romania During 2007-2013

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This paper aims to highlight the direct link between absorption of structural funds for the period 2007-20013, and the strategic objectives of Economic and Social Cohesion Policy. Structural and Cohesion Funds related to Romania have been and will be the main financial instrument of the European Union for creating jobs and generating growth, tackling climate change and energy dependence, reducing poverty and social exclusion. Throughout this article we highlight the evolution of the Structural and Cohesion Funds absorption and the degree of reduction of economic and social disparities. Finally we will conclude on the importance of absorption of Structural Funds in the context of globalization and economic competitiveness of the EU single market.

Key words: Absorption, European Union, cohesion, convergence, competitiveness

JEL classification: A1, A10.

1. Introduction

One of the main objectives of the European Union is to achieve economic and social cohesion. We hereby highlight the importance of reducing disparities and differences in the economic and social development between the Member States and regions of the European Union, of the improvement of the functioning of the Single Market and of promoting sustainable development. These are reached directly by structural funds; European funding is meant to serve as leverage in terms of public investment in member countries.

With the enlargement of the European Union, an increase of the public resources for the regional policy was eventually reached, but also visible differences between the Member States. (Lejour and Nahuis 2004) believe that EU enlargement brings more benefits to the new Member States and only a modest improvement in the welfare of veteran states, this conclusion being shared by other experts too. On the other hand it cannot be overlooked the fact that in economically integrated group of countries with different levels of economic and social development, the most advanced will benefit more compared to the less developed.

In Romania, one of the biggest challenges facing both public administration and business as well is the actual absorption capacity and absorption of EU structural funds allocated for the 2007-2013 programming period, the latter contributing to the economic convergence and social development in the European Union.

Among the main reasons that led to a low rate of absorption of structural funds, we may determine the lack of a coherent long-term vision of the local and central authorities, the inadequate resources for co-financing projects, the low administrative capacity at central and local level, lack of inter-institutional coordination, public-private partnerships failures and insufficiently qualified human resources.

This paper is an analysis of the absorption of structural funds in Romania in 2007-2013 aiming to identify the causes that placed it laggard in terms of performance achieved in attracting European funds.

2. The importance of economic and social cohesion policy for Romania

Economic and social cohesion policy is defined by its purpose which is to support the process of reducing disparities between the more developed regions and Member States of the Union European and those least developed.

Economic and social cohesion is one of the priorities of the European Union, alongside the Single Market, Economic and Monetary Union as defined by the Treaty of Maastricht.

Economic and Social Cohesion policy covers all EU actions aimed at achieving harmonious and balanced economic development, in particular by promoting the reduction of disparities between different regions/ states of the European Union, equality of opportunity and sustainable development.

This will increase the EU's competitiveness and generate revenue growth, benefiting the entire EU economy.

Cohesion Policy after 2007, the European Union has been divided into three funds: the ERDF, ESF and the Cohesion Fund. To simplify things, Agriculture and Fisheries Funds were transferred to related policies, namely the Common Agricultural Policy and fisheries policy. At the same time the Cohesion Fund will be apply the same rules as the Structural Funds for example: eligibility, multiannual programming, project approval, pre-financing, etc., Romania benefiting from all three ERDF, ESF and the Cohesion Fund.

In terms of management of the implemented projects, changes to the management of operational programs under the Convergence objective aim at creating an Audit Authority, which must be an independent organism, in charge of verifying the proper operation of management and control systems and a Certification Authority, to certify statements of eligible expenditure and certification of payment requests before submission to the European Commission.

For operational programs under the European Territorial Cooperation objective, the main changes were the need to create a Certification Authority, a Single Controlling authority and a group of financial controllers each being appointed by each participating Member State and serving to support the Control Authority.

The operation and implementation of Economic and Social Cohesion Policy and the Structural and Cohesion Funds of the European Union in the period 2007 - 2013, in Romania, was established by the Structural and Cohesion Funds Regulations of the European Union:

- Regulation no. 1080/2006 of the European Parliament and the Council on the European Development Fund Regională
- Regulamentul no. 1081/2006 of the European Parliament and the Europeam Council on the European Social Fund
- Regulation no. 1082/2006 of the European Parliament and the Europeam Council on Territorial Cooperation
- European Council Regulation no. 1083/2006 laying down general principles of European Regional Development Fund, the European Social Fund and the Cohesion Fund
- European Council Regulation no. 1084/2006 on the Cohesion Fund
- European Council Regulation no. 1828/2006 on the Implementation of Structural Funds
- European Commission guidelines on economic, social and territorial cohesion

The Cohesion policy 2007-2013 had three objectives each enjoying its own financial instruments. The first objective was convergence, financed from the European Regional Development Fund, the European Social Fund and the Cohesion Fund. The aim was to stimulate economic growth and encourage employment in less developed regions. Areas covered included innovation, the knowledge society, the environment quality, administrative efficiency and adaptability to economic change.

The second objective, Regional competitiveness and employment, was financed by the European Regional Development Fund and European Social Fund, targeting regions that do not fit under the first objective. That objective was to lead to enhanced competitiveness, increasing the attractiveness of regions and stimulate employment.

The last objective, represented by the European Territorial Cooperation, was meant to encourage the strengthening of cross-border and inter-regional, financed by the European Regional Development Fund. Common solutions were promoted to the authorities of different Member States to issues of rural development, urban and coastal development, of economic relations, building relationships between SMEs and in terms of research, information society, environment, and risk prevention.

EU budget allocations for Cohesion have steadily increased nominal value, reaching 348.865 billion euros.

If in 2007 for the cohesion policy, the allocation was about 45 billion euros, by the end of the programming period 2013 it has increased to about 54 billion euros. Cohesion policy is the main advantage in the European Union to support social and economic cohesion.

Economic and social cohesion policy in Romania and also in the European Union is a solidarity-based policy. Its purpose is to create jobs and increase their competitiveness by providing support to both states in less developed regions and those facing structural difficulties.

3. Evaluation of the absorption of structural funds for the period 2007-2013

Absorption capacity is determined by the degree to which a country is able to effectively and efficiently spend the financial resources allocated from the Structural Funds. If we consider that to achieve this need, on the one hand, the absorption capacity of the institutional system created by the state to administer the funds in question and, on the other hand, the absorption capacity of the beneficiaries targeted by these funds, we might consider that there are two distinct, ie the absorption capacity of the supply of funds and capacity to absorb of the demand side. The latter has to do with the capabilities of potential beneficiaries to create and to co-finance projects.

The absorption capacity in terms of supply is determined by three main factors, namely (Horvat, 2004):

A. Macroeconomic absorption capacity. It can be defined and measured in relation to GDP. The Council Regulation no. 1260/1999 provides that the annual amount of a Member State benefiting from the Structural Funds - with assistance from the Cohesion Fund - should not exceed 4% of GDP. The macroeconomic capacity impacts the need to increase budgetary expenditures as a result of accession too. Such a consensus regarding the need, since 2007, that Romania ensure budgetary expenditure by at least 2% of GDP higher than the pre-accession, spending strictly determined by obligations in the context of European integration: Romania's contribution the EU budget around 1% of GDP, respectively national budget amounts necessary for priorities and measures to be co-financed by Community funds still 1% of GDP.

Also connected to the macroeconomic absorption capacity is the ability to absorb the macroeconomic effects generated by the additional expenses that will be incurred. It is clear that these costs will result in an increase in aggregate demand, but will have an impact on aggregate supply, particularly on its component related to the labor market.
All these aspects are linked to the nominal convergence too - price stability, interest rates and exchange rates - large inflows of foreign capital may put pressure on it, with potentially negative consequences on competitiveness, but also to the real convergence in the sense cohesion policy, namely socio-economic development and reducing disparities compared to the average community.

B. Financial absorption capacity. This is the ability of central and local authorities to co-finance programs and projects supported by the EU, to plan and guarantee these national contributions in multi-annual budgets and to collect from various users involved in a project or program.

C. Administrative absorption capacity. This refers to the ability of central and local authorities to prepare plans, projects and programs in time to select the best of them, to organise an effective partnership framework, to comply with administrative and reporting requirements, and to finance and oversee the implementation process, avoiding any kind of irregularity.
Measuring the administrative capacity involves evaluation of three elements:

- Structure
- Human resources
- Systems and tools

Structure refers to the clear division of responsibilities and tasks on institutions; or rather, the units and departments of these institutions. This distribution relates to a series of tasks related to the phases of the life cycle of structural funds management, ie management, financial management, programming, implementation, monitoring and evaluation and control. The structure is also concerned with the complementary supervisory bodies such as monitoring committees, audit, financial control, partnerships, etc.

Human resources consider the ability to drill down the tasks and responsibilities to the level of job description, to estimate the headcount and qualification and conduct recruitment activities.

Providing timely and maintaining experienced, qualified and motivated staff is one of the factors that determines the successful administration of structural funds.

Systems and tools consider methods, instructions, manuals, systems, procedures, forms etc. All these are props that can enhance the effectiveness of system operation. They enable organizations to transform tacit and implicit knowledge, regarding personnel into explicit knowledge that can be shared within and outside the organization. The existence of systems and tools reduce the vulnerability of institutions and contribute to their efficient operation.

Management is one of the key components that determine the administrative capacity to absorb EU funds. The main role in fulfilling this task is undertaken by management, although the Paying Authority or Intermediate Bodies play an important role as well.

One of the important steps to management of structural instruments is to ensure approval of the strategic objectives to be achieved and identify management solutions to meet these objectives. To facilitate the absorption of funds by the new Member States, the maximum rate of co-financing from the structural funds increased from 80% to 85%, considering the eligibility criteria was eased (Georgescu, 2009). Absorption capacity is given by the competence of a Member State to spend the financial resources allocated from the Structural Funds in an effective, targeting three areas:

- Macroeconomic absorption capacity defined and measured in terms of GDP - limited to 4%;

Financial absorption capacity defined as the ability to co-finance programs and projects supported by the EU, to plan and guarantee these national contributions in multi-annual budgets and collect contributions from the partners involved in various programs and projects;
- Administrative capacity, which is the ability and competence of central and local authorities to prepare programs and appropriate and timely projects, as well as coordination with the partners involved, to comply with administrative and reporting requirements, funding and monitoring the implementation of programs and projects and, also avoid the occurrence of irregularities.

Given the definition of absorption capacity (Beric, 2010) specified above, we can assume that it is mainly influenced by managerial and administrative capacities of co-financing. The relationship between the capacity of absorption of structural funds and regional economic situation is at least one paradox, practice demonstrating that the most disadvantaged regions face the greatest difficulties in absorbing these funds, although the need for financial support for the restructuring of the economy is paramount in these regions. The main explanation for this phenomenon is given by two factors: on the one hand, the difficulties faced by regional authorities lack the experience and qualification, followed by red tape and the slowness of EU decision-making under the circumstances where sequential programming at central and regional level in particular are not quite clear. Thus, issues of absorption capacity depends largely on institutional factors, so the EU structures, as well as national ones.

Other determining factors relate to programming and Development Department administrative capacity and institution building in the pre-accession. According to the Commission's recommendations and best practices from EU countries, a golden rule becomes evident, namely the possibility of higher rates of absorption is directly proportional to the number of institutions in the new member states involved in the different levels of management and sectoral programs and regional (Horvat, 2009).

4. The absorption of structural funds in Romania 2007-2013

In 2007-2013 (http://www.fonduri-structurale.ro), April 2014, Romania paid to the EU budget about 9.2 billion. Euro, but received via the operational programs financed by the Structural Funds NRDP - National Rural Development Programme, POP - Operational Programme for Fisheries and subsidies per hectare over 15 bln. euro, making it a slight advantage.
Even in this context, Romania is still far from being successful in attracting European funds for the repayment of the European Commission is less than half the allocation of about 32.9 billion euros available to Romania for the financial period 2007-2013.

Only 9.7 billion euros were raised effectively through projects, ie programs financed from structural funds, RDP and POP, although the amount allocated to these programs is approximately 27.6 billion euros. 5.4 billion euros, or about a third of the amount received by Romania to the EU in 2007-2013, representing agricultural subsidies, granted per hectare that don't depend on the capacity of beneficiaries or their partners to propose and implement a project or on the efficiency of the structures the Romanian public institutions.

For the programming period 2007-2013 (www.fonduri-ue.ro), Romania has been allocated a budget of 19.213 billion euros plus national co-financing - the state budget, local budgets and private sector in value of about 5,6 billion.

Structural Funds are implemented through seven Sectoral Operational Programme:

- SOP Transport - 5.3 billion euros, of which 4.56 billion. Euro EU funds, which represents approximately 23.5% of the allocation for the NSRF.
- Human Resources Development total budget for 2007-2013 is 4.25 billion Euros, of which 3.47 billion euro EU funds, which represents approximately 18.1% of the allocation for the NSRF
- Increase of Economic Competitiveness total budget for 2007-2013 is 2.55 billion
- Development of Administrative Capacity - 208 million euros,
- Environment - € 4.5 billion
- Regional Development - POR - 3.726 billion euros; after its implementation it is aimed at creating better conditions for territorial balance, both economically and socially, of all regions of Romania)
- Technical Assistance Program 170 million.

Making an empirical analysis of the current situation (Droj, 2010), and judging by the amount allocated to the seven operational programs, we can assess that they are significant compared to the pre-accession funds.

What we see is the degree of concentration higher ROP, SOP and POST, the rehabilitation of infrastructure, followed by POSCCE and SOP HRD and to a lesser extent POS Administrative Capacity Development (Gherghinescu, 2009).

According to the National Strategic Reference Framework for Romania, European Union funds will be invested, as I mentioned, in order to reduce economic and social disparities by generating an increase of up to 20% of GDP by 2015. For accomplishing this objective five thematic priorities were set: development of basic infrastructure in line with EU standards - prerequisite for boosting economic growth and improving social cohesion; increase long-term competitiveness of the Romanian economy; development and more efficient use of human capital; building an effective administrative capacity and promoting balanced territorial development (Ligia, 2010).

However, Romania still faces a big challenge in the absorption of EU structural funds. The absorption rate is still low, both in relation to the funds allocated and to the general national income, hence given the ongoing economic context and the level of crediting, national authorities have committed to take steps to increase absorption taking into account including closer involvement of commercial banks (https://www.imf.org).

According to data provided by the Authority for Coordination of Structural Instruments (ACIS) in 2014, the absorption in Romania reached 51% at the end of December 2014 (www.agerpres.ro/economie/2015), followed by the end of 2015 to reach to 80%. Romania inability to use EU funds is endemic, although this may be explained by various factors and junctions.

The failure to absorb EU funds absorption up to 100%, is not only paradoxical situation, but also one with dramatic effects in terms of recovery of disparities of development and real convergence with the European Union.

The main reason of the lack of absorption of structural funds by Romania is the lack of transparency of the central government, particularly at the operational program management and also denial of existing vulnerabilities in this regard which prevents the identification of potential problems. Instead of analytical images an incomplete picture of absorption is presented, emphasizing only the positive aspects that ultimately make any scientific approach difficult.
The be noted that during the implementation of a project (Zaman, 2009), absorption may be influenced by the macroeconomic vulnerabilities arising from both internal and external Romania. One of the major vulnerabilities that could affect the absorbtion rate of the EU funds is the stiffness of the banking system in terms of loans for co-financing projects. In the context of strengthening credit conditions imposed by the central bank, interest and fees charged by commercial banks increased and applicants must submit a

percentage of the amount financed up to 25% as collateral, which remains locked until the loan is approved bank, which means a delay of several months.

5. Conclusions

Be highlighted through this work preoccupations regarding the realization of an EU strategic objectives of Economic and Social Cohesion Policy, for economic, social and solidarity in our country.

We emphasize the importance of this work that it puts a new light on concerns Romania absorption of EU funds in their entirety and in-depth analysis of the absorption of key programs. Regarding the research methodology used can include literature review, synthesis, comparison analysis. The synthesis itself that we made it through extensive exposure data analysis and critical appraisal and objective at the same time to express our theoretical positioning works consulted.

If you want to make a brisk analysis of the above, we conclude on issues that determine the low rate of absorption of EU funds in Romania, namely:

- The reluctance of beneficiaries generated by the low level of pre-funding of operational programs and the high level of private financing;
- Undue delays in developing operational programs by managing authorities from different ministries and speed in response to comments made by the European Commission; These delays were caused mainly by the persistence of the pre-accession mentality when strategic planning was done, for the most part, by the European Commission and not by the Romanian Government;
- Delays in providing a solid institutional structure for networks of intermediate bodies and regional units, which have the duty to manage the Structural Funds at regional and local level;
- Limited culture in project management both for public and private ones;
- Poor involvement of public authorities in developing the capacity of potential beneficiaries of projects;
- Delays in finalizing the list of eligible expenditures, payment and reimbursement procedures;
- Misunderstandings between existing and newly established bodies involved in the management of structural funds and a lack of staff training and qualification for certain intermediate bodies.

We also highlight the key measures that can be taken to strengthen the capacity of absorption of structural funds in the near future:

- Measures are needed to strengthen administrative capacity in all major ministries and other relevant bodies;
- Financial management and control is still characterized by structural weakness and needs to be strengthened considerably to avoid future irregularities;
- Staffing and employment rate should be increased to recover the recorded delays;
- Cooperation between central and local level should be strengthened substantially;
- The mechanisms of financing should be clarified;
- In programming, the partnership principle should be implemented effectively;

Analizing the above mentioned we can underline the rules in the methodology for accessing European funds are extremely harsh, but once they have been met the funding opportunities for business ideas will soon appear for both the private and the public environments.

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Family Firms' CSR Actions: the Case of Barilla

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The development and implementation of CSR oriented strategies is a common trait in modern organizations. As public authorities, customers, suppliers and the wider stakeholder community call for a more socially and environmentally responsible way of doing business, companies commit themselves in actions signaling their sustainable style of management. The publication of non-financial reports, the adoption of ethic codes, the granting of international standards and certifications (such as ISO 14001 or SA 8000) are some examples of actions in this direction. Still, the effectiveness of this commitment in terms of the enactment of corporate sustainability is questionable. Being the attainment of reputation and legitimacy the main driver behind such practices, in a socio-political perspective the appearance rather than the fact of conformity is often sufficient to create the image of a sustainable company, the so-called greenwashing. For this reason, these actions are frequently relegated to a symbolic management domain, failing to provide any proof of triggering substantial managerial acts. In this context, the presence of a sustainability-committed management can evidently play a critical role for CSR actions to generate actual and deep organizational change. In particular, relevant literature provides evidence of the relationship between family firms (that are firms where members of the founding family continue to remain as significant company shareholders and/or are in senior management positions or hold a seat on the board of directors) and socially responsible behavior. Indeed, family firms founders consider their business as an extension of their personal lives, including non-economic reasons and goals in their style of management. Through an exploratory case study of the worldwide famous Italian pasta maker, Barilla, and its sustainability reporting process this study gives an original contribution to the debate regarding the implications of corporate ownerships structures, investigating how the intersection of two principal institutions (business and family) moderates the relationship between CSR actions and substantial management.

Key words: CSR, Family Business, Sustainability Reporting, Substantial Management

JEL classification: M4, M14.

1. Introduction

The call for a more responsible way of doing business is rapidly rising in the agenda of companies worldwide. Although some skeptical and ideologically opposing positions dwelling on the capstone article "The Social Responsibility of Business is to Increase its Profits" by Milton Friedman (1970), it is generally acknowledged both in the practitioners and academic world that CSR "has won the battle of ideas" (The Economist, 2005). Corporate Social Responsibility strategies and practices are spreading rapidly among firms, creating a new area of resources, competences and skills. Companies are aware that the attainment of the legitimacy to operate requires efforts in terms of social commitment and citizenship (Carroll 1999; Aguinis & Glavas 2012; Castelló et al. 2013; Acquier et al. 2011; Panwar et al. 2013).

Most of the literature in this domain has focused on finding the business case for the adoption of CSR strategies (Porter & Linde 1995; Porter & Kramer 2011; Porter & Kramer 2006). This approach showed how a sustainability-oriented agenda could be a source of competitive advantage in terms of cost savings and/or differentiation through materials and energy savings, emissions cutting, switching to cleaner productions and supply chain shortening. Other authors have indicated that such approach was leading to an oversimplification of the debate regarding the role of business in societies, which is much broader than understanding whether a corporate social performance-financial performance exist (Crane et al. 2014; Wood 2010; Wood 1991).

However, today meta-analyses provided by vast literature have overcome the debate whether "does it pay to be good" or not (Margolis et al. 2007), showing a small but statistically significant positive relationship with the financial performance, and it is investigating the antecedents regarding why such relationship exists. This work contributes to this latter avenue of research, focusing in particular on the effect the intersection of two principal institutions (business and family) has in terms of substantial implementation of CSR practices. Our broad aim is to investigate what is the role of noneconomic logic in driving the implementation and substantial enactment of the CSR agenda within businesses.

For this reason, we propose an in-depth case study of the Italian pasta maker Barilla, established in 1877 by Pietro Barilla and featuring a history strictly interwoven with the family values and the commitment towards social welfare. In particular, we analyze how a specific CSR practice, that is sustainability reporting, is implemented in the organization.

The remainder of the paper is organized as follows: in the theoretical background, we provide a conceptual framework describing the CSR domain first, followed by an overview of the literature regarding the family business. On such theoretical grounding, we develop our proposition concerning the moderating effect of family business idiosyncrasies on the implementation of CSR practices. The methodology section points out how the data for developing the case-study was collected, in particular providing details on the semi-structured interview with the CSR manager of Barilla and the secondary data included for triangulation.

In the end, before the findings stemming from the analysis of the case study and their discussion, a short overview of Barilla's history is provided.

Conclusions wrap up our analysis, evidencing implications for academia and managers, as well as limitations and avenues for future research.

2. Theoretical Background

2.1. Literature Review on CSR

The first important contributions defining the CSR domain came from the work by Barnard (1938), Simon (1945) and Bowen (1953). The innovation in their analysis is based on the responsibility companies have beyond the results of production and selling. The vision of Barnard, in *The functions of Executive*, is referred to a new concept of leadership, taking over social and psychological aspects, connecting the instances deriving from the surrounding environment. Managers have to offer a new improved moral contest to their organization. On the same level there is the contribution of Simon in *Administrative behaviour*, expressing the social dimension of company that is beyond the single interest of ownership. He recognizes an enlarged value of company that becomes a part of the public interest. Preston (1975), Carroll (1979, 1999, 2008), Garriga & Melè (2004), Lee (2008) and Acquier et al. (2011), consider the *Social Responsibilities of the Businessman* of Bowen as the first important work that marks the history of CSR, a milestone in this path. He gives the very first and widely cited definition of the "social responsibilities" which *"refer to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*".

The subsequent important evolution in the concept of CSR occurs between the 1960s and 1970s. This is the moment of the structured meaning of CSR: going from *Social Responsibility* to *Corporate Social Responsibility*. Davis (1960) and Carroll (1979) strengthen the importance of this practice in the business administration. Davis (1960) asserts that a manager cannot exempt to take decisions in social responsibility matters, if he desires to keep his power and to reach good performance in the medium and long term. Moreover, Davis (1973) underlines that the starting point of CSR is at the end of what ordered by law, considering the real commitment of firms to adopt specific actions. On the same direction, there is the contribution of Carroll (1979). The scholar identifies various levels of priority regarding to objectives to reach. He introduced the widely quoted "pyramid" model, pointing out four levels of responsibility. At the basis there are the *economic responsibilities*. Firm's activity is oriented to the production of goods and services to create an economic profit by selling. It is and it will remain its central objective. All activities have to be involved in the "rules of game", to respect the rights and duties imposed by law. Here it is the second level of pyramid, the *legal responsibilities*. Then he locates the *ethical responsibilities*. This level consists of all practices that are not yet legally disciplined but it is right to follow to "be ethical". The last level, at the vertex, is referred to the *discretionary responsibilities*. Discretionary responsibilities are completely dependent from company desire to have an active position in the community. Here comes the social involvement to establish a direct relationship with all stakeholders to increase the general level of welfare. The work of Carroll is groundbreaking, being the first to underline the voluntariness and discretion of company action, where the four levels of responsibilities are all connected. He affirms that a CSR policy is a policy in which all aspects above mentioned are included. It is not possible to pursuit social results without considering the economic one. After Carroll, it is possible to describe other relevant contributions that enlarge the theme of CSR. They flow towards the *stakeholder theory* (Freeman, 1984), *business ethics* (Frederick, 1986) and *Corporate Social Performance* (Carroll, 1979, Wood, 1991). These evolutions demonstrate as the concept of CSR is in continuous evolution, since the comparison with social dimension follows the evolution of social instances that socially embedded companies have with the communities they interact with. This vision, sustained also by concrete results, becomes more and more strategic for company success, above all in these last years. There is a deeper relationship between company and surrounded community. Business is evaluated not only through its economic results but also through social impact, increasing the level of welfare.

Aguinis & Glavas (2012, p.234) define CSR as the “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of performance”, describing the concept at the institutional, organizational, and individual level.

CSR is today widely incorporated in public policy. As an example, the European Commission points out the value of CSR in a significant way.

European Commission identifies in CSR an institutional policy. In 2011 the European Commission defined it as “*the responsibility of enterprises for their impacts on society*”, a new definition that follows the indication of 2001, “*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*”.

2.2. Literature Review on Family Firms

Family firms (FF) are the most common organizational configuration around the world: in Asia and Middle East, they account for the 95% of all firms, in the USA they employ up to the 80% of the workforce and represent roughly the 70% of the publicly traded firms, in Europe (data retrieved from http://www.europeanfamilybusinesses.eu/family-businesses/facts-figures) the highest density of FF (90%) is present in Cyprus, Slovakia and Estonia, while Sweden has the lowest (55%) (Gomez-Mejia et al. 2011).

Despite such spreading and prevalence over the non-family configuration, a wide variety of definition of the idea of “family firm” exists. A broad definition can be “firms where members of the founding family continue to remain as significant company shareholders and/or are in senior management positions or hold a seat on the board of directors” (Dyer & Whetten 2006, p.792). Still, as noted by Gomez-Mejia et al. (2011), a number of problems occurs when it comes to translate into operational terms what “significant company shareholders” means. Proxies such as the majority of shares, the excess of the ordinary voting power, presence of family members as officers or directors are highly context-dependent. For this reason, literature has indicated varying degrees of family involvement, originating subsets of the broader family business concept, such as “family owned firms”, “family managed”, “family owned and managed”, and “family controlled”. An alternative definition is provided by Del Baldo (2012, p. 121): “a family firm is a business in which ownership and management are combined with a family unit and its members strive to achieve and maintain intra and extra-organizational family-based relationships. The family nature of a business is determined by the cultural and behavioral aspects introduced by long-term family and community-oriented relationships.”

Looking for a non-academic definition, the European Family Businesses (EFB), an international network-of-networks gathering national associations of Family Firms, points out its main features (see http://www.europeanfamilybusinesses.eu/family-businesses/definition): “the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs. The majority of decision-making rights are indirect or direct. At least one representative of the family or kin is formally involved in the governance of the firm. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25% of the decision making rights mandated by their share capital."

Often the notion of FF is equated to the size of the business, and in particular to small and micro businesses. The overlapping of the two concepts is only due to the fact that the vast majority of small and micro firms happen to be family owned and managed too. In fact, the notion of FF refers to other features that are independent from the size of the business. What really characterize a FF is the presence of noneconomic logic in the way it is managed (Gomez-Mejia et al. 2011). Adopting an institutional perspective (Powell & Di Maggio 1991; Scott 1995), FF are at the intersection of two major institutions, the family, which is driven by a logic of nurturing and perpetuation, and the business, which is concerned with profits, efficiency, customer satisfaction and the like (Mitchell et al. 2011). A nexus of two different sets of values and beliefs is present in FF. For this reason, "there is general agreement in the field that family firms are not simply a unique phenomenological setting but are significantly different from nonfamily firms" (Berrone et al. 2012, p.259).

In this sense, the debate on the nature of the FF offers insights in terms of organizational identity (Albert & Whetten 1985), which is what is most central, enduring and distinctive about an organization, what allows to be defined and distinguished from others. The founders of the FF consider their business as an extension of themselves (Dyer & Whetten 2006), and such overlapping is also perceived by employees and external stakeholders as well (Del Baldo 2012; Berrone et al. 2012). Hence, a set of noneconomic idiosyncrasies shapes FFs organizational identity: the perpetuation and infusion of family values through the business, the preservation of family dynasty, the conservation of family's social capital (Gomez-Mejia et al. 2011).

A new theoretical approach is needed to properly describe such features. Gómez-mejía et al. (2007) introduced a new model, they defined as socioemotional wealth (SEW). Through their construct, they are able to describe the non-financial elements or "affective endowments" that sharply characterize FFs. In particular, they claim that the preservation of SEW is the main driver of managerial action in FF: "when there is a threat to that endowment, the family is willing to make decisions that are not driven by an economic logic, and in fact the family would be willing to put the firm at risk if this is what it would take to preserve that endowment" (Berrone et al. 2012, p.259). The SEW construct is articulated along five different dimensions: family control and influence, family members' identification with the firm, binding social ties, emotional attachment, renewal of family bonds to the firm through dynastic succession.

"SEW represents a key noneconomic reference point for decision making, which might drive the firm to make strategic choices that cannot be explained by applying an economic reference point or a risk-averse financial logic" (Berrone et al. 2012, p.261). Evidently, studying CSR actions in the context of FFs cannot ignore the SEW influence. Indeed, its five dimensions can be easily framed in the CSR discourse. Indeed, "Consistent empirical evidence is now available that suggests that because of the strong identification with the firm's name and because public condemnation could be emotionally devastating for family members, family firms exhibit higher levels of corporate social responsibility and community citizenship" (Berrone et al. 2012, p.262). As noted by Bingham et al. (2010), FFs adopt a relational identity orientation towards their stakeholders, which translates into the propensity to engage in social activities with local communities and employees, support charitable and non-profit organizations. Mitchell et al. (2013) argue that the competing institutional logics happening in the FF deeply affect the nature of power, legitimacy and urgency dimensions of stakeholders' claims. In particular, they indicate the SEW as the main driver of the perception of stakeholders' salience. This deep embeddedness of the FFs in their constituencies fosters the development of social capital (Nahapiet & Ghoshal 1997; Spence et al. 2003; Nygaard & Russo 2008; Russo & Perrini 2008; Tencati et al. 2010): in the local community the socially responsible FF is source of stability, employment, development, reciprocity, trust in the market economy and stewardship (Panwar et al. 2013). The long-term perspective associated with the desire to perpetuate the dynasty and family values triggers the transferring of CSR motivations from one generation to the other, allowing CSR to be consistent over longer spans of time (Campopiano et al. 2012). In addition, Déniz & Cabrera (2005) show how the commitment in CSR activities in FFs is based on certain moral and cultural values, rather than cost-benefit analysis. Table 1 summarizes the fitness of FF idiosyncrasies to CSR dimensions.

Family Firms Idiosyncrasies (SEW)	Fitness to CSR
Family control and influence	Consistency in governance
Family members' identification with the firm	Engaging with stakeholders to build a good image and protect family reputation
Binding social ties	Embeddedness and accountability in the local community, engaging and supporting social initiatives. Building social capital
Emotional attachment	CSR commitment beyond cost-benefit reasoning
Renewal of family bonds to the firm through dynastic succession	Long-term orientation and perpetuation of the values over generations, including socially responsible commitment

Table 1: Fitness of FF SEW dimensions and CSR – Elaboration of the authors

Looking at empirical results, Dyer & Whetten (2006) analysis of S&P 500 from 1991 to 2000 show that FFs are significantly better socially responsible actors than non-family firms, looking at the KLD qualitative screens for social initiatives and concerns.

Despite being less likely to have the slack of resources required to engage in vast CSR programs (Panwar et al. 2013), FFs consistently show higher social responsibility than other firms. As non-family organizations, they seek legitimacy, but their response to institutional pressure is moderated by the SEW perspective, and cannot be explained by the socio-political perspective.

"Contrary to this socio-political perspective, in which parties with a contractual relationship to the firm rely on subtle and sometimes overt manipulations to gain personal advantages, family owners are likely to be guided by a very different set of motives, namely, the preservation of socioemotional wealth, or the stock of affect-related value that the family has invested in the firm. Hence, when a firm is under the control of a family, it is more likely to respond to institutional pressures in a more substantive manner than is its nonfamily counterpart, particularly when the firm concentrates its operations in a local area and the institutional pressures involve environmental actions, which have great impact on the local area" (Berrone et al. 2010, p.82). Figure 1 represents this dynamic.

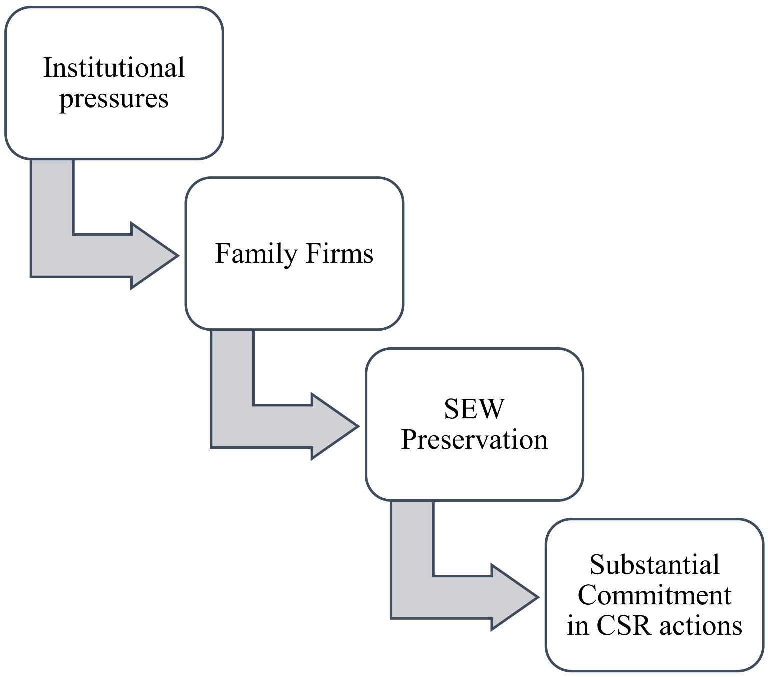

Figure 1: The moderating effect of the SEW preservation in the CSR commitment of FF – Elaboration of the authors

Our proposition is thus the following: being Barilla a family firm strongly committed towards its social responsibility, its CSR actions are fully integrated in their management and substantial in their nature.

3. Methodology

Our study follows a single case study methodology (Yin, 2003). The case studies are particularly suitable to observe a new phenomenon and start to draw some exploratory remarks on it. Research underlines the persuasive power of a single case (Siggelkow, 2007) in particular if it is "unusually revelatory, an extreme exemplar, an opportunity for unusual research access" (Eisenhardt & Graebner, 2007, p. 27). The proposed case study was built on a semi-structured interview, administered by the researchers to the CSR Manager of Barilla. The transcript of the interview was submitted to the interviewee, so that she would guarantee the correct and faithful data retrieval of the collected information. Finally, data was triangulated with relevant internal documents provided by the interviewees, such as present and past sustainability reports, presentations, internal documents, articles from the web and newspapers, Barilla's website.

The use of interviews in exploratory studies is strongly backed by literature. Elliot (2005) claims that "allowing respondents to provide narrative accounts of their lives and experiences can help to redress some of the power differentials inherent in the research enterprise and can also provide good evidence about the everyday lives of research subjects and the meanings they attach to their experiences" (Elliot, 2005, p. 17). Graham (1984) and Mishler (1986) underline how the interview prevents data fragmentation, as the respondent is free to set the agenda. The interview is "a site for the production of data and an opportunity to explore the meaning of the research topic for the respondent" (Elliot, 2005, p. 22).

The interview was recorded and then transcribed. Recording is a standard practice in all qualitative interviewing (Hermanowicz, 2002), as it allows not only to retain the narrative itself, but also includes paraverbal components such as pauses, intonation, laughter. Those details help the researcher to understand the production of meanings by the interviewee.

Our study focused in particular on the CSR practice of sustainability reporting (SR). A number of reason supports our choice. First, SR is the most evident expression of CSR (Perrini, 2005). This means that such reports gather all the relevant information in a single source, making a company sustainability strategies and practices observable. Gond & Herrbach (2006) indicate that corporate social reporting is a more wide-encompassing process in comparison to other social assessment tools. Milne & Gray (2013, p.16) underline that "business' engagement with the sustainability agenda is firmly rooted in a history of practices of corporate reporting, and more particularly, with the reporting of impacts beyond an organization's traditional financial transactions" and Spence & Rinaldi (2012, p.18) observe that "the sustainability discourse is embedded in the familiar economic language of accountability". For this reason, such documents are a key object of analysis in the CSR field (Calace 2014).

The interview lasted roughly one hour and dealt with the following topics: 1 -Motivations that prompted the choice to introduce the sustainability reporting practice in your company; 2- Short description of your reporting process: stages, people and functions involved, by-products and collateral documents; 3- Internal use of the data coming from the reporting process; 4- Examples of KPIs from the reporting process used in the strategic planning or other activities, examples of something (a strategy, a rule, a policy) that has changed because of the reporting process.

4. Findings

4.1. Barilla profile

Barilla was founded in 1877 by Pietro Barilla. Today it is managed by the fourth generation of family. Barilla Holding S.p.A.'s board of directors is composed by Guido Maria Barilla (chairman), Paolo Barilla and Luca Barilla (as deputy chairmen), Claudio Colzani (chief executive officer) and Emanuela Barilla (director). Guido, Paolo, Luca and Emanuela are siblings (Source: www.barillagroup.com, Barilla Group – Corporate Governance).

Key figures for the Barilla Group are: 140 years of history, more than 8.000 workers, 30 production sites (between Europe and America, 13 sites for pasta and sauces production and 17 for bakery products) and offices among Europe, America, Australia and Asia, 1.7 million tons of products (Source: "*Barilla Holding 2013 Key Data"* available at www.barillagroup.com).

In the international context, Barilla is considered one of the most important company representing the "Italian pasta", since its position as market leader (Source: "*Barilla Company Profile*", latest version available at www.barillagroup.com). The sales are equally divided between bakery and meal solutions and the end markets are Italy (50%), Europe (30%), Americas (16%) and Africa, Asia and Australia (5%) (Possamai, 2015). This position has been obtained also through the acquisition of foreign companies, leaders in their domestic markets. Barilla operates on the markets with its main brand, that is "Barilla" (for pasta and sauces), and other 12 brands. These are Mulino Bianco, Voiello, Pavesi, Gran Cereale, Pan di Stelle, Wasa, Harry's (France and Russia), Accademia Barilla, Misko (Greece), Filiz (Turkey), Yemina and Vesta (Messico).

The most significant economic and financial results of Barilla group in 2013 are (Possamai, 2015):

- Net revenues: 3.198 million Euro (3.156 in 2012 and 3.061 in 2011);
- EBITDA: 407 million Euro (396 in 2012 and 450 in 2011);
- Profits before tax: 199 million Euro (230 in 2012 and 233 in 2011);
- Net financial position: 347 million of Euro (574 in 2012 and 688 in 2011);
- EBITDA on net revenues (%): 13 in 2013 (13 in 2012 and 15 in 2011);
- Net debt to EBITDA: 0,8 (1,3 in 2012 and 1,4 in 2011).

In 2013, considering the net revenues, Barilla is the third company in the Italian food and beverage industry. The first is Parmalat Spa (5.350 million of Euro) and the second is Cremonini Spa (another family firm at its second generation with 3.440 million Euro of net revenues) (Faieta, 2014).

Barilla is long engaged in social activities. The Group is considered as an "institution" in the city where it was born, Parma. One of the most relevant actions in the path of CSR, above all for food sector, is the creation of "Barilla Foundation Center for Food & Nutrition". Considering the last remarkable contribution of the Center, it is possible to bring up the work for the "Carta di Milano". Probably it will be the best result of EXPO 2015, the International Exposition of Milan. The Chart is an endeavor to fight the imbalances in production and consumption of food. There are the indications of same good practices to reduce, for example, food waste, considering that a large number of world populations suffer the lack of food. It is not a case that latest version of Barilla Company Profile closes with this sentence signed by Barilla family: *"The most exciting challenge facing our company is the ability to continually improve in all of our activities. What is at stake is the sustainability of our growth, our future, the future of our children"*.

4.2. Barilla's sustainability reporting

The Group sustainability reporting started in 2007 and has changed significantly over the years. The first report, published in 2008 and referring to the 2007 sustainability performance, followed the Global Reporting Initiative (GRI) G3 Guidelines, and recorded a C Application Level – that is the amount of disclosure provided in the report according to GRI framework, which spans from A (disclosure on all the indicators) to C (disclosure on core indicators). In 2009 and 2010, Barilla published sustainability reports following the G3 Guidelines, achieving a B Application Level and the conformity to the United Nations Global Compact (UNGC). The structure and length (90-140 pages) of such reports is consistent over the years, encompassing the following sections: Nutritional Facts, Supply Chain, Environment, Human Resources, People, Communities, and Stakeholders.

Starting from 2011, the reporting document changed its structure, always addressing the same content as before, but giving up the G3 Guidelines and adopting a much shorter length (about 30-40 pages, even though the 2011 report is also available in the longer version). It was also labelled "Good for you, good for the planet". This change was due to a different internal role of the reporting activity.

"Initially, the reporting activity was a project. It remained a project for the first years. Today is a process, in the sense we have a cyclical monitoring that goes by each year, starting with data collection, discussion with stakeholders' panels, internal and external communication activities. The reporting activity is now driven by goals to achieve within 2020."

Indeed, the reporting process is starting to gain its own managerial value, thanks to a background process that involves the entire organization.

"The reporting process is formalized by a stable structure. We have an internal scorecard which is updated four times per year. This scorecard is monitored by directors, and they report directly to the CEO on the results of the process. We have a steering committee heading our sustainability unity. It meets every two months, and includes representatives from all the relevant functions: Supply Chain, Marketing, Sales, HSE, HR. We discuss data in these meetings"

In addition, the SR process is synchronized to the financial reporting one in order to strengthen the integration of within the standard organizational routines and assure its consistency with the other flows of data in the company.

"The data collection process is intertwined for both the sustainability and financial reporting. I work with the accounting manager to be sure that our data is convenient and gathered within the same boundary. Barilla cannot have a document with a specific horizon and another with a different one. We synchronize our processes."

Data from the SR is then largely conveyed within the organization using house organs, organizing events and through speeches of the top management and the ownership. In particular, the role of the founding family infuses such practice with values and beliefs.

" "Good for you. Good for the planet" stems from the values of the family. The core of family values we have since 1877 is what characterizes Barilla the most. These values evolved over time, embracing the concept of sustainability. Our president, Guido Barilla, always says that sustainability and business have a unique sense, companies of the same nature of Barilla, socially familiar, live to flourish over time, in order to give to future generations what we have. In Barilla, we have this permeability of family values in the appointed managers, who in turn embrace this view and transfer it to the employees at all levels."

5. Discussion and Conclusion

Our aim in this paper is to show how the influence of SEW perspective triggers substantial CSR actions in family firms. We propose the case of Barilla SR process as a way to analyze this phenomenon. The SR process perspective implies that "the design and implementation of corporate social reporting can be viewed as a learning tool" (Gond & Herrbach, 2006, p.359). Extensive literature has shown how learning effects play a central role in terms of strategy formulation and implementation (Mintzberg, 1990; Mintzberg & Waters, 1985). Looking at SR as a process, it becomes a management control system (Gond & Herrbach 2006; Simons 1990). Simons (1990) underlines how management control systems trigger organizational learning which in turn affects strategy substantially, especially when managers use those systems in an interactive way rather than a diagnostic one. In this view, defined by Gond & Herrbach (2006, p.366) "corporate social learning", SR demands that "information generated by the system is an important and recurring agenda addressed by the highest level of management; the process demands frequent and regular attention from operating managers at all levels in the organization: data are interpreted and discussed in face-to-face meetings of superiors, subordinates and peers; the process relies on the continual challenge of underlying data, assumptions, and action plans". Looking at the process analyzed before, this perspective is present in Barilla. Table 2 summarizes the learning process associated to the use of SR in Barilla.

Principles	**Processes**	**Perceived outcomes**
Beliefs, values and ideas that are behind the choice of introducing the social reporting system in the company	*Practices, procedures and actions that shape the social reporting system, from the data collection to the internal and external dissemination of the final document*	*Changes in the organization triggered by the use of the social reporting system*
Barilla Family Values	Allocation of time to monitor the data; Frequent and intense data review; Participation of superiors/ subordinates and peers in discussing the information provided by the system; Communicating the agenda through speeches/newsletters/audiovisual materials; Use of new rules/standards	Top Managers use personally and regularly the management control system; Communicate/educate/signal commitment/ build confidence in the viability of the proposed strategic redirection; Integration with the existing management system; Strategic turnaround/evolutionary change

	(boundary systems); Presence of a common calculability infrastructure with other management control systems; Socialization of management accountant as sustainability report/control specialists; Presence of staff specialists;	

Table 2: Summary of the learning process triggered by the SR process – Elaboration of the authors

Our exploratory case analysis shows how Barilla responds to institutional pressure with a substantial implementation of the sustainability reporting process, driven by the values of the founding family. Our contribution to theory is twofold: first, we provide a descriptive insight on how the idiosyncrasies of the family firm interact on the CSR dimensions; secondly, we give an indication on how the sustainability reporting process can be substantially integrated into management (Calace et al. 2014). Such results are of interest for managers and practitioners, as they shed light on the best practices that can be used to trigger substantial CSR commitment in the organization. Clearly, the single case study perspective limits the generalization of our findings. Further research should expand the sample, investigating common patterns in the SEW influence on CSR practice implementation and integration into strategy across multiple cases and industries.

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The Effects of Music as an Atmospheric Variable on Consumer Behaviour in the Context of Retailing and Service Environments

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Music variables affect consumer behaviour. This paper presents the current state of knowledge of the effects of music on consumers in retailing and service environments, showcasing the results of relevant studies that have manipulated specific musical variables (such as tempo, volume, genre, liking) and their impact on cognitive responses (expectations, perceptions, attitude, quality evaluation), emotional responses (moods, feelings, emotions), and ultimately behavioural responses (time spent in store, money spent in store, consumption speed, waiting). Based on a critical review of the most important studies, it concludes by identifying gaps in the already extensive literature and suggests future research to explore the relationship between musical variables and consumer responses in the context of retailing.

Key words: music, cognitive, emotional, behavioural, retailing, service

JEL classification: M3.

1. Introduction

A great deal of research studies (conceptual, laboratory and field research) has been conducted into the use of music in retail and service contexts and the effects this has on consumers. A preliminary search on Business Source Complete for peer-reviewed journal articles containing the word "music" in the author-supplied abstract resulted in a list of 1,516 titles[10]. This interest in the effect of music and its potential as an aid to marketing spans more than 50 years: in 1963 Brand wrote about its use in "Modern Supermarket Operation", whilst in 2013 Cameron, Baker & Peterson wrote about the effects of music volume when waiting to be served. Indeed so much has been published on different aspects of this subject in the interim that during the last 20 years researchers have published several reviews, attempting to summarise aspects of the literature. Table 1 lists the major reviews, starting with that of Bruner (1990). At the time of writing, the most recent is Jain & Bagdare (2011).

Author(s)	Description
Bruner (1990)	The first published literature review of studies on the effect of music in marketing area
Herrington & Capella (1994)	Based on the literature in service environment, the authors classify variables in two categories: structural variables and affective variables
Oakes (2000)	Literature review of the empirical studies which analyse the relationship between compositional music variables and consumer behaviour. They proposed the concept of Musicscape"
Turley & Milliman (2000)	Literature review of sixty published experimental studies from 1964 to 1997
Garlin & Owen (2006)	Using 11 electronic databases, the authors realised a meta-analytic review of all published studies on the effects of background music in retail context
Oakes & North (2008)	Based on more than twenty-five recent studies, the authors review the effect of music in (both real and simulated) service environments
Jain & Bagdare (2011)	Literature review of the effect of music on consumption experience

Table 1. Reviews of studies of the use of music in retail and service environments

[10] The authors note that many of these concern the marketing of music products rather than the use of music as a marketing tool

Retailers and other service environments use background music to influence consumer behaviour. The notion that background music can do this is derived from the concept of atmospherics, an area of environmental psychology offering great potential for improving the efficiency and effectiveness of retail and service operations (Yalch & Spangenburg, 1990). Atmospherics, including music, has received the attention of marketing academics since Kotler (1973-1974) first pointed out that shopping behaviour is affected by what he called the *"total product",* which included the atmosphere of the place where the product is bought or consumed, and in some cases this atmosphere has a greater influence on shopping behaviour than the product itself. He used and defined atmospherics as the conscious designing of space in store environments to create certain effects in buyers. The field is still being widely studied: at the time of writing one of the most recent publications is that of Lunardo & Mbengue (2013), who examined the potential for negative outcomes if shoppers perceive store atmospherics as a manipulative tool. Generally, atmospherics refers to the design of an environment using colours, lighting, music, smell, and/or furnishings deliberately to stimulate desired cognitive, emotional and behavioural responses. Milliman & Fugate (1993) noted that an "atmospheric variable" is any component within an individual's perceptual field which stimulates the senses and it can be conclude that these variables influence the total experience of being in a given place at a given time (p. 68). Also, the authors noted that atmospheric variables can be dynamic or static. A simple example can be considered by the fact that music can be quickly changed while wall decorations or layout of the store are far more permanent. Nevertheless, if we are referring in the long run, all atmospheric variables are dynamic. Morrison (2002), confirming Kotler (op cit), observed that in many cases the specific atmosphere created by a retailer can be more influential in the decision-making process than the product. Given the importance of atmospherics in general and music in particular, because of its more dynamic nature, retailers should understand how powerful can be the use of the right music in store to have the greatest influence on the way people make their purchase decisions. Studies of the effect of background music on consumer behaviour have recognized music as one of the most important key atmospheric variables in retail stores and service organizations, reporting a range of cognitive, affective and behavioural consumer responses or determining overall store effectiveness, satisfaction, or loyalty (Jain & Bagdare, 2011). Schmitt (1999) showed how music can be a valuable primary element in creating or enhancing the sensory experiences of shoppers. Alpert & Alpert (1990) demonstrated how in store music can be a critical element of a store's atmosphere. Yalch & Spangenberg (1993) state that "music is a particularly attractive atmospheric variable because it is relatively inexpensive to provide, is easily changed, and is thought to have predictable appeal to individuals based on their ages and lifestyles" (p. 632). According to Chebat, Chebat & Vaillant (2001) "what really matters in store music is its evocative power" (p.121), for example there is a relationship between music and memories evoked by the music. More specifically, these memories related to and evoked by the music can be correlated with other atmospheric variables (smell, light or colour) and then all together can influence the shopping experience. Music is magical, versatile it can take us to places we would like to be and most of the time music is relaxing us (Morrison, 2002). Morrison & Beverland (2003) highlighted how different background music is used to demarcate different zones within the service environment and how several organizations successfully matched the use of background music to their desired positioning, heritage, brand image, store design, and overall satisfaction with the store. Music is an important variable in creating an attractive store experience, connecting directly with customers' emotions. According to Hui, Dube & Chebat (1997), music can improve the evaluation of the in store environment, which has positive spin-offs for how consumers approach that environment. Several studies have confirmed that music provides pleasure and arouses consumers (e.g. Turley & Milliman, 2000; Garlin & Owen, 2006). Previous research on the use of music found that it can influence consumers' responses to advertising (e.g. Gorn, 1982; Kellaris & Cox, 1989; Alpert & Alpert, 1990; Macinnis & Park, 1991), to retail environments (Milliman, 1982; 1986; Yalch & Spangenberg, 1990, 1993, 2000, Areni & Kim, 1993; Herington & Capella, 1996; Sweeney & Wyber, 2002), and to service environments (North & Hargreaves, 1996, 1998; Areni, 2003; Wilson, 2003; Oakes & North, 2007). Music is the most studied and perhaps the most controllable atmospheric factor, ranging from different volumes (loud or soft), different genres (classical or contemporary), different tempo (slow or fast), preference (liked or disliked), or mood ("happy" or "sad"). Table 2 lists the music variables that have typically been studied, and some of the key relevant research papers.

Variable studied	Examples
Structural and affective characteristics	Herrington & Capella (1994)
Genre (classical/contemporary)	Baker, Levy & Grewal (1992); Areni & Kim (1993); Baker et al. (1994), North, Hargreaves & McKendrick (2000); Sweeney & Wyber (2002); Areni (2003), Wilson (2003); Spangenberg, Grohmann & Sprott (2005)
Tempo (fast/slow)	Milliman (1982, 1986), Yalch & Spangenburg (1990; 1993), Mattila & Wirtz (2001); Sullivan (2002); Oakes (2003); Michon & Chebat (2004); Eroglu et al., (2005)
Volume (load/soft)	Smith & Curnow (1966), Morrison (2001), Lin & Wu (2006)
Linking (liked/disliked; happy/sad)	North & Hargreaves (1996), Dube & Morrin (2001), Cameron, et al. (2003)
Familiarity	Yalch and Spangenberg (1990; 1993; 2000); Bailey and Areni (2006)
Modality (major/minor/atonal)	Kellaris & Kent (1991); Kellaris and Altsech (1992); Kellaris and Mantel (1994)
Style (jazz, popular, easy listening, classical)	North and Hargreaves (1996; 1998); Sullivan (2002)
Variation (background music/foreground music)	Yalch and Spangenberg (1988; 1990; 1993; 2000)
Presence/absence	Mattila & Wirtz (2001); Morrin, Dube & Chebat (2007)

Table 2. Music variables studied

2. Previous Reviews of the Literature

Studies of the role played by music have turned up in various areas of the marketing literature, such as consumer aesthetics (Holbrook & Anand 1988); mood research (Bruner 1990); advertising (Alpert & Alpert 1988, Kellaris & Cox 1989); retail atmospherics (Milliman 1982, 1986, Herrington & Capella, 1996) and service environments (North & Hargreaves, 1998, Mattila & Wirtz, 2001). Based on the fact that music is the most studied atmospheric variables, before concentrating on the analysis of the results of the most important empirical studies on the effects of music on consumer behaviour, will be introduce the principal reviews of this vast body of literature, to help future researchers by indicating their commonalities and differences, and highlighting the most important (see Table 1) (Petruzzellis et al, 2014). Bruner (1990) was the first one who noted that relatively few papers had examined the effects of music in retail stores. He looked at studies of non-behavioural outcomes of music in general and in the marketing context (eg. changes in affect, purchase intention, recall, brand attitude, emotion expressed) and at those studies which had examined behavioural issues (for example sales volume, product selection, music apparel, shopping behaviours and pleasantness), and examined published work dating from as far back as 1932. He concluded that more studies involving music and various aspects of marketing were needed since music has long been considered to be an efficient and effective means for triggering moods and communication nonverbally and can be a powerful emotional stimulus capable of evoking affective and behavioural consumer responses. Herrington & Capella (1994) noted the differences between the structural (physical) and affective (emotional) characteristics of music and the specific behavioural effects associated with these characteristics. Background music can influence a shopper's evaluations of the shopping experience, which in turn can increase the probability of repeat patronage. Background music may also serve to reduce counter-productive psychological states (frustration, anxiety, depression, negative mood), thereby enhancing positive evaluations of the shopping experience (Herrington & Capella, 1994). The authors defined structural characteristics of music as "objective and observable qualities of a musical composition" (p. 52), identifying six structural dimensions: tempo, volume, mode, pitch, rhythm, and harmony. Numerous studies in the last three decades have demonstrated that various structural components, in isolation, are capable of extracting specific effects in the retail context or in other service settings. The other musical variables are the affective characteristics: listeners must provide their own evaluations of the music, and describe it in terms of cognitive characteristics (Agmon, 1990) and/or on its affective qualities (Bruner, 1990). Affective characteristics of music can be related to emotions, feelings, moods and preferences, including qualitative variables such as liking (valence), familiarity with the music, and type (in terms of feeling and style) of listener (Herrington & Capella, 1994).

In a review of relevant empirical research, Oakes (2000) classified musical variables in terms of the compositional components (tempo, harmony, volume and genre) and their effects on consumer behaviour, drawing together findings from studies examining the impact of music on customer behaviour within service environments. Inspired by Bitner's (1992) model proposing the "servicescape", Oakes (op cit), proposed "musicscape" as a visual framework highlighting music as just one of a range of physical environment dimensions such as temperature, air quality and scent influencing consumers' responses to a service environment. While servicescape examines both customer and employee response and behaviour, musicscape concentrates on customer responses and behaviour within the service environment. In his work on musicscape, Oakes (op cit) presented the interdependence of compositional variables such as tempo, harmony, volume and genre (e.g. classical, popular, jazz) and examined their impact on buyer behaviour. A large number of experimental studies were presented showing the effects of music on consumer responses (purchase intention, satisfaction, duration of stay, money spent, perceived waiting time). The most frequently measured outcome was spending and this was the only one that has been analysed in the context of each of the musical variables (Smith & Curnow, 1966; Milliman, 1982, 1986; Kellaris & Kent, 1991, 1992; Areni & Kim, 1993; Morrison, 2001; Herrington & Capella, 1996; Yalch & Spangenberg, 1990, 1993, 2000; North & Hargreaves, 1996.). In their review of sixty published experimental evidence studies from 1964 to 1997, Turley & Milliman (2000) found a significant relationship between the effects of atmospheric variables such as background music, lighting, color, scent, room temperature, product display and merchandise on shopping behaviour. They noted that, "Music is the most commonly studied general interior cue" (p.195). In terms of background music they identified 11 papers related to music effects (Smith and Curnow, 1966; Milliman, 1982, 1986; Yalch & Spangenburg, 1988, 1990; Baker, Levy & Grewal, 1992; Areni & Kim, 1993; Chebat, Chebat & Filiatrault, 1993; Baker, Grewal & Parasuraman, 1994, Gulas & Schewe, 1994; Hui, Dube & Chebat, 1997).

More recently, Garlin & Owen (2006), in their meta-analytic review of all published studies on the effects of background music in retail searched 11 databases, including: ABI Inform, Academic Search Elite, Business Source Premier, Communication and Mass Media Complete, Expanded Academic, Google, Hospitality and Tourism Index, Medline, Professional Development Collection, Psychinfo and Science Direct. They found 150 papers which explicitly discuss background music effects. 32 of these were amenable to meta-analysis treatment. Five categories of dependent variables were identified: <u>affective</u> (mood, arousal, emotion and nostalgia), <u>financial returns</u> (value of sales, repeat purchase, items purchased, rate of spend, quantity purchased) <u>attitudinal or perceptual variables</u> (liking, brand loyalty, product evaluation, quality perceptions, experience satisfaction, perception of visual stimuli, service quality perceptions, price sensitivity, expectations, intentions, social identification, status perceptions), <u>temporal effects</u> (duration perceived/actual, service time, unplanned time, time to serve customers, time to consume, duration of music listening), and <u>behavioural</u> (patronage frequency, store choice, behaviour speed, affiliation, items examined/handled, in-store traffic flow, impulsive behaviour, recommend service, number of customers leaving before served). The effects of musical characteristics on these key affective, financial, attitudinal and behavioural factors were small to moderate and can be summarised in five key points:

- music valance (familiarity/liking) has a positive impact on shoppers;
- music has a positive impact on consumers and their perceived pleasure
- consumers spend more time at a meeting place when music tempo is slower, music volume is lower and music is familiar;
- when the tempo and volume are high and the music less liked, shopping duration is overestimated;
- music tempo have a greater influence on arousal.

The Oakes & North (2008) paper was one of the most important one on reviewing congruity effects in the service environment and in the definition of the concept of musicscapes. They identify more than twenty-five recent studies which analysed the impact of music variables such as, music genre, music tempo, music volume and music liking in service contexts, highlighting the fact that music congruity is the result of the findings in the case of reviewed studies. Also, the authors observed that the aim of most of the studies was to help managers to realise desired organizational results. Based on a comprehensive literature review, Jain & Bagdare (2011) proposed a complex framework for the impact of music on the shopping experience, classifying the responses of customers in cognitive, affective and behavioural. At the end, the authors noted that:

- music (as a sensory stimulus) influence shopping experience;
- structural music variables (such as tempo, volume, genre pitch and harmony) and affective ones (such as liking, familiarity, style and type) influence shopping experience;
- music variables can be controlled to produce desired responses**;**
- delightful shopping experience influence desired consumer responses at all three levels cognitive, emotional and/or behavioural;
- the relationship between background music and shopping experience is moderated by consumer profile, store profile, ambient factors and time of purchase.

3. Consumers' responses

Many studies use the Mehrabian & Russell (1974) framework, which specified that individuals react to their environment along three basic dimensions: pleasure, arousal and dominance (the PAD model) which determines the response as approach-avoidance behaviours (Donovan & Rossiter, 1982). All the research which we have examined in the present study on the effect of background music demonstrated that music influences consumer behaviour leading to cognitive (Kellaris & Kent, 1992; Areni, 2003; Oakes, 2003; Spangenburg, Grohmann & Sprott, 2005; Eroglu, Machleit & Chebat, 2005; Morrin, Dube & Chebat, 2007) emotional (Bruner, 1990; North & Hargreaves, 1996; Garlin & Owen, 2006; Lin & Wu, 2006) and behavioural outcomes (Milliman, 1982, 1986; Yalch & Spangenberg, 1990, 1993, 2000; Areni & Kim, 1993; Mattila & Wirtz, 2001; Sullivan, 2002; Caldwell & Hibbert, 2003, Wilson, 2003; Andersson et al. 2012) (Table 3). Studies analysed focus on different dependent variables. Behavioural responses have been compared with emotional or cognitive responses as we can see below. Also behavioural responses have been analysed in a relatively larger researches as compared with emotional or cognitive responses.

COGNITIVE	EMOTIONAL	BEHAVIORAL
Expectations	Moods	Time spent in store
Perceptions	Feelings	Money spent in store
Attitude	Emotions	Speed of consumption
Quality Evaluation		

Table 3: Consumer responses to music

3.1. Cognitive responses

Table 4 summarizes most of the relevant studies on the impact of background music on consumers' cognitive responses in retail and service environments.

Cognitive responses	Authors	Musical variables	Results
Expectations	Baker *et al.* (1994); Areni (2003)	**Music genre** (classical vs. Top 40; classical vs. jazz)	Higher expectations of merchandise quality and higher levels of service quality are produced using classical music as compared to Top 40 music
	Morrison (2002)	**Music volume** (soft vs. load)	Loud music influenced store stay time, traffic flow and brand recognition, while soft music influence both store stay time and traffic flow and perception of the service in retail shops
Perceptions	Kellaris & Kent (1991; 1992)	**Music modality/harmony** (major, minor, atonal)	Music in major keys produced the longest duration estimates, whilst minor keys produced shorter estimates, and the shortest were made in response to atonal music
	Kellaris & Altsech (1992); Kellaris & Mantel (1994); Hui *et al.* (1997)	**Music preferences** (liked vs. disliked)	Disliked music produced shorter time duration estimates as compared with liked music
	Chebat et al. (1993); North et al. (1998b); Tnasik & Routhieaux (1999); Oakes (2003); Michon & Chebat (2004)	**Music tempo** (fast vs. slow)	Slow music determined shorter time perceptions, while fast music effects were no significant on time perceptions. Slow music effects perception of service quality and fast tempo music stimulate

			cognition
	Baker & Cameron (1996)	**Music volume** (soft vs. loud)	High music volume (above the respondent's range of preference) made perceived waiting time longer
	Yalch & Spangemberg (2000); Bailey & Areni (2006)	**Music familiarity** (familarity - top 40 unfamiliarity –intrumental)	Unfamiliar music significantly influence perceived shopping duration and product evaluation as compared with familiar music
Attitude	Chebat et al. (2001)	**Music tempo** (fast vs. slow)	Music affects the attitudes through cognitive process
	Spangemberg et al. (2005)	**Music Genre** (Christmas music vs. Non Christmas music)	In a retail store, the coherence between scent and music have a positive impact on evaluation of the store, visual merchandise, revisit the store and overall the store environment
	Morrin et al. (2007)	**Music Valence** (presence vs. absence)	Background music in servicescapes influences service outcomes, such as service evaluation and purchase intention. Bckgorund music conditions and provider attitude serves as a partial mediator of servicescape effects
Quality evaluation	North et al. (2000); Sweeney & Wyber (2002)	**Music genre** (Classical music, easy-listening music, pop music)	Pleasure, arousal, merchandise quality and service quality have an effects on all desired intended behaviour
	Dube and Morrin (2001)	**Music preferences** (Pleasure intensity Background music)	The presence of pleasant background music induced superior affinitive attitudes and behaviours
	Sweeney and Wyber (2002); Eroglu, Machleit, Chebat (2005)	**Music Tempo** (fast vs. slow)	Enhanced evaluation of the environment with moderately incongruous slow tempo music/high crowd density and fast tempo music/low crowd density.

Table 4. Effects of musical variables on cognitive responses

3.1.1. The effect of music on consumer expectations

In a laboratory experiment, Baker, Grewal & Parasuraman (1994) combined two atmospheric variables (music and lighting) and show how classical music and soft lighting produced expectations of higher service and merchandise quality as compared to Top 40 music and bright lighting. After interviewing managers of restaurants and pubs, Areni (2003) conclude that when managers chose the music, jazz music and classical music were associated with up-market consumption setting. Also, music is most effective when it matches the target customer demographic (age). In the context of retailing, Morrison (2002) show that music volume have an influence on consumer expectations. It seems that soft music influence perception of service, while loud music influenced store stay time, traffic flow and brand recognition.

3.1.2. The effect of music on consumer perceptions

Kellaris & Kent (1991; 1992) demonstrated that modality (minor, major and atonal) is an important determinant of responses to music. They show that the major key was evaluated as more attractive than either the minor mode or atonal tone scale. The authors observed that, the least liked version, atonal music produced the higher gap between actual time and perceived time and is perceived as more dissonant. In another study, Kellaris & Altsech (1992) found that louder (more disliked) music produced longer time estimates than quiet (more liked) music for females' respondents. Gender was a moderator in the influence of loudness music on perceived duration. Subsequently, Kellaris & Mantel (1994) found that disliked music produced shorter time duration estimates as compared with liked music. They also suggested that managers can use this knowledge to manipulate consumer perceptions of time, for example, if music can make people in a fast-food restaurant feel that they spend more time over their meal than they actually do, this can be used to increase the speed of table turnover without making customers feel rushed. Alternatively, music can make perceived waiting time seem shorter for consumers waiting in line, resulting in a reduction of dissatisfaction levels. Hui, Dube & Chebat (1997) reveals that when music is liked by consumers it produced a more positive emotional response to the wait in comparison with disliked music. Based on the literature review, not only music linking has an influence on consumer perceptions, but also music tempo.

Chebat, Chebat & Filiatrault (1993) find that slow music tempo were significant on time estimates, while fast music tempo effects had no significant effect on time estimates. In a different context, Tansik & Routhieaux (1999) showed that slow classical music played in the surgery waiting room reduced stress and increased the relaxation of the visitors waiting for surgery and ICU patients. North, Hargreaves, & Heath, (1998b) found no evidence that background music tempo influenced retrospective estimates of temporal duration in a university gymnasium. Also, for female subjects the authors identified a tendency to underestimate the amount of time spent in the university gymnasium as compared with male subjects. Oakes (2003) used strong-size model of subjective time estimation which indicate a significant positive impact of music tempo upon time perception duration. Also, the author noted that music can have different effects on perceived duration depending on whether consumer are remembering an interval that has already passed or experiencing an interval that is currently passing, so the author wanted to obtain consistently estimates by measuring perceived duration during the waiting process, rather than seeking retrospective estimates after the distracting and potentially variable interactions with service had taken place. Michon & Chebat (2004) studied the effects of background music and ambient odours on shopper's perception of service quality in the context of a mall. They found that, the influence of slow tempo music on positive affect supports the environmental psychology model (Mehrabian & Russell, 1974; Donovan & Rossiter, 1982) as well as the servicescapes theory (Bitner, 1992) and an interaction effect of fast tempo music and ambient scent on mall perception. The authors suggest that ambient scent, background music and positive affect have no direct effect on consumers' perception of service quality; these variables act as mediators rather than moderators of service quality. Referring to the influence of music volume, on perceived durations, Baker & Cameron (1996) reveals that high music volume (above the respondent's range of preference) made perceived waiting time longer. This appears to contradict Kellaris & Mantel (1994) results, however it is not clear if disliking (for loud music) was the critical factor, or if it was the higher decibel level which led to the longer estimates. Another musical variable studied in relationship with the perceived durations is music familiarity. Yalch & Spangenburg (2000) showed that consumers shopped less when listening to familiar music, but perceived themselves to be shopping longer, whereas shopping time was longer for subjects exposed to unfamiliar music. In contrast, in a laboratory experiment using student participants, Bailey & Areni (2006) found that perceived duration was shorter with familiar music, but this happens when participants were not engaged in a cognitive task while waiting. Bailey & Areni (2006) suggested that the level of customer preoccupation with the passage of time moderates music's effect on perceived duration. Based on these, Oales & North (2008) suggest that, the contradiction between these results can be resolved by making the distinction between experiencing an interval of time that is currently passing and remembering an interval of time that has already passed.

3.1.3. **The effect of music on consumer attitude**

Dube & Morin (2001) reveal how liked background music enhanced customer attitudes toward the physical environment dimensions of a store. Chebat, Chebat & Vaillant (2001) demonstrated that music have an effects on attitude toward the store. Also, cognitive processes moderate intention to revisit the store and attitude of salespersons toward the store. Dube, et al., (1995) found that the optimal level of arousal is achieved with soothing music, which gave a combination of low arousal and high pleasure. For example in a retail store, when sales arguments are weak, soothing music, pleasure and low arousing enhances cognitive activity. In a mock retail store, Spangenberg, Grohmann & Sprott (2005) reveals that a consistency between ambient Christmas scent and the presence of Christmas music (as compared to no scent and Christmas music) have a positive influence on store attitudes, intention to revisit the store, greater pleasure, arousal and dominance and a more favourable evaluation of the environment. These results are important especially for managers of the store, it is better to use a single environmental cue rather than incongruous combinations of scent and music. Morin, Dube & Chebat (2007) conducted two experiments (a video simulation and an e-service environment) which demonstrated how background music in servicescapes influences service evaluation and purchase intention. The results of both studies were similar with only a few exceptions. Provider attitude was a partial mediator of servicescapes effect, at the aggregate level, when they include all participants regardless of the background music conditions. In study 1, even in the absence of music, was found a provider mediated servicescapes, though of weaker magnitude, while in study 2, the absence of music demonstrated that the provider effect is not strong enough to influence service outcomes.

3.1.4. The effect of music on quality evaluation

In three different studies (North & Hargreaves 1996; 1998, North et al. 2000) were showed that background music influences shoppers' evaluations of service environments even when the clientele studied is different. In a student cafeteria, North & Hargreaves (1996) found that diners' liking increased with their liking for the music played therein, suggesting that music in the environment may condition responses to the environment itself. North & Hargreaves (1998) confirm this, but highlights the fact that the conclusions are limited for generalization because of the context (college cafeteria) and clientele (students), suggesting more research based on these results. North et al. (2000) sought to remedy this aspect by determining if music can influence the atmosphere in different, more commercial environments and chose a bank hall, and a bar. The results indicated a positive correlation for each of 20 adjectives between ratings of classical and easy-listening background music and ratings of a bank. In the same time, North et al. (2000) revealed a positive correlation between classical and pop background music and ratings of a bar. In a mall outlet, Dube & Morin (2001) found that store evaluation is influenced by pleasure intensity but not by direct transfer of affect, because attitude towards the servicescapes and the sales personnel were considered powerful mediators. In the context of women's fashion store, Sweeney & Wyber (2002) showed how perceptions of merchandise and service quality were intensified in the presence of music that was liked, extending the Meharabian-Russell (1974) model of environment psychology. The model proposed by Sweeney & Wyber (2002), suggest a positive relationship between music and approach avoidance behaviour where emotional states and cognitive processing were acting as mediators. The results of this study indicated interactive effects of genre and tempo, since pleasure was enhanced by fast tempo music and service quality was enhanced by slow tempo pop music. Referring to the music characteristics, liking of the music increased emotional states (pleasure and arousal) and cognitive processes (merchandise quality and service quality) but familiarity had no effect on these perceptions. The model proposed is consistent with Meharabian & Russell's (1974) suggesting that music increased levels of pleasure and arousal.

3.2. Emotional responses

In Table 5 are presented more details about the relationship between musical variables and emotional responses.

Emotional responses	Authors	Musical variables	Results
Moods	Bruner (1990); Alpert & Alpert (1990)	**Music linking** (happy vs. sad)	Happy music is powerful stimulus for affecting moods and of evoking nonrandom affective and behavioral responses in consumers.
Feelings	North & Hargreaves (1996)	**Music linking** (liked vs. disliked)	New age music brings positive response
	Morrison (2001)	**Music volume** (soft vs. load)	Music volume have a significant influence on the moods, especially in context of retail stores
	Michon & Chebat (2004)	**Music tempo** (slow vs. fast)	Slow music tempo influences shopper's positive affect
	Garlin & Owen (2006)	**Music characteristics**	Musical characteristics had numerous influences on key financial, affective and attitudinal factors and behavioural, all of them were small to moderate effects
Emotions	Lin and Wu (2006)	**Music volume** (soft vs. load)	Slow music volume evokes positive emotions. Joyful music stimulates positive consumption emotions in contrast to sad music

Table 5. Effects of musical variables on emotional responses

3.2.1. The effect of music on moods

In his review about music variables, Bruner (1990) revealed the fact that music has an important impact on mood. Also the author noted that music can be considered a powerful emotional stimulus. Alpert & Alpert (1990) noted a positive relationship between background music in commercials and emotional responses among consumers. Herrington & Capella (1994) found that music influence shopper mood in the store and background music is an antecedent for mood states. Based on his research, Oakes (2000) noted that music can alter mood and mood changes consumer behaviours.

3.2.2. The effect of music on feelings

North & Hargreaves (1996) in their study found that liking for the music has a positive influence on linking for the atmosphere in the context of a student cafeteria. Morrison (2001) showed how the right music in a store can change the mood of the customers in the store and the perception of the store. In another study, Michon & Chebat (2004) reveals how some atmospheric variables can mediate shoppers' affect while other variables stimulate cognitive processing. Morrison et al. (2011) demonstrated that the consistency between music volume and scent have a positive influence on shoppers' emotions and subsequently influence shopper behaviours.

3.2.3. The effect of music on emotions

The most relevant research on the effect of music on emotions is realised by Lin & Wu (2006). They show how music volume (measured in decibels) and radio broadcast type (male voice, female voice or non-vocal) effects consumption emotion and temporal perception. Lin & Wu (2006) reveals that when music in the store is unfamiliar, time perception is underestimated and consumer attention is more easily distracted, while music in the store is familiar time perception is overestimated. Referring to music volume, the data show that, given moderate music volume, positive emotions are stimulated by moderate lower volume, leading to the underestimation of time perception. Hui et al., (1997) noted that music ameliorated emotional evaluation of a service environment. In other words, music had a positive impact on approach behaviour toward the store.

3.3. Behavioural responses

The most relevant results of the studies on the impact of music on behavioural responses are presented bellow (Table 6).

Behavioural responses	Authors	Musical variables	Results
Time spend in store	Smith and Curnow (1966); Herrington & Capella (1996); Sullivan (2002)	**Music volume** (load vs. soft)	Loud music decrease shoppers' rates of spending per minute in store as compared with soft music. Music does not affect sales
	Milliman (1982, 1986); Herrington and Capella (1996); Mattila and Wirtz (2001); Sullivan (2002); Caldwell and Hibbert (2002); Garlin & Owen (2006); Andersson (2012)	**Music tempo** (fast vs. slow)	Slow tempo music increase time spend in store in comparison with fast tempo music. Also, slow tempo music is related with traffic pace and increases the daily gross sales volume but is not related with awareness, leaving before being seated or with food purchases
	Yalch and Spangemberg (1988; 1990; 1993)	**Music variation** (background music, foreground music)	Younger shopper spent more time in the store when exposed to background music and older shoppers shopped longer when exposed to foreground music
	Lopez & Malhotra (1991); Cameron et al. (2003)	**Music linking**	Time estimates get shorter with the liked music
	Wilson (2003)	**Music genre** (jazz, popular, easy listening and classical)	Congruous jazz enhanced restaurant atmosphere lenght to stay and spending. Different musical styles have the potential to influence patrons' purchase
Money spend in store	Areni and Kim (1993); Baker et al. (1992) North & Hargreaves (1998; 2000)	**Music genre** (classical vs. Top-forty)	Classical music influences shoppers to spend more money, spend more time, intention to revisit and buy expensive merchandise
	Yalch and Spangenberg (2000)	**Music preferences** (familarity vs. unfamiliarity)	Familiar music result in less shopping and vice versa
	Nort et al. (2000); Broekemier et al. (2008)	**Music linking**	Music linking increased spending and creates a unique store atmosphere. Interactive effect of

			happy and liked music increases the intensity of shopping intentions
	Morin et al. (2007)	**Music Valence** (presence vs. absence)	Pleasant music results into stronger purchase intentions
Consumption Speed	Milliman (1982, 1986); Kellaris & Kent (1991); Caldwell & Hibbert (2002); Oakes (2003)	**Music tempo** (fast vs. slow)	Fast tempo increases the consumption speed and significantly affects the pace of in-store traffic flow. Presence of music results into shorter wait durations.

Table 6. Effects of musical variables on behavioural responses

3.3.1. The effect of music on time spent in store

The first published research which showed how background music influence consumer behaviour was realised by Smith & Curnow (1965). The authors manipulated music volume and demonstrated the impact loud music and soft music on shopping duration, total amount of sales and perceptions of the environment. They noted (op cit, 255) that "retail-store management has accepted music not so much for the benefit of employees as for encouraging purchases". The results of the study reveal that loud music positively influence shoppers' rate of spending per minute in the context of the store. Also, loud music had no impact on total sales. Milliman (1982) analysed the impact of music tempo on shopping behaviour, in the context of a supermarket. The author found that slow tempo music determined shoppers to move slower and to spent more money in the supermarket as compared with fast tempo music. Also slow tempo music has a significant influence (increase) on daily gross sales volume. In a follow-up study, Milliman (1986) examines the effect of background music on consumer behaviour in the context of a restaurant, he noted that: "While it is obvious that an atmosphere is made up of and affected by numerous factors, some are considerably more controllable than others. One of these factors that is ordinarily highly controllable is music, ranging from loud to soft, fast to slow, vocal to instrumental, heavy rock to light rock, or classical to contemporary urban" (p. 286). The results of the observation show that when slow-tempo instrumental background music was played customers spend more time in the restaurant, consumed more alcoholic beverages but ate about the same amount of food. Also music tempo (fast or slow) did not influence the total number of customer groups that left the restaurant before being seated. Herrington & Cappela (1996) found different results as compared with previous studies (Smith & Curnow, 1966; Milliman, 1982) after realising a research in the context of a supermarket. Used digitised musical sequences at similar music tempo (slow or fast) levels to the Milliman (1982) research, the authors reported that music volume and music tempo had no impact on purchase behaviour. In fact Herrington & Capella (op cit) suggest that the real difference between their finding and previous studies (eg Smith & Curnow, 1966; Milliman, 1982) were that a more likely explanation for any increase in shopping time and expenditure was the level of music preference. In other words, musical preference is a variable which had not been previously examined, even though it may offer a more valid explanation for the influence of music as compared with music tempo and/or music volume. More specifically, the results of previous studies realised by Smith & Curnow (1966) and Milliman (1982) may have been the result of music preference rather than music tempo or music volume as the authors suggested based on observed music effects. In their study, Harrington & Capella (op cit) reveal that music preference has a positive effect on shopping time or in other words music preference increase shopping time. Using for music condition such as music volume (loud/soft), music tempo (fast/slow), music familiarity (popular/unpopular) and music valence (presence/absence), Sullivan (2002) analysed the impact of music on time spent in restaurant and money spent (on food and drink). The author found that music volume (loud/soft) and style of music in terms of its popularity influence time spent in restaurant. Money spent in restaurant on food and drink was affected only by loud music. Even if patrons spend more time with their meal, they did not spend more money on food or on drink. Caldwell & Hibbert (2002) study if there is a relationship between music tempo, music preference and actual and perceived time spent dining, the amount of money spent, and outcomes in terms of enjoyment of the experience and future behavioural intentions. The results show that music linking has a positive influence on money spent in the restaurant, enjoyment levels, intention to return and to recommend the restaurant. Caldwell & Hibbert (op cit) demonstrated that slow tempo music influence time spend in the restaurant and higher spending of food and drink, while fast tempo music influence consumers to eat and drink more quickly. Contrary to

Sullivan (2002) results, Caldwell & Hibbert (2002) suggest that time spent in the restaurant was the most powerful predictor of money spent in the restaurant. Caldwell & Hibbert (2002) suggest that enjoyed dining, intention to return, and intention to recommend the restaurant is influence by the environmental pleasure and arousal elicited by the music.

Cameron et al., (2003) analysed the relationship between judgement about music, wait-length evaluation, customer mood and subjects' overall experience evaluations (in a low-cost wait situation). The results of the study show that music influences both cognitive (wait-length evaluation) and affective (mood) responses in the low-cost waiting conditions. Also, based on the results of this study it can be affirm that music's positive contribution to overall experience evaluation is through mood and not through wait-length evaluation. Yalch & Spangenberg (1988; 1990; 1993) in three different studies examined the effects of music (background and foreground) on shopping behaviour. Foreground music includes original artists and lyrics, while background music uses studio musicians playing instrumental, this kind of music tend to be more restricted in rages of tempo, frequencies and volume. Generally speaking, foreground music commands more attention from customers while they shop. Yalch & Spangenburg (1990; 1993) noted that preference for type of music (background or foreground music) depending on customer age. Also, customers clearly differ in their purpose for shopping (purchase intention, leisurely shopping) which are varied by time of day. In their field experiment, Yalch & Spangenberg (1988) found that younger shoppers spend more time in the store when they listened background music while older shoppers considered they spend more time in the store when they were exposed to foreground music.

Contrary to the expectations, Yalch & Spangenburg (1990) revels that shoppers had shopped longer than expected when exposed to the less preferred music which means foreground for older shoppers and background for younger shoppers in comparison with the situation when they listened their preferred music, background for older shoppers and foreground for younger shoppers. One of the biggest gap of these studies is the fact that actual time spend in store was not recorded, so it is not clear if the impact of background and foreground music were behavioural (actually spent more time), or perceptual (spent the same amount of time but perceived it to be longer) or a combination of the two. Yalch & Spangenberg (1993: 632) noted that in general, teenagers usually listen to rock music, adults may prefer classical music, and middle-aged, blue collar adults may prefer country and western. Based on these preferences it is expected that shoppers are spending more time and more money in stores when they listening liked music, when they listened disliked music, they spend less time and less money in the store. Yalch & Spangenberg (1993) found that younger shoppers (under age 50) preferred the foreground music and indicated that it was more similar to their usual music than the background music, while older shoppers (50 and over) preferred background music but specified that they were no more likely to listen to it than the foreground music.

Mattila & Wirtz (2001), show that when ambient scent and music are congruent in terms of their arousing qualities, consumers perceived the environment positively, with higher levels of approach and impulsive buying behaviour and satisfaction and store evaluations. For example, fast music tempo had a positive effect on approach behaviour, when the high arousal scent (grapefruit rather than lavender) was used. The authors conclude that consumers react more positively when the stimuli in the environment function together to provide a coherent atmosphere of the store. For example, congruity between atmospheric stimuli such as music and scent increased overall satisfaction levels and encouraged approach behaviour. Wilson (2003) extended research by North & Hargreaves (1998), examining the relationship between music style and perceived atmosphere and purchase intentions in the context of a restaurant. The results of the study show that perception of the music has a positive effect on patrons' perceptions of the restaurant. Also, different music style such as

jazz, popular, easy listening, classical or absence of the music influence in a different way the perceived characteristic of a restaurant. Wilson (2003) found that when patrons were exposed to classical, jazz popular and music they were prepared to spend more money on their main meal. When patrons were exposed to easy music or no music conditions, the possibility to send more money on their main meals was significantly lower.

Andersson, et al., (2012) conducted two consumer field studies to analyse the effect of music on shopping behaviour. The results of the first study indicated that music influenced the time spent in store and the money spent in store. Also approach/avoidance behaviour was moderated by gender. Their results also showed that arousal predicted approach/avoidance behaviour, which confirms the complexity of arousal effects on approach behaviour, but the effects of arousal was moderated by gender. These results are in line with Sherman et al. (1997) findings which reveal that arousal increases spending and purchase intentions. These results from study two indicate that females are positively affected by no music or slow tempo music while males are affected positively by the music and fast tempo music. These results are consistent with Kellaris & Rice (1993) findings, which show that females respond positively to music at lower volumes.

3.3.2. The effect of music on money spent in store

Baker, Levy, & Grewal (1992) reveals that ambient cues such as classical music and soft lighting versus pop music and bright lighting interacted with social cues in terms of number and friendliness of employees to influence customer pleasure which have then a direct impact upon willingness to buy. Also, pleasure and arousal may mediate the effects of store environment on respondent's willingness to buy. Areni & Kim (1993) analysed the influence of music genre (classical versus top-forty music) on shopping (purchase and consumption) behaviour in the context of a wine store. When the classical background music was played shoppers purchased more expensive wines in a wine store as compared to Top 40 music (op.cit). If consumers associate wine consumption with prestige and sophistication, then Top-40 may provide an incompatible with the sophistication of the product, while classical music may have provided a more appropriately sophisticated atmosphere, which suggested that, only expensive merchandise should be considered. Anyway, Areni & Kim, (1993) did not consider the situation of no music condition so it is debatable whether classical music facilitated or Top 40 music inhibited selection of expensive wines. This study also suggest that it is possible shoppers, being somewhat unfamiliar with wine cellars and wines in general, used the classical music as a cue and inferred that the cellar contained mostly high priced merchandise. The number of items examined, handled, and purchased, the total amount of time spent in the store, and the decision to taste wines on site were unaffected by the background music.

North & Hargreaves, (1998) revealed how classical music increase purchase intention in a cafeteria as compared with pop music. More specifically, when subjects were exposed to classical music, they were ready to pay the most for food items on sale therein. These results are consistent with prior research (Areni & Kim, 1993) which reveals how customers purchase more expensive wines in a wine store when classical music is played. Lammers (2003) in his study on the influence of music on the amount of purchase in a restaurant reveals that lower volume rock and classical music intensified restaurant spending in comparison with louder music. Also it is important to be noted that critical factor may have been the contextual congruity between the quiet serenity of the restaurant and the quietness of the musical volume. Broekemier, Marquardt & Gentry, (2008) investigated the effects of two dimensions of music effects (happy/sad or liked/disliked) on shopping intentions. The results indicate that in a stimulated store, when subjects were exposed to music and perceived music as happy music, purchase intentions were higher. Referring to the effects of liked/disliked effect on shopping intentions, the effects were only marginally. Happy music has a more influence on shopping intentions as compared with the liked music. The majority of the research which analysed the relation between music variables and time spend in store, referred also at the amount of money spend in store. For example, in their studies, Milliman (1986) and then Caldwell & Hibbert (2002) reveal how slow tempo music has a significant influence in bar purchases of alcohol, in the context of a restaurant. Also, money spent in the restaurant is influence by time spend in the restaurant. Contrary to the expectations, Yalch & Spangenburg (1993) noted that foreground music induce young shoppers (25-49 age) to spend more in a store while background music influence old shoppers (50 age and over) to spend more money.

4. The effect of music on consumption speed

Roballey et al (1985) reveals how fast tempo music significantly increased restaurant diner eating speed. These results are consistent to McElerea & Standing (1992) who also found that fast tempo music versions of unspecified piano music increased the drinking speed compared with the slow tempo versions. Milliman (1982) shows how music tempo significantly affects in store traffic flow Milliman (1986) reveals how customers took significantly longer to finish their meals when exposed to slow tempo as compared to fast tempo music. Caldwell & Hibbert (2002) also reported that more arousing or faster music in a restaurant made customers eat and drink more quickly. Oakes (2000) demonstrated that wait durations appear shorter in the presence of music.

5. Conclusions and suggestions for future research

After this extensive review of the literature it is safe to conclude that music variables, both structural (tempo, volume, genre, harmony) and affective (liking, familiarity, type or style) can independently or jointly have a significant effect on consumer behaviour. Music is the most studied atmospheric variable in the context of retailing and service environment. We indentified seven reviews of the literature till present on the effect of music on consumer behaviour. Four reviews are concentrated on identified music characteristics such as such as structural or compositional variables (Bruner, 1990, Harrington & Capella, 1994; Oakes, 2000, North & Oakes, 2008) while three of them analysed the relationship between music and consumers' responses (Turley & Milliman, 2000; Oakes, 2000; Jain & Bagdare, 2011). Another important aspect referring to these reviews is the fact that Oakes (2000), Oakes & North (2008) review only the studies in the context of service environment, while Herrington & Capella, (1994) Garlin & Owen (2006) review the studies on the effect of music in retail context. Bruner (1990) was the first one who proposed a classification of musical variables, Herrington & Capella (1994) had continued his work referring to the characteristics of music and classification of musical variables. These two studies are the only one existing in the literature referring to the classification of musical variable and are widely cited. More recently, Oakes (2000) highlight the importance of musical congruity, based on this, Oakes & North (2008) introduce the concept of musicsapes. The most representative review of the literature referring to the impact of music on consumer behaviour is that of Jain & Bagdare (2011) which analysed the results of the studies in both retail and service environments. The present study highlights the majority of the studies realised till present which analysed the relationship between music (and other atmospheric variables) and consumer responses (cognitive, emotional and behavioural) both in retail and service environments. Most of the researchers chose to study the relationship between structural musical variables and consumer behaviour. For example, in the service environment category, the majority of authors chose analysed the effect of music (tempo or genre) in restaurants (Roballey et al. 1985; Milliman, 1986; Caldwell & Hibbert, 2002; Sullivan, 2002; Areni, 2003; Wilson, 2003). In retail setting most of the studies analysed the impact of music on consumer behaviour in the context of supermarkets (Smith & Curnow, 1966, Milliman 1982, Herington & Capella, 1996) and retail stores (Yalch & Spangenburg, 1990, 1993, 2000; Morrison, 2001; Michon & Chebat, 2004; Eroglu et al, 2005; Garlin & Owen, 2006; Andersson et al, 2012). The present study has identified some gaps in the literature referring to the impact of music in the retail context. In this way some important areas for future research can be considered, for example a vast number of previous studies concentrated on structural characteristics of music: there is a need for research into the influence of its affective characteristics. We agree with Herrington & Cappela (1996) opinion about the fact that musical preference is a variable which had not been previously examined, more research have to be done in this way because music preference may offer a more valid explanation for the influence of music than its tempo and/or volume. Also, it can be observed that, research on the effect of music valance (presence/absence) in retail environment are rare, more studies on this aspect are needed, as is need for more research on the interaction between music and other atmospheric variables. We identified in the literature only studies on the influence of music and smell on shopping behaviour, or the influence of music on retail crowding. Future research can consider the impact of music and other atmospheric variables such as window display, colour, lighting, air quality and product category on consumer responses. The majority of previous papers reveal the influence of music on consumer behaviour and exclude the impact of music on employee behaviour, future research can consider this and also the importance of factors that may moderate this relationship. The present study does not consider the impact of music on sales, satisfaction or loyalty, future research can be concentrated on the effect of music on behavioural responses in greater detail, the influence of music variables in a controlled manner on shopping behaviour (such as time spent in store, money spent in store, sales, satisfaction, and loyalty). Our purpose for future research is to develop a framework for the effect of music on shopping behaviour in the context of clothing stores.

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New Marketing Research Models: The Potentials of The Social Network Analysis Applied to Social Media.

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This work adresses the issue of the relationship between marketing research and the opportunities provided by Internet. In particular, we focus on the recent developments arising from digital tools such as social media and the ability to access to a continuos stream of data through the use of Big Data Analysis platforms.

Indeed, Big Data technologies have strongly impacted in research performances giving rise to new techniques, enhancing or bringing back other methodologies which had lost appeal over the year. In this regard, the social network analysis technique in considered in this study. It can be adopted for many marketing purposes thanks to the recent developments of social media. The aim of the paper is the identification of an analysis model based on the social network analysis methodology, useful to conduct marketing research within social media.

Metrics described have been selected based on their capabilities to generate insights that can support marketing researcher for a series of evaluations. Therefore it is considered that the present model can contribute to create a new marketing approach, where the use of social media can be seen as a resource and as an opportunity for the relevant managerial and marketing implications identification.

Key words: Marketing Research, Social Network Analysis, Social Media

JEL classification: M31.

1. Introduction

This paper addresses the issue of the relationship between marketing research and the opportunities provided by the Web. Today marketing is operating in a highly volatile and uncertainty context, therefore, one of the most effective approaches is certainly the market –driven one. The market-oriented enterprises should operate with formalized useful tools to satisfy their need for information related to business sector, competitors, customers, products and global context. In this perspective, marketing research can provide the techniques and methodologies required to obtain and process such information. At the same time, the new Internet developments, in particular the diffusion of the Web 2.0 tools such as social media and the spread of the platforms for the Big Data Analysis, are producing a significant impact on all aspects related to management. In this context, the marketing has started introducing, those technologies and platforms that have helped to create new opportunities. Marketing today is able to draw on an unprecedented mole of data.

Data is generated by a continuous process and come from multiple sources. This data stream, if properly read and interpreted, opens new scenarios, new challenges and endless opportunities to marketing research.

Specifically, in this study, we focus on the role of social media not only describing them as digital communication tools, but also as a source of a series of quantitative and qualitative information, which are strategic for the figure of the marketing researcher. One of the most interesting methods that you can use social media as a research tool is that of social network analysis.

Ideed the technologies behind big data have impacted heavily on the performance of research resulting in new techniques, enhancing or bringing back other methodologies which had lost appeal over the years. In fact, technological progress has meant that techniques already established as ethnography, text mining and sentiment analysis can now be applied by researchers on much larger samples, costs and timing relatively lower, and sometimes producing output real time. We can also include social network analysis among these techniques. Through the application of network analysis, it’s possible display complex sets of relationships that are represented graphically by maps (eg graphs or sociogram) and quantify them with precise metrics. Through such representations, the researcher can provide a measure of the size, shape and density of a network, and determine the position of each element therein. The social network analysis can now be applied to the social networks that are generated within the various social platforms

such as Facebook, Twitter, blogs and YouTube. Users of these social media establish connections continuously producing and sharing content and interacting with each other.

It is in this scenario that comes the need to identify new models of analysis useful to shed light on the reality of fragmented research tools online, that now require interdisciplinary skills and knowledge of various technologies.

Objective of this work is the identification of an analysis model based on the methodology of social network analysis that could be useful for conveying marketing research within social media.

2. The impact of the Internet on marketing research

The last few years have been characterized by strong changes and companies have radically changed their traditional logic of marketing and communications. The rapid and constant evolution of the Internet, has sanctioned the creation of new tools that are finding more and more space within the marketing strategies. Internet, increasing the size of markets and business opportunities, is currently the main driver for innovation processes business.

In this scenario, the concept of the Internet as a research tool has taken on different meanings over the years. On one hand, in a more classical view, Internet is seen as the means by which to develop new forms of interaction with the client-browser (Colonel, 2003) in an integrated face to face optical. What is being described is a transposition of the processes, methodologies and techniques from the traditional view to the online context (Furrer and Sudharshan, 2001; Wilson and Laskey, 2003).

The emphasis is on the higher level of interactivity that the Web allows you to reach which then results in the possibility of a personalized relationship researcher - interviewed.

That relationship, according to Colonel, acquires more value when is considered that "the process of input and feedback of information is through a channel of communication open, real-time and at low cost, when compared with traditional communication channels." Is therefore clear that the "traditional" view of the impact of the Internet on marketing research is mainly focused on the relationship with the customer whose main objectives are to achieve a higher level of loyalty (Slywotzy, Shapiro, 1994) and understand its behavior online.

On the other hand, the Web represents the set of social and technological revolutions, that together provide new information to marketers. These informations are often hidden or difficult to obtain and may relate to consumers and their behavior and purchasing decisions. In this view, Internet is seen as an opportunity for businesses to grasp to develop an image, provide info about products and services, relationships with strategic customers, understanding the purchasing practices of consumers and listen to the needs of the latter to purpose of affixing a continuous improvement to the characteristics of the product / service (Kursan and Mihic, 2010).

As stated earlier the Internet is considered to be a relatively inexpensive and easy to conduct a marketing research, but other benefits have been identified. The Web provides the ability to achieve and detect a high number of respondents in a single session. It can be possible also to conduct a survey in "few clicks" and, thanks to the online surveys, get answers quickly. Other studies identify further advantages such as:

- The possibility of targeting a larger population;
- Flexibility and control over the various formats;
- The simplicity of the data input (data entry);
- A high level of participation;
- The use of a variety of media;
- The simplicity of administration.

3. The new perspectives of social network analysis

Technologies and platforms at the base of Big Data have impacted heavily on the performance of marketing research creating new techniques, enhancing or bringing back other methodologies which over the years had lost appeal. In fact, technological progress has meant that techniques already established as ethnography (Kozinets, 1998) text mining and sentiment analysis (Aaker e Keller 1990; Morrison and Crane, 2007), can now be applied by researchers on much larger samples, costs and timing relatively lower and sometimes producing output in real time . Among these techniques can also include social network analysis (Chen et al., 2012).

This methodology is witnessing a recent resurgence due to new application possibilities in the field of social media. As is well known in fact one of the most disruptive phenomena born in the context of Web 2.0 is represented by social media (Kaplan and Haenlein, 2010). Social media, in which there are also social networks, are precisely digital platforms of social networks in which users interact with the internet, producing and sharing any kind of content.

Try to understand the dynamics of these relationships by identifying its nature and the main actors within it, represents for marketing, another new opportunity to understand more and more thrust the environment in which businesses operate.

It should be stressed, however, that despite the increasing popularity of social platforms, their potential, understood as the ability to study and map the social networks that are created within them, are not fully exploited today (Hansen et al. 2010).

In this context, given the high heterogeneity of social media, we can assume that each network created whole of these platforms has its own particular structure (layout) that influence the manner of relationships and interactions (Smith et al. 2010).

For exemple Twitter, which will be the subject of study, allows the exchange of short messages, making it an ideal tool to point out efficiently on a theme or know the participants and the content of a conference, while the same platform, does not allow in-depth discussion and analysis. On the contrary, the traditional blog, presenting no restrictions for the length of the content and also allowing the integration of multimedia content such as video, audio and photos, are tools used for analysis and descriptions and more detailed discussions. Hansen et al. (2010) in describing the potential of social media identify among the most interesting aspects of the fact that such platform produce a large amount of "social data" that can be used to better understand people, organizations and communities that reside within them.

4. Social network in marketing

In any context in which marketing operates, that is business-to-business, business-to-consumer and consumer-to-consumer, one of the critical elements is undoubtedly the care of relations (Kotler, 1986). Actions such as creating and managing relationships with customers and suppliers, coordination of inter-functional interior to an organization, the study of the positioning of competitors in a given field and understand when and to what extent consumers make use of their personal and professional contacts, are now crucial to marketing strategies (Webster and Morrison, 2004).

In addition, complex elements such as "collaboration, confidence, power and choice" can be described and then represented not focusing on mere relations, but by taking a broader view of the concept of network. It is therefore in a context, characterized by the loss of effectiveness of traditional logic of communication, that marketers are starting to look for new ways of interacting with consumers in, pointing in this case, to "capitalize on the social networks to which they belong" (Van Den Bulte and Wuytts, 2007).

Another important aspect of the relationship between social networks and marketing is related to the concept of brand reputation. In recent years, the reputation management at both brands, both at corporate level, has become a priority of management. From a cognitive psychological perspective, a brand can be conceived, in the memory of an individual, as a node connected to other opinions by more or less strong ties such as a node within a network of associations (Keller, 2002).

More specifically in literature, theories on networks have been applied to many aspects of marketing. These areas include communication based on word-of-mouth (WOM), relationship marketing, the acquisition of information and the dissemination and adoption of new products and services. The table 1 below contains the main references on these issues.

Topic	Authors
Word-of-mouth	Brown and Reingen, 1987; Duhan, Johnson, Wilcox and Harrell, 1997; Goldenberg, Libai and Muller, 2001; Godes and Mayzlin, 2009.
Relational marketing	Achrol 1997; Brodie, Coviello, Brookes and Little, 1997; Iacobucci and Ostrom, 1996; Mattson, 1997; Bhattacharya and Sankar, 2003.
Informations acquisition	Moorman and Matulich, 1993; Rindfleisch and Moorman, 2001.
New products and services adoptions and diffusion	Midgley, Morrison and Roberts, 1992, 2000; Rogers, 1995; Van Den Bulte and Stremersch, 2004.

Table 1. Social network and marketing, main contributors
Source: Self-elaboration

5. An application model of social network analysis

The aim of this paper is to indentify and propose a marketing-oriented model of social network analysis. In this paragraph we will proceed with a description of the general features of the software. Later we will discuss methodological aspects and operational analysis model. In this view will present the data produced by the mapping of networks generated within the social media Twitter relative to an official profile of a famous Italian fashion brand.

NodeXL is an application that facilitates the complex technique of social network analysis. Being a plug-in, NodeXL is able to interface completely to the program Excel, to which the framework on which it is to work is identical to a common spreadsheet. The program allows to make a series of integrated transactions including collect, store, analyze, display and publish datasets coming from the network (Smith, 2013).

Operationally, the software is designed as a mix of automated and manual operations that allow you to intervene directly on the network to find insight and metrics most relevant to its analysis.

As previously mentioned the "workflow" of NodeXL consists of the steps precise:
- Data collection;
- Storage of data;
- Analysis;
- Display;
- Publication.

NodeXL began as a project of the non-profit Social Media Research Foundation (www.smrfoundation.org) and is still supported by an international collective of contributors from social disciplines and computer.

The methodology adopted for this work is Internet research. This methodology allows to use data from Website, forums and social media using non-intrusive observation typical of research in the fields of social sciences (Hine, 2011).

The Internet Research or Research Methods Online (ORMS) contain all those methods of data collection via Internet (Reips, 2012). Many of these methods of research online are linked to existing methodologies but which have been re-invented or re-imagine based on the light of the advent of new technolgies and conditions associated with the characteristics of the network (Seale et al, 2010) . In particular, reference is made to the spread of social media which have provided new and unique opportunity to understand the social dynamics (Cheong and Lee, 2011). Social media are so designed as platforms from which to extract large dataset (Reips and Garaizar, 2011) or fieldworks to conduct experiments entirely under the control of the researchers through the use of dedicated software (Reips and Howe, 2013).

The analysis model consists therefore in the identification and description of the metrics in that in literature are considered relevant for marketing purposes and that can be identified and measured by the application of NodeXL at the network under study.

Below will be presented and described the contents of the analysis model.

Network elements	Metric	Description	Implications in marketing
Global Metrics (Hill et al., 2006; Leskovec and Faloustsos, 2006)	N° of Vertices	Express the total number of the actors within the network	Enterprise Social context overview
	Total Edges	Express the total number of the relationship within the network	
	Network density	Indicates the degree of interconnection between the vertices of the network. It is a value that can go from 0 to 1 and is calculated as the ratio of edges in the network with the maximum possible number of edges	
Vetrices (Burt, 1987; Dorfman and Maynor, 2006; Iyengar et al. 2014)	Betweenness Centrality	It is a measure of how often a given vertex is on the shortest path between two vertices	Ability of connection between two nodes or two groups "Bridge"
	Closeness Centrality	Measures the average distance between a given vertex and the rest of the vertices of the network	Distance from the rest of the network
	Eigenvector Centrality	Measuring the quality of relationships according to the type but not the number of vertices to which a given vertex is connected	Degree of influence on the network

Table 2. The application model
Source: self-elaboration

6. Results and discussion

This section presents the results of the mapping that was carried out in this work that relating to the social network's official Twitter profile of the brand that we can not reveal for privacy reasons for which will be called @brandprofile . We then proceeded with the application of the model for analysis and identification of metrics discussed above.

Global metrics	
N° of vertices	144
Total edges	487
Network density	0,0164

Table 3. Global Metrics
Source: Self-elaboration

As can be seen from the table, the amplitude of the network can be quantified by both the number of users (144), both the number of total connections (487). The density is instead equal to 1,64%.

Users	Betweenness Centrality	Closeness Centrality	Eigenvector Centrality
User 1	16632,615	0,006	0,063
User 2	2864,829	0,005	0,044
User 3	566,546	0,004	0,012
User 4	566,000	0,003	0,012
User 5	446,965	0,003	0,012
User 6	408,334	0,003	0,012
User 7	349,937	0,003	0,011
User 8	284,000	0,003	0,010
User 9	284,000	0,003	0,010
User 10	284,000	0,003	0,010

Table 4. Vertices Metric
Source: self-elaboration

From the calculation of the metrics vertex-specific in this case there is a user who plays a central and significant position within the network (betweenness Centrality 1.66), it is of course the official profile of the brand since the network is built according to the tweet in which it is mentioned. Then there are others that may be considered strategic because it allows the brand to be able to reach others more distant in the network then belonging to other clusters, both because of their degree of influence (Eigenvector Centrality) on the social platform in general. It is interesting to note that the main 10 users are virtually equidistant from the rest of the network, their Closeness Centrality is between 0.006 and 0.003. It should also be pointed out that in this case, given the amount of data to process, it was not possible to identify the subgrafi for each vertex.

7. Conclusions, limitations

Through the new model it was possible to obtain a series of useful information to understand the context for marketing online in which the company operates. The metrics proposals have been selected based on their ability to generate insights can support the researcher marketing for a series of evaluations.

The model is in fact able to provide a key to the numerous output that software social network analysis NodeXL produces during the mapping process.

In this view, have been selected metrics that allow to make assessments both general, as quantify the size and density of the network, and more oriented to the actors of the network itself. The latter may provide relevant information about the nature and dynamics of the relationships that develop within the network. They can also allow the identification of those users who have a "strategic" role to the entire network. In this view, it could be possible to check for popular users, influential, or able to act as a "bridge" between other users or other user groups.

This research topic opens up to numerous possibilities of development:

- There is a growing development of technologies, tools and applications for the strategic use of informations collected online.
- These activities are today reserved to highly specialized technicians, but software are becoming more and more user-friendly.
- An interesting theme to focus could be the investigation of the existence of relations between the mapping of networks and the digital marketing strategic planning activities.
- For a further model validation, it would be appropriate to replicate and apply this methodology on different social media platforms.

Among this research limits, there are two of particular relevance: first, mapping the online audience allows only a partial representation of the reality in which the company operates. Second, the informations contanined on social platforms, for reasons both of storage, both for privacy, are not always fully available.

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